Addis Ababa University

School of Commerce

Marketing Management Graduate Program

Effects of Customer Relationship Management (CRM) on Marketing Performance

(Case study In selected Four Star Hotels In Addis Ababa)

By:

Esubalew Ayalew

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

Advisor

Dr. Tewodros Mesfin (Phd)

June, 2018

Addis Ababa University

School of Commerce

Marketing Management Graduate Program

Effects of Customer Relationship Management (CRM) on Marketing Performance

(Case study In selected Four Star Hotels In Addis Ababa)

By: Esubalew Ayalew Gete

Approved by:

______________________	______________________
Advisor	Signature
______________________	______________________
Internal Examiner	Signature
______________________	______________________
External Examiner	Signature
______________________	______________________
Chairperson	Signature

DECLARATION

I ,the undersigned, declared that, this thesis is my own origin work and that it has not been submitted and will not be presented in any other University for a similar or any other degree award.

Esubalew Ayalew Gete

Signature...

Date...

Acknowledgement

First of all I would like to thank God who gave me the patience and grace throughout the years.

I would like to extend my heartfelt appreciation and gratitude to my advisor Tewodros Mesfin (PHD) for his constructive comments, valuable suggestions and exemplary guidance.

Special thanks go to the respondents for their kind assistance and support throughout the data collection process of this research.

Next I would like to thank to all my lovely families specially my mother W/ro Fantanesh Seyoum, for their unlimited moral encouragement and support throughout the course years and research work.

Esubalew Ayalew Gete

May 2018

Addis Ababa Ethiopia

TABLE OF CONTENTS

List of Tables

Acronyms

CRM – Customer Relationship Management

SPSS- Statistical Package for Social Science

ABSTRACT

This research aimed to assess the extent to which four star hotels applied CRM practices across four dimensions (Key customer focus, Knowledge Management, CRM Organization & Technology based CRM) and it's Impact on marketing performance. Both quantitative and qualitative research approach were implemented. Selected 3 four star hotels were selected by using simple random sampling out of the total of 21 four star hotels in Addis Ababa. Data were collected through a five points Likert scales of close ended questionnaire and in addition open ended questionnaire were distributed in person to 228 respondents in which they were selected purposively. Out of these respondents, a total of 208(92%) respondents completed and returned the questionnaire. The data was coded and analyzed using SPSS V-20statistical tools such as descriptive statistics, Pearson correlation analysis, and multiple regression analysis. Correlation analysis revealed the relationship between CRM and market performance while multiple regression analysis revealed the influence of CRM dimensions on marketing performance. The findings of the study revealed that those independents variables; key customer focus, knowledge management, CRM organization and technology based CRM have positive and a significant relationship with a dependent variable; marketing performance.

Key words: Customer Relationship Management, Key customer focus, Customer knowledge Management, CRM organization, Technology based CRM and Market performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The implementation of customer relationship management results in several changes and revolutions in the organizational structure and improvement in the competitive performance and abilities. The following results can be predicted from implementing customer relationship management systems in every organization. These include increase in the customer satisfaction, customer development management, new business opportunities, customer recognition, categorization of customers into profitable and non-profitable customers, and appropriate business plan development (Bergeron, 2001).

Understanding customers is the key to success of any organization. The aim of CRM systems is to help improve and/or handle sales development, customer retention and interactions with customers more efficiently (Schulze 2000, 18). The performance of a company highly depends up on the understanding of its customers. Companies with better information about their customers are in a better position than those that lack information about their customers. Acquiring new customers is important. However, retaining them is much more important to firms that engaged in a severe competition like the hotel industry. Since the competition among hotels in Ethiopia is getting stronger, the adoption of customer relationship management is one of the major activities that must be performed in order to understand the present as well as future needs of their customers.

Customer relationship management is more important to hotels as they need to get detailed information and understanding regarding their customers. This information allows them for developing and improving their services better than their competitors as per needs and wants of their customers. Technological advancements have made even the customer relationship management activities more simple and more valuable to both firms and customers,(Christoph Ako-Nai 2011)

Customer relationship management is an indispensable requirement to reach out to the customers proactively and provide personalized services. A good Customer Relationship Management system should always be determined by its final outcome and should result in high customer value creation. Lack of understanding about Customer Relationship Management (CRM) systems has the potential to contribute to the failure of the whole initiative – especially when organizations view such systems from a purely narrowed technological perspective or when they address Customer Relationship Management in a fragmented manner. The systems have been available as software for the collection analysis and evaluation of information to help the activities of marketing and to provide better customized service to customers. "Organizations need to understand the theoretical and practical implications of the business perspective of CRM before embarking upon a CRM system project. To be successful, CRM projects need to be viewed as more than the implementation of IT" (Light 2001, p.1239).

Based on the empirical literature evidences, the fundamental customer relationship management variables that can possibly influence customer loyalty and retention include key customers focus, CRM organization, knowledge management, technology based CRM, and CRM performance. Each of these variables comprises organizational activities, actions and methods that are necessary to establish and maintain organization–client relationships and thus possibly ensure long-term relationships and higher customer retention levels. (Fox and stead, 2001; Sin et al., 2005; Yim et al.,(2005).

Berry, L.L (1983) stated CRM as attracting, maintaining and multi-service organizations- increasing customer relationship stages. This relational concept has been explained in the forms of supplier partnerships, lateral partnerships, buyer partnerships, internal partnerships, as well as business to consumer relationship. Relationship Management received more attention from scholars and practitioners in the last decade of 20thcentury because of two main issues: vitals to organization and the involvement of generic service characteristics.

CRM is considered as the most important benchmark of competitive advantage and has a positive impact on organizational performance (Sin, Tse and Yim, 2004). According to Mehta, Sharma and Mehta (2010), the success of an enterprise principally depends on the effectiveness of its CRM. The issue of CRM has become a serious marketing consideration because of several factors among which are, continuous complexity of the customer, globalization of firms, fierce competition, low cost of retaining customers and the success of firms that have practiced CRM. Gruen (1997) noted that on average firms spend six times more on acquiring customers than they spend on retention of customers. Gordon (2002) observed that while a good fraction of firms that practice CRM achieve designed goal others fail in the practices of CRM because of lack of knowledge on how to establish and manage CRM. He noted that this is as a result of lack of laid down CRM practices, procedures, and guidelines to follow.

The hotel industry cannot survive without the customer because customers have more choices today and the targeted customers are most valuable for star hotels. Customer service and customer care must receive high priority within the hotel industry.CRM in star hotels is a key element that allows star hotels to develop their customer base and sales capacity. With the help of CRM, the star hotels can manage all aspects of customer interactions in a manner that enables star hotels to maximize profitability from every customer. ,(Christoph Ako-Nai 2011)

CRM is a corporate strategy for doing business. Its goal is to satisfy the customers by addressing their requirements for products and by providing high-quality, responsive customer service. Companies collect and store meaningful information in a comprehensive customer database. The database must be current, accessible, and actionable in order to support the generation of leads for new customers while supporting sales and the maintenance of current customer relationships (Harris, 2003). Therefore, the present research will be aimed to study the effects of customer relationship management on marketing performance in selected four star Hotels in Addis Ababa .

1.2 Statement of the problem

The importance of customers has been highlighted by lots of researchers and academicians all around the world. Most hotels believe that customers are the purpose of what they do and they very much depend on them. That is the main reason why they are focusing much attention on customer satisfaction, loyalty and retention (Zairi, 2000).

As we are in one village globally, competition become tough and stiff between organizations and formed a climate of constant change, achieving and holding a customer has become vital for the success of any organization. However, in today's world customers have more awareness and choice of various products and services due to modern and sophisticated channels of communication like internet than ever before. They now realized the value of their customers and this need is pushing Hotels to seek solutions through technology.

According to Parvatiya r and Sheth,(2002) argued that most of the firms implementing customer relationship management are highly benefit of it, because there are no laid down guidelines and procedures on adoption, implementation and practices. However, most hotel systems experience some degree of inefficiency in the utilization of their resources and especially with regard to managing the quality of service to service-seekers and service provider client partnership. It is further stated that service is very complex and customized in the transaction process, the external environment is sensitive to change rather than stable, and the marketing is uncertain when sellers are not sure what the service seekers want.

There is high competition among star hotels in Ethiopia in attracting the customers of one another, hotel is facing a high difficulties in handling and retaining the customers switching to other , lack of providing quality service to service-seekers and gives less emphasis to customer relationship management in relation to marketing performance in order to pursue high competitive advantages relative to other . Therefore, this problem motivates the researcher to undertake the selected four star hotels in Addis Ababa for the study to address the observed problems in relation with effects of CRM on marketing performance .

1.3 Research Questions

The study will be conducted with the aim of providing answers to the following basic research questions:

1. What is the existing Customer Relationship Management practice prevalent in four star Hotels in Addis Ababa?

2. What is the perception of employees and managers towards CRM among the selected four star Hotels in Addis Ababa?
3. What are the challenges that Hotels faced in implementing Customer Relationship Management in order to improve its marketing performance?
4. What is the effects of CRM (key customers focus, CRM organization, knowledge management, technology based CRM,) on marketing performance of four star Hotels?

1.4 Objectives of the Study

1.4.1 General Objectives

The general objectives of this study are to examine the effects of CRM on Marketing Performance by taking evidence from selected four star Hotels in Addis Ababa.

1.4.2 Specific Objectives

1. To examine the Customer Relationship Management practice prevalent in selected four star Hotels in Addis Ababa.
2. To assess the perception of managers and employees on Customer Relationship Management in relation to marketing performance of Hotels.
3. To examine the challenges that Hotels faced in implementing Customer Relationship Management in order to improve its marketing performance.
4. To assess the impacts of components of Customer Relationship Management on marketing performance.

1.5 Research hypothesis

According to (Kothair, 2004, P.184) “a hypothesis is a proposition or a set of proposition set forth an explanation for the occurrence of some specified group of phenomena either asserted merely as a provisional conjecture to guide some investigation or accepted as highly probable in the light of established fact.”

Therefore, in order to achieve the result of the study, the following hypothesis is developed:

H1a: Key customer focus has significant effects on marketing performance
H1O. Key customer focus has no significant effects on marketing performance

H2a: CRM organization has significant effects on marketing performance.

H2O. CRM organization has no significant effects on marketing performance.

H3A: Customer knowledge management has significant effects on marketing performance.

H3O. Customer knowledge management has no significant effects on marketing performance.

H4A: Technology based CRM have significant effects on marketing performance.

H4O. Technology based CRM have no significant effects on marketing performance.

1.6 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 hotels operating in Addis Ababa, the following are some of the reasons representing the significance of these study findings to hotels. It can provide practical significance though valuable inputs and directions regarding CRM processes related activities and utilization of assisting technologies towards building effective CRM guided business relationship with customers. Besides, it may help them to learn more about their customers' feedbacks, which will be used as an important ingredient to assess and revise their service quality.

1.7 Scope of the Study

Conducting a research in all Hotels by using many different variables and applying different methodological analysis is not an easy task; it requires much money, time and effort. Thus, the study is delimited to assess CRM and its impact on Hotels in the selected 3 four star Hotels(Jupiter International hotels ,Friendship International hotels and Nexus International hotels) which are found in Addis Ababa. In terms of variables to be considered, the study will examine CRM as a four-dimensional behavioral concept as proposed by Sin, Tse and Yim (2004). In terms of Geographical it is limited only in Addis Ababa, because conducting research in all four star Hotels is very costy and it takes more time.

1.8 Limitation of the Study

There are 21 four star hotels in Addis Ababa. The research focuses only 3 four star hotels rather than conducting the research on all four star hotels in Addis Ababa. This limits to find more balanced response by increasing the number of samples from the remaining four star hotels in Addis Ababa.

There was a possibility to propose many independent variables for the study that had a significant relationship with marketing performance. However, the only 4 independent variables; key customers focus, CRM organization, knowledge management, and technology based CRM that were proposed by the researcher was one of the main limitation of the study.

1.9 Organization of the Study

The study will be structured with five chapters. Chapter one includes background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, and limitation of the study. Chapter two will covered theoretical, empirical literatures and conceptual frameworks which are relevant to the subject matter under study. Under chapter three, the methodology part of the study will describe in detail. The findings of the study is presented, analyzed and discussed in chapter four. Finally, in chapter five; summary, conclusions, and recommendations is forwarded based on the findings of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The review of the literature was done from various writings, related with the topic in question, some of these literatures provide a basic overview of the research and some of them raised crucial questions for examination. The majority are text books, articles, journals, paper presented by the management, documents written by the local writers on the area. Along with some other text books related to the general concept of CRM.

2.1 CRM DEFINITION

The term CRM is not clear. There is confusion about what it stands for and how to implement it. As a result, CRM has different meanings depending on who you ask (Payne & Frow, 2005). There are various opinions about CRM and from which aspects one can see it. Chen and Popovich (2003) refer to CRM as a combination of people, process and

technology. These three parts aim at understanding the customers and managing the relationships with them since it focuses on customer retention and relationship development. If one instead take into account what Crosby and Johnson (2000) believe, CRM needs to include a business strategy, supported by technology and human resources. The strategy also needs to align relevant processes in connection to CRM and shall be focused on building proactive customer relationships that build profitable customer loyalty for the organization and support the desired customer expectations (Crosby & Johnson, 2000).

Peelen (2005, p. 3) has pointed out four different major views regarding CRM, the aspects are technology, process, strategy and real time marketing. The first aspect, technology, helps the company to gain knowledge about their customers, for example what and when they bought something. The company can also look at previous behaviour of a customer and thereby make predictions about future purchases (Xu, Yen, Lin & Chou, 2002). Followers of this technology philosophy advocate that the main element of CRM is the possibility to establish customer contact between employees from different departments through internet, telephone and also face-to-face (Peelen, 2005, p. 3). There are supporters who say that the second aspect of CRM, the process, works in order to identify customers, creating customer knowledge and building relationships (Nguyen, Sherif & Newby, 2007). As one can see, the technology view is not mentioned in this way of looking at CRM. This approach demand greater focus on the customer, and focus on not only one transaction, but the whole relationship building. It strives to get the company to know the customer more as a person than just a buyer of their goods (Peelen, 2005, p. 4). The third aspect of CRM is that it should be seen as a business strategy and it should optimize the mixture of the goals which are to increase revenue and profit, but also to raise customer satisfaction (Peelen, 2005, p. 4). Osarenkhoe and Bennani (2007) have developed a model, the 5-S, that describes the core dimensions of relationship strategy implementation. The 5-S are; structure, staff, style, systems and schemes within the company.

As previously mentioned, CRM lacks a generally accepted definition. Instead, there are several different definitions and the viewpoints differ considerably, and the authors‟ view points are very different. The definition of CRM has been described in several ways, for example as a process, strategy and a technological solution (Dimitriadis & Stevens, 2008). A definition formulated by Kincaid (2003) refers to CRM as more than the relationships,

“The strategic use of information, process, technology, and people to manage the customers' relationship with your company across the whole customer life cycle” (Kincaid, 2003, p. 41). Swift (2001, p. 12) are defining CRM as an “Enterprise approach to understanding and influencing customer behaviour through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability”. In this definition the customers are in focus, and the author does not mention any other tool to handle the relationship other than understanding the customers by using communication tools. Parvatiyar and Sheth (2001) have another definition of CRM; “A comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value”. According to Parvatiyar and Sheth, (2001) CRM is deeper than the aforementioned, and emphasizes on the positive exchange between customers and the company. This definition mentions, unlike the ones mentioned above, that a company should work with customers that they have selected in order to bring value to both the customers and also to the company. Not all customers are willing to develop long-term relations with a firm, thus, the company needs to select who these customers are (Peelen, 2005, p. 56).

Osarenkhoe and Bennani (2007); "CRM is a strategy used to learn more about customers needs and behaviours in order to develop stronger relationships with them". This definition is short, simple, informative, and it highlights CRM with focus on the relationships. The definition by Kincaid (2003) is wider than this one by Osarenkhoe and Bennani as it also points out that a business needs to use technology, information and employees in order to be able to handle the long-term relationships over the customer life cycle that CRM should bring. This definition by Osarenkhoe and Bennani (2007) is similar to the definition made by Swift (2001) since it aims to keep a strong communication with customers in order to learn more about their behaviour. The definition by Parvatiyar and Sheth (2001) stands out since it brings up the customer value as an important part of CRM, the other definitions refers only to the relationship with the customers, customer loyalty and customer retention and do not mention the value that a company actually delivers to the customer.

What the definitions above have in common is that the customer is in focus and that it is a concern how to establish long-term relationships with them. These definitions of CRM points out how important it is to view CRM as a extensive set of strategies for managing those relationships with customers that relate to the overall process of marketing, sales, service, and support within the organization. In order to satisfy the customer, information technology and information systems can be used to support and integrate the CRM process (Ngai, 2005). Since there is no widely accepted definition about CRM, the best way to achieve a picture of what CRM stands for is to read and mix different definitions and to summarize them. Crosby and Johnson (2001) identify customer relationship management as a business strategy that multiplies the use of technology and includes it in all processes to create retention and loyalty over time. In general terms, the focus of the CRM concept is to build a long-term and value-added relationship for both business and customers.

In this perspective, it will be necessary to review some definitions to clarify the term:

“Coherent and complete set of processes and technologies for managing relationships with current and potential customers and associates of the company, using the marketing, sales and service departments, regardless of the channel of communication” (Chen and Popovich, 2003); CRM applications can enable effective Customer Relationship Management, provided that an enterprise has the right leadership, strategy, and culture” (Thompson 2002); “To improve service and retain customers, CRM synthesizes all of a company‟ s customer touch points” (Yu,2001); “Good customer relationship management means presenting a single image of the company across all the many channels a customer may use to interact with the firm, and keep a single image of the customer that is shared across the enterprise” (Berry and Linoff 2000, p.14).

2.2 The Emergence of CRM

The emergence of CRM systems developed from the need for call center agents to handle multiple customer contacts. Many researchers state that the origin of (CRM) is found in early eighties and according to others in late eighties. The concept was originally developed by US marketing strategy consultants, Don Peppers and Martha Rogers, and first published in the Harvard Business Review almost five years ago. The more customers teach the company, they explained, the better it gets at providing exactly what the customer wants – exactly how they want it – and the more difficult it will be for a competitor to entice them away (Peppers & Rogers Group, 2001).

Since the 1990’s, the marketing of both services and tangible products has increasingly focused on the concept of the development of relationships with consumers. Customer relationships ensure that consumers develop the perception of customization, empathy, appreciation, friendliness, communality and feelings of trust (Swartz & Iacobucci, 2000).

The focus on CRM is increasingly with the dominant business environment evolving from a production orientation to a marketing orientation. While, in the past, firms focused on increasing profits by reducing production costs, they have adopted a sales orientation, in terms of which the main objective is increasing profits through increasing sales volume. Presently, firms focus on satisfying client needs, at a profit. With CRM, the client helps the firm to provide the benefit bundle that the client values. The overall provision of service delivery can thus be customized for the individual client, according to his/her needs (Gordon, 1998).

The emergence of the Internet in the mid-1990s significantly changed the CRM market. The Internet enabled a new level of connectivity in two major areas. First, the Internet allowed access to a larger user base. Second, intranets, wide area networks, and the Internet allowed CRM systems to connect to a greater number of databases. CRM platforms Internet technologies created a new market known as e-CRM. The growth of e-CRM platforms eventually leads to the demise of client/server based systems (Xu et al., 2002).

In the early to mid-2000s, a new generation of CRM began to emerge known as social CRM. The emergence of popular social networks such as Face book, MySpace, Twitter, and others helped develop new methods for companies to communicate and collect information from their customers. Researchers found that the adult use of social media grew from 8% in 2005 to over 35% in 2008. The purpose of social CRM is to engage customers in collaborative conversations and improve customer relationships Social CRM expands the available data to CRM applications and allows marketers a new channel to communicate with customers more effectively (Trainor et al., 2014).

Between the years of 2000 and 2005, companies spent a combined $220 billion on CRM solutions. Research suggests that this was not money well spent. Scholars have found that 22% of CRM systems implemented before 2008 have delivered disappointing results, and 20%even damaged customer relationships The misguided focus on technology versus the balanced approach including people and processes may be a fundamental reason that CRM systems fail (Frow et al., 2011).

2.3 Components of CRM

CRM consists of three components namely; Customer, Relationship and Management. Customer: -customer is the only source of the company's present profit and future growth. However, a good customer, who provides more profit with less resource, is always scarce because customers are knowledgeable and the competition is fierce. Sometimes it is difficult to distinguish who is the real customer because the buying decision is frequently a collaborative activity among participants of the decision making process. Information technologies can provide the abilities to distinguish and manage customers. CRM can be thought of as a marketing approach that is based on customer information (Wyner, 1999).

Relationship: -The relationship between a company and its customers involves continuous bidirectional communication and interaction. The relationship can be short-term or long-term, continuous or discrete, and repeating or one time. Relationship can be attitudinal or behavioral. Even though customers have a positive attitude towards the company and its products, their buying behavior is highly situational (Wyner, 1999).

Management: -CRM is not an activity only within a marketing department. Rather it involves continuous corporate change in culture and processes. The collected customer information is transformed into corporate knowledge that leads to activities that take advantage of the information and of market opportunities. CRM required a comprehensive change in the organization and its people (Wyner, 1999).

2.4 CRM Dimensions

It is a proven fact that the multi- dimensions concept of CRM can be considered relatively new, because of the only few studies, which are made on the CRM dimensions of some service sectors. To drive the point home, it can be said that CRM consists of four broad behavioral dimensions. These behavioral dimensions are: key customer focus, CRM organizations, Knowledge management and technology -based CRM (Sin et al., 2005). Based on the concepts of CRM mentioned in the theoretical framework, the study was tried to examine activities regarding to CRM and market performance of the hotels for the selected four star hotels in Addis Ababa.

Thus, focusing on; key customers , CRM organization, CRM-based technology, and customer knowledge management with the aim of enhancing the effectiveness of the organization decisions related to CRM to assess its impact on marketing performance in particular.

2.4.1 Key Customers Focus

Customer orientation indicates to the employee's inclination to meet the customers' needs. It has a positive effect on employees' customer satisfaction and their overall performance.

Furthermore, to improve an organizations performance, it is important to have customer-oriented behaviors that aid in maintaining a good relationship with all customers (Brown et al., 2002). However, there are many purposes of customer-oriented behaviors, but perhaps the most important is to increase and improve long-term satisfaction, which will in return create customer loyalty. Studies have shown that stronger customer-oriented behaviors in organizations have a positive effect on the organizations' overall performance (Kim, 2008; Yilmaz et al., 2005). This finding suggests that managers need to add a customer-centered strategy that modifies and adjusts their cultural norms, employee performance rewards, and organizational structures (Minghetti, 2003). When employees of customer-oriented hotels, for example, provide wonderful service, the overall image of the hotel will improve and the likelihood of the system to continue is high (Fan & Ku, 2010). Because of the growing market environment and pressure in the hotel industry, hotel managers need to maximize efforts in order to see results, growth, and an increase in profits. Thus, a more customer-oriented approach may be the best possible option for them to improve their performance (Tajeddini, 2010). Therefore, the literature claiming the marketing concept has assumed that the implementation of the customer orientation would lead to the greatest organizational performance (Kennedy et al., 2002; Piercy, 2002). And many studies have reported a positive relationship between the customer-orientation strategy and organization's performance (Asikhia, 2010; Dowling, 1993; Liu et al., 2003; Sin et al., 2005; Tajeddini, 2010; Zhou et al., 2009). In conclusion, the customer-orientation strategy is one of an organization's resources to improve customer satisfaction and business profit and is also a very important dimension of CRM. Therefore, organizations must have a customer-centric culture to implement CRM successfully and consequently develop a competitive advantage.

2.4.2 CRM organization

First and foremost, to build customer-oriented behaviors, organizations have to develop an appropriate working environment for service in work. For example, providing staff with the modern tools, and technology, customer- satisfaction tracking and complaints management systems, inspirational leadership, and appropriate rewards systems can all create these behaviors (Mechinda & Patterson, 2011). Researchers argue that CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer -

oriented method, unless the project is completely integrated by them (Sin et al., 2005; Yim et al., 2005). Further, as a confirmation for this point Ku (2010) stresses that CRM success requires effective service and suitable operation procedures, rather than only technological systems. Therefore, the achievement of CRM completion depends on the active involvement of the employees in the organization itself (Boulding, Staelin, Ehret, & Johnston, 2005; Payne, 2006; Tamilarasan, 2011). Therefore, we can say that CRM organization has to be an essential means in the way they organize their actual business processes for employees and customers (Sin et al 2005; Yim et al., 2005). In the end, all of organizations resources (such as marketing capabilities, policies, culture, and organization structure) have to be integrated in order to implement CRM successfully and, in turn, develop organizations performance. Most prior research also affirm the positive effect of CRM organization on customer retention (Yim et al., 2005), financial and marketing performance (Akrouch et al., 2011; Sin et al., 2005). Furthermore, Richards and Jones (2008) notice that CRM organization may even impact marketing decisions such as brand differentiation, price, communication, and distribution. For example, it has also been reported that several hotel chains cleverly quote their room prices according to the customer data that were collected previously (Nunes & Dréze, 2006). The main purpose behind collecting data about customers is to get a clear image about them from different perspectives (Sin et al., 2005). Therefore, organizations can validate such data to be able to institute and develop beneficial relationships with their customers (Zahay and Griffin, 2004.

2.4.3 Knowledge Management

In today's competitive world, knowledge is considered as one of the competitive factors in global economy. It is necessary to consider the customer as another important factor in order to enter today's dynamic market successfully. Customer knowledge management refers to acquiring, sharing, and developing the customer knowledge among employees for making profit to the organization and customers. In order to improve the organizational efficiency and effectiveness, insure from delivering desirable products and services to the customers and acquire their satisfaction, it is necessary to manage the organization's knowledge about customers. Therefore, it can be concluded that knowledge management is an integrative part of customer relationship management (Salomoun et al, 2005).

Knowledge management as information strategy have been defined in different ways by different authors, but essentially it is a means with which companies capture, organize, manipulate, and share implicit and explicit data with both internal and external users (David and Wendy, 2009; Eid, 2007; Sin et al, 2005).

Whereas evidences from several literatures have indicated that the success or failure of relationship marketing activities in a company heavily depends on the company's ability to collect and analysis valuable customer information that could be used for developing and establishing individual customers' highly personalized product/services (Yueh et al., 2010; David and Wendy., 2009; Dean., 2007; Eid., 2007;).

According to Yim, and Swami Nathan (2005), effectively transforming customer information to customer knowledge is an indicator of successful CRM. Knowledge management provides firms with market intelligence that can be used to maintain and build profitable portfolios of customer relationships. The value of knowledge is enhanced by its level of accessibility. An organization is said to possess Knowledge only when the available information has been analyzed and effectively used to implement appropriate strategic decisions and actions. Successful dissemination of knowledge requires firms to develop both information technology systems, such as marketing management support systems to disseminate explicit knowledge and other processes and procedures to encourage the dissemination of tacit knowledge.

2.4.4 Technology-based CRM

Due to advances in information communication technology (ICT), a modern system has come about to reduce internal costs and better interact with the environment also to increase economic profit in the long term. Different hotels and businesses now implement different CRM systems (Moriarty et al., 2008). Because of this, Dutu and Halmajan (2011) stated that unless CRM strategy is used with information technology, it will fail. Furthermore, the strategic applied of technology in marketing is one of the most important chances in the hotel sector since it is essential to obtain the right information from the right people at the right time, so that the right decisions can be made and/or services delivered (Mohammad, et at., 2013). Also, the applied of CRM technology is predictable to improve the firms capability to maintain beneficial customer relationships by enabling information integration and sharing that influences smooth and efficient firm-customer interactions, suitable analysis of customer data and customization of response (Mukerjee & Singh, 2009). Furthermore, Sirirak et al. (2011) found that hotels have adopted ICT as a tool because of increasing competition and customer expectations.

Additionally, numerous studies report that CRM technology has a significant positive impact on their organization's performance (Abdullateef, 2011; Akroush et al., 2011; Sin et al., 2005). Similarly, Kasim and Minai (2009) have found that the technology coupled with CRM has a positive impact on hotel performance.

2.4.5 Marketing performance

Marketing performance is defined as the benefits that organizations receive through the successful implementation of CRM. In today's world as competition increasing at increasing rate, companies can able to deliver their offer and services that are tailored for every customer. These organizations can accomplish competitive advantage in sale and service marketing through tailoring their mass services. Marketing performance refers to the improvement of the organizational status in the market, improvement of the customers' perception of organization and its products, and increase in their loyalty toward organization. Nowadays, companies deliver products and services that are personalized for every customer. Indeed, these organizations can achieve competitive advantages in sale and service marketing through customizing their mass services. Successful companies strive to transfer their mass services to the individual customer relationship management. Marketing performance focuses on the following key aspects of customer relationship outcomes: customer satisfaction, customer retention or loyalty, market share, and sales growth (martin and Camero, 2005). Marketing performance consists of the following components:

2.4.5.1 Sales Growth

According to Buttle (2009), improving profitability at the customer level is an indicator of effort within the marketing discipline towards a less comprehensive view of markets. On the other way, the single customer rather than segments of customers is increasingly stressed as the unit of analysis. This occurrence has given birth to labels such as ‘‘one-to-one marketing'' and ''micro marketing''.Understood from this viewpoint, customer profitability is rising as an important measurement in which each customer can be defined. An emphasis on customer-level profitability can also be considered as a mirror image of marketing's changing role within the firm.

A significant aspect of the new role is that ''marketing is too important to be left to the marketing department''. For that reason, in any case in marketing literature, other departments are encouraged to deal with marketing issues. This can be understood predominantly in terms of controlling cost, in the logic that marketing performance measures are being introduced in cost accounting literature and practice.

2.4.5.2 Customer Retention

According to Ghavami (2006), customer retention has a significant relation on firm profitability and they conclude that "1% improvement in retention can increase firm value by 5%". In this case firms are interested in maximizing their lifetime value in order to understand that customer retention is a key to increasing long run firm profitability. An understanding of forces for customer's defection can help companies in designing customer relationship management strategies and interventions aimed toward increasing customer retention and prolonging the lifetime of customers to increase market performance better than before. Customer retention is the safeguarding of continuous trading relationships with customers over the long term.

According to Buttle (2009), positive retention strategies are strategies that lock the customer in by rewarding a customer for remaining in a relationship. Furthermore, by organizing their CRM operations around customer groups, companies can assign direct accountability, keep abreast of changing customer expectations for different segments, and obtain early warnings from customers who may be on the verge of leaving. With this CRM knowledge network, timely remedial actions can be taken to address the specific problems or expectations of discontent customers, thereby increasing the retention rate.

2.4.5.3 Customer Satisfaction

Customer satisfaction is one of the most important issue concerning business organization of all types, which is justified by the customer oriented philosophy and the principles of continues improvement in modern enterprise. The marketing concept suggests that a satisfied buyer will be more likely to repurchase again, or at least has the intention of repurchasing again, than those who are dissatisfied (Arokiasamy, 2013).

A firm's primary strategic objectives are to minimize customer regress and to maximize customer intention rates to buy, as evidenced by the recent emphasis on customer relationship management.

Thus, previously satisfied buyers may help firms both reduce marketing costs, and develop more stable levels of sales when a large number of satisfied buyers are retained to purchase again in the future. There are several definitions of customer satisfaction in the marketing literature. It is generally accepted that satisfaction is a psychological state that results from consumer experiences after consumption (Pleshko, & Hejens, 1996).

2.4.5.4 Customer Loyalty

Customer loyalty broadly refers to customer behaviors that indicate a desire to better an ongoing relationship with a company. The customer's willingness to purchase again from the company, having a preference for the company, or recommending the company to others could be indications to customers' desire to remain in a relationship with a company that demonstrate how much a customer is related to a company. Loyal customers are often worth the marketing effort, owing to their willingness to buy additional products and spread positive word of mouth as well as their reliability as a source of continuous revenues (Zeithaml, and Parasuraman 1996).

Customer loyalty is a deeply held commitment to re-buy a preferred product or service consistently in the future, thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1997).

It is generally known that customers who are loyal to any organization's products and services become the major profit giver to that organization. Customers become loyal when they are satisfied and they believe that they are getting the best value from that product or service. Customer loyalty as a focus of CRM helps hotels to compete better in the highly competitive hotel sector. Organizations are trying their best to have closest relations with their customers by focusing more on satisfying their needs and wants better than their competitors (Elsawy and Bowles, 1997).

2.4.5.5 Market Share

Market share is the percentage of an industry or market's total sales that is earned by a particular company over a specified time period. Market share is said to be a key indicator of market competitiveness that is, how well a firm is doing against its competitors. This metric, supplemented by changes in sales revenue, helps managers evaluate both primary and selective demand in their market. That is, it enables them to judge not only total market growth or decline but also trends in customers' selections among competitors.

Sales growth resulting from primary demand (total market growth) is less costly and more profitable than that achieved by capturing share from competitors. Conversely, losses in market share can signal serious long-term problems that require strategic adjustments. Firms with market shares below a certain level may not be viable. Similarly, within a firm's product line, market share trends for individual products are considered early indicators of future opportunities or problems (Farris, Neil, Phillip and David, 2010). As the total market for a product or service grows, a company that is maintaining its market share is growing revenues at the same rate as the total market. A company that is growing its market share will be growing its revenues faster than its competitors. Market share increases can allow a company to achieve greater scale in its operations and improve profitability. Companies are always looking to expand their share of the market in addition to trying to grow the size of the total market by appealing to larger demographics, lowering prices, or through advertising (www.investopedia.com).

2.5 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.

2.6 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).

2.7 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.

2.7.1 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.

2.7.2. 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)

2.7.3. 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)

2.8 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.

2.9 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)

2.9.1 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.

2.9.2. 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.

2.9.3. 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);

2.9.4 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.

2.9.5 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 comprise 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.

2.9.6 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);

2.9.6.1 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.

2.9.6.2 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.

2.9.6.3 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.

2.10 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.

2.11 Internal and External Factors Influencing CRM

The internal and external factors that influence a company's CRM strategy have to be considered in order to succeed. The internal factors include the employees of a business, and also to avoid building CRM on negative grounds (for example if the products do not meet customers' expectations), this may have the result that the company is not able to put the customer‟ s desires into their products and services. This can lead to a failure in customer retention and loyalty(Dimitradis and Stevens, 2008; Peelen, 2005). Dimitradis and Stevens explain that it does not exist any generally accepted framework for CRM success factors. However, they summarize that the internal environment of a company can be summarized in five factors that influence the implementation and performance of CRM. These five factors are the strategy, which is considered as the starting point of CRM. The key reasons to fail with the CRM strategy are if the company fails with the implementation of the CRM strategy across the whole company and also fails to integrate it with the marketing and corporate strategy. Next internal factor is the organizational environment; numerous cultural and structural factors have been shown to have an impact on the success of CRM. Furthermore, the organizational environment can influence a company‟ s capacity to benefit from the investments in CRM and also influence the success of the efforts in CRM technology. The third factor, multichannel integration, consists according to Payne and Frow (2005), of six types of both physical and virtual contact points with the customer, such as sales force and electronic commerce (Dimitradis & Stevens, 2008). The fourth factor, people and the management, are responsible for the daily work with the CRM, and some of them have also contact with the customers. These employees are supposed to implement the CRM strategy in a human level in order to success with the implementation. It can be more difficult and complex to handle these areas with staff and company structure than to handle technologies and customer analysis. The last of the internal factors that affect a company is the technology which helps to support CRM related activities and to contribute to better organizational performance.

Thus, it is important to not view CRM as only a technology since seeing it that way strongly contributes to failure (Dimitradis & Stevens, 2008). Peelen (2005, p. 56) points out that the external factors consists of the customers, the competition and the distributors of the products. The company needs to identify which of its customers are willing to develop deeper relationships with them. All customers are, of course, not interested in this; some stays satisfied with single purchases. Since not all of the customers are about to develop this kind of relationship, the company needs to perform a differentiated marketing approach where the loyal customers will be better rewarded. Though, the customers need to accept these marketing conditions if the company should be able to implement this strategy.(Peelen, 2005) Further, the competition on the market is also important to consider. If the company operates on a market where it has a monopoly situation, it will take less effort to create customer retention and loyalty. If the competition on the other hand is tough, more effort is necessary to exceed the customers‟ expectation and to create loyal customers (Peelen, 2005, p.56). The last factor to consider in the external environment of a company is, according to Peelen, the distribution of the products. It is important to create a strategy that strengthens the relation to the customers, especially if the companies use intermediaries to serve their customers. To achieve stronger relationships with customers, the company can record customer data and keep contact with the customers over the Internet or telephone. This leads to companies building more confidence to the intermediaries since they are better suited to handle these kinds of data. There might occur a channel conflict if the intermediaries begin to feel threatened by the actions of the suppliers, since the supplier is powerful and can lower the intermediary‟ s compensation or start selling directly to the customers. When designing the CRM strategy all mention above must be taken into account since it is supposed to suit all involved (Peelen, 2005, p. 57). While Peelen (2005) take both customers and the environment into account when describing the external factors around a company, Dimitradis and Stevens (2008) focus on the relationship with the customers. They state that the external side of the environment is based on the relationship from the customers‟ point of view (Dimitradis & Stevens, 2008). Detailed studies have been performed concerning, for example, relationship quality, satisfaction with a relationship, trust and commitment (Dimitradis & Stevens, 2008). When customers‟ expectations and experience of a relationship are closely matched, satisfaction will occur.

The following external factors affect a company‟ s CRM success. The first factor to consider is the relationship expectations. These expectations can, for example, be confidence, time savings or social satisfactions. Moreover, the perception of the relationship has to be taken into account. This includes how a customer perceives and interprets different actions by the CRM channels, touch points of a CRM strategy and system that he comes in contact with (Dimitradis & Stevens, 2008). This is, however, not easy to measure, and the authors‟ opinions are different since it can be seen both as an overall construction or an analytical component (Palmatier el al., 2006). How much effort is needed in order to develop customer loyalty and retention depends on what kind of market the company is operating at. If it operates at a market with high competition it will take more effort to create deep relationships compared to if they have a monopoly situation (Peelen, 2005, p. 56). It is important to manage the distributors in an appropriate way since it can occur channel conflicts if the intermediaries feel threatened by the suppliers. It is positive for the whole business if the relationship between the suppliers and the intermediaries can be strengthened since in some cases the intermediaries handle the customer contacts (Peelen, 2005,p. 57). Frequently, the organizational goals do not reflect departments and employee‟ s goals and metrics. In some companies, sales departments are concerned with selling activities, since they are evaluated and rewarded only according to sales metrics. Due to this fact, sales people usually think that maintaining a close relationship with customers is not their responsibility. As a result, customers that complain or make suggestions do not receive a satisfactory amount of attention.

Regarding practical propositions, it must be considered that, prior to adopting a CRM tool, it is necessary to evaluate whether or not the organization is already oriented by a philosophy of CRM, whether the company is in fact customer-centred, and whether its culture and history show that collective efforts have been made to create and support long- term relations with customers. Of course, there will be different levels of engagement with CRM‟ s philosophy. In some cases, a series of activities and changes will be necessary in order to prepare the path for CRM implementation. In others, the project must be postponed to avoid the CRM tool becoming an enemy. In the past, some companies had the excuse of not having enough data/information in order to understand and satisfy customers. CRM tools can supply companies with a consistent database, but if the company is not prepared to use this information to provide a good service, the same tool can make this organization incompetent even more evident to customers. For instance, some companies create a Relationship Centre in the wake of a CRM tool adoption, but it is simply useless because either managers and employees (historically and culturally) are not concerned about customers at all, or the organizational structure is so thin and unprepared that there are not enough qualified people to serve clients properly via the new channels opened by CRM tools. Not to mention that resistance to CRM tools can be so intense that a lot of money and effort can be dramatically wasted.

The impact of culture on attitudes and behaviours is particularly observable for services with medium and high levels of customer contact, such as professional financial services (Mattila, 1999, Patterson, Cowley and Pransongsukarm, 2006). Changes in the organizational structure, levels of empowerment of people dealing with customers, rewarding and evaluation of staff systems connected to CRM goals, employees‟ selection and qualification all these issues have to be linked to a CRM strategy that also has to support the adoption of a CRM tool. Even if the company is already customer-centred and has a CRM philosophy, an isolated CRM tool without process revision, adaptations and involvement of all areas and managers will not be efficient. For relationship marketing to be truly effective, an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. company, for instance, may interact with customers in a myriad of different ways including mail campaigns, Websites, brick-and-mortar stores, call centres, mobile sales force staff and marketing and advertising efforts. Solid CRM systems link up each of these points. This collected data flows between operational systems (like sales and inventory systems) and analytical systems that can help sort through these records for patterns. Company analysts can then comb through the data to obtain a holistic view of each customer and pinpoint areas where better services are needed (Eckerson and Watson, 2000). The first step in managing a loyalty-based business system is finding and acquiring the right customers (Reicheld andTeal, 1996). Targeting, acquiring and retaining the “right” customer are at the core of many successful services firm. Building relationship is a challenge especially when a firm has vast number of customers who interact with the firm in many different ways from e-mail and websites to call centres and face to face interactions. When customer relationship management systems are implemented well, they provide managers with the tools to understand their customers and tailor their services, cross-selling and retention efforts, often on a one on one basis (Eckerson and Watson, 2000).

The idea of relationship marketing is that it helps businesses use technology and human resources to gain insight into the behaviour of customers and the value of those customers. If it works as hoped, a business can: provide better customer service, make call centres more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues. It does not happen by simply buying software and installing it. Relationship technology leads to deep customer insight so useful in the formulation of effective marketing strategy. Information technology helps store and manipulate extensive information about the customer. This information about the customer is used in customer relationship management. Through the technology of customer relationship management, relationship marketing helps uncover customer insights. Also the technology of customer relationship management helps give attention from the perspective of the marketer to the perspective of the customer. Database marketing uses database to hold and analyse customer information thereby helping in creating strategies for marketing. Database marketing usually uses personalise communication, data mining which refers to uncovering relationship about customers from customer data.

2.12 Empirical findings in Developing countries

As evidenced from majority of prior empirical studies, the majority of researches on CRM have conducted based on the data obtained from developed countries.

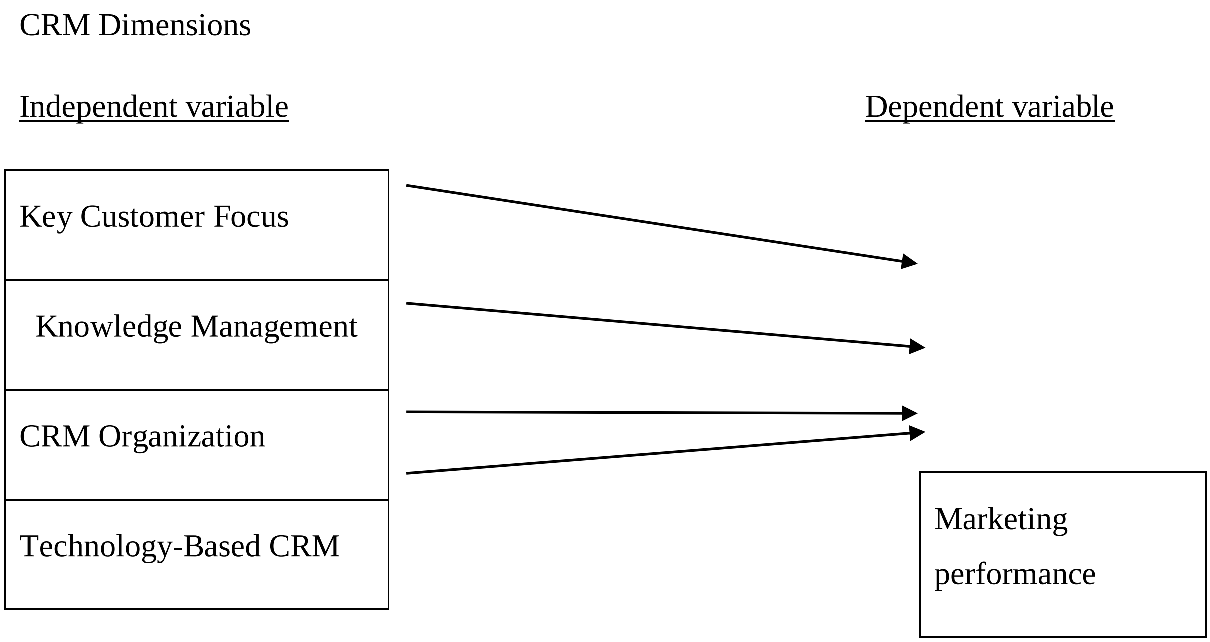
Here, in this section a certain empirical findings conducted based on a developing countries data are reviewed.

The main objective of this study was to investigate the impact of customer relationship marketing on customer satisfaction. It is explanatory type of research. Data were collected through a five points Likert scales of questionnaire. The questionnaire was physically distributed to 210 customers and 42 customer service managers. Out of 210 customers and 42 customer service manager questionnaires 193 customer and 42 customer service managers were completed and collected Descriptive, correlation and econometric analysis methods were used to analyze the collected data. Descriptive tools such as frequency, percentages, mean and standard deviation were employed to present results. Statistical analysis tool such as correlation coefficients was worked out and used to explore the relationships between variables. Econometric analysis through ordered logit regression was performed to study the effect of explanatory variables on customer satisfaction. Research findings indicate that there is a significant relation between relationship marketing components including trust, commitment, communication, conflict handling and competence on customer satisfaction and also to regression testing that all variables were examined simultaneously on customer satisfaction; results showed that all components have a significant impact on customer satisfaction.

2.13 Research Framework

CRM is a multidimensional construct consisting of four broad behavioral components: key customer focus, knowledge management, and technology based customer relationship management and organizing around CRM (Sayed, 2011). He investigated these four CRM dimensions on marketing performance of financial institutions in preserving current customers, attracting new customers and increasing market share.

According to Kotler and Armstrong (2004), superior customer relationship capability will be achieved when these four dimensions of CRM; key customer focus, knowledge management, technology based CRM and organizing around CRM work in harmony or as a unit. The critical success in one of the key factors may not necessarily enhance effective and efficient CRM.



Source: Sayed H. (2011)

Figure 2.1: Conceptual framework of CRM and its relationship to market performance

CHAPTER THREE

3. RESEARCH METHODOLOGY

In this chapter the methods used to conduct the primary research for the study are discussed. The research method, design, process, approach, 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 would adopt both qualitative and quantitative methods.

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 explanatory and descriptive approaches were followed.

3.3 Target Population

According to Saunders et al. (2003), a population is the full group of potential participants to whom the researcher wants to conduct the research for the study. Target population is defined as the entire group a researcher is interested in. The Target population that will taken for the study is managers and employees of selected 3 four star Hotels.

3.4 Sample Size and Sampling Techniques

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 (Bhattacherjee, 2012). In this case, the population for the hotels group would refer to four star hotels in Addis Ababa City and the sample would consist only of the hotels chosen to partake in the study. The total 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 four star hotels (representing around 15% of the study population). 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

The study employed both probability and non -probability sampling method and used to identify respondents for the research, managers and employees were selected through purposive sampling method service year more than one year ,because as it was believed that the most important information to answer the research questions could be obtained by this sampling method.The sample size of 76 employees (Managers and employees) was selected from each selected four star hotels through purposive sampling technique. The researcher was intended to use purposive sampling technique that was choose for the study by making a sample of 228 respondents from the total employees of 530 in selected four star hotels .

A 95% confidence level was assumed for this formula to determine the sample size, at e=0.05.

The sample size is determined by the following formula.

$$n = \frac{N}{1 + N(e)2}$$

where n is the required sample size, N is the population size and e is the level of precision. Applying the above formula,

$$n = \frac{530}{1 + 530(0.05)2}$$

= 227.956, Hence the sample size for this research was 228 employees of the selected four star hotels.

No.	Name of four star hotels	No. of sample size selected from each hotels		Total No. of Sample size selected from Each four star hotel
		Managers	Employees	
1	Jupiter International hotel	1	75	76
2	Nexus International hotel	1	75	76
3	Friendship International Hotel	1	75	76
Total No. Of Sample size				228

Table 3.1 sample size selection

3.5 Methods of Data Collection

The task of data collection begins after a research problem has been defined and research design/plan chalked out. While deciding about the method of data collection to be used for the study, the researcher should keep in mind two types of data viz., primary and secondary. The primary data are those which are collected a fresh and for the first time and thus happen to be original in character. The secondary data, on the other hand, are those which have already been collected by someone else and which have already been passed through the statistical process. The methods of collecting primary and secondary data differ since primary data are to be originally collected, while in case of secondary data the nature of data collection work is merely that of compilation (Kothari, 2004). In attempt to address the assessment of the relationship between CRM and marketing performance in selected four star Hotels in Addis Ababa and to provide possible recommendations, the researcher uses both primary and secondary data sources. Primary data is collected through questionnaire from managers and employees.

3.1.6 Data Collection Instrument

The goal of data collection is to gain rich data that suits to achieve the research objective. The study relied on primary data collected using structured questionnaires from the respondents. Questionnaire is an instrument that asks the same question to all individuals in the sample. It is a self-administered instrument where the respondent will answer all the questions. The questionnaires were prefer to other instruments because it judges the fastest mode of collecting data from varied group (Kothari, 2004).

Based on the research objective, standard questionnaires prepared by Swaminathan (2004) and partially modified by researcher in the form of Likert five scales was prepared, physically distributed to respective respondents and then after collected by researcher

The prepared questionnaire incorporating two parts here as discussed below. Part one is prepared to gather general information about the respondent's age, gender, job position, service year, and educational background. Part two is prepared to ask respondents to answer the questions prepared relative to CRM and its impacts on marketing performance of Hotels in Addis Ababa. Under this method, the researcher uses both open ended and closed ended questions which is clear and unambiguous. Closed ended questions gave respondents a room to tick once the most appropriate answer for each question, while open ended gave respondents a room to give their own opinions.

3.7 Method of Data Analysis

Before processing responses, the questionnaire which was physically distributed and collected was edited for completeness and consistency. After proper editing, the data was coded and entered to the software then it was made ready analysis. Data collected was analyzed by using descriptive, correlation and regression analysis techniques.

For the purpose of achieving the objectives of the study, the physically collected data was processed and analyzed with descriptive statistics using Statistical Package for Social Studies (SPSS) of 20^{th} version. The researcher preferred to use descriptive statistics (mean, standard deviations, frequencies and percentages) because descriptive statistics are used to describe the basic features of the data in a study. Descriptive Statistics are used to present quantitative descriptions in a manageable form.

The simple and multiple regression analyses were conducted to determine by how much percent the independent variables i.e. key customer focus, knowledge management, CRM organization and technology based CRM affects the dependent variable which is market performance. Regression analysis describes the way in which a dependent variable is affected by a change in the value of one or more independent variable. Pearson correlation analysis was conducted to test the proposed hypothesis whether there is a positive and significant relationship between the customer relationship management dimensions and market performance. Pearson Correlation was preferred because it helps to assess and test the strength of linear relationship between two variables; dependent and independent variables, Whet her they are positively or negatively related.

3.8 Ethical Issues

The researcher would treated all the information gave by managers and employees by keeping confidentially without disclosing the respondent’s identity and did not use for any personal interest. Furthermore, the questionnaire was distributed only to voluntary participants. The researcher did not intentionally mislead others about the nature of the findings and under no circumstances fabricated data to support a particular conclusion. Lastly, the researcher wouldl quote all secondary sources to keep the rights of ownership of all materials.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The chapter dealt with data presentation, analysis, and interpretation of the study. It has two main parts: the first part is the background information of the respondents, the second part consist of data collected from respondents through questionnaire.

The data collected from respondents were analyzed and interpreted using both quantitative and qualitative analysis which involves analysis of the demographical information of respondents and the descriptive and correlation analysis employed to test the hypothesis and to investigate the impact of independent variables on dependent variable. To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS version 20.

4.1 Demographic Information of the Respondents

For the purpose of the research, 228 questionnaires were prepared and distributed to respondents. Out of the distributed questionnaire, 208 were filled and returned. The remaining 20 questionnaires were unreturned due to absence of respondents from their office for different reasons and some of them were lacked punctuality. Therefore, there was a high response rate of the questionnaire being returned from the target respondents'i.e.92%.

Table 4.1.1 Gender of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Female	111	65.9	65.9	65.9
Male	97	34.1	34.1	100.0
Total	208	100.0	100.0	

Source: survey data

Regarding gender category; among the total respondents of 208; 97(46,6%) were male and the remaining 111(53.4%) were female. Even though the number of Female is greater than Male it indicates that the questionnaire is well distributed and the findings indicate that the sample was representative of the population.

Table 4.1.2 Age Category of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 years and below	12	5.8	5.8	5.8
	21 - 30 years	141	67.8	67.8	73.6
	31-40 Years	53	25.5	25.5	99.0
	41 - 50 Years	1	.5	.5	99.5
	51 years and above	1	.5	.5	100.0
	Total	208	100.0	100.0	

Source: survey data

With regard to age category; 141(67.8%) were between 21 and 30 years, 53(25.5%) were between 31 and 40 years, 1(0.5%) of them were 40 and50 years and the rest 1(0.5%) of the respondents were between 51 and 59 years old. The different age groups were therefore well represented in the study with more youthful staff in the Hotel.

Table 4.1.3 Educational Backgrounds of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Masters degree	46	22.1	22.1	22.1
	BA degree	108	51.9	51.9	74.0
	Diploma	54	26.0	26.0	100.0
	Total	208	100.0	100.0	

Source: survey data

With respect to educational level of the respondents; 46(22.1%) were master's degree holders,108(51.9) were bachelor degree, while the remaining 54(26%) were diploma holders. The educational background of the respective participants is implied that the whole respondents are well educated and have the ability to understand the questions well and also they understand the importance of the study in regards to CRM and its impact on marketing performance of the Hotel.

Table 4.1.4 Respondents Service Years in the Hotel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 - 5 years	68	32.7	32.7	32.7
	6 - 10 years	87	41.8	41.8	74.5
	11 - 15 years	51	24.5	24.5	99.0
	16 - 20 years	1	.5	.5	99.5
	21 years and above	1	.5	.5	100.0
	Total	208	100.0	100.0	

Source: survey data

Therefore, considering the service year; 68(32.7%) have a service year between 1 and 5 years; 67(41.8%) have a service year between 6 and 10 years; 51(24.5%)have a service year between 11 and 15 years; 1(0.5%) have a service year between 16 and 20 years and the remaining 1(0.5%) have a service year of above 20 years. The respondents' service year composition indicates that they are well knowledgeable about the Hotel'sCRM practice.

4.2 Reliability and Validity

4.2.1 Reliability Test

Cronbach's alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. It was first named by Lee Cronbach in 1951, as he had intended to measure a coefficient of reliability.

According to Lombard (2010), Coefficients of .90 or greater are nearly always acceptable, .80 or greater is acceptable in most situations, and .70 may be appropriate in some exploratory studies for some indices. By tracing this literature, the researcher tested the reliability of the items which were developed for respondents. The following forms of reliability can be defined (Leedy et al., 2007):

- Inter-rater reliability: The extent to which two or more researchers evaluating the same characteristic give the same results.
- Internal consistency reliability: The extent to which similar items in the instrument yield the same results. When using this method, one issue about how to properly divide the items should be considered. To avoid this shortcoming, Cronbach α is commonly deemed as an appropriate way to measure the reliability. Theoretically, Cronbach α estimate the degree of interrelatedness among a set of items designed to measure a single construct.
- Equivalent forms reliability: The extent to which different variants of the same instrument yield similar results. It refers to the extent to which two different statements can be used to measure the same construct at two different times. It implies that two alternative instruments are designed to be as equivalent as possible.
- Test-retest reliability: The extent to which the instrument will yield similar results when used on different occasions. Test-retest method refers to the administration of the same instrument on two different occasions to the same sample of respondents, taking into account the equivalent conditions. However, two main problems arisen by this method make it not suitable for use in this thesis. First, the initial test influences respondents' responses in the following tests because respondents may have learned from the first test to

change their attitude. Second, respondents may change their attitude due to the time factor, resulting in lower reliability.

The researcher tested the reliability of the items which were developed for respondents by using Cronbach's alpha which is a coefficient of reliability. Therefore, as shown in table4.2 the reliability of the whole items is 0.8542 which means the whole items are reliable and acceptable because as Lombard stated coefficients of .80 or greater is acceptable in most situations. Even, when the reliability test result of the all 5 items have been observed independently, their result is greater than 0.8 which are within always at acceptable level.

Table 4.2 Reliability Test Result

No.	Field	No. of Items	Cronbach's alpha	Acceptable Level
1	Key customer focus	4	0.904	Accepted
2	CRM Organization	3	0.859	Accepted
3	Knowledge Management	5	0.870	Accepted
4	Technology-based CRM	2	0.802	Accepted
5	Marketing Performance	6	0.836	Accepted
	Total Items	20	0.8452	

Source: SPSSReliability Testresult.

4.3 Validity Test

Apart from assessing the reliability to ensure that measures are free from random error and thus yield consistent results, validity is another index to validate the constructs. Validity refers to the preciseness and accuracy of measurement results. That is, it is concerned with what degree the expected targets are actually measured by the designed scale or questionnaire. Validity is the ability of a scale or measuring instrument to measure what is intended to be measured. It represents the relationship between the construct and its indicators and depends primarily on the adequacy with which a specified domain of content is sampled Neuman (2003).

According to Zikmund (1997), there are four types of validity indices which are related to the internal validity of the scales and their respective items, including content validity, criterion-related validity, external validity and construct validity.

4.3.1 Content Validity

Content validity refers to the subjective agreement among professionals that a scale logically appears to accurately reflect what it purports to measure. It focuses on the extent to which a measure represents all faces of a given situation. That is, it implies that all aspects of the attribute being measured are considered by the instrument. In order to obtain the quality of content validity, the scale items of constructs in research model were mainly developed based on the theoretical basis from an extensive literature review, the adaption of an instrument that had been used previously and the discussions with academics and practitioners for obtaining their advices on the instrument(Zikmund, 1997).

4.3.2 Criterion-Related Validity

Criterion-related validity is defined as the ability of some measures to correlate with other measures of the same construct. It is used to demonstrate the accuracy of a measure by comparing it with another measure which has been demonstrated to be valid (Zikmund, 1997).

According to Neuman (2003), criterion-related validity uses some standard or criterion to indicate a construct accurately. In other words, the validity of an indicator is verified by comparing it with another measure of the same construct in which a researcher has confidence. There are two types of criterion-related validity, i.e. predictive validity and concurrent validity. The former is an assessment of an individual’s future standing on a criterion variable and can be predicted from present standing on a measure, while the latter is assessed by correlating a measure and a criterion of interest at the same point in time.

4.3.3 Construct Validity

Construct validity is the ability of a measure to confirm a network of related hypotheses generated from a theory based on the concepts. Italso refers to the degree to which a theoretical definition matches an experimentally determined definition. That is, construct validity implies to develop correct and adequate operational measures for the concept being tested (Zikmund, 1997).

Construct validity are usually assessed by checking both convergent validity indiscriminant validity. Convergent validity is the degree to which an operation is similarto (converges on) other operations that it theoretically should also be similar to. That is,it examines whether the measures of the same construct are correlated highly. Similarity between these two operations is highly expected. Discriminant validity refers to the degree to which the operationalization is not similar to (diverges on)other operationalization that it theoretically should not be similar to. That is, it examines whether the measures of a construct are not correlated highly with other constructs(Sekaran, 2000). Similarity between two operations is not wanted in this case. Therefore, a measure has convergent validity when it is highly correlated with different measures of similar constructs while a measure has discriminant validity when it has a low correlation with measures of dissimilar concepts (Zikmund, 1997).

4.3 External Validity

The final measure used to validate the measures is external validity. While above discussed validity refers to the internal validity of the scales and their respective items, external validity is related with the extent to which the findings can be generalized toother subjects or groups. That is, the cause-effect relationships of the research findings are said to possess external validity if they can be generalized beyond the setting in which the study was carried out. In summary, the validity should be established before testing the hypothesized relationships between constructs because it helps to generalize the findings of the study (Zikmund, 1997).

The following steps were taken to determine the validity of the questionnaire:

- Literature on CRM practices was used to determine the questions asked. This ensures content validity.
- The measurement instrument such as hypothesis and regression analysis was tested on CRM manager to determine its efficiency. This ensures construct validity.
- The sampled four selected hotels in Addis Ababa are assumed to be representatives of the whole four star hotels in Ethiopia. This ensures external validity.

Perception of Respondents on Key Customer Focus pertaining to Four star hotel

Table 4.3 Descriptive Statistics of items that measure Key Customer Focus

Variables		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	Standard Deviation
Star Hotel is good at listening problem's in best customers best interset	Fr.	25	28	21	96	38	3.45	1.269
	%	12	13.5	10.1	46.2	18.3		
Customer lifetime value is the essential criterion for key customer selection	Fr.	21	27	19	98	43	3.55	1.238
	%	10.1	13	9.1	47.1	20.7		
Customer waiting time is given a special attention by your hotels	Fr.	15	38	13	58	84	3.76	1.341
	%	7.2	18.3	6.3	27.9	40.4		
Your hotels value customers and devoted to respond the questions of customers accordingly and timely	Fr.	18	38	32	80	40	3.41	1.232
	%	8.7	18.3	15.4	38.5	19.2		
Average Mean and Stand. Dev.							3.54	1.27

Under table 4.3, the study conducted as per responses obtained from respondents i.e.employees and Managers, having very close relationship with customers by taking four parameters through questionnaire survey, 46.2% respondents disagreed with the statement that four star hotel is good at listening and solving problems in customers' best interests, while 18.3% respondents strongly disagreed 13.5% respondents is agreed,12% of the respondents is strongly agreed and 10.1% of the respondents is neutral . From the above obtained result, it is possible to conclude that majority of the respondents (64.5%) inferred that four star hotel isn't good at listening and solving problems in customers' best interests.

From table 4.3, 20.7% respondents Strongly Disagreed with the statement that the customer lifetime value is the essential criterion for key customer selection, 47.1% respondents Disagreed customer lifetime value is the essential criterion for key customer selection, 13% agreed and 10.1% respondents strongly agreed. The above obtained result indicates that majority of respondents (67.8%) responded were Disagreed the question by saying Customer lifetime value is the essential criterion for key customer selection.

As it can be seen from the table above, regarding the statement customers waiting time is very short in the hotel and 40.4% respondents strongly disagreed with the stated statement, 27.9% respondents disagreed,18.3% respondents agreed with the stated statement and 7.2% were strongly agreed . From the above obtained data (68.3%) were disagreed , it is possible to conclude that customers waiting time is not short rather it is long in the hotel.

With reference to the questionnaire survey that four star hotel Strongly value customers and devoted to respond the questions of customers, 38.5% respondents agreed with the disclosed statement, and 19.2% respondents strongly agreed. The obtained finding shows that majority of respondents (57.7%) were agreed with the statement i.e. four star hotel is value customers and devoted to respond the questions of customers accordingly and timely.

Consequently, according to the mean scores, the findings in table 4.3 imply that four star hotel has to a moderate extent adopted key customer focus as one of the CRM practice. This is because the majority of key customer focus parameters used under this study had a mean score of below and above the average mean which is 3.54.

Regarding the open ended question that how four star hotel gives more emphasis on key customers and provides customized services for them, majorities of respondents said that four star hotel doesn't give that much differentiated attention for key customers while a few of them said that four star hotel gives more attention for key customer relative to other customers.

4.4 Perception of Respondents on CRM Organization pertaining to Hotels

Table 4.4 Descriptive Statistics of items that measure CRM Organization

Variables		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	Standard Deviation
Your hotel commits time and resources to manage customer relationships	Fr.	13	33	15	61	86		
	%	6.3	15.9	7.2	29.3	41.3	3.84	1.290
Employee performance is measured and rewarded based on meeting customer needs and successfully serving them.	Fr.	10	47	46	46	59		
	%	4.8	22.6	22.1	22.1	28.4	3.47	1.251
There is a flexible organizational structure and arrangement to meet customers quality service	Fr.	21	48	49	61	29	3.14	1.214
	%	10.1	23.1	23.6	29.3	13.9		
Average Mean and Stand. Dev.							3.48	1.252

From the obtained result, 41.3%respondents were strongly disagreed with statement and (29.3%) the study infers that majority of respondents (70.6%) replied that four star hotel does not commit time and resources to manage customer relationships.

Regarding the above disclosed statement that employee performance is measured and rewarded based on meeting customer needs and successfully serving them, it is responded that 22.1% respondents disagreed, and (28.4%) strongly disagreed. The study infers that majority of respondents (50.4%) replied that employee performance is not measured and rewarded based on meeting customer needs and successfully serving customer.

Respondents were also responding the question that there is a flexible organizational structure and arrangement in four star hotel to meet customers' quality service needs, 29.3% respondents disagreed, and 13.9% strongly disagreed and 23.6 respondents were neutral. As the above result shows majority of respondents (47.5%) replied that there is no any flexible organizational structure and arrangement in four star hotel to meet customers' quality service needs.

Consequently, according to the mean scores, the findings in Table 4.4 imply that four star hotel has, to a moderate extent, adopted as one of its CRM practice. This is because half of the CRM organization parameters used under this study had a mean score of above and below 3.00 which is the average mean score of the constructs.

4.5 Perception of Respondents on Customers Knowledge Management pertaining to Hotel

Table 4.5 Descriptive Statistics of items that measure Customers Knowledge Management

Variables		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	Standard Deviation
Your hotel shares customers information across all point of contact.	Fr.	21	44	31	85	27	3.25	1.219
	%	10.1	21.1	14.9	40.9	13		
Your hotel owns well-trained and motivated employees to meet customers,knowledge,management .	Fr.	24	46	26	58	54	3.35	1.375
	%	11.5	22.1	12.5	27.9	26		
Employees transform newly acquired knowledge into organization'level knowledge.	Fr.	21	60	20	75	32	3.18	1.282
	%	10.1	28.8	9.6	36.1	15.4		
Your hotel is fully knowledgeable'in'understanding the needs of our customers and meets its customers' best interest.	Fr.	25	35	49	60	39	3.25	1.277
	%	12	16.8	13.6	38.8	18.8		
Star hotel performs collecting and analyzing customers' information, and used such information for developing highly personalized offerings.	Fr.	16	52	16	58	66	3.51	1.362
	%	7.7	25	7.7	27.9	31.7		
Average Mean and Stan. Dev.							3.31	1.303

Source: SPSS descriptive statistics result based on questionnaire survey, 2017

As it is showed in the table 4.5 above, respondents replied for the question four star hotel shares customers' information across all points of Contact, 40.9% respondents disagreed, and 13% strongly disagreed. The above obtained result shows that majority of respondents (53.9%) replied as four star hotel does not share customers' information across all points of Contact.

The respondents were also asked whether the employees in four star hotel are well-trained and motivated. In line with the questionnaire distributed to respondents, 27.9% respondents disagreed, and 26% strongly disagreed. The obtained result shows that majority of respondents (56.9%) replied by saying employees in four star hotel are not well-trained and motivated.

Regarding the questionnaire that submitted to the respondents by inquiring their valuable responses for the question that the staffs have the ability to transform newly acquired knowledge into organization level knowledge, the respondents were responding as follows: 36% respondents agreed, and 15.4% strongly agreed. The obtained result infers that majority of respondents (51.4%) replied by saying employees transform newly acquired knowledge into organization level knowledge.

As it is depicted in the table above, 38.8% respondents disagreed and 18.8% strongly disagreed. The above indicated majority of respondents (%57.6) replied that employees and management in four star hotel are fully knowledgeable in understanding the needs of our key customers and meets its customers' best interest.

Regarding the last question, the respondents responding, 27.9% disagreed and 31.8% strongly disagreed. The above indicated majority of respondents (59.8%) replied that four star hotel did not performs collecting and analyzing customers' information, and used such information for developing highly personalized offerings.

Consequently, according to the mean scores, the findings in Table 4.5 imply that four star hotel has, to moderate extent, adopted customer knowledge management practices by scoring the mean average that is below and above 3.31.

4.6 Perception of Respondents on Technology-Based CRM pertaining to four star Hotels

Table 4.6 Descriptive Statistics of items that measure Technology-Based CRM

Variables		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	Standard Deviation
Our computer technology can help to create customized offerings to our customers.	Fr.	29	37	13	92	37	3.34	1.335
	%	13.9	17.8	6.3	44.2	17.8		
The employees give much attention and prompts services to our customers irrespective of their status using online media.	Fr.	13	50	37	77	31	3.30	1.171
	%	6.3	24	17.8	37	14.9		
Average Mean and Stan. Dev.							3.32	1.253

Regarding the question that our computer technology can help to create customized offerings to our customers, the respondents replied by saying 44.2% agreed and 17.8% strongly agreed. As the above obtained result shows majority of respondents (62%) replied that four star hotel computer technology can help to create customized offerings to the its customers.

Regarding the question respondents were asked to reply accordingly that the employees give much attention and prompt services to customers irrespective of their status by using online media, the obtained response indicates 37% respondents agreed, and 14.9% strongly agreed. The majority of respondents (51.9%) replied that much attention and prompt services is given by four star hotel employees to customers irrespective of their status by using online service.

Consequently, according to the mean scores, the findings in Table 4.6 imply that four star hotel has, to a moderate extent, adopted technology-based CRM as one of its CRM practice. This is because half of the technology-based CRM parameters used under this study had a mean score of above and below 3.32 which is the average mean score of the constructs.

4.7 Perception of Respondents on Marketing Performance of four star hotels

Table 4.7 Descriptive Statistics of items that measure Marketing Performance of four star hotels

Variables		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	Standard Deviation
Your hotels frequently measures and evaluates customers' satisfaction and takes the necessary measures accordingly	Fr.	21	44	25	90	28	3.29	1.229
	%	10.1	21.2	12	43.3	13.5		
Star hotel is successful in retaining customers by providing perceived quality service and responding as per customers' best interest.	Fr	25	55	23	70	35	3.17	1.317
	%	12	16.4	11.1	43.7	16.8		
There is strong devotion to standardize service delivery in your hotel	Fr.	34	29	21	67	57	3.40	1.435
	%	16.3	13.9	10.1	32.2	27.4		
Your hotel develops systems for taking, evaluating and responding customer feedback timely on services providing.	Fr.	22	40	14	96	36	3.40	1.270
	%	10.6	19.2	6.7	46.2	17.3		
The hotel's marketing strategy is effective in promoting and attracting new customers.	Fr.	32	35	29	63	48	3.29	1.395
	%	15.4	16.8	13.9	30.3	23.1		
Marketing strategy of hotel's is successful in increasing market share and sales growth.	Fr.	19	60	14	74	41	3.29	1.395
	%							
		9.1	28.8	6.7	35.6	19.7		
Average Mean and Stan. Dev.							3.31	1.34

With regard to the question respondents asked if four star hotel frequently measures and evaluates customers' satisfaction, 43.5% and 13.5% respondents said that they are agreed and strongly agreed with the above question respectively. The above obtained result indicates as majority of respondents (57%) replied that four star hotel frequently measures and evaluates customers' satisfaction.

Respondents were also asked that whether the four star hotel marketing strategy is effective in promoting and attracting new customers or not. Respondents replied by saying that 30.3% disagreed and 23.1% strongly disagreed with the disclosed statement respectively. As the above obtained result of the study shows majority of respondents (53.4%) replied that four star hotel's marketing strategy is not as much as effective in promoting and attracting new customers.

Reply is also given by respondents for the question they asked that if the marketing strategy of four star hotel is successful in increasing market share and sales growth. Regarding this statement, respondents said that 35.6% and 19.7% disagreed and strongly disagreed with the statement above respectively. The above obtained result indicates as majority of respondents (55.3%) replied that four star hotel's marketing strategy is not successful in increasing market share and sales growth.

Referring to the question marketing strategy of four star hotel is successful in retaining customers, responses were given by respondents that 43.7% and 16,8% disagreed and strongly disagreed respectively. This study infers that majority of respondents (60.5%) replied as marketing strategy of four star hotel is not successful in retaining customers.

With regard to the question that respondents asked whether there is strong devotion in four star hotel to standardize service delivery or not, 32.2% and 27.7% respondents agreed and strongly agreed respectively. The above majority of respondents (59.9%) replied that there is strong devotion in four star hotels to standardize service delivery.

Respondents were also asked the question that four star hotel develops system for taking, evaluating and responding customer feedback timely on services providing. The assessed findings indicate that 46.2% and 17.3% respondents disagreed and strongly disagreed respectively. The above majority of respondents (53.5%) replied that there is no any developed system in four star hotel in order to take, evaluate and respond customer feedback timely on services providing.

The study findings in table 4.7 indicate that four star hotel has, to a less extent, adopted marketing performance practice. This is because the majorities of the marketing performance parameters used under this study had a mean score of below 3.31 which is the average mean score of the constructs.

4.3 Correlation Analysis

The scale typed questionnaire entered to the SPSS software version 20 to process correlation analysis. Based on the questionnaires which were filled by the respondents of the selected four star hotel in Addis Ababa, the following correlation analysis was made.The relationship between the independent variables i.e. Key customer focus, customer knowledge management, CRM organization and technology based CRM and the dependent variable i.e. market performance was investigated using Pearson correlation coefficient.The fallowing measure of association developed by MacEach Ron (1982) was used as a reference to check the magnitude of correlation.

Table-4.3.1 the measures of associations and descriptive adjectives

Measures of associations	Descriptive Adjectives
0.00 to 0.20 ;-0.00 to –0.20	Very weak or very low
0.20 to 0.40; -0.20 to –0.40	Weak or low
0.40 to 0.60; -0.40 to –0.60	Moderate
0.60 to 0.80; -0.60 to –0.80	Strong or high
0.80 to 1.0; -0.80 to –1.0	Very high or very strong

Source: MacEachron, (1982) *Basic Statistics in the Human Services: An Applied Approach*, page 132.

Constructs	Marketing Performance	Key Customer Focus	Knowledge Management	CRM Organization	Technology-Based CRM
Marketing Performance	1				
Key Customer Focus	.620**	1			
Knowledge Management	.721**	0.157**	1		
CRM Organization	.614**	0.614**	0.416**	1	
Technology-Based CRM	.639**	0.409**	0.506**	0.302**	1

****. Correlation is significant at the 0.01 level (2-tailed)**

4.3.2 Correlation analysis between *Key Customer Focus* and *Marketing Performance*

Pearson correlation test was conducted to know the degree of relationship between the independent variable *key customer focus* and the dependent variable *marketing performance*. Hence, the result of the study showed that, there is a positive and significant relationship between the two variables at the significance level of (R=0.620**), (P<0.01). According to MacEachron (1982) measure of association, the magnitudes of relationship between the two variables are strong.

H1a: There is a positive and significant relationship between *key customer focus* and marketing performance.

Based on the result obtained from Pearson correlation, there is a positive and significant relationship between the independent variable *key customer focus* and the dependent variable *marketing performance.* Hence, the first alternative hypothesis H1a is supported.

4.3.3 Correlation analysis between Customer Knowledge Management and Marketing Performance

Pearson correlation test was conducted to know the degree of relationship between the independent variable customer knowledge management and the dependent variable *marketing performance*. Hence, the result of the study showed that, both variables are positively and significantly correlated to one another at a significant level of (R=0.721**), (P<0.01). Based on MacEachron, (1982), measure of association, the magnitudes of relationship between the two variables are strong.

H2a: There is a positive and significant relationship between Knowledge Management and Marketing Performance.

The result of the study showed that, the independent variable customer knowledge management and the dependent variable marketing performance has a positive and significant relationship and hence the second alternative hypothesis H2a is supported.

4.1.2.2. Correlation analysis between CRM Organization and marketing performance

Pearson correlation test was conducted to know the degree of relationship between the independent variable *CRM organization* and the dependent variable *marketing performance.* Hence, the result of the study showed that, both variables are positively correlated to one another at a significant level of (R=0.614**), (P<0.01). Based on MacEachron, (1982), measure of association, the magnitudes of relationship between the two variables are strong.

H3a: There is a positive and significant relationship between CRM organization and marketing performance.

The result of the study showed that the independent variable CRM organization and the dependent variable marketing performance has a positive and significant relationship and hence the third alternative hypothesis H3a is supported.

4.3.4 Correlation analysis between Technology-based CRM and Marketing Performance

Pearson correlation test was conducted to know the degree of relationship between the independent variable *technology-based CRM and the dependent variable marketing performance.* Hence, the result of the study showed that, both variables are positively and significantly correlated to one another at a significant level of (R=0.639**), (P<0.01). Based on MacEachron, (1982), measure of association, the magnitudes of relationship between the two variables are strong.

H4a: **There is a positive and significant relationship between technology-based CRM and marketing performance.**

The result of the study showed that, the independent variable technology-based CRM and marketing performance has a positive and significant relationship and hence the fourth alternative hypothesis H4a is supported

4.4 Regression Analysis

There are two basic types of regression analysis; simple and multiple regression. In simple regression, we attempt to predict the dependent variable with a single independent variable. In multiple regression, we may use any number independent variables to predict the dependent variable. Generally linear regression is a method of estimating or predicting a value on some dependent variable given the value of one or more independent variables (Marczyk et al, 2005). Hence in this study, multiple regression analysis is used to know by how much the independent variables i.e. CRM dimensions (key customer focus, knowledge management, CRM organization and technology based CRM) explain or influence the dependent variable; i.e. marketing performance of the hotel.

The proposed hypotheses were tested using multiple regression analysis. The results of the regression analysis are depicted on table 4.9 below. Before running a multiple regression on the SPSS, the researcher conducted a test of basic assumptions that are required to be fulfilled while conducting multiple regression, which otherwise be impossible to do. The tests for the assumptions of multiple regressions are presented hereunder:

4.4 Assumption 1- Normality of the distribution

This assumption formally applies to the distribution of the errors (or, equivalently, the conditional distribution of the response variable) for any given combination of values on the predictor variables. One way of measuring the normality of distribution is through checking the level of skewness and kurtosis. Usually the value of skewness and kurtosis for normal distribution is varied from 1 to -1.The assumption of normality was tested by reviewing Skewness and Kurtosis test for normality. The Skewness and Kurtosis statistics which depicts between -1 and +1 suggested that normality was a reasonable assumption.

	N	**Skewness**		**Kurtosis**	
	Statistics	Statistics	Std. Error	Statistics	Std. Error
Key Customer Focus	379	.364	.125	-0.329	.254
Knowledge Management	379	.349	.125	-0.318	.251
CRM Organization	379	.028	.125	-0.503	.254
Technology-Based CRM	379	.018	.125	-0.471	.257
Marketing Performance	379	.084	.125	-0.493	.245

As it is showed in table 4.4, the result of skewness and kurtosis of the four construct dimensions of CRM, against the predicted variable of marketing performance was within the acceptable range of -1 to +1and hence, the researcher concluded that the data are normally distributed.

4.5 Assumption - Multicollinearity

The other assumption of the classical linear regression model is that the independent variables, *Xi*, are linearly independent of each other. If this assumption is not satisfied and the independent variables are thus multicollinearity, the result is that the individual regression Coefficients for each variable are not identifiable. Because multicollinearity makes the regression coefficients quite unidentifiable, it is important, if the aim is to estimate the regression equation, to reduce it as much as possible (Michael A and Patrick N, 1970).

The most common approach to evaluating multi collinearity is by examining the Pair-wise correlation coefficients and the variance inflation factor (VIF). Table 4.7 contains the correlation coefficients and VIF values for this study. According to Fritz and Morris (2012), it is stated that a small correlation is less than .10, a medium correlation is less than .30, and a larger correlation is greater than .50. As it can be observed from the following table 4.7, the whole independent variables are with in acceptable limits for this study. Similarly, the VIF is 1.0 showing that no any correlation exists between the independent variables.

Table 4.8 Pair-wise correlation among the independent variables (X1, X2, X3, and X4).

	Key Customer Focus	Knowledge Manageme nt	CRM Organizatio n	Technolog y-based CRM	VIF
Key Customer Focus	1				1.00
Knowledge Management	0.157**	1			1.00
CRM Organization	0.614**	0.416**	1		1.00
Technology-based CRM	0.409**	0.506**	0.302**	1	1.00

Moreover, pair-wise correlation matrix is one method of detecting multicollinearity among explanatory variables. If the pair-wise correlation among two repressors is in excess of 0.8, we suspect that multicollinearity poses serious challenge to our estimates (Gujarati, 2004). Thus,when compared to the standard, there is no any variable having coefficient more than 80%. So, it was not a problem in this particular study.

Table 4.9 Durbin-Watson test result

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.708	.621	.591	.206	1.876

Source- Own Survey

The Durbin-Watson statistic was computed to evaluate independence of residual is considered acceptable. This suggests that the assumption of independent residual has been met. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50(Babatunde O.S, Oguntunde P.E, Ogunmola A. O and Balogun O.S, 2014).

In this case, Durbin-Watson is 1.876, close to 2 and within the acceptable range and hence, we assumed independence of residuals assumption.

Table 4.10 Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	101.604	4	25.401	51.003	.000[b]
1	Residual	101.100	203	.498		
	Total	202.704	207			

A. Dependent Variable: Marketing Performanc

B. Predictors: (Constant), Incorporating Technology In The Hotel, Crm Organization In The Hotel, Managing Knoweldge In The Hotel, Key Customer Focus

The ANOVA tells us whether the model, overall, results in a significantly good degree of prediction of the outcome variable.(Field, 2005) . Since the significance result on the ANOVA table is 0.000 which is $p< 0.05$, the regression analysis proved the presence of a good degree of prediction. The contribution of each dimension can be seen from the results of multiple regressions in the coefficient table below.

4.5 Testing Hypothesis

In order to examine the impacts of CRM on marketing performance of four star hotels, four hypotheses were formulated and tested. The scale typed questionnaire were entered in to the SPSS software version 20 to analyze the impacts.

- There is a positive and significant relationship between CRM Dimensions (Key Customer Focus, knowledge Management, CRM Organization, and Technology-Based CRM) and marketing performance.

The multiple regression analysis was conducted using the hierarchical regression method. It is conducted to investigate the influence of independent variable on the dependent variable and identify the relative significant influence; i.e., independent variable (key customer focus, knowledge management, CRM organization and technology based CRM) to the dependent variable; i.e. market performance of the four star hotel. The proposed hypotheses were independently and jointly tested using simple and multiple regression analysis. The results of the regression analysis are depicted on table 4.11 below

Table 4.12: Summary of Regression Model (Marketing Performance)

	R	R^2	Adjusted R^2	Std. Error of the Estimate
$Y= \alpha +\beta 1X1+\beta 2X2+\beta 3X3+\beta 4X4$	0.891	0.881	0.881	0.200

a. Predictors: (Constant), , Key Customer Focus, customer Knowledge Management, CRM Organization, and technology based CRM

b. Dependent variable : Marketing performance

Dependent Variable: Market performance n=208

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	101.604	4	25.401	51.003	.000[b]
1	Residual	101.100	203	.498		
	Total	202.704	207			

a. Predictors: (Constant), Key Customer Focus, customer Knowledge Management, CRM Organization and technology based CRM.

b. Dependent Variable: Marketing performance

Coefficients

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.413	.228		1.812	.000
	CRM Organization in the hotel	.094	.072	.091	1.303	.000
	Managing Knowledge in the hotel	.257	.067	.244	3.823	.000
	Incorporating Technology in the hotel	.373	.055	.427	6.754	.000
	Key Customer Focus	.134	.061	.151	2.183	.000

a. **Dependent Variable: Marketing Performance**

The multiple regression results in tables 4:12-Model summary, ANOVA and Coefficients shows that key customer focus, customer knowledge management, CRM Organization and technology- based CRM have effect on marketing performance. The result was significant with F (4, 203) and $P < 0.01$. This indicates, the model $Y= \alpha +\beta 1X1+\beta 2X2+\beta 3X3+\beta 4X4+\Sigma$is fit to predict marketing performance and the result is significant at 1%. The R value = 0.891, R2 = 0.881 and adjusted R2 = 0.881 reflects that the explanatory variables jointly account for a variation of about 88.1% of the dependent variable. It means that the R2 = 0.881 indicates that key customer focus, knowledge management, CRM Organization and technology based CRM account for about 88.1% of the marketing performance.

On the other hand, as it is shown in table 4:12, the regression equation is: $Y=0.413+0.094X1+0.257X2+0.373X3+0.134\ X4$. In this equation no values of the slope (β) is zero i.e. $\beta 1$, $\beta 2$, $\beta 3$,$\beta 4 \neq 0$ which proves to accept the hypothesis or the research hypothesis and reject the null hypothesis .

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMEDATIONS

5.1 Summary of the Major Findings

The researcher tested the reliability of the items which were developed for respondents by using Cronbach's alpha which is a coefficient of reliability. Ii is revealed that the reliability test of the whole items is 0.8452.

Conversely pertaining to the findings of the study,the majority of respondents revealed that four star hotel was not good at listening and solving problems in customers' best interests and did not give a special attention for Customers waiting time, and also did not value customers and devoted to respond the questions of customers accordingly and timely.

Conversely, pertaining to CRM organization, the majority of respondents agreed that four star hotel does not commit time and resources to manage customer relationships, employee performance is not measured and rewarded, did not have flexible organizational structure and arrangement in four star hotel.

Depending up on the findings obtained regarding customers' knowledge management, majority of the respondents indicated that employees transform newly acquired knowledge into organization level knowledge and employees were well knowledgeable about the products/services features provided.

Conversely with respect to customers' knowledge management, four star hotels does not share customers' information across all points of Contact and employees are well-trained but not motivated.

With reference to technology-based CRM, the findings of the study were revealed that as the response was obtained by the majority of respondents; computer technology could help to create customized offerings to the it's customers.

With pertaining to the findings obtained regarding marketing performance: to increase the sales growth, four star hotels frequently measures and evaluates customers' satisfaction, and there was strong devotion to standardize service delivery.

Conversely the findings of the study revealed that the majority of the respondents indicated that four star hotel's marketing strategy was not as much as effective in promoting and attracting new customers, and marketing strategy was not successful in increasing market share and sales growth, there was no any developed systems in four star hotel in order to take, evaluate and respond customer feedback timely on services providing.

The relationship between the independent variables i.e. Key customer focus, customer knowledge management, CRM organization and technology based CRM and the dependent variable i.e. market performance was investigated by using Pearson correlation coefficient. The results of correlation analysis in the table 4.8 shows that CRM organization (r= 0.614), customer knowledge management (r= 0.721), technology based CRM (r= 0.639), and key customer focus(r=0.620).

Table 4.11 indicates that the multiple regression analysis was conducted using the hierarchical regression method. It is conducted to investigate the influence of independent variable on the dependent variable and identify the relative significant influence; i.e., independent variable (key customer focus, knowledge management, CRM organization and technology based CRM) to the dependent variable; i.e marketing performance of the hotels. With pertain to the conducted multiple regression analysis, the result of the adjusted R square of the model is 0.591

Table 4.12 presents the multiple regression coefficients (β) independent variables to the marketing performance as the dependent variable. In terms of beta values, customer knowledge management (β =0.257), technology based CRM with the value of (β = .373), then, key customer focus with the value of (β =0.134) while the remaining CRM organization with value of (β =0.094).

5.2 Conclusion

The relationship between the independent variables i.e. Key customer focus, customer knowledge management, CRM organization and technology based CRM and the dependent variable i.e. market performance was investigated by using Pearson correlation coefficient. With respect to the result of the analysis, the researcher concludes that all independent variables that indicated above are positively and significantly correlated with the dependent variable.

Therefore, it is pertinent to conclude additionally that the independent variables i.e. key customer focus, customer knowledge management, CRM organization and technology based CRM have the power to determine the market performance of the four star hotels.

Multiple regression analysis was conducted to investigate the influence of independent variable on the dependent variable and identify the relative significant influence. Inferring to the results of multiple regression, the researcher concludes that all four independent variables; key customer focus, knowledge management, CRM organization and technology based CRM have strong effect on dependent variable; marketing performance. Therefore, it is pertinent to conclude that the higher the level of key customer focus, customer knowledge management, CRM organization and technology based CRM, the higher level of market performance can be achieved by four star hotels.

Descriptive statistics analysis was carried out to measure the perception of managers and employees on CRM in relation to marketing performance of four star hotels in Addis Ababa. Thus, the study shows that CRM practice in the selected four star hotels have different degrees of results specifically as per the descriptive statistics analysis was conducted in relation to CRM dimensions; key customer focus, customer knowledge management, CRM organization and technology- based CRM.

There is absence of time and resources commitment, and lacks to provide employees rewarding mechanisms and flexible organizational structure.

There is a good transformation of this acquired knowledge through the hotels, and there are employees understanding to meet its customer's interest. It can be also concluded that there is a lack of sharing the necessary information among points of contact.

Depending up on the findings of the study, the researcher concludes that there is lack of effective strategy in attracting and monitoring customers, unsuccessful in increasing market share and sales growth, absence of fruitful mechanisms to accept and respond customers' feedback accordingly.

5.3 Recommendations

The study attempts to examine customer relationship management and its impacts on marketing performance by taking evidence from managers and employees in selected four star hotels in Addis Ababa. On the basis of the findings and conclusions reached in the study, the following recommendations were forwarded.

- With respect to CRM Dimension four star hotels should:
  - ✓ Measure employee's performance and apply the appropriate rewarding mechanism to build employees satisfaction and at the same time customers' satisfaction.
  - ✓ Arrange flexible organizational structure in line with customers' best interest.
  - ✓ Make the management and employees to share customers' required information across all points of Contact to aware the customer service officers and other related bodies that helps them to increase service excellence and
  - ✓ Train and motivate employees to gain the necessary knowledge and skills regarding how to serve and handle customers and also the communication skills required to serve customers.
    - ✓ Four star hotels should work hard by designing appropriate marketing strategy that helps in maintaining the existing customers, attracting new customers.
    - ✓ Four star hotels should design a mechanism to get feedback timely on service providing.
    - ✓ It is recommendable that four star hotels should plan and design strategies to capture needs and expectations of customers in order to increase market share and sales growth

Reference

Andersen, P.R. (2001), "Relationship development and marketing communication: an integrative Model", Journal of Business & Industrial Marketing, Vol.16, no.2: 167-82.

Andreassen, T.W., Lindestad, B., (1998), “The effect of corporate image in the formation of customer loyalty”, Journal of Service Research 1 (1), 82–92.

Bendapudi N. and Leone R. P. (2002), “Managing Business to Business Customer Relationships following Key Contact Employee Turnover in a Vender Firm”, The Journal of Marketing, Vol. 66, No. 2, pp. 83-101.

Cao, Y. and Gruca, T. S. (2011), “Adverse Selection through Reducing Customer Relationship Management”, Journal of Marketing, Vol. 69, No. 4, pp. 219-229.

Christopher, M.; Payne, A. and Ballantyne, D. (1991), “Relationship Marketing, Bridging Quality, Customer Service and Marketing Together”, Butterworth- Heinenann, Oxford.

Dyche J. (2001), The CRM Handbook: A Business Guide to Customer Relationship Management, Addison-Wesley Professional.

Frow, P.; Payne, A.; Wilkinson, I. F. and Young, L. (2011), “Customer management and CRM: Addressing the dark side”, Journal of Services Marketing, Vol. 25, No. 2, pp. 79-89.

Gustafsson, A.; Johnson, M. D. and Roos, I. (2005), “The Effect of Customer Satisfaction, Relationship Commitment Dimensions, and Triggers on Customer Retention, The Journal of Marketing, Vol. 69, No. 4, pp. 210-218.

Harrison, L. J.; Walker and Neeley, S. E. (2004), “Customer Relationship Building on Internet in B2B Marketing: A Proposed Typology”, Journal of Marketing Theory and Practice, Vol. 12, No. 1, pp. 19-35.

Helgesen, Oyvind (2007), “Drivers of customer satisfaction in business-to- business relationships A case study of Norwegian fish exporting companies operating globally”, British Food Journal, Vol. 109 No. 10: 819- 837

Hinde, R.A. (1997), Relationship: A Dialectical Perspective, Psychology Press, Hove. Kotler, Ph. and Keller, K. (2006). Marketing Management, New Jersey:
Malhotra, N. K. (2004), Marketing research, New Jersey: Prentice Hal

Meier J. (1995), “The importance of relationship management in establishing successful inter organizational systems”, Journal of Strategic Information Systems, Vol. 4 no. 2: 135-148.

Ministry of Culture and Tourism, Tourism Statistics Bulletin 2003-2005, No. 8, Augst 2006, Addis Ababa

Mithas, S.; Krishnan, M. S. and Fornell, C. (2005), “Why do Customer Relationship Management Applications Affect Customer Satisfaction?” The Journal of Marketing, Vol.

69, No. 4, pp. 201-209.

Moorman, C., Deshpandé, R. and Zaltman, G. (1993), “Relationships between providers and users of market research: the role of personal trust”, Working Paper No. 93-111, Marketing Science Institute.

Ammari, N,(2014), Key factors for a successful implementation of a customer relationship management technology in the Tunisian hotel sector. Journal of Hospitality and Tourism Technology Vol. 6 No. 3, 2015 pp. 271-287

Ammari, N, & Nusair, K, (2015), Key factors for a successful implementation of a customer relationship management technology in the Tunisian hotel sector

Akroush, M. N., Dahiyat, S. E., Gharaibeh, H. S., & Abu-Lail, B. N. (2011). Customer relationship management implementation: an investigation of a scale's generalizability and its relationship with business performance in a developing country context. International Journal of Commerce and Management, 21(2), 158-190.

Ackfeld , A., & Coole, L. (2003). A study of organization citizenship behavior in a retail setting (electronic version). Journal of business research, 58 (2), 151-159

Asikhia, O. (2010), "Customer orientation and firm performance among Nigerian small and medium scale businesses", International Journal of Marketing Studies, Vol. 2 No. 1, pp. 197-213. 21.Adam, A. S., Stalcup, L. D., & Lee, A. (201 Relationship Management for Hotels in Hong Kong. Internationa Contemporary Hospitality Management, 22(2), 139-159.

Antonio, T, (2004),Factors influencing customer relationship management (CRM) performance in agribusiness firms. Thesis Publish, Purdue University.

Boulding, W., Staelin, R., Ehret, M., & Johnston, W. J. (2005), A customer relationship management roadmap: what is known, potential pitfalls, and where to go. Journal of Marketing, 69(4), 155– 66.

Brown, T.J., Mowen, J., Todd, D. & Licatta, J. (2002), "The customer orientation of service workers: personality trait determinants and effect on self and supervisor performance ratings", Journal of Marketing Research, Vol. 39 No. 1, pp. 110-119.

Chang, W., Park, E.J., Chaiy, S. (2010), How does CRM technology transform into organizational performance? A mediating role of marketing capability. Journal of Business Research, 63, 849-

Chang, T.M., Liao, L.L. and Hsiao, W.F. (2005), "An empirical study of the e-CRM performance influence model for service sectors in Taiwan", Proceedings of the 2005 IEEE International Conference on e-Technology, e-Commerce and e-Service, pp. 240-245, available at:

http://ieeexplore.ieee.org/stamp/stamp.jsp?tp¼&arnumber¼1402302& userType¼instv (accessed May 28, 2011).

Chang, H. & Ku, P. (2009), "Implementation of relationship quality for CRM performance: acquisition of BPR and organizational learning", Total Quality Management, Vol. 20 No. 3, pp. 327-348.

Croteau, A.M. & Li, P. (2003), "Critical success factors of CRM technological initiatives", Canadian Journal of Administrative Sciences, Vol. 20 No. 1, pp. 21-34. Creswell, J.W. (2009), Research Design: Qualitative, Quantitative, and Mixed Methods Approach, 3rd ed., Sage, Los Angles, CA

Peppers D, Rogers M & Dorf B. 1999: Is your company ready for One to One Mark Business Review. Manager‟ s Tool Kit, January/February: 3-12.

Rajab N., Simon M., and Kennedy N. (2014), Impact of Customer Relationship Management as a Strategy for Competitive Advantage in Kenyan Public Universities: A Case Study of Moi University

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

Robert, M., Liu, R., Hazard, K. (2005), Strategy, technology and organizational alignment: key components of CRM success. Journal of Database Marketing and Customer Strategy Management, 12(4), 315-26.

Robson Mekonnen (2012), customer relationship management and its relationship to marketing performance of the selected banks in Addis Ababa.

Ryals, L., &Knox, S. (2001). Cross-functional issues in the implementation of relationship marketing through customer relationship management. European Management Journal, 19(5), 534-42.

Robert Anuforo, Bashir M. Ogungbangbe, Georgina Edeoga(2015), A Study of the Impact of Customer Relationship Management on Bank Growth in Nigeria.

Reichheld, F. F. (1996), the Loyalty Effect, Boston, MA:Harvard Business School Press

Roberts, M., Liu, R., Hazard, K. (2005), Strategy, technology and organizational alignment: key components of CRM success. Journal of Database Marketing and Customer Strategy Management, 12(4), 315-26.

Sayed H., (2011).Customer relationship management and its relationship to the marketing Performance: International Journal of Business and Social Science 2 ,(10):-235.Kotler & Kevin Lane Keller, (2006), marketing management, published at Prentice Hall, New Jersey.

Salomoun, H. Kolbe, L. Dous, M., & Brenner, W. (2005),"Knowledge Management Capabilities in CRM: Making Knowledge For, From and About Customers Work", Proceedings of the Eleventh Americas Conference on Information Systems, Omaha, NE, USA August 11 th-14th 2005.

Storbacka, K. (2000) "Customer Profitability: Analysis and Design Issues." In J. N. Sheth & A. Parvatiyar (Eds.), Handbook of Relationship Marketing (pp. 565-586). Thous
Sage Publications.

Swift R (2001). Accelerating Customer Relationship using CRM and Relationship Technologies. New York: Prentice Hall Inc ISBN 0-13-088084-9.

Saunders, M., Lewis, P. and Thornhill, A. (2003). Research Methods for Business Students. 3rdEdition. New York: Pearson Education.

Shah, A.D. (2002), Customer Relationship Management: Practical tips for successful implementation, Info management Direct.

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

MASTERS OF MARKETING MANAGMENT

QUESTIONAIRE PREPARED FOR DATA COLLECTION

Researcher: ESUBALEW AYALEW GETE

Contact Address: +251-912763841

Email: esubalewayalew21@gmail.com

I am a student in Addis Ababa University School of Commerce. Currently, I am conducting a research for my partial fulfillment of master's degree in Marketing Management. The purpose of this questionnaire is to collect a primary data from four star hotel's in order to conduct a research under the title of "Impact's of Customer Relationship Management on Marketing Performance": The case of Selected four star hotels in Addis Ababa".

The questionnaire is designed to make completion as easy and fast as possible. The whole questions can be answered by simply making a tick in the space provided. The questionnaires shall be completed by Managers, and Employee's of four star hotel's.

I kindly request you to take your valuable time and complete the questionnaire. Your responses will be kept absolutely confidential. To this end, no name, phone number, email address or company name is required on the questionnaire.

Thank you in advance for your kind cooperation.

Sincerely Yours,

ESUBALEW AYALEW GETE.

Part One: Demographic Characteristics of Respondents

1. 1. What is your gender?   Male ☐ Female ☐

1.2. How old are you?

☐ 20 years and below

☐ 21-30years

☐ 31-40 years

☐ 41-50 years

☐ 51-59 years

1.3 Number of years you have been serving the Hotel'?

1-5 ☐ 6-10 ☐ 11-15 ☐ 16-20 ☐ More than 20 ☐

1.5 Educational background: (Your highest completed level of education)

☐ Master's Degree

☐ BA/MSC Degree

☐ Diploma

Part Two: Questions related to the perception of managers and employees on CRM in relation to marketing performance of Four star Hotels in Addis Ababa .

1	Questions about key customer focus in the hotel	Strongly Agree(5)	Agree(4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
1.1	Star hotel is good at listening and solving problems in customers best interests.					
1.2	Customer lifetime value is the essential criterion for key customer selection.					
1.3	Customers waiting time is given a special attention by your hotels					
1.4	Your hotels value customers and devoted to respond'the questions' of customers accordingly and timely.					
2	Questions about organizing around Customer Relationship Management in the hotel					
2.1	Your hotel commits time and resources to manage customer relationships					
2.2	Employee performance is measured and rewarded based on meeting customer needs and successfully serving them.					
2.3	There is a flexible organizational structure and arrangement to meet customers quality service					
3	Questions about Managing Knowledge in the Hotels					
3.1	Your hotel shares customer's information across all points of Contact.					
3.2	Your hotel owns well-trained and motivated employees to meet customers need obtained through knowledge management.					

3.3	Employees transform newly acquired knowledge into organization level knowledge.					
3.4	Your hotel is fully knowledgeable in understanding the needs of our customers and meets its customers' best interest.					
3.5	Star hotel performs collecting and analyzing customers' information, and used such information for developing highly personalized offerings.					
4	Questions about incorporating Technology-Based CRM					
4.1	Our computer technology can help to create customized offerings to our customers.					
4.2	The employees give much attention and prompts services to our customers irrespective of their status using online media.					
5	Questions about marketing performance in the Hotels					
5.1	Your hotels frequently measures and evaluates customers' satisfaction and takes the necessary measures accordingly.					
5.2	Star hotel is successful in retaining customers by providing perceived quality service and responding as per customers' best interest.					
5.3	There is strong devotion to standardize service delivery in your hotel.					
5.4	Your hotel develops systems for taking, evaluating and responding customer feedback timely on services providing.					

5.5	The hotel's marketing strategy is effective in promoting and attracting new customers.					
5.6	Marketing strategy of hotel's is successful in increasing market share and sales growth.					

1) How do you see your hotels efforts to build good relationship with customers depending on the knowledge obtained through database systems and any o means?---
----

----

2) Do you think that, hotels gives more emphasis on key customers and provides customized services for them? Yes No If your answer is "No"? Why and if your answer is Yes, would you please justify it.---
----

---.

3) Please give your suggestions, opinions or comments that you may have regarding how hotels will improve its service excellence and then after to obtain long lasting relationship with its customers to obtain those results: To obtain customer loyalty and retention, to pursue high market share against competitors and to increase its market sales?---------------------------
---------------------------- ---
----------------------------------- --
-- ---
