The Impact of Customer Relationship Management Component on Guest Loyalty toward Starred Hotel in Yogyakarta

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Abstract

Purpose: This study aims to identify the overview of customer relationship management, analyze the level of hotel guest loyalty, and analyze the effect of customer relationship management consisting of services for the long term, individual service programs and partner relationships to the loyalty of hotel residents both simultaneously and partially.

Research methods: This research was conducted in a descriptive and verification manner, while the research method used was a descriptive survey and explanatory survey methods, using samples through probability sampling techniques. Data collection used was interviews using a questionnaire accompanied by observation techniques. Data collection in the field was carried out in 2019. Data analysis used Path Analysis.

Results and discussions: The results of this study indicate that; indicators of customer relationship management, and customer loyalty in four-star hotels in Yogyakarta City are generally rated well by customers, which means that four-star hotels in the City of Yogyakarta can raise good customer relationships and can provide high value and loyalty to their customer.

Conclusion: Customer relationship management both simultaneously and partially affects the loyalty of four-star hotel customers in the city of Yogyakarta.

Keywords: customer relationship management, guest loyalty, starred hotel

INTRODUCTION

Tourism development is a comprehensive development in the area of tourism as a sector proficient of driving economic activity. Tourism development is inseparable from the supporting industrial sector, where this sector is expected to increase community welfare and the number of jobs. One indicator of tourism progress can be reflected in the rising number of tourists both foreign tourists and domestic tourists. The increasing number of tourists must be balanced with an increment in the need for the accommodation and other travel supporting industries.
The growth in tourist visits is expected to increase local income and community income and can improve the number of jobs. With the increasing number of tourists coming, of course, it can drive the business activities of other related sectors, such as transportation, accommodation, restaurants, handicraft businesses, tourism information services, tour guides and travel agents.

The tourism industry in Yogyakarta showed quite a good improvement, marked by the increase in tourism infrastructure and facilities including hotels. Hotels or accommodations are important tools to increase tourist visits to an area or tourism location. There are 252 hotels in the city of Yogyakarta, with 8,442 rooms. This number will continue to be developed until it reaches 13,317 rooms. The city of Yogyakarta has become a place to stay for 38,406 foreign tourists and 457,901 domestic tourists. This sector contributed to PAD in Yogyakarta to Rp 51.85 billion in 2015, and to Rp 60.2 billion in 2016. (Dinas DISBUDPAR Yogyakarta).

The development of the hotel industry in the city of Yogyakarta can be seen in the following table. An increase in the number of hotels will result in competition among hoteliers.

### Table 1. Number of Star Hotel Based on Classification in Yogyakarta Period 2016-2019

<table>
<thead>
<tr>
<th>Star Rating</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>7</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>2</td>
<td>18</td>
<td>15</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>3</td>
<td>10</td>
<td>15</td>
<td>25</td>
<td>27</td>
</tr>
<tr>
<td>4</td>
<td>10</td>
<td>11</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>5</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Number of Hotel</td>
<td>50</td>
<td>53</td>
<td>60</td>
<td>82</td>
</tr>
</tbody>
</table>

Source: Culture and Tourism Office, Yogyakarta City (2018)

Based on the above data it can be seen that the growth of hotels number has increased, particularly 3, 4 and 5-star hotels. In 3-star hotels in 2016, there were 10 hotels and grew until 2019 to 27 hotels, 4-star hotels in 10 years to 14 hotels, and 5 of 4 hotels become 5 hotels. In 3-star hotels in 2016 there were 10 hotels and grew until 2018 to 25 hotels, 4-star hotels in 10 years to 14 hotels, and 5 out of 4 hotels to 5 hotels. Developments like these bring a strong stream of competition, of course, this requires the management to be able to create superior value for customers or SCV (Superior Customer Value) to capture market share. For this purpose, conceptual Sustainable Competitive Advantage (SCA) is needed. Competitive advantage position that is ready to compete in the key to superior long-term business performance. Assuming competitive advantage is inseparable from the role of hotel management in identifying the fulfilment of customer needs and a customer wants and striving to fit customer expectations.

The number of potential hotels and the number of rooms, both star hotels and Melati type hotels can be seen in Table 2.
Table 2. Number of Star and Non Star Hotel Recapitulation 2019

<table>
<thead>
<tr>
<th>No</th>
<th>Hotel Classification</th>
<th>Number of Hotel</th>
<th>Number of Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>One (1)*</td>
<td>7</td>
<td>243</td>
</tr>
<tr>
<td>2</td>
<td>Two (2)**</td>
<td>16</td>
<td>891</td>
</tr>
<tr>
<td>3</td>
<td>Three (3)**</td>
<td>27</td>
<td>1,855</td>
</tr>
<tr>
<td>4</td>
<td>Four (4)****</td>
<td>15</td>
<td>1,080</td>
</tr>
<tr>
<td>5</td>
<td>Five (5) ****</td>
<td>5</td>
<td>1,122</td>
</tr>
<tr>
<td>6</td>
<td>Melati 1</td>
<td>51</td>
<td>800</td>
</tr>
<tr>
<td>7</td>
<td>Melati 2</td>
<td>55</td>
<td>1,190</td>
</tr>
<tr>
<td>8</td>
<td>Melati 3</td>
<td>76</td>
<td>1,261</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>252 Hotels</td>
<td>8,442 Rooms</td>
</tr>
</tbody>
</table>

Source: Culture and Tourism Office (DISBUDPAR) Yogyakarta City, 2018

This insignificant increase in hotel occupancy rates is an symbol of the hotel's weak strategy in targeting and retaining customers. The form of value that can increase customer loyalty can be reflected by applying the concept of business practices that are focused or customer-oriented, which is known as CRM (Customer Relationship Management). The objective of CRM is to find out the customer and value. In a work culture oriented to customers or hotel guests, all resources will be optimized to support strategies that can enhance company value in the hearts of customers, by implementing a reward system to be a trigger for positive employee behavior that leads to customer satisfaction. Besides, it can improve the system of collection, dissemination, and application of information about customers in supporting various company activities. (Francis Buttle, 2007)

In the hospitality industry the creation of superior value can be done by providing hotel rooms and all their facilities properly and supported by superior service. This can be reflected as an agile, friendly and caring employee (Barsky and Nash; 2003). For hotel customers, emotional factors also play an important role in the formation of value through perceived comfort and which products or services create unforgettable emotional experiences. Market Metrix (2003) divides it into five areas, namely products, employees, arrivals, values and locations. Where this condition relates to products including rooms provided by the hotel that is related to room design, comfort of beds and rooms, as well as room and hotel cleanliness. Other additional product attributes include good food, pleasant atmosphere, calm, and safety. According to the results of this study, hotel employees have a significant influence on the feelings of hotel customers. Hotel customers expect hotel employees to be friendly, friendly, know a lot about the hotel, and pay attention to the needs of their customers. Hotel customers will feel safe and comfortable knowing that hotel employees can be trusted so that guests feel comfortable with their valuables, as well as messages to be conveyed to customers, and wake-up calls. Upon arrival, hotel customers expect to be greeted with a friendly and courteous attitude from hotel employees. Facilities provided by the hotel in the form of complimentary gifts, food or drinks, loyalty programs, and special discounts, are added value for hotel customers. Having a location that is close to the purpose of hotel customers staying provides comfort for hotel customers. Strategic locations are those close to shopping centers, tourism and entertainment venues, and business centers. This is in line with research conducted by Mukhopadhyay (2000) that other factors that need to be considered in hotel selection, besides giving hotel rooms and all amenities, including hotel location and how popular a hotel is.
Based on the explanation of urgency above, it is necessary to conduct research on the Impact of Customer Relationship Management (CRM) Components on Guest Loyalty Toward Starred Hotels in the City of Yogyakarta.

**Customer Relationship Management (CRM)**

Customer relationship management (customer relationship management) is a new approach in managing corporate and customer relations at the business level to maximize communication, marketing through managing various contacts with customers. This approach makes it possible to retain customers and provide continuous added value to customers, while also gaining sustainable profits.

CRM (Customer Relationship Management) combines policies, processes and strategies executed by the organization into a single entity that is used to interact with customers and also to trace customer information. In the modern era, CRM implementation will always use information technology to attract valuable new customers, so they have an attachment to the company. The concept of CRM is inseparable from the concept of Relationship Marketing (RM). According to Cram (quoted in Chaffey, et., 2000; 294), Relationship Marketing is the application of the latest knowledge about individual customers consistently to design products and services that are communicated interactively in the context of developing long-term, mutually beneficial relationships (Tjiptono 2006; 422). The main assumption of CRM is the same as RM, namely that building long-term relationships with customers is the best way to create customer loyalty. Besides that loyal customers tend to be more profitable than non-loyal customers (Tjiptono, 2006; 422).

Managing relationships with hotel guests through Customer Relationship Management (CRM) is a strategy taken by the company in managing customers. Furthermore, Storbacka and Lehtinen (2001: 5) put forward three CRM concepts. First is creating customers. The purpose of creating customers is not only to maximize revenue from transactions but through competitive advantage that is not only based on price but also based on the ability of providers to help customers generate value for themselves. The second concept is to see the product as a process. Sheth, Parvatiyar and Shainesh (2001: 10) suggest that CRM has three types of programs, namely; continuity marketing, one to one marketing and partnering programs. The three programs have different forms for each type of customer, end-user, distributor customer and business customer.

**Guest Loyalty**

The concept of guest loyalty adopts the theory of customer loyalty. With the company's loyal guests, in this case, the hotel can guarantee the continuity of the company's business in the future. Basically, customer loyalty is defined as a person's loyalty to something. According to Oliver (2007: 392). Oliver further explained that Loyalty is the ability of customers or hotel guests to stay drifting and make repeated purchases of products or services with the company consistently in the future, despite the influence of the situation and marketing efforts have the potential to cause behavioral changes. From this compromise, we can see that loyal guests have long-term loyalty to a product/service or a company that has been believed.

Another opinion states that guest loyalty is a concept that refers to behavior rather than attitude and a loyal guest tends to show buying behavior that can be interpreted as a regular, repetitive and long-term purchase patterns, by units decision-making or decision-making unit (Griffin; 2003: 5).

Customer expectations can be shaped by customer perception of a company. The perception itself is formed by various information received by the customer. In this case, the communication from the company plays a role. This communication can be conveyed, among others, through the relationship between the company and consumers, namely through the Customer Relationship Management process. Here Customer Relationship Management basically provides optimal value to customers who rely on physical products and the process of delivering services to the needs and preferences of individual customers by communicating with them (Nykamp, 2001: 4).
From the description of the concepts and theories above, it can be formulated a research paradigm regarding the Impact of Customer Relationship Management Components on customer loyalty in 4-star hotels in Yogyakarta, as shown in Figure 1.

**CUSTOMER RELATIONSHIP MANAGEMENT COMPONENT**

- Continuity Marketing
- One to One Marketing
- Partnering Programing

**GUEST LOYALTY**
- Repeat buying
- Purchases outside the product line
- Recommendation to other people
- Immunity to other product or service (Griffin 2010:5)

**RESEARCH METHODS**

This research used descriptive verification, in order to get a kind of the variables of Customer Relationship Management and Guest Loyalty in 4-Star Hotels in the City of Yogyakarta. 4-star hotels were chosen because they are considered to be able to represent the CRM program that is generally carried out in large hotels compared to smaller hotels. In testing the validity of a hypothesis, it is done through field data collection using survey explanatory methods. There are 2 main variables, namely X and Y, which are derived from the concept: (a) Customer relationship management (CRM) as an independent variable (X). Independent variable is a variable that gives an impact or is the cause of change or the emergence of a dependent variable. (b) Dimensions of customer loyalty as the dependent variable (Y). The dependent variable is a variable that influences or becomes a result of the existence of an independent variable.

The population in this study were guests staying at four-star hotels in the city of Yogyakarta, with characteristics adapted to the research objectives as follows:

- The customer stays at the hotel at his own expense, so he feels more value than the sacrifice he makes himself.
- Customers who use other facilities provided by the hotel such as restaurants, cafes, and bars.
- Customers have stayed in hotels at least three times a year

Based on data from the Culture and Tourism Office (Disbudpar) Yogyakarta each of the four-star hotels in the city of Yogyakarta, the average hotel guest population for a month at star-rated hotels in 2018 was 47,500. In determining the sample, researchers use the basis according to Suharsimi Arikunto (1993: 107) stating that "If the population is less than 100 people, it is better to take all populations to be sampled so that the research is population research. Furthermore, if the population is large above 100 people, 10-15% or 15-20% or more will be taken." The total sample size of respondents can be taken using the Slovin formula.
(Husain Umar: 2002,78) so that from a population of 47,500 a sample of 100 respondents was obtained.

The sampling technique in this study uses a systematic sampling technique, which is a sampling technique based on the order of the population members. Determination of the sample with this technique is done by randomizing the level of the arrival of guests based and interval of arrival. The steps in taking data samples of hotel guests who stay are as follows: (a) Data collection unit samples were taken during one month of research, (b) Data collection of sample units is carried out three times a week, namely on Saturdays for peak season, Wednesday for a moderate season, and Monday for low season. (c) Data collection of sample units is conducted from 12.00 to 15.00 with consideration to the check-in time of guests who will stay.

Data obtained from the distribution of the questionnaire then tabulated by giving a value (Scoring) by a predetermined scale. Then analyzed using path analysis (path analysis). According to Wirasasmita (2004: 1) path analysis discusses the contribution of influence and comparison of influence contribution (both overall and partial).

RESULT AND DISCUSSIONS
Descriptive Respondents' Answers Regarding Customer Relationship Management (CRM)
The results of the distribution of questionnaires regarding customer relationship management (CRM) at 4-star hotels in the city of Yogyakarta can be identified through Table 3.

Table 3. Recapitulation of Customer Relationship Management Four Star Hotel in Yogyakarta City
Based on processed data above it can be observed that the results of the recapitulation of customer answers regarding customer relationship management are measured by three sub-variables, namely service for the long term (continuity marketing), individual service programs (one to one marketing) and relationships Partnership (partnering programming) in four-star hotels in the city of Yogyakarta shows an average variable index of 7.53, which means customer relationship management in four-star hotels in the city of Yogyakarta can be interpreted to be in the high-grade category.

### Guest Loyalty in Four starred Hotel in Yogyakarta City

Based on Table 4, it can be seen that the recapitulation results of guest answers regarding guest loyalty as measured by the dimensions of repurchase, purchases outside the product line, recommendations to others and immunity to competing products at four-star hotels in the city of Yogyakarta show an average index of variables of 7.24, which means customer loyalty in four-star hotels in the city of Yogyakarta can be interpreted to be in the high category.

### Table 4 Recapitulation of Guest Loyalty Answer Data Four Star Hotel in Yogyakarta City

<table>
<thead>
<tr>
<th>Hotel Classification</th>
<th>No</th>
<th>Item</th>
<th>Frequency Answers</th>
<th>Total</th>
<th>Scoring</th>
<th>Mean</th>
</tr>
</thead>
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<td></td>
<td>1</td>
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<td>10</td>
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<td></td>
<td>11</td>
<td>-</td>
<td>-</td>
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</tr>
</tbody>
</table>

Average 7.24
Managerial Implication

The hypothesis proposed by the authors in this study is that there is an impact on customer relationship management components on guest loyalty at the Starred Hotel in Yogyakarta. Overall the results of the calculation of the path analysis can be seen in figure 1.

![Causal Struktur Relationship of Component CRM (X₁, X₂, X₃) to Guest Loyalty (Y)](image)

Figure 1. Causal Struktur Relationship of Component CRM (X₁, X₂, X₃) to Guest Loyalty (Y)

Remark:

- \( X₁ = \) Long term service
- \( X₂ = \) Individual Service Program
- \( X₃ = \) Partnership Relationship
- \( Y = \) Guest Loyalty

Table 5. Impact Fort Long Term Service (\( X₁ \)), Individual Service Program (\( X₂ \)) and Partnership Relationship (\( X₃ \)) to Guest Loyalty (\( Y \))

<table>
<thead>
<tr>
<th>Var</th>
<th>Direct Impact</th>
<th>Indirect Impact</th>
<th>Sub Total Indirect Impact</th>
<th>Total Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>( X₁ ) ( X₂ ) ( X₃ )</td>
<td></td>
<td></td>
</tr>
<tr>
<td>( X₁ )</td>
<td>15,92</td>
<td>-</td>
<td>8,95 7,33</td>
<td>16,28 32,20</td>
</tr>
<tr>
<td>( X₂ )</td>
<td>8,17</td>
<td>8,95</td>
<td>-   5,69</td>
<td>14,64 22,81</td>
</tr>
<tr>
<td>( X₃ )</td>
<td>8,35</td>
<td>7,33</td>
<td>5,69 -</td>
<td>13,02 21,37</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>76,38</td>
</tr>
</tbody>
</table>

Source: SPSS Data Result, 2019

From the data in Table 5, it can be seen that the impact or influence simultaneously or together customer relationship management consisting of long-term service sub-variables, individual service programs and partnership relationships to customer loyalty at Four Star Hotels in Yogyakarta City is equal to 76, 38%, while the remaining 23, 62% is influenced by other factors not examined by the author such as service quality and customer satisfaction.

Meanwhile, partially it can be seen that the long-term service sub-variable with a value of 32.20% more influences customer loyalty at the Four-Star Hotel in Yogyakarta City, followed by an individual service program at 22.81% and a partnership relationship of 21.37%.
Parvatiyar, Shainesh (2001: 403) said Customer Relationship Management (CRM) in the hospitality industry is a continuous process that manages truth momentum and seeks opportunities to create value to customers with the primary goal of stimulating customer loyalty based on constant interaction between customers, products and employees of a hotel. Mukhopadhyay in Sheth, Parvatiyar, Shainesh (2001) shows that barriers to entry and exit in the hospitality services industry are very high, therefore satisfaction, loyalty, retention, complaint handling and improvement are things that are used in the hospitality service industry to maintain relationships with the guest. In the hospitality industry, guest relations are determined by the momentum of truth which when combined with the unique characteristics of the service industry will focus on the full attention to guest expectations regarding service providers.

Guest Expectations can be formed by customer perception of a company. The perception itself is formed by various information received by the customer. In this case, the communication from the company plays a role. Such communication can be conveyed, among others, through the relationships between companies and consumers, namely through the process of Customer Relationship Management. Here Customer Relationship Management (CRM) provides optimal value to customers who rely on physical products and the process of delivering services to the needs and preferences of individual customers by communicating with them (Nykamp; 2001: 4).

**CONCLUSION**

Customer relationship management (CRM) Component which consists of sub-service variables for long-term service (continuity marketing), individual service programs (one on one marketing) and partnership relations (partnering programming) at four-star hotels in the city of Yogyakarta has an impact on the relationship that is beneficial in the perceptions of customers. Things that need to be improved regarding the ease of accessing information about the hotel through the website, and friendliness in individual greetings and politeness in providing individual services.

Guest loyalty consisting of dimensions of repurchase, purchases outside the product line, recommendations to other people and immunity to competing for products at four-star hotels in the city of Yogyakarta is at a normal stage. The thing to consider about customer loyalty is to resist other hotel service product lines. From the outcomes of the study record that customer relationship management provides a positive and significant impact on customer value in four-star hotels in the city of Yogyakarta that is equal to 76.38% while the remaining 23.62% is influenced by other factors which are not examined by the author such as service quality and customer satisfaction.

Customer relationship management (CRM) is an effort from the hotel to establish relationships with guests. This is a comprehensive service program to inspire trust for hotel guests. This can be started with the ease of accessing hotel information through the website, some customers still find it difficult, for that the hotel management in terms of accessing information delivery through the website can change providers from the internet network they use today and expand bandwidth so that information systems via the internet can be accessed for 24 hours without interruption. The hotel management can increase training for employees and hotel employees on how to handle complaints submitted by hotel customers politely and responsibly, such as personality training, interpersonal training and communication training. On the other hand, management must perform service recovery of customer complaints or complaints quickly, so as not to cause anger from guests or customers, to deal with customer complaints quickly the company can form a customer care program through one of its tools, namely service recovery and multicultural handling, this is because customers who stay at hotels in the city of Yogyakarta come from various regions in Indonesia.

In this research has not revealed all the variables that might have an influence or impact to guest loyalty. Therefore, it is recommended for researchers who interest conduct research in the same field to make observations about these variables. For example, service quality can affect value and satisfaction, customer trust can affect customer loyalty. For the four-star hotel management in the city of Yogyakarta, should pay attention and consider the
customer relationship management variables that have been identified from this study, which is a separate determinant in building customer loyalty.

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