

The integrative framework of Kansei Engineering and SERVQUAL incorporating CRM applied to services: A case study on hotel services in Surabaya

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ABSTRACT

Understanding customer needs better is a key for the success of customer relationship management (CRM). It may cover insight into customer decision-making and information about customers. Essentially, CRM is to understand customer needs so that it may improve a company's long-term profitability. Lack of customer focus is quite critical to the success of CRM implementation. Specifically, a mechanism for maintaining and developing customer loyalty is a key potential to be taken into account. In short, understanding of customer needs (both functional and emotional) is needed. More importantly, understanding customer emotional needs is vital for predicting and influencing customer purchasing behavior. Customers today concern themselves more on satisfying their emotions and feelings more on satisfying their emotions than merely their cognition. Some commonly used service quality tools such as quality function deployment (QFD) and SERVQUAL have been applied extensively to services. Many service researchers have successfully used SERVQUAL and other similar scales to measure and improve service quality in a variety of industries. But none have been able to incorporate customers' emotional needs. Some attention has been given to investigate this. But thus far, there is no formal methodology that can account for customer's feelings and emotions taking into account CRM in service design. To fill this niche, this study proposes an integrative framework of Kansei Engineering (KE) and SERVQUAL applied to services. This study uses data from tourists who stayed in hotels in Surabaya to demonstrate the integrative model framework and show how the customer emotional needs can be designed into its hotel services system.

Keywords: Kansei Engineering, SERVQUAL, customer relationship management, CRM, customer emotional needs

1. Introduction

In today's fast changing and globally competitive world, it is imperative for companies to provide competitive and differentiated products and services. Competitive pricing, performance and features have become relevant factors in deciding which products to buy [3]. Products and services, therefore, need to offer features and properties which can make them distinguishable, unique and attractive to customers. Market dynamics and technological uncertainty play significant role to influence company's internal resources (e.g., equipment/facilities, tools/methods and systems) to produce company's outputs. These factors can potentially affect company's capabilities because they bring new scientific knowledge that enhances the intensity of global competition, economy of scale and scope, and also customer preferences and demands [4]. Thus, to cope with this issue, a company should react promptly through appropriate strategy and formulate long-term strategic marketing orientation [5]. Surely, customer focus is a must.

There is little or no formal guidance for managers or service providers on how to design and implement customer satisfaction systems successfully [6]. As a result, thus, many customer satisfaction systems initiatives fail to reach their potential in terms of providing the hoped-for benefits of increased customer satisfaction [6].

In understanding and measuring the service quality for satisfying customers, several service quality models were proposed. Gronroos [6] developed a two-dimensional model that included technical quality (what the customer receives) and functional quality (how the service is received). In addition, within the service industry, SERVQUAL was introduced (see [8]). This model has been the most widely accepted and used instrument to measure the service quality of an organization. It has been, hence, subjected more criticism. One of common critics is about the uniform