

**Addis Ababa University**  
**School of Commerce**  
**Marketing Management Graduate Program**

**A Study on**  
**Customer Relationship Management**  
**(CRM) Practices**  
**In the selected Four Star Hotels**  
**In Addis Ababa, Ethiopia**

**(The Hotels relationship with Travel and Tour Agent Organizations)**

**By: DEHAB MEHARI**

**ID No: GSE/0786/04**

**A Thesis submitted to Addis Ababa University School of Commerce Marketing Management Graduate Program in partial fulfillment of the requirements for the Degree of Masters of Arts in Marketing Management.**

**May 2014**

**Addis Ababa**

**Addis Ababa University**  
**School of Commerce**  
**Marketing Management Graduate Program**

**A Study on**  
**Customer Relationship Management**  
**(CRM) Practices**  
**In the selected Four Star Hotels**  
**In Addis Abeba, Ethiopia**

**(The Hotels relationship with Travel and Tour Agent Organizations)**

**By: DEHAB MEHARI**

**MARKETING MANAGEMENT**

APPROVED BY BOARD OF EXAMINERS:

_____	_____	_____
Advisor	Date	Signature
_____	_____	_____
Internal Advisor	Date	Signature
_____	_____	_____
External Advisor	Date	Signature

## **DECLARATION**

I, the undersigned, declare that this thesis is my original work and has not been presented for a degree in any other university and that all sources of material used for this thesis have been duly acknowledged

**Declared by:**

Name: DEHAB MEHARI

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

**Place and date of Submission:** Addis Ababa University

School of Commerce

Marketing Management Graduate Program

May 30, 2014

## **Acknowledgement**

I would hereby like to thank everyone who has stood by me and made these last two years possible, and to those who assisted me in doing this study. Firstly, I thank my advisor, Rakshit Negi (D.Phil.), for his everlasting patience and constructive feedbacks throughout in this research.

Then, my gratitude goes to Dr. Gedeon Marcos, who inspired me and gave me the initial moral support to get enrolled in this study program. Also, I owe it to my lovely boys, my brother and my little sister; Maedot, Heyaw, Eyob and Semra for their unreserved and unintentional love that kept me going when the going got tough.

I am also indebted to my best friend Ermias and my niece Asmeret, for reappearing in my life at the nick of time and easing my burden. Further, I extend my gratitude to Ato Tewodros Mesfin for his generous assistance in reviewing my works and facilitating my interviews, and to all individuals who participated in the interviews and provided me with information, dedicating their times and knowledge for the successful completion of this research.

Finally, I dedicate this study to my Mom, Frei, who preached and thought me the value of education ....though she never got that chance for herself. I know that she is watching me proudly with that sweet smile on her face.

## Table of Contents

<b>Content</b>	<b>Page</b>
Acknowledgement	i
List of Tables	ii
List of appendix	iii
Abstract	ix
<b>Chapter One</b>	
1. Introduction	1
1.1. Background of the study	1
1.2. Statement of the problem	3
1.3. Objectives of the study	5
1.4. Definitions of terms	6
1.4.1. Customer Relationship Management (CRM)	6
1.4.2. CRM in hotels	6
1.4.3. Value	6
1.5. Significance of the study	7
1.6. Scope of the study	7
<b>Chapter Two</b>	
2. Review of Related Literature	8
2.1. Customer Relationship Management (CRM) and its benefits	8
2.2. CRM in Hotels	11
2.3. Perspectives of CRM	13
2.4. Components of CRM	14
2.5. Types of CRM	16
2.5.1. Strategic CRM	16
2.5.2. Operational CRM	17
2.5.3. Analytical CRM	18

2.5.4. Collaborative CRM	18
2.6. The relationship of Operational and Analytical CRM	18
2.7. The Payne's model of CRM	20
2.7.1. The Strategic Development Process	20
2.7.2. The Value Creation Process	21
2.7.3. The Multichannel Integration Process	21
2.7.4. The Information Management Process	23
2.7.5. The Performance Assessment Process	24
2.8. The study Gap	24
<b>Chapter Three</b>	
3. Research Design and Methodology	26
3.1. Research Method	26
3.2. Research Design	26
3.3. Research Process	27
3.4. Research Philosophy	28
3.5. Research Approach	28
3.6. Research Strategy	29
3.7. Sampling	30
3.8. Questionnaire Design	31
3.9. Data Collection and Analysis	32
3.10. Study Validity and Reliability	34
<b>Chapter Four</b>	
4. Results and Discussions	
4.1. Results and Discussions – Part one	35
4.1.1. Background of studied hotels and interviewed personnel	35
4.1.2. Questionnaire Analysis	36
4.2. Results and Discussions – Part Two	51
4.2.1. Background of studied travel and tour agent organizations	51
4.2.2. Questionnaire Analysis	51

## **Chapter Five**

5. Summary, Conclusion, and Recommendation	55
5.1. Summary	55
5.2. Conclusions	56
5.3. Recommendations	58
5.4. Limitations and Directions of future research	59
References	60
Appendices	

## List of Tables

	Page
Table 4.1: Background of the studied hotels	35
Table 4.2: Background of interviewed personnel	36
Table 4.3: Degree of hotels emphasis to CRM Components	38
Table 4.4: Emphasis rank on CRM components	38
Table 4.5: communication channels used by the hotels to reach corporate customers	39
Table 4.6: Communication channels used by corporate customers to reach the hotels	39
Table 4.7: Software applications assisting the marketing, sales, and customer service functions	42
Table 4.8: Types of software applications	43
Table 4.9: Available & popular hotel services and facilities	44
Table 4.10: Multichannel integration processes aspect value to effective CRM practices	44
Table 4.11: The degree of multichannel integration process aspects towards effective CRM practices	45
Table 4.12: The use of software applications for Information Management	46
Table 4.13: Information Management process value to effective CRM practices	49
Table 4.14: The degree of information management aspects towards effective CRM practices	50
Table 4.15: The degree of hotels' performance effort	52
Table 4.16: The degree of the travel and tour agent organizations Perception	53

## List of Appendices

	Page
Appendix A	63
Appendix B	64
Appendix C	65
Appendix D	69

## ***Abstract***

*In recent years, CRM has received enormous attention and many companies are spending huge finance to incorporate the system. On the other side, many academicians have tried to address the issue from different angles in pursuit of developing effective and efficient CRM systems. Thus, CRM has been expanded to include an integrated perspective on marketing, sales, customer service, channel management, logistics and technology for engaging in customer satisfaction, and practitioners are interested in all aspects of interactions with customers to maintain a long-term profitable relationship with them. Similarly with regard to CRM in hotels, like many industries and sectors, the hotel industry is also experiencing increasing globalization, competition, higher customer turnover, higher customer acquisition costs and rising customer expectations. As the result, customers are becoming more price sensitive, less brand loyal, and more sophisticated. Thus, considering CRM has become a strategic necessity for many hotels in order to sustain and rip higher profit of the industry. Accordingly, the objective of this study is to explore and examine the Operational and Analytical CRM related practices of the selected four star hotels emphasizing their relationship with travel and tour agent organizations. Both primary and secondary data were collected from both groups i.e the hotels and the travel and tour agent organizations. Hence, interviews were conducted and interviewer administered questionnaires were used as primary data collection means. Findings indicate all the selected four star hotels adoption of CRM concept and practices since their establishment. Further the study indicate the degree of operational and analytical CRM contributions towards the hotels effective CRM practices, indicating the need for revising the assisting IT technologies to utilize them to their fullest capacities and also the hotels performance in promoting all their offers.*

# CHAPTER ONE

## INTRODUCTION

This first chapter is an introduction part of the study, and accordingly background of the study, statement of the problem, objective of the study, definitions of terms, significance of the study, and scope of the study are components of this chapter.

### **5.5. Background of the study**

Acknowledging many Marketing practitioners and scholars strong recommendations for close relationships with customers, it is apparent that the beliefs of existing customers are more profitable as the acquiring and attracting of new customers is expensive, and that it is less costly to up-sell or cross-sell products or services to current customers (Berry, 1995; Peppard, 2000; Sheth and Paravatiyar, 1995). One of the most important studies conducted in this field is by Reichheld and Sasser (1990), cited on Ali study (2007:16), which showed the large impact on profitability of small increases in customer retention rates, which made the marketing community more conscious of the need to manage customer relationships in the long term as well as prior to the first sale.

Consequently, in recent years, CRM has received enormous attention and many companies are spending huge finance to incorporate the system. On the other side, many academicians have tried to address the issue from different angles in pursuit of developing effective and efficient CRM systems. Thus, CRM has been expanded to include an integrated perspective on marketing, sales, customer service, channel management, logistics and technology for engaging in customer satisfaction. Practitioners are calling it customer relationship management (CRM) and are interested in all aspects of interactions with customers to maintain a long-term profitable relationship with them.

Accordingly, despite all this explosive interest and an increasing amount of practitioner oriented studies, there is no even common consensus on the definition of CRM. The meaning of CRM varies from individual to individuals. To some, it is about creating marketing activities using

knowledge about customer from a data warehouse, and for others its technologically oriented system. Yet, regardless of all the different descriptions, definitions and viewpoints about CRM, most definitions constitute three things, i.e. people, process and technology.

Accordingly, considering relevant definitions of CRM that commensurate with the study objectives, this study is scoped to certain CRM processes, people, and operations, and only to relevant related information technology applications of the selected four star hotels. In addition, in line with the definition, the development of appropriate relationships with key customers and customer segments and the acquisition of new customers, and gaining customer satisfaction and loyalty, considering the huge contribution that distribution channel members (i.e. travel agents, tour operators, and other international organizations) have on the overall performance of hotels, this study intends to proceed giving due emphasis to travel and tour agent organizations regarding them as corporate customers or as key customer segments of hotels.

On the other hand, to help in compiling an extensive picture of the CRM business model, many authors including Buttle (2009) divide CRM into four main types, namely Strategic CRM, Operational CRM, Analytical CRM, and Collaborative CRM. Yet, acknowledging the literature that Analytical CRM has become an essential part of many CRM implementations, in addition to the fact that Operational CRM difficulties to reach its full effectiveness without analytical information about customers, this study will be conducted mainly focusing on the operational and analytical CRM related activities of hotels.

Moreover, a number of comprehensive CRM models have been developed, the IDIC, the QCi, the CRM Value Chain, the Payne's five-process, and the Gartner Competency models being the top five popular CRM models. This study will introduce and refer to the Payne's five-process model which was developed by Adrian Payne. This model clearly identifies five core processes in CRM: the strategy development process, the value creation process, the multichannel integration process, the performance assessment process and the information management process. The first two represent strategic CRM; the multichannel integration process represents operational CRM; the information management process is analytical CRM.

With regard to CRM in hotels, in the current era, like many industries and sectors, the hotel industry is also experiencing increasing globalization, competition, higher customer turnover,

higher customer acquisition costs and rising customer expectations. As the result, customers are becoming more price sensitive, less brand loyal, and more sophisticated. Thus, considering CRM has become a strategic necessity for many hotels in order to sustain and rip higher profit of the industry (Ali, 2007:8).

Despite the competitive advantage benefits gained though successfully implemented CRM, many studies revealed the high rate of CRM implementation failure probability. Consequently, in the hotel industry, in line with the two major facts i.e. the multifold benefit of CRM and the high rate of CRM implementation failure, there have been many studies conducted. The following are some of the benefits of CRM that are identified by Swift (2001);

- Lower cost of recruiting customers
- No need to recruit so many customers to preserve a steady volume of business
- Reduced cost of sales
- Higher customer profitability
- Increased customer retention and loyalty
- Evaluation of customer profitability

On the other hand, realizing the undeniable increase of the number of hotels operating in Addis Ababa on one side and the authenticated benefits of CRM on the other, critically considering the effective practice of CRM could be the only option for those hotels so as to gain competitive advantage and/or even to sustain in the market. However, acknowledging the presence of study gap on CRM in the hotel industry of Ethiopia in general, and on CRM driven processes which units the potential of activities and IT, in particular, this study mainly aims to focus on the very nature of CRM practices of hotels.

## **5.6. Statement of the Problem**

Apparently, the current marketing trend implies the unavoidable opportunities of designing and implementing a viable CRM system is impeccable for any company to formulate a profitable long-run relationship with its customers in the current competitive business world. Similarly, the CRM situation is becoming very true in the hotel industry as well. Further, in line with the objective of this study, and considering CRM as core business strategy that integrates internal

processes and functions, and external networks, to create and deliver value to targeted customers at a profit (Buttle, 2004), utilizing CRM is to hotels' advantage for gaining, regaining, and maintaining profitable customers and for ensuring relationship quality.

In the hotels business, it is a fact that hotels distribution channel intermediaries such as travel agents and tour operators to have major impact on the overall performance of hotels. Travel agents and meeting planners book nearly one out of two hotel rooms, and these two groups are still the most frequent intermediaries between the guest and a hotel company. Specifically, according to the 1998 American Society of Travel Agents' Consumer Travel Purchase Report, which surveys frequent travelers nationwide, in 1998, 21.8 percent of hotel rooms sold had been booked by travel agents, while meeting planners generated an estimated additional 24.0 percent. Anticipating similar situations to occur in room bookings of four star hotels in Addis Ababa, while acknowledging some four star hotels reactions as to travel and tour organizations alone to contribute up to 15% of their rooms booking i.e. Nexus and Jupiter International hotels, there is no wonder in considering these travel and tour agent organizations as hotels' profitable corporate customers, and thus critically evaluating hotels CRM practices while focusing on travel and tour agent organizations is worth researching.

Accordingly, CRM being a process designed to collect data related to customers, to grasp features of customers, and to apply those qualities in specific marketing activities (Swift, 2001) and being an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction (Bose, 2002), in order to gain high quality all rounded customer related information, the input of operational and analytical CRM related activities are loud clear in line with multichannel integration and information management processes. In relation, the problem of not having effective CRM processes related activities have a direct negative impact on successful implementation of CRM.

Thus, considering the absence of effective CRM processes related activities as a problem, though there are many previous studies focused on CRM theoretical knowledge and applicable concepts in relation with the hotel industry, there are not many available CRM studies focused on natures of hotels business relationship with other members of their distribution channel. Furthermore,

there is a huge study gap with regard to CRM practices on the Ethiopian hotel industry in general, and on the natures of hotels relationship with travel and tour agents in particular.

Consequently, in line with the above mentioned problems, this study identified the following three core research questions;

- How do hotels entertain the CRM concept in general?
- How effectively do hotels entertain operational and analytical CRM focused activities while serving their corporate customers i.e. travel and tour agent organizations, and aiming to build long-lasting and profitable relationships?
- How do travel and tour agent organizations, as corporate customers, perceive and value the hotels' CRM guided activities in line with relationship quality?

### **5.7. Objectives of the study**

Consequently, according to the title and subject of the present research: a study on CRM practices of hotels operating in Addis Ababa with special focus on their corporate customers, the objectives of the study are as follows;

Main Objective: -

- To explore CRM related practices of the selected four star hotels operating in Addis Ababa by giving emphasis on the hotels' relationships with travel and tour agent organizations as their corporate / key customers

Specific Objectives: -

- To describe the CRM related practices of the four star hotels from the perspective of their relationships with travel and tour agent organizations as their corporate customers
- To examine the value of operational and analytical CRM processes of the four star hotels
- To explore the corporate customers' feedback on the hotels CRM guided activities

## **5.8. Definitions of terms**

### **5.8.1. Customer Relationship Management (CRM)**

CRM, while focusing on operational and analytical CRM activities, can be defined as a technology aided system that aims at identifying and knowing profitable customers so as to build lasting relationships with those customers. It is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by information technology (Buttle, 2004:29).

### **5.8.2. CRM in hotels**

Basically, in the context of hotels and their corporate customers, CRM builds its foundation on the concept of CRM itself. Yet, the hotels give due emphasis and threat their channel intermediaries as corporate customers, and thus focus on gathering and using corporate customers information and preferences to care, meet, and exceed the expectations of these customers. CRM is an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction (Bose, 2002:89).

### **5.8.3. Value**

Value can be defined as the regard that something deserves, i.e. its importance or worth (Pearsall, 2002:58). Accordingly, the following terms in this report refers;

- **Value of operational and analytical CRM related activities for effective CRM** – the Primary goal of analytical CRM is to develop, support and enhance the work and decision making capability of an organization by determining strong patterns and predictions in customer data and information which are gathered from different operational CRM systems. Consequently, in this study, the value of operational and analytical CRM related activities are assessed from the hotels angle by gauging some selected aspects of the multichannel integration and information management processes.
- **Value of Customers' feedbacks and perceptions** – the concept of effective CRM practice is incomplete without the other sides' i.e. the customers' feedbacks and perceptions being regarded thoroughly. Accordingly, in this study, the value of

customers' is assessed from the customers' angle, by gauging their feedbacks and perceptions for some selected activities of hotels.

### **5.9. Significance of the study**

Focusing on the hotel industry, while describing and exploring the effective operational and analytical CRM processes related activities of the selected four star group hotels operating in Addis Ababa, the following are some of the reasons representing the significance of this study findings to various stakeholders i.e. hotels, customers, and academicians.

Accordingly, to hotels, it can provide practical significance though valuable inputs and directions regarding CRM processes related activities and utilization of assisting IT technologies towards building effective CRM guided business relationship with customers. Besides, it may help them to learn more about their customers' feedbacks, which might be used as an important ingredient to assess and revise their service quality.

On the other hand, the study can educate hotel customers regarding hotels related CRM practices, and ensuring them as to hotels' attempts towards building long lasting profitable relationship, which might be a good assurance for customers to assess the value of effective CRM practices by boosting their positive feedbacks and perceptions.

Further in contributing towards knowledge exploration while highlighting the CRM practices of hotels, the findings of this study are expected to pose base for other interested academicians to conduct further study on the topic.

### **5.10. Scope of the Study**

Though the study aims to describe and explore CRM related practices of hotels, conducting case studies on 3 four star hotels, this study is limited only on four start group hotels operating in Addis Abeba, Ethiopia.

Furthermore, the study is scoped to operational and analytical CRM related activities. In addition, while considering the Payne's CRM model as a reference to assess the effectiveness of the hotels CRM related activities, the scope of the study is again framed into the multichannel integration and information management process of the specified model.

# **CHAPTER TWO**

## **REVIEW OF RELATED LITERATURE**

This chapter deals with the review of relevant literatures, and accordingly entails literatures regarding CRM in general covering theoretical and conceptual issues such as definitions and benefits, perspectives and components, types and models of CRM. On the other hand, literatures of CRM in hotels and its benefits are also enclosed in this chapter.

### **2.1. Customer Relationship Management (CRM)**

Acknowledging many Marketing practitioners and scholars strong recommendations for close relationships with customers, it is apparent that the beliefs of existing customers are more profitable as the acquiring and attracting of new customers is expensive, and that it is less costly to up-sell or cross-sell products or services to current customers (Berry, 1995; Peppard, 2000; Sheth and Paravatiyar, 1995). One of the most important studies conducted in this field is Reichheld and Sasser (1990), cited on Ali (2007:16), which showed the large impact on profitability of small increases in customer retention rates, which made the marketing community more conscious of the need to manage customer relationships in the long term as well as prior to the first sale.

Consequently, in recent years, CRM has received enormous attention and many companies are spending huge finance to incorporate the system. On the other side, many academicians have tried to address the issue from different angles in pursuit of developing effective and efficient CRM systems. Thus, CRM has been expanded to include an integrated perspective on marketing, sales, customer service, channel management, logistics and technology for engaging in customer satisfaction. Practitioners are calling it customer relationship management (CRM) and are interested in all aspects of interactions with customers to maintain a long-term profitable relationship with them.

Accordingly, despite all this explosive interest and an increasing amount of practitioner oriented studies, there is no even common consensus on the definition of CRM. The meaning of CRM

varies from individual to individuals. To some, it is about creating marketing activities using knowledge about customer from a data warehouse, and for others its technologically oriented system. Yet, regardless of all the different descriptions, definitions and viewpoints about CRM, most definitions constitute three things, i.e. people, process and technology. Among the several definitions that have been developed so far, the following are some of the popular ones;

- ‘CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by information technology’ (Buttle, 2004:29).
- ‘CRM is a process designed to collect data related to customers, to grasp features of customers, and to apply those qualities in specific marketing activities’ (Swift, 2001:33).
- ‘CRM is an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction’ (Bose, 2002:89).
- “CRM is a strategy to identify and attract profitable customers, tying them to the company or product by efficient relationship marketing to guarantee profitable growth. CRM offers a great platform for the acquisition of new customers in addition to gaining customer satisfaction and loyalty. Additionally, existing customer relationships can be used to drive sales via up or cross-selling. The most “valuable” customers especially need to be identified, attracted and retained” (Kracklauer, 2001:44).
- “CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with the key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications.” (Payne and Frow, 2005:63).

Furthermore, based on Imhoff (2001) some variations on the meaning of CRM, Ali (2007) provided a representative set of these definitions which are summarized in the following list:

- CRM is the set of systems, processes and organizations that profitably drive customer loyalty.
- CRM is the strategic view that integrates how we want the business to relate to the customers, specifically seen through technologies available to support that view and make it come alive by integrating people, processes, culture and attitude.
- CRM is the management of the relationship so that the partnership with the customer grows, flourishes and remains healthy over time.
- CRM is building customer loyalty, not merely relationship management, using a 360-degree view of the customer.
- CRM is the set of business processes and practices that directly addresses the relationships between key customers and the principal organization.
- CRM is the 360-degree view of the customers and their transactional activity with the company.

An analysis of the above different definitions shows that they all have common concepts of: Customer focus (customer satisfaction, loyalty and retention), technology, knowledge management, change management and leadership.

On the other hand, as to the benefits of CRM, according to Swift (2001), cited in Rahimi (2007:18), companies can gain many benefits from CRM. He states that the benefits are commonly found in one of these areas:

1. Lower cost of recruiting customers – the cost for recruiting customers will decrease since there are savings to be made on marketing, mailing, contact, follow-up, fulfillment, services, and so on.
2. No need to recruit so many customers to preserve a stay volume of business – the number of long-term customers will increase and consequently the need for recruiting many new customers decreases.
3. Reduced costs of sales – the costs regarding selling are reduced owing to that existing customers are usually more responsive. In addition, with better knowledge of channels

and distributions the relationships become more effective, as well as the costs for marketing campaigns is reduced.

4. Higher customer profitability – the customer profitability will get higher since the customer wallet-share increases, there are increases in up-selling, cross-selling and follow-up sales, and more referrals comes with higher customer satisfaction among existing customers.
5. Increased customer retention and loyalty – the customer retention increases since customers stay longer, buy more and buy more frequently. The customer does also more often take initiatives, which increase the bounding relationship, and as a result the customer loyalty increases as well.
6. Evaluation of customer profitability – the company will get to know which customer are profitable, the ones who never might become profitable, and which ones that might be profitable in the future. This is very important since the key to success in any business is to focus on acquiring customers who generate profit, and once you have found them, never let them go. All customers are not valuable; some many even be danger to the business. This occurs when the customers use the company's time, energy and resources without generating enough business to make them worth the effort. (Budhwani, 2002:38)

## **2.2. CRM in Hotels**

Up until the 1980's, the hospitality industry relied heavily on index cards to store guest history and data. During the 1980's, property management systems made their appearance and slowly but surely replaced index cards. By the mid 1990's, guest history data was overflowing in most hotels; much of this information contained misspellings, duplicate copies of guest data and incorrect segmentation codes. New databases were set up and guest information transferred in order to create mailing lists. These database marketing systems attempted to clean the data, removing duplicate entries and misspellings; it was these systems that marked the beginning of marketing intelligence for the hospitality industry (Newham, 2008:20).

Accordingly, in the past few years, the hotel industry has started to grasp the importance of CRM and has invested therein. This has come as a result of the slowing economy and subsequent decrease in room sales (Songini, 2001). Traditionally, CRM within the hospitality industry has been mainly about customer retention and satisfaction. Yet, the increasing competition in the

industry has created a surge of interest in the field, and the emphasis has shifted more towards that of building a relationship with a customer and ensuring that a customer stays loyal to a brand (Clark, 2004:35; Gale, 2005:61). Now hotels need to focus on convergence between all the different parties involved and systems within hotels to satisfy customers.

CRM is seen as the latest new trend in hotels, used to increase revenue flows and repeat business of hotels. It is seen as a way of doing business (Haley & Watson, 2003a). The hospitality industry has over the years undergone a paradigm shift. It now not only focuses on the delight of its customers, but has moved towards investment in technology in the pursuit of enhancing and building even closer relationships with customers (Green, 2006:148). In CRM, getting to know the customers is the ultimate achievement and having repeat customers is the ultimate benefit (Oliva, 2002:72).

Currently, database management systems are still widely used in hospitality. Most hotels are only using guest information and internal information; however some have made revolutionary shifts towards more strategic approaches, integrating both internal and external information. The future of CRM will most likely include a greater emphasis on leveraging CRM technology and information to boost revenues via more segmented and targeted communications channels (Gale, 2005). Research on interactive marketing has evolved and CRM has evolved with it; the internet and technology have certainly played an integral role in advancing CRM, enabling hotels to better reach their customers and cater to those customers' needs (Deighton, 2007:6; Haley & Watson, 2003a). In general, CRM should not be seen as the programme of the day; instead it should be seen as the way a business is run. Ancillary to this primary function of CRM, it is also a tool to increasing revenues and decreasing costs (Schweisberger & Chatterjee, 2001).

On the other hand, in service industry in general, and in hotel industry in particular, according to Ryals and Knox (2001) cited in Rahimi (2007:20), services that an organizations provides to their customers have an impact on the customer's perspective of an organization. Consequently, the CRM objectives for service applications as presented by Ryals and Knox (2001) cited in Rahimi (2007:20) are stated below:

1. Service reduce costs and increases profitability – create a profit center out of a service organization using operation and customer information to reduce costs and generate more revenues.

2. Service improves service delivery – create an efficient and effective service business using integrated enterprise-wide information available in other front office and applications.
3. Service helps organizations to delight customers – provide enhanced customer care, service and customer information management across the organization to improve customer satisfaction and loyalty.
4. Service helps organizations differentiate their product – distinguish business by offering service as a differentiator using multiple channel communications with customers, full enterprise wide view of customer information.

### **2.3. Perspectives of CRM**

For any organization, while positioning and aligning the components and the business philosophy of CRM, it must first develop a perspective of CRM to work on. As presented in the above section, several researches have made attempts to define CRM, and these definitions of CRM adopted from different sources refer to the different perspectives of CRM which ranges from narrowing IT enabling solutions to a broadly and strategically approach to managing customer relationship. Consequently, Payne and Frow (2005:68) use a continuum to define CRM from three perspectives. (Refer to Appendix A for the detailed CRM continuum)

The first perspective takes a narrow and tactical outlook where CRM is accomplished through a defined technology initiative project. CRM is described as using data to drive marketing activities (Kutner & Cripps, 1997). CRM is also look upon as a marketing promotional activities linked to marketing database (Bickert, 1992; Winer, 2001).

The second perspective view CRM as implementing a combination of customer focused technology solutions. CRM is defined as using ecommerce to drive relationships with customer (Stone & Woodcock, 2001) and web-based methods and internet technology to drive organization to become more customer-centric (Gosney & Boehm, 2000).

The third and last perspective takes a broader and strategic approach where CRM applies a holistic or wholesome approach to customer relationships management and to develop value for shareholder. CRM applies 1-to1 relationship marketing to respond to customer requirement

supported by what the customer says they prefer and other known information related to the customer (Peppers, Rogers, & Dorf, 1999). It employs process oriented view by combining all the functions of an organization (Parvitiyar & Sheth, 2001) and uses an organized process by managing customer relationship touching on all customer touch points to develop value for the customer and profitability for the organization (Reinartz et al., 2004).

## **2.4. Components of CRM**

Once again, despite the several CRM definitions, people, process, and technology tend to be referred as the major components of CRM in almost all definitions. Thus, CRM is a combination of people, process and technology that seeks to understand a company's customer. It is an integrated approach to managing relationships by focusing on customer retention and relationship development. CRM has evolved from advanced in information technology and organizational changes in customer – centric process. Companies that successfully implement CRM will reap the reward in customer loyalty and long run profitability. However, successful implementation is elusive to many companies mostly because they do not understand that CRM requires company-wide, cross-functional, customer focused-business process re-engineering. Although a large portion of CRM is technology, viewing CRM as technology – only solution is likely to fail. Managing a successful CRM implementation requires an integrated and balanced approach to technology, process and people. (Chen & Povich 2003:21)

### ***People***

People are involved in developing CRM strategy, choosing and implementing the IT strategy, hence people must be able to work cross functionally to ensure CRM meets its goals of customer satisfaction and retention by creating and maintain customer database to design appropriate marketing programs for the appropriate segments of customers (Buttle, 2009:87).

Employees have an important and critical role in delivering the CRM practices. Even managers from technologically strong organizations would agree highly motivated and passionate employees are required to deliver the CRM practices. Resources to recruit, train and retain

employees are essentials for the success of CRM practices. Sigala (2005:53) did mention the importance of internal marketing (employees) to ensure successful CRM implementation.

### ***Process***

Process is how operations are completed within an organization which leads to the importance of developing processes and implementing it across all functions so as to create value for the customer and meet the CRM goals and objectives. Processes includes the front office where customer communications happens and back of the house where all department work together to deliver excellent services to customers.

Customer relationship marketing techniques focus on single customers and require the firm to be organized around the customer, rather than the product. Customer-centric organizations seamlessly integrate marketing and other business processes to serve customers and respond to market pressures.

Optimizing customer relationships requires a complete understanding of all customers; profitable as well as non-profitable, and then to organize business processes to treat customers individually based on their needs and their values (Renner, 2000:62).

### ***Technology***

Information technology (IT) has long been recognized as an enabler to radically redesign business processes in order to achieve dramatic improvements in organizational performance (Davenport and Short, 1990; Porter, 1987). IT assists with the re-design of a business process by facilitating changes to work practices and establishing innovative methods to link a company with customers, suppliers and internal stakeholders. CRM applications take full advantage of technology innovations with their ability to collect and analyze data on customer patterns, interpret customer behavior, develop predictive models, respond with timely and effective customized communications, and deliver product and service value to individual customers. Using technology to “optimize interactions” with customers, companies can create a 360 degree view of customers to learn from past interactions to optimize future ones.

Innovations in network infrastructure, client/server computing, and business intelligence applications are leading factors in CRM development. CRM solutions deliver repositories of customer data at a fraction of the cost of older network technologies. CRM systems accumulate, store, maintain, and distribute customer knowledge throughout the organization. The effective management of information has a crucial role to play in CRM. Information is critical for product tailoring, service innovation, consolidated views of customers and calculating customer lifetime value. Among others, data warehouses, enterprise resource planning (ERP) systems, and the Internet are central infrastructures to CRM applications. (Chen & Popovich 2003:49)

## **2.5. Types of CRM**

Regarding the types of CRM, to help in compiling an extensive picture of the CRM business model, many authors including Buttle (2009:91) divide CRM into four main types, namely Strategic CRM, Operational CRM, Analytical CRM, and Collaborative CRM.

### **2.5.1. Strategic CRM**

Strategic CRM is a core customer-centric business strategy that aims in winning and retaining profitable customers. Basically it is about creating customer-centric business culture. This means that the culture must be supportive and empowering in keeping and winning customers by providing and delivering better value than competitors. Leadership behavior and design of formal systems of a company are in critical role in developing such culture. Therefore, customer-centric business approach requires changing behavior from regular business models such as product-orientation, production-orientation or selling-orientation. (Buttle, 2009:91)

In a customer-centric organization resources should be allocated where they increase customer value, for example in reward programs to promote employee behavior that have positive impact on customer satisfaction and retention, as well as capturing, sharing and applying customer information across the organization. (Buttle 2009) This is the approach, which should be examined in very early stage of CRM strategy development. Every other types of CRM may be considered as enabling approaches to reach the customer-centric business culture.

### **2.5.2. Operational CRM**

Operational CRM focuses on customer-involving processes such as selling, marketing and customer service. It is about automating some of the marketing, selling and service functions of an organization. (Buttle, 2009:92)

Marketing automation (MA) can be applied to select suitable candidates from the customer database for certain campaigns based on customer-related data. MA can also be used to coordinate campaigns through multiple channels. Usually the majority of the customers are reachable through several different channels and to avoid confusion it is beneficial to have cohesive message in all the channels. Event-based, or trigger marketing, which is also enabled by MA, is concerned with creating a proposition to a customer at certain point of time. (Buttle, 2009:93)

Sales force automation (SFA) has traditionally been the operational side of the CRM for many organizations. As many organizations, especially in business-to-business environment, have already adopted SFA, it can be seen as a “competitive imperative”. SFA provides applications for account management, lead management, opportunity management, pipeline management, contact management, quotation and proposal generation and product configuration. Usually implementation of such an application enables an organization to share mentioned information across the organization’s sales-force, management and different departments. As a result, the organization is able to create a full picture of a customer, form segments, forecast sales and assign opportunities and leads to appropriate people within the organization. (Buttle, 2009:94)

Service automation is concerned with reducing service costs, improving service quality, lifting productivity and increasing customer satisfaction by providing customer service more efficiently through integrated communication channels. Service automation may include incident or issue management, inbound communication management, queuing and routing and service level management. (Buttle, 2009:94)

### **2.5.3. Analytical CRM**

Analytical CRM focuses on collecting, processing, interpreting and exploiting of the customer-related data for strategic or tactical purposes. It is highly involved with the customer-related data (Buttle, 2009). It enables the value creation to both, the customer and the organization, by capturing, storing, extracting, processing, interpreting and reporting the data. Customer-related data may include information about purchasing history, payment history, credit score, marketing campaign response, loyalty scheme data and service data. In addition to internal data, organizations may gather and analyze demographic and lifestyle data from external sources as well (Buttle, 2009:95).

### **2.5.4. Collaborative CRM**

Collaborative CRM applies technology across organizational boundaries aiming to optimize company, partner and customer value. It is concerned with enabling better customer value delivery within entire value chain by improving cooperation and customer-related data sharing across organizational boundaries. Some vendors have developed own applications for partner relationship management (PRM) for managing complex value chains. In some organizations collaborative CRM is used to describe information systems designed to enhance communication just internally. (Buttle, 2009:95)

## **2.6. The relationship of Operational and Analytical CRM**

Acknowledging the literature that Analytical CRM has become an essential part of many CRM implementations, in addition to the fact that Operational CRM difficulties to reach its full effectiveness without analytical information about customers, this section will discuss operational and analytical CRM further.

Operational CRM refers to services that provide support for various ‘front office’ business processes in helping organization to take care of their customers. Focus on customers’ value is important for a successful operational CRM strategy (Buttle, 2009:92). On the other hand, analytical CRM supports organizational back-office operations and analysis. It deals with all the operations and processes that do not directly deal with customers. Hence, there is a key difference between operational CRM and Analytical CRM. Unlike from operational CRM, where automation of marketing, sales-force and services are done by direct interaction with customers and determining customer’s needs, analytical CRM is designed to analyze deeply the customer’s information and data and unwrap or disclose the essential convention and intension of behavior of customers on which capitalization can be done by the organization(Buttle, 2009:95).

Primary goal of analytical CRM is to develop, support and enhance the work and decision making capability of an organization by determining strong patterns and predictions in customer data and information which are gathered from different operational CRM systems (Buttle, 2009:96). Accordingly, the following are the key features of analytical CRM:

- Seizing all the relevant and essential information of customers from various channels and sources and collaboratively integrating and inheriting all this data into a central repository knowledge base with a overall organization view.
- Determining, developing and analyzing inclusive set of rules and analytical methods to scale and optimize relationship with customers by analyzing and resolving all the questions which are suitable for business.
- Implementing or deploying the results to enhance the efficiency of CRM system and processes, improve relationship and interaction with customers and the actual business planning with customers.
- Combine and integrate the values of customers with strategic business management of organization and value of stakeholders.

Analytical CRM is a solid and consistent platform which provides analytical applications to help predict, scale and optimize customer relations (Buttle 2009:95). Advantages of implementing and using an analytical CRM are described below.

1. Leads in making more profitable customer base by providing high value services.
2. Helps in retaining profitable customers through sophisticated analysis and making new customers that are clones of best of the customers.
3. Helps in addressing individual customer's needs and efficiently improving the relationships with new and existing customers.
4. Improves customer satisfaction and loyalty.

## **2.7. The Payne's model of CRM**

In line with implementing and evaluating the effectiveness of CRM practices, a number of comprehensive CRM models have been developed. Yet there is no agreement regarding a common framework for the implementation and appraisal on how effective is the CRM practices. The IDIC, the QCi, the CRM Value Chain, the Payne's five-process, and the Gartner Competency models being the top five popular CRM models, this study will introduce and refer to the Payne's five-process model which was developed by Payne (2005).

Payne and Frow (2005) uses interaction research and a combination of literature review and field communication with executives to arrive at a strategic multi functional process oriented CRM framework consisting of five generic processes including strategy development process; value creation process; multichannel integration process; information management process, and performance assessment process. The process begins from developing business and customer strategy (strategy development) and concluded with performance monitoring through qualitative and quantitative measurement and key performance indicator. Data are collected throughout these four processes. The notion that competitive advantage stems from the creation of value for the customer and for the company is key to the success of CRM. (Refer to Appendix B for the Payne's model of CRM framework consisting of five generic interrelated processes)

### **2.7.1. The Strategy Development Process**

The model begins with aligning and integrating business strategy and customer strategy. Payne (2005) argues that these two strategies must live in symbiosis and have shared goals in order to gain business success. By this Payne means that if the organization decides to implement

customer-centric customer strategy, business objectives and measurement tools should be more focused on customers than products or selling.

Accordingly, most companies today recognize that their future depends on the strength of their business relationships, and most crucially, their relationships with customers. Before turning immediately to a technology solution, managers need to first consider CRM in the context of overall business strategy. CRM must actively reflect and reinforce the wider goals of the business if it is to be successful. The strategy development process therefore demands a dual focus on the organization's business strategy and its customer strategy.

### **2.7.2. The Value Creation Process**

Second process examines the value creation processes of both the customer and the organization, and states that only balanced value exchange will lead into mutually satisfactory relationship. Thus, this process is concerned with transforming the outputs of the strategy development process into programs that both extract and deliver value. The value creation process consists of three key elements: determining what value the company can provide to its customers (the value customer receives) determining the value of the organization receives from its customers (the value organization receives) and, by successfully managing this value exchange, maximizing the life-time value of desirable customer segments.

### **2.7.3. The Multichannel Integration Process**

Third process is about integrating all customer-facing processes and channels to deliver expected quality. According to Payne (2005) it is useless to have rest of the channels delivering high quality if one of them upsets the customer by retracting the organization's promise.

The multichannel integration process involves decisions about the most appropriate combination of channels; how to ensure the customer experiences highly positive interactions within those channels; and, where customers interacts with more than one channel, how to create and present a `single unified view` of the customer. To determine the nature of the business's customer interface, it is necessary to consider the key issues underlying channel selection; the purpose of multichannel integration, the channel options available, and the importance of integrated channel management in delivering an outstanding customer experience (Payne, 2005). Accordingly, the

issue of multichannel integration and integrated channel management will be discussed below, as presented by Payne (2005);

### ***Multichannel integration***

Faced with the necessity of offering consumers different channel types to meet their changing needs during the sales cycle (pre-sale, during the sale, and post-sale), it is imperative to integrate the activities in those different channels to produce the most positive customer experience and to create the maximum value, no matter what channel is being used. Discussions on channels are usually dominated by those who are involved in making the sale. However, for strategic CRM the channels need to be seen in the context of the whole interaction over the life cycle of the customer relationship, not just in terms of the specific sales activity.

A great number of interactions occur between the customer and the organization across different channels. The multichannel integration process should therefore start with the identification of the most appropriate channel options for specific segments. These options fall into six main channel categories, ranging from the physical to the virtual, as shown in the strategic framework on Appendix B. Some will be employed in combination to maximize commercial exposure and return, for example, 'voice over IP' (voice over internet protocol) integrates both telephony and the internet.

### ***Integrated channel management***

Once again, in line with multichannel integration process, managing integrated channels relies on the ability to uphold the same high standards across multiple, different channels. Having established a set of standards for each channel used, which defines an outstanding customer experience for that channel, the organization can then work to integrate the channels, trying to optimize but not compromise the accepted channel standards. The multichannel service must match the individual (and changing) needs of customers, who may belong to a number of different customer segments simultaneously. To succeed, the company must be able to gather and deploy customer knowledge from the different channels as well as other sources.

#### **2.7.4. The Information Management Process**

Fourth process involves the idea of the importance of the customer information. With appropriate systems and through effective use of analytical tools, organizations are able to interact with right customers in the most suitable manner.

The information management process, it is concerned with the collection and collation of customer information from all customer contact points, and the utilization of this information to construct complete and current customer profiles which can be used to enhance the quality of the customer experience. As companies grow and interact with an increasing number of customers through an increasing diversity of channels, the need for a systematic approach to organizing and employing information becomes ever greater. The key material elements of the information management process are the data repository and analytical tools, IT systems, and front office and back office applications. Each of the information management process elements are discussed briefly below, as presented by Payne (2005);

##### ***Data repository***

The data repository provides a powerful corporate memory of customers, an integrated enterprise-wide data store capable of relevant data analyses. It consists of databases and a data warehouse, and where appropriate a collection of related data marts that ensure the maximum value is extracted from customer information.

##### ***IT systems***

IT systems refer to the computer hardware and the related software and middleware used within the organization. IT systems must be able to deliver the information needed on customers both now and in the future, and to accomplish other administrative duties. The organization's capacity to scale existing systems or plan for the migration to larger systems without disrupting business operations is critical.

### ***Front office and back office applications***

Front-office applications are the technologies used to support all those activities that involve direct interface with customers, including sales force automation and call-centre management. These applications are used to increase revenues by improving customer retention and raising sales closure rates. Back-office applications support internal administration activities and supplier relationships, involving human resources, procurement, warehouse management, logistics software and some financial processes. The overriding concern about front- and back-office systems is that they are sufficiently connected and coordinated to optimize customer relations and workflow.

#### **2.7.5. The Performance Assessment Process**

The last process focusing on measuring CRM performance, it highlights that every organization should develop assessment indicators and creates their own success map to clarify their objectives and recognize the gap between target levels and status quo. The performance assessment process ensures that the organization's strategic aims in terms of CRM are being delivered to an appropriate and acceptable standard, and that a basis for future improvement is established. Shareholder results provide a `macro` view of the overall relationships that drive performance, while performance monitoring gives a more detailed `micro` view of metrics and key performance indicators.

In general, according to Payne's model, the first two processes represent strategic CRM, the multichannel integration process represents operational CRM, and the information management process is analytical CRM. This study, while focusing on operational and analytical CRM related activities, mainly concentrate on multichannel integration and information management processes.

## 2.8. The Study Gap

This study after reviewing the relevant theoretical and conceptual aspects of CRM, considering the channels used by the hotels during the whole sales cycle as baseline for study, researched the operational CRM of the hotels in relation with the following aspects;

- Increase revenue
- Decrease cost
- Improve processes
- Integrate & spread information
- Increase customer loyalty
- Gain competitive advantage

Similarly, the study researched the analytical CRM of the hotels in relation with some selected aspects, after taking into consideration the capacity of the assisting IT applications that are used and the personnel of the marketing department of the hotels as baselines. The selected aspects are;

- Qualified database
- Better customer service (front office + up-selling and cross-selling)
- Better customer support (back office)
- Better target marketing (cost reduction + effective communication)
- Market research (new customer insight + early warning)

On the other hand, this study assesses the travel and tour agent organizations feedback as to the performance of the studied hotels in line with the below listed activities performed by the hotels. The baselines used for selecting these activities were considering the processes of gaining, regaining, and maintaining customers that the hotels carry out.

- Recognizing customer value
- Enhancing & facilitating proper communication (both ways)
- Promoting hotel offers well
- Offering individualized attractive deals to hold on escaping customers

- Providing customized special services to up-sell and cross-sell

Furthermore, the travel and tour agent organizations perception as to the studied hotels' knowledge regarding the organizations and the hotels' atmosphere/culture to understand their organizations were also assessed.

# CHAPTER THREE

## RESEARCH DESIGN AND METHODOLOGY

In this chapter the methods used to conduct the primary research for the study are discussed. The research method, design, and process are explored. The research method, design, process philosophy, approach, and strategy are explored. Further, sampling, questionnaire design, data collection and analysis are also expressed in this chapter.

### 3.1. Research Method

Basically, research methods can be classified in various ways. However one of the most common distinctions is between qualitative and quantitative research methods. Mainly, the very nature of CRM encourages the utilization of qualitative research approach since one of the major reasons for doing qualitative research is to become more experienced with the phenomenon under study and to investigate complex and sensitive issues. On the other hand, the objective of quantitative research being applying mathematical models to natural phenomena and use measurement that provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships (Saunders, *et al.*, 2007), this can further be used to assess the contribution of CRM guided practices in relation to contributing added value towards effective CRM. Hence, this research will adopt both qualitative and quantitative methods while addressing both study groups i.e. the hotels and travel and tour agents as their corporate customers in perusing to achieve objectives of the study.

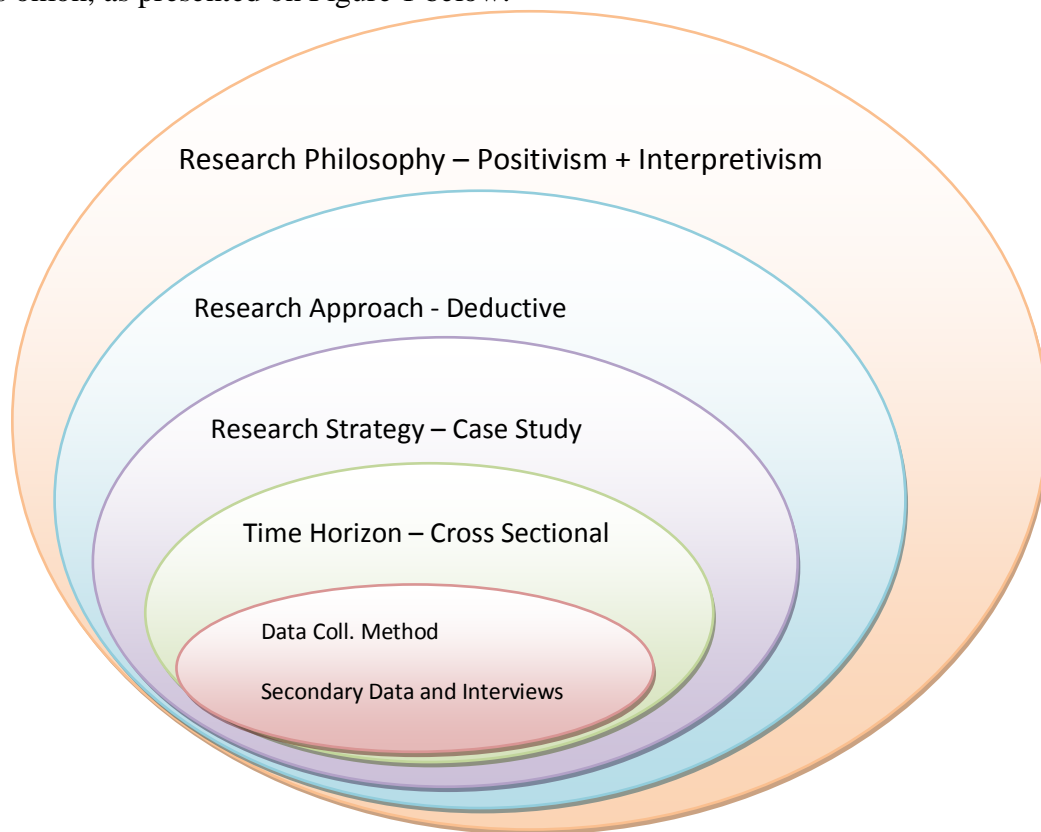
### 3.2. Research Design

Three possible types of research designs that can be undertaken while conducting research: (i) exploratory, (ii) descriptive and (iii) explanatory studies. An exploratory study pertains to research that aims at shedding new light on a given subject and is often done to clarify the general understanding of a certain problem. The most general way in which an exploratory study is conducted, is through reviewing literature, interviewing subject area experts and by means of

focus group interviews. Descriptive studies on the other hand, aim to describe persons, occurrences and situations. Lastly, explanatory studies are studies that show relationships between variables in order to explain certain problems or events (Saunders, *et al.*, 2007). For the purposes of this research report, both the exploratory and descriptive approaches were followed.

### 3.3. Research Process

Furthermore, this study adopts the research process ‘onion’ produced by Saunders (2003). The first layer raises the question of the research philosophy. The second layer considers the subject of the research approach. The third layer examines the research strategy, and the fourth layer refers to the time allocated to the research. Finally, the fifth layer is about the data collection methods used. With regard to this study, positivism and interpretivism, deductive, case study, cross sectional and secondary data and interview were the specific options selected and undertaken by the study at each layer going from the outer into the inner layer of the research process onion, as presented on Figure 1 below.



**Figure 1: The current study research ‘Onion’ adopted from Mark Saunders, Philip Lewis and Adrian Thornhill (2003)**

### 3.4. Research Philosophy

Regarding the research philosophy from the research process, the three views that dominate the literature are: positivism, realism and interpretivism (Saunders *et al.*, 2003). The basic principle of positivism is the assumption that ‘the researcher is independent of and neither affects nor is affected by the subject of the research’ (Remenyi *et al.*, 1998). Positivism is characterized mainly by an insistence that science can only deal with observable entities known directly to experience. The positivist aims to construct general theories which express relationships between phenomena. Observation and experiment will then show whether the phenomena do or do not fit the theory (McClelland *et al.*, 1999).

The realism view is based on ‘the belief that a reality exists that is independent of human thoughts and beliefs’ (Saunders *et al.*, 2003). This translates in the management and business world as the existence of social forces which influence people without them knowing that. These forces affect the way people perceive their world. Realism recognizes the importance of understanding these forces and their implications on human acts and behaviors (Saunders *et al.*, 2003). And the interpretivism view, on the other hand, is about discovering the details of the situation to understand the reality and to explore the subjective meanings motivating people’s actions (Remenyi *et al.*, 1998).

Further, regarding the above clarification of the three different research philosophies, it is important to note that ‘the practical reality is that research rarely falls neatly into only one philosophical domain as suggested in the onion’ (Saunders *et al.*, 2003). As to this study, the philosophical domain is a mixture between positivism and interpretivism since the main idea behind this exploratory and descriptive research is to present the CRM practices of the selected hotels in its real-life context.

### **3.5. Research Approach**

Logically there are two broad methods of reasoning known as the deductive and inductive approaches. The deductive approach works from the more general to the more specific; a research study might begin with a theory about the topic of interest, then narrow that down into more specific hypotheses that can be tested, narrowing down even further by collecting

observations to address the hypotheses. This ultimately leads to testing the hypotheses with specific data to confirm or not confirm the original theories (Trochim, 1998-2000).

The inductive approach works the other way, moving from specific observations to broader generalizations and theories. Inductive reasoning begins with specific observations and measures, detect patterns and regularities, formulates some tentative hypotheses that can be explored and finally ends up developing general conclusions or theories (Trochim, 1998-2000).

Accordingly, in line with the study objectives and strategy i.e. describing the CRM practices of the selected hotels after critically reviewing the related literatures on CRM, the study follows the deductive approach.

### **3.6. Research Strategy**

From the research process 'onion', there are many options as to how to operationalize the research strategy; experiment, survey, case study, grounded theory, ethnography and action research which are briefly explained below.

***Experiment*** - is a classical form of research that is more relevant to the natural sciences area but is still used in social sciences, especially psychology. It involves a hypothesis and selection of samples. These samples are to be tested and results may change variables, leading to more tests being conducted (Saunders *et al.*, 2003).

***Survey*** - is the method of gathering data from respondents thought to be representative of some population, using an instrument composed of closed structure or open-ended questions (Garson, 1997:44).

***Action research*** - is a multi-stage type of research, in which a problem is researched, changes are made, the problem is researched again, more changes are made, and so on until the problem is solved (Garson, 1997:44).

***Ethnography*** - comes from the discipline of social and cultural anthropology where an ethnographer is required to spend a significant amount of time in the field. Ethnographers immerse themselves in the lives of the people they study (Lewis 1985:68) and seek to place the phenomena studied in their social and cultural context.

***Grounded theory*** - in which the researcher attempts to drive a general, abstract theory of a process, action or interaction grounded in the views of participants in a study. This process involves many stages of data collection and the refinement of categories of information and interrelationship of categories of information (Creswell, 2003:78).

***Case study*** - is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin, 2002:54).

Consequently, as to this study strategy, after considering the available time, cost, and suitability, the case study is preferred to be the ideal research strategy. Furthermore, a cross-sectional design was adopted in this study where data was collected at only one point in time, after acknowledging that Cross-sectional research involves the measurement of all variable(s) for all cases within a narrow time span so that the measurements may be viewed as contemporaneous (Baltes, Reese, Nesselrode, 1988; Creswell, 1994). The advantage of cross-sectional research is that it is more economical in time and cost than other designs.

### **3.7. Sampling**

Sampling is the statistical process of selecting a subset (called a “sample”) of a population of interest for purposes of making observations and statistical inferences about that population (Bhattacharjee, 2012). In this case, the population for the hotels group would refer to all four star hotels in Addis Ababa City and the sample would consist only of the hotels chosen to partake in the study. Thus, for this study the population number for the hotel group i.e. all four star hotels in Addis Ababa is 21, according to the data from Ministry of Culture and Tourism year 2012, and the sample taken is 3 hotels (representing around 15% of the study population). It was decided to include 3 hotels in this study as the researcher had contact to three four star hotels and expected

to gather and access all relevant data confidently that have high quality so as to represent all four star hotels. Further, notwithstanding the time and financial constraints, the researcher trusted the 15% representation of the study population to be sufficient. Similarly, for the hotels corporate customers' group i.e. travel and tour agents, the population would refer to those travel and tour agents who have been working with the hotels since the establishment of the studied hotels, whereas the sample would be only those specific clients of the hotels chosen to partake in the study. Accordingly, there are a total of 45 travel and tour agent organizations (excluding double counting) that have been working with since the establishment of the respective hotels under study, and only 9 of the travel and tour agents (each of the 3 hotels were represented by 3 different organizations) were selected to take part in this study (representing around 20% of the study population). It was decided to include the 9 organizations taking the time and financial constraints into considerations, and trusting the 20% representation of the study population to be sufficient for this study, and 9 of the organizations were selected based on recommendations from the hotels so as to include willing and cooperating organizations in giving quality data and with no much bureaucracy.

There are two available types of sampling i.e. probability and non-probability sampling. Probability sampling is a technique in which every unit in the population has a chance (non-zero probability) of being selected in the sample, and the chance can be accurately determined, yet in non-probability sampling some units of the population have zero chance of selection or where the probability of selection cannot be accurately determined (Bhattacharjee, 2012). Similarly, in this study, for both the hotels and the travel and tour agents groups, the non-probability sampling type will be applied. Further, out of the various types of non-probability sampling techniques that can be followed, it is the purposive or judgmental technique that will be deployed in this study scenario. This type of sampling can be defined as a method through which elements are selected because it is believed that they are representative of the population and because they are of interest and meet the needs of the study. (Saunders, *et al.*, 2007)

### **3.8. Questionnaire Design**

For the purposes of gathering data for this research report, interviews were scheduled. Interviews are conversations between an interviewer and an interviewee with the purpose of gathering information useful to a study (Saunders, *et al.*, 2007). There are three types of interviews:

structured, semi-structured and unstructured. Semi-structured interviews, in line with research objectives and specifically related to CRM were carried out.

There are two types of questionnaires: self-administered and interviewer-administered questionnaires. The interviewer-administered questionnaires are usually used with telephonic interviews or with structured interviews, as in the case with this study (Saunders, *et al.*, 2007). Therefore, the questionnaire for this study took the form of an interview schedule or an interviewer-administered questionnaire. This type of questionnaire differs from the self-completion questionnaire, where respondents complete questionnaires independently, mainly as the interviewer completes the questionnaire on behalf of the interviewee (Robson, 2002). The answers to the questions in the questionnaire were obtained by interviewing the respondent and using the questionnaire as an interview schedule. The questions were both quantitative and qualitative in nature. The questionnaire or interview schedule contained some list questions, where interviewees were given an option of possible answers from which they could choose a response. The main type of list questions in the interview schedule were “Yes/No” questions, followed by open questions, allowing interviewees to expand on their reasons for choosing a particular response. Open-ended questions are questions that allow respondents to formulate their own answers. Open-ended questions were used as the interviewer was unsure of the possible responses of respondents to the questions and as detailed answers are needed to make the study useful (Saunders, *et al.*, 2007).

Furthermore, ranking questions were used to allow respondents to assign relative importance to certain factors. Ranking questions are questions that allow respondents to place elements in an order according to their relative importance. Rating questions were also used to gauge respondents’ opinions as to various statements. Further, for some of the rating questions a numeric rating scale was used, enabling interviewees to assign relative values to factors and statements (Saunders, *et al.*, 2007).

### **3.9. Data Collection and Analysis**

#### ***Data Collection***

Regarding data collection, the research uses both primary and secondary data. The secondary data employed to explore the theoretical issues is based on CRM books, journal articles, other

research projects and credible CRM web portals. Reviewing the secondary literature will enable for better understanding of the research topic, in general, and the study problem at hand, in particular. In addition, it serves as useful reference for making comparisons to the primary research, later on in the research report.

For the hotels group, primary research has been done by interviewing the relevant respondents from the selected hotels to partake in this study, and the same technique will be adapted with the corporate customers group i.e. travel and tour agents. The interviewees will be contacted in advance to obtain their permission to partake in the research. Thereafter, interview times will be set up at the various hotel properties and other customers' places, and structured interviews will be conducted with the participants to get specific relevant information. The interviewer will conduct standardized interviews, using an interview schedule or interviewer-administered questionnaire in ensuring the correct information is collected. (Saunders, *et al.*, 2007)

### ***Data Analysis***

The mixed method research approach is followed in this study as it is both qualitative and quantitative in nature (Saunders, *et al.*, 2007). The questionnaire will contain 17 questions, of which some have subsections. The results to these questions will be analyzed in Chapter 4 and Chapter 5 in the same sequence in which they appear on the questionnaire.

For the qualitative data, based on the respondents' responses from the interview, the data will be placed into categories and certain codes will be ascribed to the categories. Responses that fall outside of the categories will be classed together and noted. The data will then be compared to the findings in the literature review and conclusions drawn (Dillon *et al.*, 1993; Saunders, *et al.*, 2007).

The quantitative data can be divided into two groups namely categorical and quantifiable data. The categorical data in this study is ordinal in nature. Ordinal data cannot be quantified, but can be compared in terms of the relative position of the data in the data set (Dillon *et al.*, 1993; Saunders, *et al.*, 2007). The quantifiable data in the study is interval data. Interval data implies that it is impossible to calculate the relative difference between values. The interval data is also discrete in the sense that the data consists of integers that can be adequately measured (Saunders, *et al.*, 2007).

Both the categorical and quantifiable data have pre-coded categories. The coding therefore took place during the interviews where the interviewer merely selected the correct category for each of the data responses (Saunders, et al., 2007).

### **3.10. Study Validity and Reliability**

To ensure high validity and reliability of the collected data triangulation method is applied for this study. Triangulation in research refers to the combination of two or more theories, data sources, methods or investigators in one study of a single phenomenon to converge on a single construct. Hilton (2005), as mentioned by Ali (2007:9), produced a very detailed list of types of triangulation as follows:

- Investigator triangulation: a research team with shared interest in topic and diverse perspectives and areas of expertise regarding the topic.
- Data triangulation: multiple data sources with similar foci to obtain diverse views through a range of data about the topic.
- Time triangulation: collect data at different points in time.
- Space triangulation: collect data at different sites.
- Person triangulation: collect data from more than one level of persons: individuals, groups or collectives.
- Theory triangulation: propositions derived from competing theories — typically occurring at the conclusion of the study.
- Methods triangulation: more than one research method or data collection technique because each tackles a different dimension of the problem.
- Unit of analysis triangulation: relates to the dimension of analysis (e.g. individual behaviors and interactions between individuals).
- Analysis triangulation: more than one strategy to analyze the same data set for validation.

Accordingly, the study used both data and person triangulation formats. Data triangulation was used since there were three types of data collecting methods used in this study, as mentioned earlier; interviews, secondary data and document and website review. Person triangulation was also used since the interviews were conducted with different position levels of managers from the hotels, and further the interviews were carried out on two different groups i.e. the hotels and the travel agent organizations groups.

# **CHAPTER FOUR**

## **RESULTS AND DISCUSSIONS**

Chapter four deals with the first and second part analysis of the primary research conducted for this study. The results will be provided, explained and interpreted.

### **4.1. Results and Discussions – Part One**

This section deals with the first part analysis of the primary research conducted for this study. The results gathered from the interview with the studied four hotels are provided, explained and interpreted.

#### **4.1.1. Background of studied hotels and interviewed personnel**

Table 4.1 provides general background about the studied hotels establishment years and regarding their statuses of CRM practices.

**Table 4.1: Background of the studied hotels**

<b>Hotel's Name</b>	<b>Year of Establishment</b>	<b>CRM Practices</b>
Panorama	2009	Yes
Nexus	2012	Yes
Jupiter International	2008	Yes

Source: Survey data, 2014

From the above table 4.1, it can be seen that the establishment years of the studied hotels range from the year 2008 up to 2012, and all of the hotels do practice CRM implying the awareness CRM within the hotel business since the year 2008.

Similarly, Table 4.2 gives information regarding the interviewed personnel representing each of the studied hotels.

From the Table 4.2 below, it becomes evident that all of the interviewed individuals representing each of the studied hotels are top management, and all of them with at least 5 years of experience in the hotel industry, well backed with academic educations and general knowledge regarding CRM.

**Table 4.2: Background of interviewed personnel**

<b>Represented Hotel</b>	<b>Position</b>	<b>Educational Background</b>	<b>Work Exp. in hotel industry</b>	<b>Personal understanding of CRM in general</b>
Panorama	Deputy Manager	MBA	5 years	The process of managing relationship with customers to increase revenue.
Nexus	Marketing Manager	MBA	5 years	The relationship between an organization and its customers, and all follow up process to gain satisfied customers & gain loyalty.
Jupiter International	Bole Manager	BA Hotel Management	5 years	Is a must to implement concept in the current era of stiff competition with high customer demand supported with technology & economic conditions.

Source: Survey data, 2014

### **4.1.2. Questionnaire Analysis**

The following section includes a question-by-question analysis of the research results. (Refer to Appendix C for the sample of the questionnaire)

#### **Question 1**

When did you start practicing CRM in the hotel?

All three of the hotels' respondents mentioned that CRM has been practiced in their respective hotels since the establishment i.e. Panorama hotel – 2009, Nexus hotel – 2012, Jupiter hotel - 2008.

## Question 2

What are the major CRM objectives in the context of this hotel?

All three of the hotels' respondents mentioned that increasing revenue and increasing customer loyalty as their major CRM Objectives. The issue of creating good relationship in order to have reliable customers that generate constant income was mentioned in this regard.

Furthermore, improving processes, gaining competitive advantage, and providing better customer service were cited by two of the three hotels' respondents (i.e. Panorama and Jupiter International hotels) which are mentioned along with communicating with customers and facilitating sales people jobs.

## Question 3

Which of the following statements explain the hotel's CRM practice more effectively?

- CRM is about the implementation of a specific technology solution i.e. marketing promotional activities linked to marketing database.
- CRM is the implementation of an integrated series of customer-oriented technology solutions i.e. using web-based methods and internet technology to allow becoming more customer-centric
- CRM is a holistic approach to managing customer relationships to create value i.e. using organized processes by managing customer relationship across all customer touch points to maximize the value of the customer portfolio.
- Other, please explain;

All of the three hotels' respondents mentioned the following points to be part of their CRM system;

- Using technology solution to have an organized and valuable customer information
- Facilitating the overall communication process, and
- Building long lasting relationship based on mutual benefits

Yet again, all of the three hotels' respondents preferred to present their CRM as a system that is primarily built on a face-to-face based strategy. They give due emphasis on the personal level relationship building strategy that is being lead by the marketing department, and specifically on the salespeople, of course which will always be backed with the hotels other CRM systems i.e. processes and information technology.

#### Question 4 a

Do you give equal emphasis to the major components of CRM i.e. people, processes, and IT?

Table 4.3 below indicates whether or not the hotels give equal emphasis to the major components of CRM i.e. people, processes, and IT.

**Table 4.3: Degree of hotels emphasis to CRM Components**

Answers	Do you give equal emphasis to CRM components?			
	Panorama Hotel	Nexus Hotel	Jupiter International Hotel	Frequency & Percentage
Yes				<b>0 = 0%</b>
No	√	√	√	<b>3 = 100%</b>

Source: Survey data, 2014

From the above table 4.3, it becomes evident that all 100% of the respondents' hotels do not give equal emphasis to the major components of CRM.

#### Question 4 b

If "No", please number each of the CRM components in order of your practical experience, where 1 = most emphasized to 3 = least emphasized

Table 4.4 intends the rank the major CRM components based on the emphasis given by the three hotel respondents.

From Table 4.4 below, it is easy to observe that all the three studied hotels give similar ranking to the major CRM components, giving the highest emphasis to the people, followed by IT, and least emphasis to processes.

**Table 4.4: Emphasis rank on CRM components**

CRM Components	Panorama Hotel	Nexus Hotel	Jupiter International Hotel	Frequency	Rank
People	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>1</b>
Processes	<b>3</b>	<b>3</b>	<b>3</b>	<b>9</b>	<b>3</b>

IT	2	2	2	6	2
----	---	---	---	---	---

Source: Survey data, 2014

### Question 5

Which means of communications (channels) do you use to get to your corporate customers and for corporate customers to get to you?

Table 4.5 represents the means of communications (channels) that the hotels use to get to their corporate customers.

**Table 4.5: communication channels used by the hotels to reach corporate customers**

Communication channels	Panorama Hotel	Nexus Hotel	Jupiter International Hotel	Frequency & Percentage
Sales force	√	√	√	3 = 100%
Outlets	X	X	X	0 = 0%
Telephone	√	√	√	3 = 100%
Direct marketing	√	√	√	3 = 100%
Electronic comm.	√	√	√	3 = 100%
Mobile comm.	√	√	√	3 = 100%
other				

Source: Survey data, 2014

Table 4.5 represents the means of communications (channels) that the hotels deploy to reach their corporate customers. And it can be seen that all the communication channels being used by all the studied hotels. The only channel not being used is “outlets”, which seems to be not that much appropriate in this specific case.

**Table 4.6: Communication channels used by corporate customers to reach the hotels**

Communication channels	Panorama Hotel	Nexus Hotel	Jupiter International Hotel	Frequency & Percentage
Sales force	√	√	√	3 = 100%
Telephone	√	√	√	3 = 100%
Electronic comm. i.e. Fax & internet	√	√	√	3 = 100%
Mobile comm.	√	√	√	3 = 100%
other				

Source: Survey data, 2014

From the above Table 4.5 and Table 4.6 it can be stated that sales force, telephone, electronic communications, and mobile are the major communication channels that are being used for two direction communication interactions in between the hotels and the travel and tour agent organizations. Furthermore, hotels use direct marketing as an additional means of interacting for reaching out to their corporate customers.

### **Question 6**

How do you describe the overall communications cycle (i.e. pre-sale, during-sale, & post-sale transactions) that are being carried out while serving your current corporate customers?

100 percent of the respondents mentioned similar communication cycle in dealing with their current corporate customers. The following steps represent the overall communication cycle;

1. Hotels accept booking request
2. Hotels prepare and send price quotations
3. Negotiations take place over prices along room types or other services
4. If customer do not respond, hotels do follow up process to reach on agreeable terms
5. If customer respond and agrees, confirmation will be made on detail issues i.e. booking date, room type, etc
6. Hotels follow up the delivery of services as per agreed benefits and conditions
7. Hotels collect customers feedback and handle any positive or negative issues accordingly so as to ensure the continuity of the relationship
8. Hotels send payment request (credit advice)

Furthermore, according to the above mentioned steps the four steps (1 -4) can be considered as pre-sale, and steps 5 and 6 as during sale, and steps 7 and 8 as post sale activities.

### **Question 7**

Considering the different types of transactions how do you identify the most appropriate means of communications (channel options) for your interaction with current corporate customers?

Giving due considerations to ease of access, fast response, and information detail accuracy, all three of the hotels' respondents mentioned similar means of communication in relation to their

different transactions with their current corporate customers. The following shows the hotels means of communication in relation to the different transactions;

1. Hotels accept booking request – either through telephone / mobile, email, or fax
2. Hotels prepare and send price quotations - through email or fax
3. Negotiations take place over prices along room types or other services – through telephone /mobile
4. If customer do not respond, hotels do follow up process to reach on agreeable terms - either through telephone / mobile or email
5. If customer respond and agrees, confirmation will be made on detail issues i.e. booking date, room type, etc - either through email or in person (letters)
6. Hotels collect customers feedback and handle any positive or negative issues accordingly so as to ensure the continuity of the relationship - either through telephone / mobile, email, or in person
7. Hotels send payment request (credit advice) – in person

### **Question 8**

What communications are being carried out while targeting potential prospects?

All three of the hotels' respondents mentioned reaching out potential customers and presenting about their services as a major communication that is being carried out.

Furthermore, one of the three hotels' respondent (Jupiter International hotel) mentioned inviting potential customers on events and parties which are organized for customers as additional communications that is being carried out besides to reaching out at the customers' places.

### **Question 9**

How do you identify the most appropriate channel options for your interaction with potential corporate customers in relation to different transactions/communications?

With the aim of creating due impression and attention in the face of potential customers, all three of the hotels' respondents revealed a face-to-face communication (through sales people) as an only means of interaction with their potential customers.

### Question 10 a

Do you use any software applications that assist your marketing, sales and customer service functions related activities?

Table 4.7 below represents whether or not the studied hotels use any software applications in line with the marketing, sales, and customer service functions related activities.

**Table 4.7: Software applications assisting the marketing, sales, and customer service functions**

	<b>Do you use any software applications that assist your marketing, sales, and customer service functions?</b>			
<b>Answers</b>	<b>Panorama Hotel</b>	<b>Nexus Hotel</b>	<b>Jupiter International Hotel</b>	<b>Frequency &amp; percentage</b>
Yes	√	√	√	<b>3 = 100%</b>
No				<b>0 = 0%</b>

Source: Survey data, 2014

The above Table 4.7 explained that all the studied hotels use assisting software applications in line with the marketing, sales, and customer service functions.

### Question 10 b

If 'yes', what types of software applications do you use? Why?

Table 4.8 shows the types of software applications that the studied hotels use and the reason behind using them.

The Table 4.8 below showed that MS Excel and MS Outlook being the two assisting software applications that are being used by all the hotels. In addition, CNET is indicated as an application being used by two of the hotels (i.e. Panorama and Nexus), and NewHotel application being used by the rest one hotel (i.e. Jupiter International hotel), in line with the hotels marketing, sales, and customer service functions related activities.

**Table 4.8: Types of software applications**

Hotels	Which software applications do you use & why?	
	Types of applications & the reason of using it	Remarks
Panorama	MS Excel – to hold customers list MS Outlook – to disseminate messages & dispatch information CNET – to hold, store, analyze & integrate vital information of current customers	Lead by the marketing department
Nexus	MS Excel – to hold customers list MS Outlook – to disseminate messages & dispatch information CNET – to hold, store, & share vital information of current customers	Lead by the finance department
Jupiter International	MS Excel – to hold customers list MS Outlook – to disseminate messages & dispatch information New Hotel – to hold, store, analyze & integrate vital information of current customers	Lead by the marketing department

Source: Survey data, 2014

### **Question 11**

Which services are available in your hotel, and which ones are popular among your corporate customers i.e. travel and tour agent organizations?

Table 4.9 demonstrates hotel services and facilities which are available and the popular ones in studied hotels as presented by the respective hotels' respondents and from official websites of the hotels.

From the table 4.9 below it can be seen that among the available services and facilities of all the hotels it's only the accommodations / room service that is popular among the travel and agent clients of all the three hotels.

**Table 4.9: Available & popular hotel services and facilities**

Hotels	Which hotel services & facilities are available in your hotel & which are popular?	
	Available Hotel Services & facilities	Popular Hotel Services & facilities
Panorama	<ul style="list-style-type: none"> <li>• Accommodations / rooms</li> <li>• Restaurant &amp; lounge</li> <li>• Multipurpose Halls</li> <li>• Gym &amp; Spa</li> </ul>	<ul style="list-style-type: none"> <li>• Accommodations / rooms</li> </ul>
Nexus	<ul style="list-style-type: none"> <li>• Accommodations / rooms</li> <li>• Restaurant &amp; lounge</li> <li>• Multipurpose Halls</li> </ul>	<ul style="list-style-type: none"> <li>• Accommodations / rooms</li> </ul>
Jupiter International	<ul style="list-style-type: none"> <li>• Accommodations / rooms</li> <li>• Restaurant &amp; lounge</li> <li>• Multipurpose Halls</li> <li>• Gym &amp; Spa</li> </ul>	<ul style="list-style-type: none"> <li>• Accommodations / rooms</li> </ul>

Source: Survey data, 2014

**Question 12 a**

In line with the operational CRM related activities, do your multichannel integration process aspects add value to your effective CRM practices?

Table 4.10 depicts whether or not multichannel integration process aspects add value to effective CRM practices of the studied hotels.

**Table 4.10: Multichannel integration processes aspect value to effective CRM practices**

	Does your integrated multichannel communication system add value to effective CRM practices?			
Answers	Panorama Hotel	Nexus Hotel	Jupiter International Hotel	Frequency & percentage
Yes	√	√	√	3 = 100%
No				0 = 0%

Source: Survey data, 2014

From Table 4.10 above it is evident that all three of the hotels' respondents (100 percent of the respondents) agree as to the positive value that their respective multichannel integration process has towards the implementation of effective CRM practices.

### Question 12 b

If “Yes”, to what degree on a scale of 0 – 10, where 0=no value at all and 10=extreme amount of value, do the multichannel integration process aspects added value to your effective CRM practices?

Table 4.11 indicates to what degree (on a scale of 0-10) that the multichannel integration process aspects listed below have contributed to the respondents’ hotels effective CRM practices.

The mean of the effective CRM aspects listed on Table 4.11 below was calculated by adding the scores (out of the 0 – 10 scale) of all three respondents for each aspects and dividing it by three. Accordingly, by looking at the means, it is evident that in line with the operational CRM related activities of the studied hotels, the multichannel integration process aspect that is expected to add most value to the effective CRM practices is “increase revenue”, followed by “increase customer loyalty” aspect. “Improve process” and “gain competitive advantage” aspect of the multichannel integration process were found to be in the third place, and followed by “integrate and spread information” in the fourth place. The last rank is grabbed by the “decrease cost” aspect of the studied hotels multichannel integration processes, taking the fifth place and is expected to add the least value for effective CRM practices.

**Table 4.11: The degree of multichannel integration process aspects towards effective CRM practices**

Aspects of effective CRM practices	Panorama Hotel	Nexus Hotel	Jupiter Interna. Hotel	Total	Mean	Ranking	2 Top Box scores	2 Lower box scores	Standard deviation
Increase revenue	9	8	10	27	9.00	1	2	0	1.00
Decrease cost	7	4	8	19	6.33	5	0	0	2.08
Improve processes	8	6	8	22	7.33	3	0	0	1.15
Integrate & spread information	7	6	8	21	7.00	4	0	0	1.00
Increase customer loyalty	9	7	10	26	8.67	2	2	0	1.53
Gain competitive advantage	8	5	9	22	7.33	3	1	0	2.08

Source: Survey data, 2014

The “2 top box” score in Table 4.11 above is merely an indication of the frequency that respondents rewarded any factor a 9 or a 10 on the scale, whereas the “2 lower box” score is an indication of the frequency that 0 or 1 out of 10 was rewarded to any factor by respondents. The standard deviation as shown in Table 4.10 is an indication of the dispersion or variability of data. A large standard deviation is indicative of a larger spread of values within the set of data and a small standard deviation is indicative of homogeneity within a set of data. In this case, it means that “decrease cost” and “gain competitive advantage” had the largest dispersion of scores, ranging from 0-10, followed by “increase customer loyalty” and then followed by “improve processes”. The least variation in scores was seen in the “increase revenue” aspect highlighting homogeneity in respondents’.

### Question 13 a

Do you use any software applications that assist your information management process?

Table 4.12 shows whether or not the studied hotels use any software applications for information management purpose.

**Table 4.12: The use of software applications for Information Management**

	<b>Do you use any application for information management?</b>			
<b>Answers</b>	<b>Panorama Hotel</b>	<b>Nexus Hotel</b>	<b>Jupiter International Hotel</b>	<b>Frequency &amp; percentage</b>
Yes	√	√	√	<b>3 = 100%</b>
No				<b>0 = 0%</b>

Source: Survey data, 2014

The above Table 4.12 shows that 100 percent of the respondents’ hotels use software applications for information management.

### Question 13 b

If “Yes”, what type of software do you use with regard to information management process?  
How does it assist you?

Two of the three hotels’ respondents (i.e. Panorama and Nexus hotels) stated that they are relying on the CNET application as their customers’ information database system. Accordingly,

the application assist the hotels to enter, store and retrieve their corporate clients' data, mainly contact addresses (including main information such as business name, contact person name, telephone number, TIN No. and so on) and all other transactional related information. Yet, the current available CNET application is primarily ERP (Enterprise Resource Planning) software with its core packages focusing on sales, inventory, and accounting systems.

### **In case of Differences:**

One of the three hotels' respondent (Jupiter International Hotel) declared that the hotel is using the Newhotel (Prime Hotel System) application as a main system for information database. Accordingly, the application assist the hotels to enter, store and retrieve their corporate clients' data, mainly contact addresses (including main information such as business name, contact person name, telephone number, TIN No. and so on) and all other transactional related information. Besides, the system has the capacity of entertaining authorized outside customers/partners of the hotel to have access to the information database system and interact direct, though the hotel doesn't make this feature accessible to its current local corporate clients i.e. travel and tour agents yet.

Newhotel (Prime Hotel Systems) is a fully integrated platform of solutions for managing Hotels, Hotel Groups, Reservation Centrals, Internet Sales Channels, Conventions and Events, Restaurants and bars, Stocks of Food and Beverages as well as all the other associated activities. The system allow the consolidation of all the information regarding Reservations, Guests and Companies within the tourism area as well as the several departments and sub-systems, like Points of Sale, Conventions and Banquets, Golf, Current Accounts and interfaces with electronic devices. All the applications integrated in the system can share the same data and nomenclature structure, simplifying the management and control without the need of external interfaces or dependence of other software suppliers.

### **Question 14**

Usually it is assumed for the marketing department to take the leading role in the information management process? What is the experience of this hotel?

100 percent of the respondents agreed on the idea of the marketing department to take the leading role in the information management process of clients, yet two of the hotels' respondents

(Panorama and Jupiter International hotels) confirmed that the case to be true in their hotels too, not ignoring the huge contribution of all the concerned departments.

**In case of Differences:**

One of the three hotels' respondents (Nexus Hotel) explained that it is the finance department that has major role in the current system of the hotel in relation with information management process, with all the data (especially transaction related data) available in this department.

**Question 15**

How do you segment your corporate customers?

All three of the hotels' respondents mentioned similar customer segmentation base, and expressed that they segment/group their corporate clients under the following three major categories;

1. Travel agencies and Tour operators
2. Ethiopian Airlines (EAL), and
3. Other Corporate clients i.e. Embassies, NGOs, Government organizations, and international private organization.

Further, giving due emphasis on the frequency and amount of revenue that each client generate, especially while handling specific business negotiations, all the hotels do enter into contractual agreements with their corporate clients. Usually, on the corporate agreement, besides to contact address of client, applicable rates, and contract period, some other ground rules are also mentioned i.e. benefits & conditions, room block, cancellation, or reduction rules, and payment terms & conditions.

**Question 16**

Who analyze the data and what are the benefits of this process?

According to taking the leading role in the information management process, two of the three hotels' respondents (Panorama and Jupiter International hotels) confirmed that the marketing department to take the leading responsibilities of collecting, updating, following up and analyzing all the corporate clients information. And the major benefit of this process can be seen from three angles i.e. the marketing department, the hotel in general, and the corporate client. For

the marketing department it facilitates the department activities and ultimately eases the sales closure process. For the hotel in general the availability of analyzed data assists for making informed decision and in the long run to secure a stable relationship with corporate clients by knowing them better and providing them services accordingly. For the corporate clients knowing that the hotels give due emphasis about them have a great impact on the confidence that they will develop for building a long lasting relationship with hotels.

**In case of Differences:**

One of the three hotels’ respondents (Nexus Hotel) stated that it is the finance department that usually has organized data (especially transaction data) regarding corporate clients. And usually analysis is done by this department upon reporting or based on the marketing department request.

**Question 17 a**

In line with the analytical CRM related activities, do your information management process aspects add value to your effective CRM practices?

Table 4.13 below shows whether or not the information management process aspects add value to effective CRM practices of the studied hotels.

**Table 4.13: Information Management process value to effective CRM practices**

	<b>Do you use any application for information management?</b>			
<b>Answers</b>	<b>Panorama Hotel</b>	<b>Nexus Hotel</b>	<b>Jupiter International Hotel</b>	<b>Frequency &amp; percentage</b>
Yes	√	√	√	<b>3 = 100%</b>
No				<b>0 = 0%</b>

Source: Survey data, 2014

From Table 4.13 above it is marked that all three of the hotels’ respondent agreed as to the positive value that their respective information management process has towards the implementation of effective CRM practices.

**Question 17 b**

If “Yes”, to what degree on a scale of 0 – 10, where 0=no value at all and 10=extreme amount of value, do the information management process aspects added value to the effective CRM practices?

Table 4.14 indicates to what degree (on a scale of 0-10) that the information management process aspects listed in Table 4.14 do contributed to the respondents’ hotels effective CRM practices.

**Table 4.14: The degree of information management aspects towards effective CRM practices**

Aspects of effective CRM practices	Panorama Hotel	Nexus Hotel	Jupiter Interna. Hotel	Total	Mean	Ranking	2 Top Box scores	2 Lower box scores	Standard deviation
Qualified database	7	6	9	22	7.33	3	1	0	1.53
Better customer service (front off + up & cross selling)	8	7	9	24	8.00	2	1	0	1.00
Better customer support (back off)	6	7	9	22	7.33	3	1	0	1.53
Better target mkg (cost redu & better comm.)	9	8	8	25	8.33	1	1	0	0.57
Market research (new cus insight & early warning)	6	7	7	20	6.67	4	0	0	0.58

Source: Survey data, 2014

The mean of the effective CRM aspects listed on Table 4.14 was calculated by adding the scores (out of the 0 – 10 scale) of all three respondents for each aspects and dividing it by three. Accordingly, by looking at the means, it is evident that in line with the analytical CRM related activities of the studied hotels, the information management process aspects that is expected to

add most value is “better target marketing”, followed by “better customer service”. “Qualified database” and “better customer support” aspects of the information management process are found to be in the third place towards adding value to effective CRM practices, and letting the “market research” aspect to last in fourth place and is expected to contribute the least value.

The “2 top box” score in Table 4.14 is an indication of the frequency that respondents rewarded any factor a 9 or a 10 on the scale, whereas the “2 lower box” score is an indication of the frequency that 0 or 1 out of 10 was rewarded to any factor by respondents. The standard deviation as shown in Table 4.14 is an indication of the dispersion or variability of data. A large standard deviation is indicative of a larger spread of values within the set of data and a small standard deviation is indicative of homogeneity within a set of data. Thus, in this case, “qualified database” and “better customer support” had the largest dispersion of scores, ranging from 0-10, followed by “better customer service”. “Market research” is in the third place, and most homogeneity in respondents’ with the least variation in scores was witnessed in the “better market target” aspect of the information management process.

## **4.2. Results and Discussions – Part Two**

The second part analysis of the primary research conducted for this study is dealt in this section i.e. the interview with the selected travel and tour agent organizations. Similar to part one, in the above section, the results of the second part analysis are provided, explained and interpreted.

### **4.2.1. Background of studied travel and tour agent organizations**

A total of 9 the travel and tour agent organizations that have been working since the establishment of the respective hotels under study were included in this study. Each of the 3 studied hotels was represented by 3 different organizations. Four of the organizations are operating solely as a tour operators, and the rest five organizations are operating as travel and tour agents. Yet, for the purpose of this study, all the studied organizations were grouped under one umbrella named the travel and tour agent organizations.

### **4.2.2. Questionnaire Analysis**

As indicated in the methodology section, a total of nine travel and tour agent organizations were included after taking the time and financial constraints into considerations, and trusting the 20%

representation of the study population being sufficient for this study. The organizations were selected based on recommendations from the hotels so as to include willing and cooperating organizations in giving quality data and with no much bureaucracy. The following section will present a question-by-question analysis of the research results. (Refer to Appendix D for the sample of the questionnaire)

### Question 1

Who initiated the communication / relationship between your organization and the hotel?

For the above stated entry question, all the organizations’ representatives responded that it were the respective hotels who initiated the communication / relationship by approaching them first through salespeople and promoting their services.

### Question 2

In line with the hotel’s performance effort in promoting long lasting relationship with your organization, to what degree on a scale of 0 – 10, where 0=no effort at all and 10=extreme amount of effort, do you rate the hotel’s performance effort in relation to the following activities?

Table 4.15 indicates to what degree (on a scale of 0-10) that the travel and tour agent organizations assess the hotel’s performance effort in relation with the below listed activities.

**Table 4.15: The degree of hotels’ performance effort**

Activities performed by Hotels	Mean	Ranking	2 Top Box scores	2 Lower box scores	Standard deviation
Recognizing customer value	7.78	2	5=55%	0=0%	0.8333
Enhancing & facilitating proper comm. (both ways)	6.78	3	2=22%	0=0%	0.8333
Promoting hotel offers well	6.00	4	1=11%	0=0%	1.1180
Offering individualized attractive deals to hold on escaping customers	8.11	1	7=78%	0=0%	0.7990
Providing customized special services to up-sell and cross-sell	6.00	4	0=0%	0=0%	0.8660

Source: Survey data, 2014

The mean of the travel and tour agent organizations feedback regarding the hotels performance effort in line with the listed activities on Table 4.15 above was calculated by adding the scores

(out of the 0 – 10 scale) of all nine respondents for each activity and dividing it by nine. As a result, “Offering individualized attractive deals to hold on escaping customers” was identified to be the activity that is very well being performed by the hotels followed by “Recognizing customer value”, and then by “Enhancing & facilitating proper comm. (both ways)”. “Promoting hotel offers well” and “Providing customized special services to up-sell and cross-sell” were the two activities that are ranked last referring to the minimum performance effort of the hotels.

Consequently, the “2 top box” score in Table 4.15 is merely an indication of the frequency that respondents rewarded any activity a 9 or a 10 on the scale, whereas the “2 lower box” score is an indication of the frequency that 0 or 1 out of 10 was rewarded to any activity by respondents. The standard deviation as shown in Table 4.15 is an indication of the dispersion or variability of data. A large standard deviation is indicative of a larger spread of values within the set of data and a small standard deviation is indicative of homogeneity within a set of data. Accordingly, in this case, it means that “Promoting hotel offers well” had the largest dispersion of scores, ranging from 0-10, followed by “Providing customized special services to up-sell and cross-sell”. The least variation in scores was seen in the “Offering individualized attractive deals to hold on escaping customers” aspect highlighting homogeneity in respondents’, following “Recognizing customer value” and “Enhancing & facilitating proper comm. (both ways)”.

### **Question 3**

In line with your organization relationship with the hotel, to what degree on a scale of 0 – 10, where 0=extremely low and 10=extremely high, do you rate your perception of the following two aspects of the hotel?

Table 4.16 presents to what degree (on a scale of 0-10) that the travel and tour agent organizations perceive the hotels.

Once again, The mean of the travel and tour agent organizations feedback regarding the hotels atmosphere / culture and knowledge in understanding them, as listed on Table 4.16 below, was calculated by adding the scores (out of the 0 – 10 scale) of all nine respondents for each activity and dividing it by nine. As a result, out of 9, the travel and tour agent organizations feedback regarding “The hotel knowledge about your organization” is 6.78, representing as being higher than that of “The hotel atmosphere / culture to understand your organization” aspect which scored lower i.e. 6.00.

**Table 4.16: The degree of the travel and tour agent organizations perception**

	<b>Mean</b>	<b>Standard deviation</b>
The hotel knowledge about your organization	<b>6.78</b>	<b>0.8333</b>
The hotel atmosphere / culture to understand your organization	<b>6.00</b>	<b>1.1180</b>

Source: Survey data, 2014

On the other hand, the standard deviation as shown in Table 4.16 above is an indication of the dispersion or variability of data. A large standard deviation is indicative of a larger spread of values within the set of data and a small standard deviation is indicative of homogeneity within a set of data. Accordingly, “The hotel atmosphere / culture to understand your organization” has relatively high standard deviation i.e. 1.1180, and “The hotel knowledge about your organization” presented a relatively low standard deviation i.e. 0.8333, indicating more similarity of the respondents responses for “The hotel knowledge about your organization” than “The hotel atmosphere / culture to understand your organization”.

# CHAPTER FIVE

## SUMMARY, CONCLUSION, AND RECOMMENDATION

Chapter five, being the final chapter of the study, it includes the summary, conclusions, and recommendations based on the findings of the research.

### 5.1. Summary

In line with the objectives of this study, after completing a comprehensive literature review and conducting interviews, it is possible to highlight general trends between written word and common practice as summary of the study. Accordingly, all of the studied hotels confirmed practicing CRM since their establishment, and the general understanding / definitions for CRM provided by respondents and the literature review also followed a similar trend. Respondents presented CRM as a must to be implemented practice in the current era of stiff competition with high customer demand, technology and economic condition. In addition, they mentioned CRM a process of managing relationship with customers and all follow up processes. The literature review provides for similar definitions, based on Imhoff (2001) some variations on the meaning of CRM, Ali (2007:17) provided a representative set of definitions which states CRM as the set of systems, processes and organizations that profitably drive customer loyalty.

The major CRM objectives mentioned by the respondents included increasing revenue and increasing customer loyalty. Besides, improving processes, gaining competitive advantage, and providing better customer service were also cited along with communicating with customers and facilitating sales people jobs. The literature review highlighted similar elements, including reduce costs and increases profitability, improves service delivery, and help organizations to delight customers and differentiate their product, according to Ryals and Knox (2001), cited by Rahimi (2007:20)

People, process, and IT were identified by the respondents as major components of their CRM practices, though they admitted that not equal emphasis being given to each of the components. In the literature review there are many supporting articles, including Chen & Povich (2003) that

reads as managing a successful CRM implementation requires an integrated and balanced approach to technology, process and people.

In line with the multichannel integration process, the respondents declared utilizing different means of communication channels to reach their customers and at the same time for their customers to reach them depending on the overall communication cycle i.e. pre-sale, during-sale, & post-sale transactions while dealing with their current/existing customers. According to Payne (2005), a great number of interactions occur between the customer and the organization across different channels. The multichannel integration process should therefore start with the identification of the most appropriate channel options for specific segments. These options fall into six main channel categories, ranging from the physical to the virtual i.e. sales force, outlets, telephony, direct marketing, electronic commerce, and mobile commerce.

Regarding with the information management process, the respondents hinted the presence of some degree of systems for organizing customer database and analyzing it, using IT, and for coordinating front and back office activities. In the literature review, the data repository and analytical tools, IT systems, and front office and back office applications are identified as key material elements of the information management process. The information management process is concerned with the collection and collation of customer information from all customer contact points, and the utilization of this information to construct complete and current customer profiles which can be used to enhance the quality of the customer experience. As companies grow and interact with an increasing number of customers through an increasing diversity of channels, the need for a systematic approach to organizing and employing information becomes ever greater. (Payne, 2005)

Lastly, the value that operational and analytical CRM related activities add to the practice of effective CRM was confirmed by both the primary and secondary research. Primary goal of analytical CRM is to develop, support and enhance the work and decision making capability of an organization by determining strong patterns and predictions in customer data and information which are gathered from different operational CRM systems. (Buttle, 2009)

## **5.2. Conclusion**

As conclusion, in line with the objectives and findings, this study holds various implications regarding the CRM practices of the studied four star hotels in specific, and with expected inferences to the general CRM practices of four start hotels operating in Addis Abeba, Ethiopia. The following are the major conclusions that are worth mentioning.

- **Entertain the concept and practices of CRM**

Customers in today's world have a vast selection to choose from and finding comparisons in terms of price and amenities in hotels are merely a mouse click away. Therefore, according to this study, four star hotels are entertaining the concept and practices of CRM since their establishment.

- **CRM objectives**

Acknowledging the major CRM objectives findings of this study i.e. increasing revenue, increasing customer loyalty, improving processes, gaining competitive advantage, and providing better customer services, there exists a low perception as to four star hotels CRM practices with the objective of decreasing costs, withstanding its similar contribution as to that of increasing revenue.

- **CRM perspectives and components**

In line with CRM perspectives, recalling all the aspects from the primary research that were identified as being part of the hotels CRM practices, and the presence of imbalance emphasis given to the major components of CRM, it is difficult to specifically indicate the four star hotels CRM practices perspective according to the CRM continuum. Further, it indicates that the hotels CRM as a system that is primarily built on a face-to-face based strategy. Thus, giving primary emphasis to the people aspect of CRM components, it infers the huge impact of people in the CRM practices of the four star hotels.

- **Multichannel integration process**

In line with the multichannel integration process related findings, the implication of this study is that there exist almost similar practices within four star hotels, which in turn might refer to presence of potential opportunity for any hotel that is capable of creating and practicing better

system to grab huge advantage over others. Particularly, this might be an interesting issue with respect to the four star hotels endeavor in reaching potential customers.

- **Information management process**

Recalling the findings regarding the information management process, i.e. the presence of some degree of systems for organizing customer database and analyzing it, using IT, and for coordinating front and back office activities, the implication of this study is the existence of potential to further improve the four star hotels information management process by crafting better system, making marketing department at the center and giving it the leading role of the system. Further the study finds out the underutilization of the available IT systems, with implications for further exploration of the hotels existing IT systems capabilities.

- **Operational and analytical CRM related activities**

Based on the operational and analytical CRM related activities findings, particularly with decreasing cost and conducting market research, this study identified the existence of not captured opportunities that may put shadow on the four star hotels effective CRM practices endeavor.

- **Customers feedback**

Based on the second part of the primary research findings i.e. from the travel and tour agent organizations, there is an indication for the hotels to further work on promoting all their offers well to attract and gain new customers, and consequently on providing customized special services to maintain existing customers though up-selling and cross-selling. In addition, the customers' feedback regarding the hotels knowledge and atmosphere in understanding them indicate the presence of favorable customer perception that may impose considerable value on the quality of relationship, which in the long run could be expressed in terms of customer satisfaction, commitment and loyalty.

### **5.3. Recommendations**

Finally, in commensurate with the above stated conclusions below are the major recommendations extended from this study towards the studied hotels in particular and to all four star hotels operating in Addis Ababa;

- Existing or newly establishing four star hotels must incorporate the concept and practice of CRM systems, and consider it as primary means of competing in the current stiff hotel business.
- CRM implementing hotel should determine its CRM practices perspective primarily. Doing so helps to have clear direction while aligning the system, and facilitates the introduction and implementation of CRM practices.
- Four star hotels should made thorough assessment regarding the effectiveness of their CRM practices, and above all they should assess regarding the IT systems that they are using to assist the CRM practice so as to use it to its fullest capacity, specifically in relation with their operational and analytical CRM related activities.
- Four star hotels should further work on promoting all their offers well to attract and gain new customers, and consequently on providing customized special services to maintain existing customers though up-selling and cross-selling. In addition, the hotels should strive to further boost their customers' feedback and perception.

#### **5.4. Limitations and Directions for Future Research**

Due to the complicated nature of studying CRM, which considering the Payne's model of CRM, this study was limited only to operational and analytical aspect of it and focusing on multichannel integration and information management processes. Further the study was conducted on very limited number of hotels i.e. three four star hotels because of time and financial regards.

As to future research directions, in complement with this research, studies on the rest three processes i.e. strategy development, value creation, and performance assessment processes, can give a comprehensive findings as to the CRM practices of hotels. Further studies on the CRM practices of hotels while considering other models can also provide reference as to validate the results of this study.



## REFERENCES

- Adrian Payne, (2005). "Handbook of CRM: *Achieving Excellence in Customer Management*", Linacare House, Jordan Hill, Oxford OX28DP.
- Berry, Leonard (1995). "Relationship Marketing of Services – Growing Interest, Emerging Perspectives" *Journal of the Academy of Marketing Science*, 23(4), pp. 236 - 245
- Bickert, J. (1992). *The database revolution: Target Marketing*, 15(5), 14-18.
- Bose, S. (2002). "A systemic perspective of a customer relationship management solution for businesses" Unpublished D.B.A. – dissertation. Bellville: University of Stellenbosch.
- Buttle, F. (2009). *Customer relationship management: Concepts and technologies*. Burlington, MA: Elsevier Butterworth-Heinemann.
- Chen, Injazz J. & Popovitch, K. (2003). "Understanding Customer Relationship Management: People, Process and Technology" *Business Process Management Journal*, Vol. 9, Issue. 5, pp. 672-688.
- Clark, L. (2004). Do the knowledge. *Caterer and Hotelkeeper*, 193(4329), 34-35.
- Creswell, J. W. (2003). *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*. Second Edition, University of Nebraska, Lincoln.
- Deighton, J. & Kornfeld, L., (2007). *Digital Interactivity: Unanticipated consequences for markets, marketing and consumers*, Harvard Business School. Working Paper.
- Dillon, M.R., Madden, T.J. & Firtle, N.H. (1993). *Essential of Marketing Research*. USA: Irwin.
- Dyche, Jill (2001) "The CRM Handbook: A Business Guide to Customer Relationship Management" Addison-Wesley Pub Co.
- Francis Buttle (2004). "CRM concepts and Tools", Elsevier Butterworth – Heineman, Linacare House, Jordan Hill, Oxford OX28DP.
- Garson, D. (1997). *Guide to Writing Empirical Papers, Theses and Dissertations* [Online] Available: <http://www2.chass.ncsu.edu/garson/pa765/survey.htm> [Accessed March 2014] CRC Press.
- Gosney, J., & Boehm, T. (2000). *Customer relationship management essentials*. Rocklin, CA: Prima Publishing.
- Green, C.E. (2006). Customer Relationship Management and Loyalty for Resorts: Technology, Process and The Human Touch. *Hospitality Upgrade*, Summer, 148-152.

Haley, M. & Watson, B. 2003a. The ABC's of CRM: Part 1 of 3. *Hotel Online*, March. [Online] Available at: [http://www.hotel-online.com/News/PR2003\\_1st/Mar03\\_CRMHaley.html](http://www.hotel-online.com/News/PR2003_1st/Mar03_CRMHaley.html) [Accessed March 2014]. Haley, M. & Watson, B. 2003b. The ABC's of CRM: Part 2 of 3. *Hotel Online*, March. [Online] Available at: [http://www.hotel-online.com/News/PR2003\\_1st/Mar03\\_CRMHaley2.html](http://www.hotel-online.com/News/PR2003_1st/Mar03_CRMHaley2.html) [Accessed March 2014]. Haley, M. & Watson, B. 2003c. The ABC's of CRM: Part 3 of 3. *Hotel Online*, March. [Online] Available at: [http://www.hotel-online.com/News/PR2003\\_1st/Mar03\\_CRMHaley3.html](http://www.hotel-online.com/News/PR2003_1st/Mar03_CRMHaley3.html) [Accessed March 2014].

Imhoff, Claudia; Loftis, Lisa; Geiger, Jonathan G. (2001). *Building the Customer-Centric Enterprise: Data Warehousing Techniques for Supporting Customer Relationship Management* [Online] New York, John Wiley & Sons, Inc. Available: <http://ctu.rpa.dynixasp.com/rpacoltech/webauth.exe> [Accessed January 2014].

Kotler, P. & Armstrong, G. (1999). *Principles of Marketing*. 8th edition. Upper Saddle River, NJ: Prentice-Hall.

Kracklauer, A., Passenheim, O., Seifert, D. (2001). "Mutual customer approach: how industry and trade are executing collaborative customer relationship management" *International Journal of Retail & Distribution Management*; Volume: 29 Issue: 12, pp. 515-519.

Kutner, S., & Cripps, J. (1997). Managing the customer portfolio of healthcare enterprises. *The Healthcare Forum Journal*, 40(5), 52-54.

Lewis, I.M.(1985). *Social Anthropology in Perspective*. Cambridge University Press, Cambridge. Lewis, R.C. & Chambers, R.E. 2000. *Marketing Leadership in Hospitality*. 3rd edition. USA: John Wiley & Sons, Inc.

McClelland, Bob; Bagnall, G. (February 1999). *Research Methods for Social Sciences: Glossary for Qualitative Research Methods*. [Online] Liverpool John Moores University. Available: <http://cwis.livjm.ac.uk/bus/busrmccl/aem303/glossql.htm> [Accessed: March 2014].

Oliva, R. (2002). Branching Out. *Hotels*, March, 36(3), 71-78.

Parvatiyar, A., & Sheth, J. N. (2001). Customer relationship management: Emerging practice, process, and discipline. *Journal of Economic and Social Research*, 3(2), 1-34.

Payne, A. (2006). *Handbook of CRM: Achieving Excellence in Customer Management*. Elsevier. Oxford.

Payne, A., & Frow, P. (2005). A strategic framework for customer relationship management. *Journal of Marketing*, 69(4), 167-176.

Porter, M. E. (1985). *Competitive advantage: creating and sustaining superior performance*, (pp 33-52). New York, NY: The Free Press.

Peppers, D., Rogers, M., & Dorf, B. (1999). Is your company ready for one-to-one marketing?. *Harvard Business Review*, 77(1), 151–60.

Reinartz, W., Krafft, M., & Hover, W. (2004). The customer relationship management process: Its measurement and impact on performance. *Journal of Marketing Research*, 41(3), 293-305.

Remenyi, D., Williams, B., Money, A. and Swartz, E. (1998). *Doing research in business and management: An introduction to process and method*, London, Sage.

Reinartz, W., Thomas, J.S. & Kumar, V. (2005). Balancing Acquisition and Retention Resources to Maximize Customer Profitability. *Journal of Marketing*, January, 69, 63-79.

Royia Rahimi, (2007). “*Feasibility study of application and implementation of CRM in Hotel Industry, Case study of Hamagane Arya Group Hotel*”. MCS Thesis” Lulea University of Technology, Department of Business administration and social Science, Lulea Sweden.

Ryals, L., Knox, S. (2001), "Cross-functional issues in the implementation of relationship marketing through customer relationship management", *European Management Journal*, Vol. 19 No.5, pp.534-42.

Robson, C. (2002). *Real World Research*. 2nd edition. Great Britain: Blackwell Publishers.  
Saunders, M., Lewis, P. & Thornhill, A. 2007. *Research Methods for Business Students*. 4th edition. England: Pearson Education Limited.  
Schweisberger, J. & Chatterjee, A. 2001. Effective Customer Relationship Management (CRM) Implementations. *Hospitality Upgrade*, Fall. [Online] Available at: [http://www.hotel-online.com/News/PR2001\\_4th/Nov01\\_EffectiveCRM.html](http://www.hotel-online.com/News/PR2001_4th/Nov01_EffectiveCRM.html) [Accessed March 2014].

Songini, M.L. (2001). Hospitality Players Check Out CRM. *Computerworld*, 25 June, 35(26), 6.

Sigala, M. (2005). Integrating customer relationship management in hotel operations: Managerial and operational implications. *International Journal of Hospitality Management*, 24(3), 391-413.

Swift, Ronald. S (2000). “*Accelerating Customer Relationships Using CRM and Relationship Technologies*”. Upper Saddle River, NJ Prentice Hall.

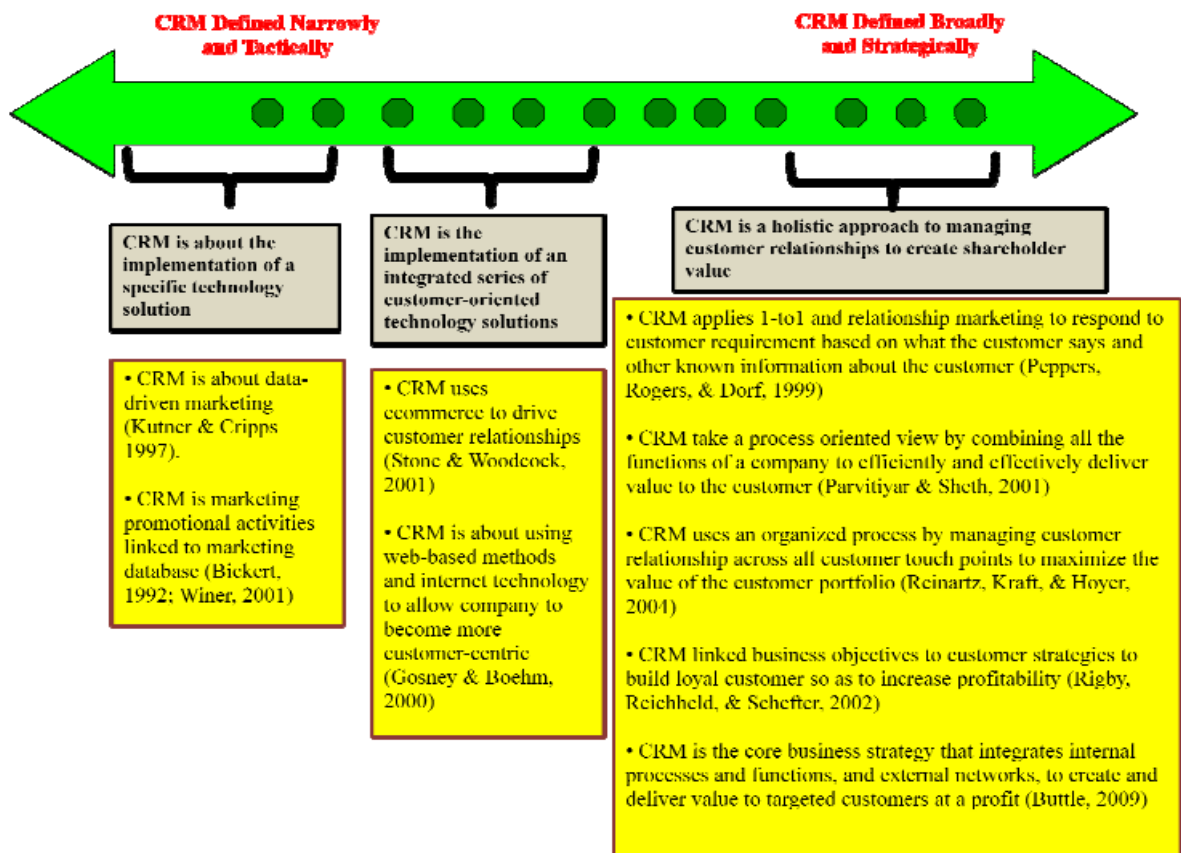
Stone, M., & Woodcock, N. (2001). *Successful customer relationship marketing*, (pp. 3-20). London, England: Kogan.

Smith, A. (2006). “CRM and customer service: strategic asset or corporate overhead?” *Handbook of Business Strategy*, Volume: 7, Issue: 1.

Swift, R. (2001). *Accelerating Customer Relationships*. Upper Saddle River, Prentice Hall.

Trochim, William M.K. (1998-2000). Research Methods knowledge Base [online] Available: <http://www.socialresearchmethods.net/kb/> [Accessed: February 2014].

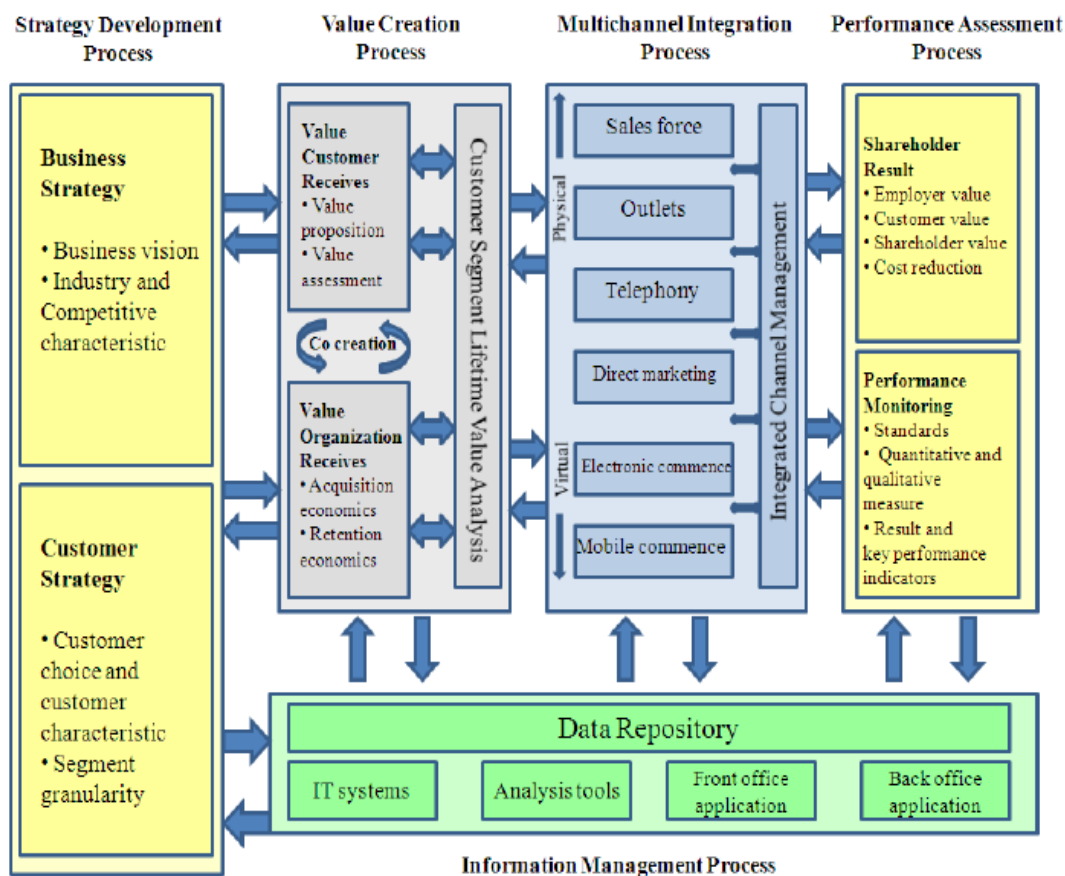
## Appendix A The CRM Continuum



Source: Payne, A., & Frow, P., (2005). A strategic framework for customer relationship management. *Journal of Marketing*, 69(4), 168

## Appendix B

### The Payne's Model of CRM



Source: Payne, A., & Frow, P., (2005). A strategic framework for customer relationship management. *Journal of Marketing*, 69(4), 171

## Appendix C

### Self-Administered Questionnaire Guide

#### Prepared for interview with hotel representative personnel

##### Hotel Background

Hotel Name \_\_\_\_\_

Year of establishment \_\_\_\_\_

CRM practice status \_\_\_\_\_

##### Interviewed personnel background

Position \_\_\_\_\_

Educational background \_\_\_\_\_

Work experience in the hotel industry \_\_\_\_\_

Personal understanding of CRM in general \_\_\_\_\_

##### General questions

1. When did you start practicing CRM in the hotel?
2. What are the major CRM objectives in the context of this hotel?
3. Which of the following statements explain the hotel's CRM practice more effectively?
  - CRM is about the implementation of a specific technology solution i.e. marketing promotional activities linked to marketing database.
  - CRM is the implementation of an integrated series of customer-oriented technology solutions i.e. using web-based methods and internet technology to allow becoming more customer-centric
  - CRM is a holistic approach to managing customer relationships to create value i.e. using organized processes by managing customer relationship across all customer touch points to maximize the value of the customer portfolio.
  - Other, please explain;

4.a. Do you give equal emphasis to the major components of CRM i.e. people, processes, and IT?

YES	NO
-----	----

4.b. If “No”, please number each of the CRM components in order of your practical experience, where 1 = most emphasized to 3 = least emphasized

- People
- Process
- Information Technology

**Operational CRM (Multichannel Integration Process) related questions**

5. Which means of communications (channels) do you use to get to your corporate customers and for corporate customers to get to you?

- |  |  |
|--|--|
| <input type="checkbox"/> Sales force         | <input type="checkbox"/> Sales force         |
| <input type="checkbox"/> Outlets             | <input type="checkbox"/> Outlets             |
| <input type="checkbox"/> Telephony           | <input type="checkbox"/> Telephony           |
| <input type="checkbox"/> Direct Marketing    | <input type="checkbox"/> Direct Marketing    |
| <input type="checkbox"/> Electronic Commerce | <input type="checkbox"/> Electronic Commerce |
| <input type="checkbox"/> Mobile Commerce     | <input type="checkbox"/> Mobile Commerce     |

Other means \_\_\_\_\_

6. How do you describe the overall communications cycle (i.e. pre-sale, during-sale, & post-sale transactions) that are being carried out while serving your current corporate customers?

7. Considering the different types of transactions how do you identify the most appropriate means of communications (channel options) for your interaction with current corporate customers?

8. What communications are being carried out while targeting potential prospects?

9. How do you identify the most appropriate channel options for your interaction with potential corporate customers in relation to different transactions/communications?

10.a. Do you use any software applications that assist your marketing, sales and customer service functions related activities?

YES	NO
-----	----

10.b. If 'yes', what types of software applications do you use? Why?

11. Which services are available in your hotel, and which ones are popular among your corporate customers i.e. travel and tour agent organizations?

12. In line with the operational CRM related activities, does your multichannel integration process add value to your effective CRM practices?

YES	NO
-----	----

12.b. If "Yes", to what degree on a scale of 0 – 10, where 0=no value at all and 10=extreme amount of value, does it add value in terms of the below listed aspects of effective CRM practices?

Increase revenue	0	1	2	3	4	5	6	7	8	9	10
Decrease costs	0	1	2	3	4	5	6	7	8	9	10
Improve processes	0	1	2	3	4	5	6	7	8	9	10
Integrate & spread information	0	1	2	3	4	5	6	7	8	9	10
Increase customer loyalty	0	1	2	3	4	5	6	7	8	9	10
Competitive advantage	0	1	2	3	4	5	6	7	8	9	10

**Analytical CRM (Information Management Process) related questions**

13.a. Do you use any software applications that assist your information management process?

YES	NO
-----	----

13.b. If "Yes", what type of software do you use with regard to information management process? How does it assist you?

14. Usually it is assumed for the marketing department to take the leading role in the information management process? What is the experience of this hotel?

15. How do you segment your corporate customers?

16. Who analyze the data and what are the benefits of this process?

17.a. In line with the analytical CRM related activities, does your information management process add value to your effective CRM practices?

YES	NO
-----	----

17.b. If “Yes”, to what degree on a scale of 0 – 10, where 0=no value at all and 10=extreme amount of value, does it add value in terms of the below listed aspects of effective CRM practices?

Qualified databases	0	1	2	3	4	5	6	7	8	9	10
Better customer service system (Front office applications + up& cross selling)	0	1	2	3	4	5	6	7	8	9	10
Better customer support system (Back office applications)	0	1	2	3	4	5	6	7	8	9	10
Better target marketing (Cost reduction & better communication)	0	1	2	3	4	5	6	7	8	9	10
Market research (New customer insight, early warning)	0	1	2	3	4	5	6	7	8	9	10

## Appendix D

### Self-Administered Questionnaire Guide

#### Prepared for interview with travel and tour agent organizations’ representatives

Organization type \_\_\_\_\_

1. Who initiated the relationship between your organization and the hotel?
2. In line with the hotel’s performance effort in promoting long lasting relationship with your organization, to what degree on a scale of 0 – 10, where 0=no effort at all and 10=extreme amount of effort, do you rate the hotel’s performance effort in relation to the following activities?

Recognizing your organization value	0	1	2	3	4	5	6	7	8	9	10
Enhancing & facilitating proper communication (both ways)	0	1	2	3	4	5	6	7	8	9	10
Promoting the hotel offers well	0	1	2	3	4	5	6	7	8	9	10
Offering individualized attractive deals to hold on escaping customers	0	1	2	3	4	5	6	7	8	9	10
Providing individualized special services to up-sell & cross-sell	0	1	2	3	4	5	6	7	8	9	10

3. In line with your organization relationship with the hotel, to what degree on a scale of 0 – 10, where 0=extremely low and 10=extremely high, do you rate your perception of the following two aspects of the hotel?

The hotel knowledge about your organization	0	1	2	3	4	5	6	7	8	9	10
The hotel atmosphere/culture to understand your organization needs	0	1	2	3	4	5	6	7	8	9	10