ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES OF HOTELS: A CASE STUDY OF SELECTED STAR HOTELS IN ADDIS ABABA

BY

Sosina Getachew

June, 2015
ADDIS ABABA, ETHIOPIA

CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES OF HOTELS: A CASE STUDY OF SELECTED STAR HOTELS IN ADDIS ABABA

By

Sosina Getachew

THESIS SUBMITTED TO ST. MARY UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

June, 2015
ADDIS ABABA, ETHIOPIA

Table of contents

Acknowledgement

The successful completion of this thesis would not been possible without the support, encouragement and cooperation from many individuals who assist me in diverse ways from the beginning to the end. First and foremost, I would like to express my sincere thanks to the Almighty father, for the strength and protection he provided me throughout my life. My next gratitude and appreciation goes to my advisors Dr. Abdurezak Mohammed, for his assistance, guidance and professional comments all through this paper. Please, accept my humble thanks.

Next, I would like to thank my lovely families, my coworkers and friends for their devotion to collect data from hotels.

List of Tables   page

List of Figures

Acronyms

CDM	Customer Differentiation Matrix
CRM	Customer Relationship Management
ETB	Ethiopian Birr
ERP	Enterprise Resource Planning
FBM	Food and Beverage Management
GDP	Gross Domestic Product
GSI	Growth Strategies International
ICT	Information Communication Technology
IT	Information Technology
KPI	Key Performance Indicators
MOCT	Ministry Of Culture and Tourism
PMS	Property Management System
POS	Point Of Sales
RMS	Restaurant Management System
ROI	Return on Investment
VIP	Very Important Person

Abstract

The new concept in these years brought a dramatic change in acquiring the variety seeking customers and the ever churn clients – Customer relationship management. CRM is emerging as the core marketing activity for businesses operating in fiercely competitive environments. Specifically in services sector the role of this concept is very essential to make customers acquaintance with the business for long. That is why the researcher was highly attracted to do in this topic. The purpose of this study was to know the practice of CRM in hotel industry for maintaining sustainable satisfaction and customer loyalty with reference to selected star hotels in Addis Ababa. The scope of this research is delimited to the current practice pattern of CRM components and their effect on satisfaction and loyalty. So, the impact of CRM on revenue and profitability of the hotels are not included under this research. The data was collected from both the managers and the guests who minimally stay in the rooms of the hotels. So, the respondents are selected using stratified sampling technique. In order to gather the relevant data, two hundred sample questionnaires and sixteen structured interviews were administered. One hundred fifty six of them were accepted and used as a valid base for the data analysis. And the collected data were classified, analyzed, and interpreted with the help of SPSS. And the result of the study shows that star hotels in Addis Ababa have a good trend of technology implementation. However, the emphasis given for people and business process aspect is low. Finally, with the current level of technology, process and people implementation, the hotels attain considerable degree of customer satisfaction and loyalty. The relationship between CRM components and loyalty was also reflected by using person correlation matrix.

Key words:** **customer relationship management (CRM), Hotel, technology, people, process, customer satisfaction and loyalty

CHAPTER I

INTRODUCTION

Under this part of the study; background of the study, statement of the problem, the research questions, research objectives, significance, scope and limitation of the study are addressed.

1.1.   Background of the Study

In the past decades, the challenge for businesses was optimizing production method to reply to growing demand, and using marketing techniques to capture customers within the market (Sheth & Parvatiyar, 2002 as cited in Ali Azari, 2008).

As a result of globalization of companies and the evolving recognition of client retention, market economies and customer relationship economics have brought a change in mainstream marketing (Grönroos, 1997). Kevin and Yen (2003) explain that over the past few years' relationship literature is shifted from focusing on long term benefits for companies to the benefits that accrue to customers. As a result of this, companies are bringing a basic change in the manner marketing is done i.e. from managing a market to managing a specific customer (Michael Lowenstein 2002). Establishing relationship helps to attract and build a position in the mind of the customer. So, the economic goals of the relationships are maintained. This phenomenon has greater prominence in hospitality industry than manufacturing and retailing industries (Grönroos, 1997).

"Hospitality is one of the segments within the tourism industry in which the process of customer retention is coming to be a strict mentality (Rahimi, 2007). Hotels are one of the most important institutions in the field of hospitality in providing services and also play a sufficient role in expanding the tourism industry and in improving and developing economic circumstances (Sotoudeh, 2006).

The hospitality industry is perfect for the application of CRM principles. By using customer relationship management, one to one marketing plans (with offering personalize services) and giving value-added services, firms can make guests satisfied, build long-lasting relationships with their customers and making themselves different from their competitors (Francese & Renaghan, 1990). CRM entails all aspects of interaction a company, sales or service related, has with its customer. It uses a technology to streamline processes that impact customer satisfaction, loyalty, service delivery and quality management (Anuj et al, 2010).

Today we are under the age of which customers need their stay more exciting and look beyond any freebie or rewards offered. Modern hotels are those that can build a relationship with their customers that make them to come again and again. Due to this, the accommodations found in modern hotels are far beyond a room with only a bed, a cupboard, a small table and a washstand, what we know in the previous eras. Currently, it's not a big surprise if we find rooms with en-suite bathrooms and climate control, telephone, an alarm clock, a TV, and broadband internet connectivity. All these are the effect of unstoppable change in the industry (Rahimi, 2007).

While thinking about good customer treatment and satisfaction, hotels of the globe use not only the above infrastructures; rather different forms of customer relationship management systems that make guests stay more memorable.

Customer relationship management is one of those magnificent concepts that swept the business world with the promise of forever changing the way businesses, are done across the globe. In short term, however, it proved to be an awkward process that was better in theory than in practice for a variety of reasons. First, it was difficult and sometimes expensive to consistently update and keep track a large volume of customer data accurately. Currently, due to the existence of firms which offer cheap CRM systems, which made CRM programs uncomplicated (Anuj et al, 2010).

The objective of CRM is to recognize and treat each and every customer as an individual. Any business must have to know how to differentiate customer treatment according to individual preferences. For differentiating customer treatment and pouring purchases higher, the companies should offer personalized service and customized products. Getting closer to customers and

effectively responding to their needs is a great way to advance their devotion and initiate deeper business relationship. Most companies believe as they are being customer-focused and believing that they serve the customer in proper manner. But eventually, being customer focused means to have a reliable, dependable and convenient interaction with customers in every point of sale. CRM technologies focus on managing all interactions that an organization has with its client, in order to influence the data in a variety of business applications. Where a profitable relationship already exists, CRM can especially, boost superior service at a lower cost (Patrick and Amer, 2005).

As a result, Ethiopian hotels have also a half decade experience in the implementation of different forms of customer relationship management in order to cope up with the ever changing dynamic global business environment and grab benefits provided by CRM like customer satisfaction and loyalty, increasing revenues, decreasing costs that all these benefits for a hotel can be a source of sustainable competitive advantage (Menasie, 2002).

1.2.   Statement of the problem

Today's service industry has expanded to such an extent that it is to be the world's largest industry, with high number of employees and bringing a lot of revenue for countries like Ethiopia (Yeshiwond, 2009). According to the Ministry of Culture and Tourism (MOCT) of Ethiopia, the service sector contributes 42.2% of the total gross domestic product (GDP) of the country for the fiscal year 2009. Whereas, according to the assessment made on tourism data and expenditures of tourists, the country has obtained on an average about 411 million US dollars which is 23.5% of Ethiopia's average export from the year 2007 to 2011. This represents a greater contribution than some of the export products such as hides & skins, pulses, flower and khat (NBE,2012/13).

In the hotel industry, the basic products (rooms) are closely similar. When comparing hotels with the same quality level, the other soft factors like personal treatment; personalization and one to one marketing will be the base for differentiation. To enhance profitability and guest satisfaction, hotels now adays focus on implementing different strategies that aim to seek, gather and store the right information, validate and share it throughout the entire organization and then use it in all organizational levels for creating personalized, unique guests' experiences (Rahimi, 2007). In

current Ethiopia case hotels do not give the appropriate emphasis on the practice of customer relationship management components, which will have a negative effect on customer satisfaction and loyalty in the long run.

Customer satisfaction and loyalty occurs when customers find each company to be more responsive and more in touch with their specific needs. If their need is satisfied, customers will come back again and customer retention, which is valuable for both business and customers, will achieve. For business it is cheaper to keep existing customers happy than to attract new ones. Dyche (2001) stated that five-percent increase in customer retention results in a 25 to 95 percent increase in profits. On the other side, for a customer, being loyal for one organization resulted in, reduces the risk of service variability, and allows for the development of a social rapport with the provider, and the customization of services to his/her specification (Berry, 1985). Similarly, a study conducted in Singapore showed that, many companies in different industries (mainly in services and manufacturing sectors) are losing up to 50% of their customers over a five year period due to lack of excellent relationship between both parties (buyer and seller).

Now a day, the hotel industry is boosting; as a consequence users have many choices to prefer and as a result of this, they are focusing on the quality of service. So to be competitive in the flourishing market, CRM is the exclusive solution. However, customer relationship management practice, particularly in hotel industry, is very challenging. A successful CRM strategy cannot be implemented by only installing and integrating of software packages, it needs coordination along with the business operations, strategy and customer acceptance. Due to this there is unbalanced practice of CRM components which makes a gap to the other franchised business of other countries (Menasie 2002)

Ethiopia is becoming the most attractive tourist site and many tourists are flowing to the country from all over the world. These visitors are in need of having comparable services they are familiar with. It is obvious that fruitful practice of CRM by the hotels is believed to enhance customers' satisfaction and retention thereby increases competitiveness and profitability of the hotels.

Researches that have been conducted in the hotel industry both by academicians and practitioners, focus on the transactional marketing rather than relational or what specialists in marketing say the kotlerism approach (Relationship + the 4p's paradigm) (Yeshiwond, 2009). Therefore, the researcher

would like to assess the status and ways CRM has been put into practice by the hotels in Ethiopia by taking three to five star hotels in Addis Ababa.

To this end, the researcher addressed the following research questions:

1. What is the importance of one to one marketing on customer loyalty and retention?
2. Is there a difference in CRM practice among three, four and five star hotels?
3. How is the current level of customer's satisfaction in relation with the practice of CRM in the three separate hotel groups?

1.3.　　Objectives of the study

The general objective of the research was to assess the customer relationship management practice of hotels in Addis Ababa city (by taking the case of three to five star hotels).

The specific objectives of the research were:

➢ To explore the application of one-to-one marketing in the industry and its effect on retention and loyalty.
➢ To examine the customer satisfaction and loyalty with the given level of people, process and technology.
➢ To identify the difference in CRM practice among three, four and five star hotels.

1.4.　　Significance of the study

Nowadays, CRM plays a great role in modern marketing. Given that the countless theoretical and empirical supports from literatures, studying customer relationship management in hotel industry is crucially important. Therefore the outcomes of this study are having a number of significance.

1. Help the management of hotels under study, to identify any performance gaps in their customer management efforts and hence take corrective actions.
2. May provide important insights to those involved in the industry to better understand the strategic nature of CRM.
3. Being as an eye breaker on the subject, it may serve as an important springboard for researchers who want to investigate the subject further.

4. Give general and specific recommendations that may help the hotels to improve their customer management.

In general, the outcomes of this study are relevant to the works of managers and researchers by providing the aforementioned significance.

1.5. Scope of the study

Even if a broader research that encompasses all the hotels involved in the sector would give a more holistic view on the subject; however, due to the broadness of the subject to be studied and to achieve the objectives of the study within the timeframe, certain delimitations were made by the researcher. First, the study was restricted to Addis Ababa town in geographical sense. Second, even though there are a lot of one and two star hotels in the town, the study focused on the application of CRM on those hotels which are three to five stars only. Third the study takes customers who uses room service in the hotels Finally, we know that there are a lot of factors which affect the activity of hotels but the theoretical framework of this study is delimited only on the customer relationship management activities of hotels and its output on satisfaction, retention and loyalty. So, other aspects related to the influence of CRM on revenue or profitability of the hotels are not included under this study.

1.6. Limitation of the study

This research work is subject to many limitations. This study doesn't consider the relationship between age and other variables like price sensitivity and their effect on loyalty. Generally, the effect of factors other than people, process, technology and one to one marketing on loyalty is not considered.

CHAPTER II

REVIEW OF RELATED LITERATURE

This part of the research tries to show the empirical and theoretical literature about customer relationship management and the conceptual framework of the study.

2.2. Theoretical Literature

2.2.1. Transactions to relationships – the paradigm shift in marketing

In recent years, the spotlight of marketing is re-conceptualized from focusing on transactions to a relationship based discipline (Sheth and Paravatiyar, 1995a, b). Nowadays, literatures that show the importance of relationship management theory on industrial and service marketing are growing (Christopher et al., 1991). Relationship marketing approach requires companies to move from the traditional approach that focuses on short-term transactions with a defined beginning and ending to a long-term customer relationship focused approach. Moreover, in western economies, the market has been transformed by the advent of the post-industrial society in which mass markets have become more fragmented, with many matured markets (Gronroos, 1999) and where customers have sought a more customized and less-anonymous approach. In addition, the marketing shift towards a more relational approach is resulted in: a more sophisticated and knowledgeable customers, dramatic advances in information communication technology, and increased competition between service providers (Gordon, 1998).

The relationship marketing approach concerned with the functional interactions between customer and the product with the aim to achieve high sales volume through effective management of the marketing mix (Higgins and Smith, 2000). The primary objective is to drive sales; and the determinant of success is the number of transactions, revenue and profitability usually, with a relatively short term focus. However, in the relationship marketing approach, the exchange paradigm is seen as inadequate and it recognize the involvement of customers in the production, and the pre and

post utilization processes (Sheth and Paravatiyar, 1995b, p. 397). As Sheth and Paravatiyar (1995a) state, "the more process oriented and value created, rather than outcome oriented, marketing paradigm needs to be developed".

Berry (1983) defined relationship marketing as; "attracting and retaining customers and creating multi service organizations to enhance customer relationships". Over recent years, the growth of interest towards relationship marketing is boosting. This indicates that relationship marketing has become the core point of contemporary marketing thought. With the potential to create and increase the value of products and services, relationship marketing is becoming a dominant concept in fast growing service economies.

2.2.2. Definition of Customer Relationship Management

Now days, marketing is one of those important disciplines of a successful management. It affects the society in countless ways by developing new products and delivering advanced service; help organizations to understand the needs and preferences of the people; helping the people to find products and services that help to satisfy their needs; communicating information that makes people lives more efficient; creating transactions that generate job and wealth. But marketing goes against ethics of the society such as; addiction, unhealthy obsessions and the impact of the people on environment and the community we live (Wilson, et al, 2002)

Marketing, based on its nature, involves voluntary "exchange" relationship where both parties must be willing. The parties must be able to communicate which could be through different instrument. Therefore, in today's highly dynamic environment, businesses needs to better understand and retain their customers, which make them profitable in the long run. This understanding best meets through a strategy called customer relationship management (CRM) (Crotear & Li, 2001)

CRM can be defined as;

"An enterprise approach for understanding and influencing customer behavior through meaningful communications for improve customer acquisition, customer retention, customer loyalty, and customer profitability". The word "enterprise", in the definition above, connotes, CRM is an approach that must be integrated into everything a company does and must involve the entire company" (Swift, 2001).

"The integration of technologies (data warehouse, web sites, intranet/extranet, telephone support system, accounting, sales, marketing and production) and business processes used to satisfy the needs of a customer" Bose (2002).

Whereas, Greenberg defines CRM as; an enterprise-wide mindset, mantra, and set of business process and policies that are designed to acquire, retain and service customer. CRM is not a technology, though technology is a CRM enabler"(Greenberg, 2001, p.14).

"CRM is about managing customer knowledge to understood and serve them. It is an umbrella concept that places the customer at the center of an organization. Customer service is an important component of CRM; however, CRM is also concerned with coordinating customer relations across all business functions, points of interaction, and audiences" (Bose & Sugamaran, 2003, p.4).

However, there is no universal explanation of what CRM is, since the area is fairly new and still under development. It is therefore important to know that numerous attempts of defining CRM exist and that many organizations adapt the definition to their own business and their unique needs (Wilson, et al., 2002).

Generally, CRM as a concept enables an organization to tailor specific products or services to each individual customer. In the most advanced scenario, CRM may be used to create a personalized, one to one experience that will give the individual customer a sense of being cared for, thus opening up new marketing opportunities based on the preferences and history of the customer (Wilson, et al., 2002).

In the era when maintain customer loyalty has been a sale principle, customer relationship management is actually becoming a tremendous step which forward firms in creating a system they desire, for developing loyalty, in a world of nearly 6 billion souls (Crotean &Li, 2001). In order to

understand CRM, you must also understand the changing nature of the customer because customers are not what they used to be (Greenberg, 2001).

2.2.3. Overview of One-to-one marketing

One-to-one marketing (sometimes expressed as *1:1 marketing*) is a customer relationship management strategy emphasizing personalized interactions with customers. The personalization of interactions is thought to foster greater customer loyalty and better return on marketing investment. The concept of one-to-one marketing as a CRM approach was advanced by Don Peppers and Martha Rogers in their 1994 book, *The One to One Future*.

Only the term is new; the approach is almost as old as commerce itself. In the past, for example, proprietors of a general store would naturally take a one-to-one approach, remembering details about each customer's preferences and characteristics and using that knowledge to provide better service. One-to-one marketing seeks to reinvest marketing with the personal touch absent from many modern business interactions (http://searchcrm.techtarget.com/definition/one-to-one-marketing retrieved at 04-03-2015).

2.2.3.1. The Five "I"s of One-to-one marketing

According to Don peppers and Martha (1994) there are four principles of one to one marketing,
1. Identify your customers

2. Differentiate them by what they need and by their value to you

3. Interact with them, and

4. Customize your product or service to meet their individually expressed needs.

According to Don Peppers and Martha Rogers (2002), this approach develops mixes that replace or at least complement the 4 "P"s of traditional marketing. These five 'I's includes: Identification, Interaction, Individualization, Integration, and Integrity.

Explanations of how these terms would apply to the discipline of 1to1 marketing are stated below.

o **Identification.** Is a step in which marketers try to know who their customers are, in as much detail as possible. Not only name, telephone and other addressable characteristics, but hobbies, way of life, habits and preferences of the client. Identification is not just a snapshot - a one-time questionnaire, but across all contacts through all media, across every product line, every location, and every division. This is not simple "targeting" rather the ability to know each customer and relate this customer knowledge with organizational products or services across the company and throughout the duration of the customer's relationship with the firm.

o **Individualization:** Customers are different in two principle ways. First, what they want from the enterprise is different, and second, they provide different benefits to the enterprise. So, once a firm's customers have been identified, the next step is to tailor the firm's approach to each customer, offering a benefit to the customer based on the result of need assessment, and finally, expending maximum effort to keep, and grow the customer's business based on the customer's long-term value to the enterprise. The more differences exist among an enterprise's customers, the more compelling and cost-efficient it will be for the firm to individualize.

o **Interaction:** In order to know the articulated and non-articulated needs of the customer, dialogue with a customer is necessary. So, the enterprise should provide deep emphasis for all information we gather from the customer to gain an understanding of the overall needs and the customer's strategic (or potential) value to the firm. Whatever medium is used, the interaction is used only to build the relationship. So, the firm never has to ask the same question twice. The one to one enterprise will concentrate on improving both the cost-efficiency of interaction and its effectiveness. The tremendous cost-efficiency and exploding acceptance of the World Wide Web now makes this an extremely compelling vehicle for practicing 1to1 marketing.

o **Integration:** All aspects of the firm's behavior toward each customer must be driven by the firm's knowledge of that individual customer. The company that commits to 1to1 relationships with its customers will not be able to operate solely within discrete functional or product units. Rather, it must coordinate all its activities with respect to each customer, one customer at a time. This has immense implications for managing the enterprise. The initiatives taken in the future must be coordinated by customer rather than simply by product or division. For instance, in transitioning from traditional marketing toward 1to1 competition, a firm should start with just a few customers, probably the most valuable ones, and first create 1to1

relationships with them. As the firm refines its ability to individualize, and to gain more insight through customer dialogue, it will roll the program out to its next most valuable customers. One important incentive toward enterprise integration would be for the firm to create a new set of metrics oriented around customer equity (that is, the underlying value of the customer base) rather than just measuring product sales or market share.

o **Integrity:** integrity in one to one marketing is different, in degree, from the case with traditional marketing. The customers of a one to one relationship marketer must collaborate with the enterprise, and this means the enterprise must secure the trust of its customers. So, integrity is crucial to the 1to1 marketer. If you can't gain and keep a customer's trust, the customer won't be willing to share enough information in a dialogue to sustain a 1to1 relationship. The 1to1 marketer never violates a customer's privacy or abuse the information acquired about the customer.

2.2.4. CRM Objectives

Different authors state different answers for the question "why firms implement CRM?" But all the answers revolve around the six objectives provided by Greenberg.

Greenberg (2001) states that the following objectives seem reasonable for an organization implementing CRM:

1. Increased revenue

Focus the sales force on increasing organizational revenue through better information and better incentives to drive top line growth.

2. Improved global forecast and pipeline management

Improve information access, forecasting and pipeline management to improve organization's ability to close deals.

3. Improve win probability

Improve the focus of organizational sales efforts with better information to close deals.

4. Reduce cost of sales

New technologies can lower the cost of deploying sales automation solutions and at the same time improve the effectiveness of organizational sales efforts.

5. Increase sales representative productivity

Reduce the steps involved in tracking and quoting customer data with integration of sales capabilities across the organization.

6. Promote sales representative retention

Empower organizational sales force to proactively track and monitor their performance and compensation levels to better motivate them to achieve goals and be successful within their positions and for the organization.

2.2.5. Components of CRM implementation

In this contemporary era, every company should be able to satisfy and even exceed customer's expectation. This requires 360 degrees view of the customer and calls for implementation of Customer Relationship Management model that integrate the key dimensions of people, process and technology within the context of an enterprise-wide customer-driven, technology-integrated, cross-functional organization. Each component presents significant challenges, but it is the ability to integrate all three components that makes or breaks a CRM system (Goldenberg, 2002).

Fig. 1 Components of CRM and Implementation model
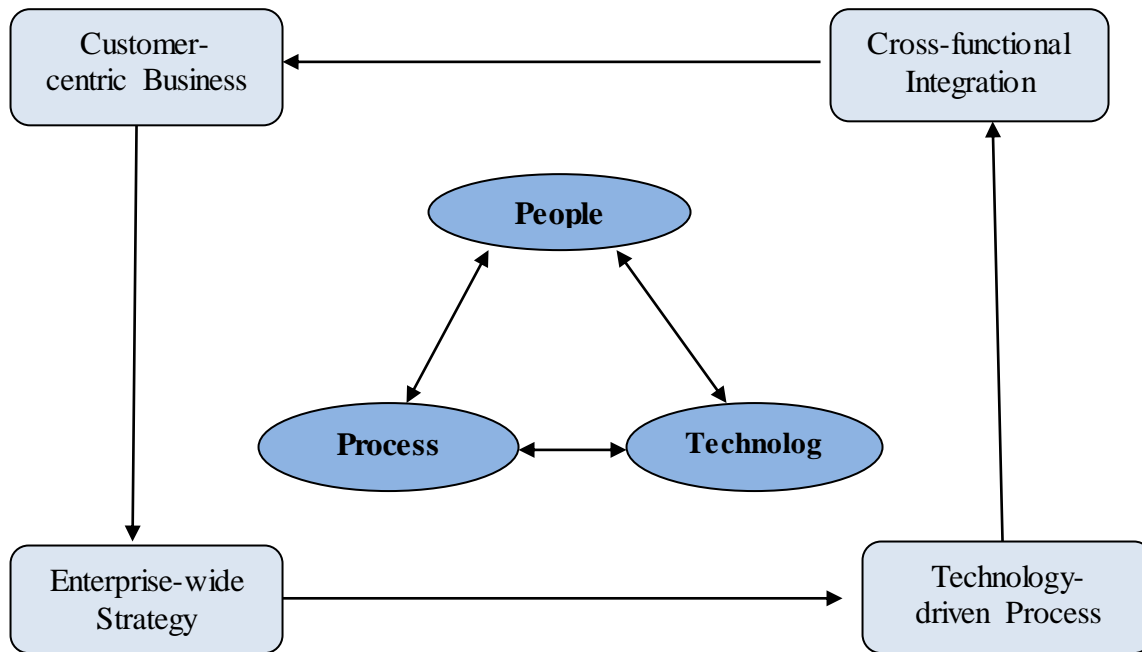
(Source: Thomas and Karla, 2005)

2.2.5.1.   Technology

Davenport and Short (1990) stated that information technology (IT) for a very long period of time been seen and recognized as an enabler to make firms radically re-engine their business process. It helps to achieve dramatic efficiency and improvement in performance. Many people believe as CRM is synonymous to information technology and in most cases the core of it.

The push towards better CRM technologies is a natural result of the search for businesses for greater productivity and efficiency in customer-facing operations like sales, marketing, customer service and support (Greenberg, 2004). The rapid rate at which CRM technologies are evolving gives businesses many tools which can enable them to enhance customer relationships. According to Trepper (2000) CRM technologies are designed to automate sales and service functions, aggregate customer information into data warehouses and data marts, and manage collaborations with customers through an expanding number of interaction points.

Hammer and Champy (in Thomas and Karla, 2003) emphasized that information technology assists and supports business process re-engineering, thus facilitating work practice changes and adapting innovate ways the link a company with its customers, suppliers and other stakeholders. Chen and Popovich (2003) argued that CRM application is capable of leveraging innovations in technology to gather and analyze customer data patterns, interprets customer behavior, develop predictive models, respond with timely and effective customized communications, and deliver product and service value to every individual customer.

Peppard (2000) suggest that technological advances in global networks are key and critical to e-business and CRM growth. The core functionality of a CRM product is its ability to maintain a single, cohesion view of the customer for the customer-facing functions of sales, service and marketing (Trepper, 2000). This view is shared by Eckerson and Watson (in Chen and Popovich, 2003) that the use of technology can make companies enhance and optimize their interactions with customers by creating an integral view of customers to learn from their past interactions to optimize future ones.

It is also important to note that technology does play a significant role in CRM efforts, by, among other things, seamlessly linking front (e.g. sales) and back office (e.g. logistics) functions to provide for the efficient and effective management of interactions across different customer touch-points (Chen and Popovich, 2003). CRM technology enables firms to harness the power of database, data mining and interactive technologies to collect and store unprecedented amount of customer data, build knowledge from the data, and disseminate the resulting knowledge across the organization (Bose, 2002). Thus, it seems that both over and underestimating that role that technology plays in CRM initiatives can have detrimental effects on firms' relationship management efforts.

2.2.5.2.   Business process

A business process refers to a collection of tasks or activities that together result in a desired business outcome (Hammer, 1996). It could also mean a group of activities that convert organizational inputs in to desired outputs. The process component of CRM is the most delicate because inappropriate automation of the CRM business process will only speed up the errant process. While most companies do have customer-facing business process (i.e. processes that directly interface with the customer during the purchase, payment and usage of the company's products and

services), many times these business processes need to be updated or even replaced (Goldenberg, 2002).

Processes are often difficult to implement and manage formally in an environment with many sales and marketing people. But clearly, consistent processes are essential to all areas of customer relationship management and despite the technological perspectives; the philosophical bases of CRM are relationship marketing, customer profitability, lifetime value, retention and satisfaction created through business process management (Chen and Popovich, 2003). According to them, CRM is a continuous effort which requires redesigning core business process starting from the customer perspective and involving the dynamic customer feedback.

In fact, companies have been repeatedly warned that failure is eminent if they believe that CRM is only a technology solution (Goldenberg, 2000). To realize effective process change, a company needs first to examine how well existing customer-facing business processes are working. Then the company needs to redesign or replace broken or non-optimal process with ones that have been created and/or agreed upon internally (Goldenberg, 2002). Also, processes need to be constantly reviewed for acceptability from both customer's point of view and organization's perspective. Optimizing customer relationships requires a complete understanding of all customers; profitability as well as non-profitable, and then to organize business processes to treat customers individually based on their needs and their values (Renner in Thomas and Karla, 2003).

Companies pursuing a CRM initiative often make the dangerous mistake of trying to correct their own customer-facing process deficiencies. The do this, not by agreeing internally on how users would like a process to be done, but rather by purchasing CRM software that contains one or more business processes that have been pre-built by the CRM vendor. By doing this, they force the "not-built here" process upon system users (Goldenberg, 2002).

2.2.5.3. People

While both technology and business processes are critical to successful CRM initiatives, it is the individual employees who are the building blocks of customer relationships (Chen and Popovich, 2003). The people component is the most difficult component given the sensitivity of users to

change. CRM systems, which support and/or automate integrated customer process, often, imply changes in the way users do their day to day jobs. Users who have not properly understood the reasons for the change, who do not participate in formulation of the change, who do not receive sufficient information about the change, or who do not get sufficient training on the change will often be adverse to that change. The story of "the rotten apple spoiling the lot" is relevant here since negative feedback can substantially harm a CRM systems success (Goldenberg, 2002). An organization's customer management, people need to be recruited, managed, developed and motivated within a supporting structure. Commitment from top level management is a requirement and crucial to the success of CRM. As a result customer-centric management requires top management support and commitment to CRM throughout the entire CRM implementation (Chen and Popovich 2003).

CRM projects require full-time attention of the implementation project team with representatives from sales, marketing, manufacturing, customer services, information technology, etc. (Chen and Popovich 2003). In addition, project teams require not only sponsored by top management but also a project champion that can persuade top project teams assist companies to integrate their core business, combine related activities, and eliminate the ones that don't add value to customers.

CRM initiatives require vision and each and every employee must understand the purpose and change that CRM will bring. Re-engineering a customer-centric business model requires cultural change and the participation of all employees within the organization. Some employees may opt to leave; others will have positions eliminated in the new business model. Successful implementation of CRM means that some jobs will be significantly changed. Management must show its commitment to an ongoing company-wide education and training program. In addition to enhancing employee skills and knowledge, education boosts motivation and commitment of employee and reduces employee resistance. Additionally, management must ensure that job evaluations, compensation programs and reward systems are modified on a basis that facilitate and reward customer orientation. After all, how people are measured will determine their behavior (Chen and Popovich 2003).

By rethinking the quality and effectiveness of customer-related processes, many organizations began to eliminate unnecessary activities, improve outdates processes, and redesign activities that had failed to deliver the desired outcomes. Then, by re-creating the process through an understanding of

the capabilities of the technology, the outcomes were more predictable and the promises for meaningful ROI more substantial and realistic. The metrics for success become the improved effectiveness in serving the customer (www.darwinmag.com).

2.2.6. Benefits of CRM

The real value a company gains lies in the value they create for their customers and in the value the customers deliver back to the company. Accordingly, it is important to mark that the value does not lie in more information and in more advanced technology, the value lies in the customer knowledge and in how the companies use that knowledge to manage their customer relationships. According to Newell (2000) knowledge is the sole of CRM.

Few companies are transforming the information to customer knowledge but, unfortunately, they fail when they change it to customer value. However, if applied in the right way, CRM is the tool that contributes to profit. If companies are transforming the customer data into knowledge and then uses that knowledge to build relationships it will create loyalty, followed by profit (Newell, 2000).

In today's competitive business environment, a successful CRM strategy cannot be implemented by only installing and integrating a software package designed to support CRM processes. A holistic approach to CRM is vital for an effective and efficient CRM policy. This approach includes training of employees, a modification of business processes based on customers' needs and an adoption of relevant IT-systems (including soft and hardware) and/or usage of IT services that enable the organization or company to follow its CRM strategy (Chen and Popovich 2003).

Besides all the above, getting to "know" each customer through customer centric business strategy helps the organization to proactively and consistently offer more products and services for improving long customer life time and loyalty with the company.

2.2.6.1.   Customer Value

Real customer relationships, those that result in the customer feeling a genuine sense of loyalty to the firm, are predicated on a series of satisfying experiences with the company. Relationships are not developed overnight. Until the customer senses some attachment to the company, then no

relationship can be said to exist (Chen and Popovich 2003).

Chi et al. (2004) defined customer value as a customer-perceived preference and evaluation of product attributes, attribute performances, and consequences in terms of the customer's goals and purposes. According to Chi et al, there have been limited studies to examine the differential effects of individual dimensions of customer value on the specific dimensions of CRM performance. They argued that investigating key dimensions of customer value and their effects is very critical and important since the delivery of superior customer value can involve significant costs for firms. Also, even though, firms recognize the fact that superior customer value can lead to higher profits, they may be a bit skeletal since it can lead to profit reduction.

Delivering superior customer value has become an ongoing concern in building and sustaining competitive advantage by driving customer relationship management (CRM) performance. Driven by customers demand, keen competition and rapid technological change have sought to deliver superior customer value. Based on this, the role of the customer has changed from that of a mere consumer to a multi-faceted role as consumer, co-operator, co-producer, co-creator of value, and co-developer of knowledge and competencies, which implies a much more important position of the customer than ever. Hence, firms are seeking to retain existing customers and attract new customers by targeted value creation activities (Chi et al, 2004)

Ryals (2001) affirms that CRM creates value for the customer. The customer will benefit from product and/or service offered, which are targeted to meet individual needs and from improvements in customer service. There are a number of ways in which customer service can be improved through CRM. This includes reliability, security, efficiency, and communication as well as quality control and service monitoring. CRM systems also act as an 'organizational memory' about the customer. This can benefit the customer by reducing the amount of repetitive form-filling that the customer has to do. Customer preference can also be kept on record, making placing an order quicker and easier for the customer. The use of CRM to provide added value to customers can be directly linked to improved profitability and value based marketing for the company.

Apart from the value CRM creates for the customer, it can also bring operational benefits and boost

company performance; this, in turn, can increase customer satisfaction and long- term success through longer and closer relationships. In addition, customer data analysis enables organizations to identify the customers it does not want to have. In this regard, companies have to know that customer profitability varies and that not all customers are equally desirable. However, it is only with the advent of powerful systems that they are able to quantify and track customer profitability, and forecast customer lifetime value at the individual level. Previously, companies could only say that customers of a certain type were likely to be more commercially attractive; now they can pinpoint the individuals who are the most attractive customers (www.cranfield.ac.uk, 2004).

2.2.6.2. Customer Satisfaction

Kotler (2000) defined satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. When customers become satisfied from the value that is offered and when his/her expectation is met or exceeded, they can generate many benefits for a firm (Bateson and Hoffman, 2002). According to them, positive word-of-mouth coming from satisfied existing customers can translate into more new customers. Also, satisfied current customers often buy more products more frequently and are less likely to defect to competitors. According to Bateson and Hoffman (2002) firms that have high degree of customer satisfaction, also seem to have the capacity to shield off competition particularly price competition.

Kotler (2000) pointed out that it is important to conduct regular customer satisfaction survey to determine customers' current level of satisfaction. He said this is because firms may think that they are getting a sense of customer satisfaction through customer complaints. However, in reality, 95 percent of dissatisfy customers do not make any complain rather they just leave. On the other hand, from 54 to 70 percent of dissatisfy customers will continue to do business again with the organization, if their complaints are taken care off and resolved.

2.2.6.3. Customer Retention and Loyalty

Bateson and Hoffman (2002) define customer retention as; focusing a firm's marketing efforts

towards the existing customer base. This explains the view for maintaining existing customers satisfied so as to create and maintain long-term relationships instead of trying to acquire new customers. Lovelock et al (1999) describes loyalty in business context as; the willingness of a customer to continue patronizing a firm's goods and services over a long period of time on a repeated and preferably exclusive basis and voluntarily recommending the firm's products to friends and associates. In their view, customers will continue to be loyal to a particular firm, if they feel and realize that better value is being offered.

Many organizations overspend on courting new customers and under-spend on retaining existing customers (Kotler, 2003). Many advertising campaigns and strategies are designed with new clients in mind as opposed to existing customers. Some organizations have formal incentives and even entire departments dedicated to identifying and developing what has become known as "new business," while no one seems to be responsible for retaining existing customers who, once acquired, may be neglected. In reality, 80 percent or more of marketing budgets are often earmarked for attracting new customers, leaving only 20 percent allocated to retaining existing customers (Weinstein, 2002) – despite the wide array of practices available to retain customers (Claycomb and Martin, 2002).

While it is critical for a business to replace lost customers and discover expanding markets, this objective can be pursued without necessarily sacrificing the goals of maintaining relationships and retaining existing customers. In her paper discussing customer switching behavior, Keaveney (1995) found that service-related problems such as inconvenience, core service failures, failed service encounters, and response to failed service accounted for more than two thirds (67.8 percent) of the reasons why customers switch service providers. Contrary to popular belief, pricing was related to only 17.1 percent of switching behavior. Once, marketers realize that many customers leave primarily due to service-related reasons, these issues become highly controllable from the firm's perspective (Weinstein, 2002).

Kotler (2000) state, the critical factor for attaining customer loyalty is customer satisfaction because a customer who is highly satisfied will exhibit the following characteristics:
1. Stay loyal longer
2. Buys more as the company introduces new products and upgrading ones

3. Talks favorably about the company and its products

4. Pay less attention to competing brands and advertizing, and is less sensitive to price

5. Cost less to serve than new customers because transactions are routine.

Bateson and Hoffman (2002) noted that firms must put in place effective tactics for retaining customers and subsequently making them loyal. They mentioned tactics such as maintenance of proper perspective, remembering customers between calls, building trusting relationships, monitoring the service delivery process, responding swiftly to customers in need and provision of discretionary effort.

2.2. Empirical Literature

The core theme of all CRM and relationship marketing perspectives is its focus on co-operative and collaborative relationships between the firm and its clients, and/or other marketing intermediaries which actively involved in the process. CRM is based on the premise that, through a better understanding of the customers' needs and preferences, we can keep them retained for longer period and sell more to them. So, this execution of CRM needs implementation of the three CRM components. Gilbert *et al.* (1999), presents technology as a framework for the application of the relationship marketing model in hotel Industry. Whereas, according to Stock and Hoyer (2005), the service provider's should be able to help its customers, which leads not only to higher customer satisfaction and being positively related to employee performance but also to a level of emotional commitment of these customers to the firm. Statistical analysis performed by Growth Strategies International (GSI) in 40 countries by info-quest shows a fully satisfied customer contributes 2.6 times much revenue to a company than a bit satisfied customer.

After all, according to Limayew (2004), a good mix of CRM should be implemented in order to fetch from the success of CRM strategy. He also proposes a mix of 70% people, 20% process and 10% technology. If so, firms can satisfy and retain customers.

On the other hand, several research studies have shown that all customers are not equally profitable (in fact in some cases 80% of the sales come through 20% of the customers). Therefore, the company must be selective and tailor its marketing programs and other efforts by segmenting and selecting appropriate

customers. The company must therefore be selective and tailor its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs. In some cases, it could even lead to outsourcing of some customers so that a company better utilize its resources on those customers it can serve better and create mutual value. However, the objective of a company is not to really prune its customer base but to identify appropriate customer programs and methods that would be profitable and create value for the firm and the customer (Osman and Hemmington, 2008).

In addition, in Rahimi's (2007) study of "Feasibility on the application and implementation of CRM in hotel industry" the following conclusions were made:

- o Hotel industry is experiencing increased globalization, competition, higher customer turnover, growing customer acquisition costs and rising customer expectations.

- o Implementing CRM in the form of gathering information for personalization of services, using one to one marketing plans, improving guest services and support and using IT for giving more services in hotels will increase customer satisfaction, loyalty, and retention.

- o Customer loyalty to one organization reduces the risk of service variability, allows for the development of a social rapport with the provider, and the customization of services to his/her specification.

2.3. Introduction to the hotel industry

Hotels have a very long history, but not as we know today, way back in the 6th century BC when the first inn in and around the city of London began to develop. The first catered to travelers and provided them with a mere roof to stay under. This condition of the inns prevailed for a long time, until the industrial revolution in England, which brought about new ideas and progress in the business at inn keeping.

The invention of the steam engine made traveling even more prominent. This had to more and more people traveling not only for business but also for leisure reasons. These lead to the actual development of the hotel industry, as we know it today (Magnini, et al, 2003)

Hotel today not only cater to the basic needs of the guest like food and shelter provide much more than that, like personalized services etc. Hotels today are a "Home away from home".

2.3.1. CLASSIFICATION OF HOTELS

Besides to exceptional hotels, there are five levels of star hotels in the globe. This part of the literature review will see them in detail.

2.3.1.1.   Five star hotels

The façade, architectural features and genera; construction of the building, and adequate parking space should have the distinctive qualities of a luxury hotel category. The hotel should have at least 25 bed rooms, all with the well-appointed attached bathrooms with long baths or the most modern shower chambers, with 24 hours service of hot & cold running water. All public and private rooms should be fully air-conditioned (except hill station) and should be well appointed with superior quality carpets, curtains, furniture etc. in good taste. There should be adequate number of lefts in the buildings. There should well –designed equipped swimming pool, all the fittings & furniture's are must of highest standard (http://www.scribd.com/doc/42273487/Kena-Shah).

The facilities in this category should have a reception, cash and information counter attended by highly qualified, trained & experienced personal, conference room/banquet halls & private dining rooms. There should be the book stall, beauty parlor, barber shop, Recognized travel agency, money changing & safe deposit facilities. Florist and shop for toilet requisites and Medicine on the premises. There should be telephone; music system & TV in each room. Where ever permissible by law, there should be an elegant well equipped bar/permit room. (http://www.onecaribbean.org/content/files/hotelcalssification%281%29.pdf retrieved at March 8/2015)

The 5 star hotels should offer international food & beverage service of the highest standards for 24 hours. There should be efficient & highly qualified trained staff and also a special restaurant /dining room where facilities for dancing & orchestra provided (http://www.scribd.com/doc/42273487/Kena-Shah).

2.3.1.2.   Four Star Hotels

Expectations at this level include a degree of luxury as well as quality in the furnishings, decor and equipment, in every area of the hotel. Bedrooms will also usually offer more space than at the lower star levels, and well designed, coordinated furnishings and decor. The en-suite bathrooms will have both bath and fixed shower. There will be a high enough ratio of staff to guests to provide services like porterage, 24-hour room service, laundry and dry-cleaning. The restaurant will demonstrate a serious approach to its cuisine

(http://www.onecaribbean.org/content/files/hotelcalssification%281%29.pdf   retrieved   at   March 8/2015)

2.3.1.3.   Three star Hotels

For a hotel to be recognized as a three star, the architectural and general features of the building should be very good. There should also be adequate parking facilities and at least 50% of the rooms must be air-conditioned.

They should provide high levels of personalized services with reservation and information apart from reception. The staff must be well-trained and proper standards for hygiene and sanitation must be employed. Generally ambience and decor of the place must be ecstatic (http://wiki.answers.com/Q/What_are_the_hotel_classification#ixzz1K2MlyF00   retrieved   at   06-03-2015)

2.4.   CRM Success Factors

According to Kristin and Carol (2002), while clear intention fuels the power of CRM, there are five other success factors to consider. Organizations that implement CRM with a strong return on investment share these characteristics.

1. **Strong internal partnerships around the CRM strategy:** as discussed earlier, CRM is a way of doing business that touches all areas of your organization. This means that you and your management peers need to form strong internal partnerships around CRM. If you and your organization are early on the road to CRM implementation, now is the time to bring your CRM needs to the table, and to be open to listening to the CRM needs of other areas. You may find that you have requirements that are, at least potentially, in conflict. Resist the temptation to go to war for what you need.

If your organization has gone off the partnership road with CRM, then now is the time to come back together and rebuild partnership with the area that is currently championing CRM. Let them know that you appreciate what they have done. Let them know what data you have to offer and help them understand how you plan to use the data you request from them.

2. **Employees at all levels and all areas accurately collect information for the CRM system:** employees are most likely to comply appropriately with your CRM system when they understand what information is to be captured and why it is important. They are also more likely to trust and use CRM data when they know how and why it was collected.

3. **CRM tools are customer and employee friendly**: CRM tools should be integrated into your systems as seamlessly as possible, making them a natural part of the customer service interaction.

A major manufacturer of specialty pet foods redesigned the pop-up screens for its toll-free consumer phone line. In the original design, the final pop-up screen prompted the representative to ask the caller's name and address. Yet, representatives had found that it was easier and felt more natural to ask, "What's your name?" and "Where are you calling from?" and "What's your pet's name?" at the start of the call.

4. **Report out only the data you use, and use the data you report**: just because your CRM tool can run a report doesn't mean it should. Refer back to your CRM strategy, and then run the data you will actually use. And share that data with your team.

5. **Don't go high-tech when low-tech will do**: Organizations that successfully implement CRM look for the simplest solution when implementing their CRM strategy. A low-tech solution that works for the people who actually use it is more effective than a high tech solution that is cumbersome, costly and apt to be discarded or inconsistently implemented.

2.5. Opportunities and challenges of CRM in the Hospitality Industry

Due to a very specific business handling in the hotel industry, which is usually built around and focused on the property management system, the hospitality industry lags behind when it comes to implementing CRM solutions.

2.5.1. The Opportunity

The perception of many hotel companies is that implementing CRM is very troublesome. Creating and maintaining a high-quality customer database is very costly and the benefits are not guaranteed. Changing the organization's overall philosophy is very challenging, as people are reluctant to change (Piccoli et al., 2003 as cited in Wolfgang, 2004).

Hotel companies have always tried to keep a close relationship with their customers, but the focus was more on the local relationship between one hotel and the client. Loyal customers stay with a hotel more often and spend more money (Dowling, 2002). Hotel chains introduced frequent traveler programs when the value of loyalty became a topic.

CRM seems the next logical step (Reinartz & Kumar, 2002). Through the growth of the Internet, consumers easily find comparable prices and services so price competition is unattractive (O'Connor, 2003). CRM is a becoming a basic strategy for hotel companies to differentiate themselves from others in the industry (Francese & Renaghan, 1990).

The hospitality industry is perfect for the appliance of CRM principles. A study conducted in 1999 by Arthur Andersen at the New York University showed that already one-third of hotel corporations had a structured data warehouse. 50 percent of the rest were in the planning stage or intended to implement a data warehouse in the near future (Cline, 1999). However a centralized collection of data does not automatically deliver a comprehensive view of the guest. CRM can only be achieved through highly personalized service at each customer touch-point and only few companies in the hospitality industry appear to have reached this stage (Magnini et. al, 2003).

2.5.2. The Challenge

There are two main challenges for implementing CRM in the hotel industry. These are; firstly, lack of standardization and IT-system integration within each brand or even hotel. This requires heavy focus on interfacing possibilities of the CRM software and the analysis of different processes within each local system. Secondly, there may be up to three parties holding a stake in an individual property: The owner, the local management company and the brand. The difficulty is the financial responsibility of the implementation, data-ownership and availability (Piccoli et al., 2003).

Accurate data entry and collection is a huge issue at the operational level. Frequently hotel companies face a data dilemma when investigating the current situation, before starting with data takeover for their new CRM system. It is very important to clean data first and to start with a clean and credible system. Data problems lead to limited value of the data warehouse, in addition to diminishing the value of proposed models (Shaw et. al, 2001)

There are two major causes for data inefficiency. Firstly, there is missing or inaccurate data. For example, it is difficult to create a profile of the occupation of customers, if there are only few guest records containing this information. The normal time to get data in a (business) hotel environment is during check-in; however, the guests want to finish this procedure as quickly as possible. Collection of business cards may be a potential solution to this problem (Magnini et. Al, 2003). The other major limitation is poorly entered data, which complicates data analysis. Additionally, it paints a bad picture of the hotel chain, when direct marketing campaigns are sent to the guests, labeled with incorrect spelling of the name or address. A detailed entry standard needs to be defined regarding formats, text case and redundant codes (Stevens, 2001). Some modern CRM systems have semi-automated cleaning processes included to deal with the large number of guest records in internationally operating hotel chains.

Conceptual Framework of the research work

Independent Variables   Moderate Variable   Dependent Variable

Source: Own Construction (2015)

28
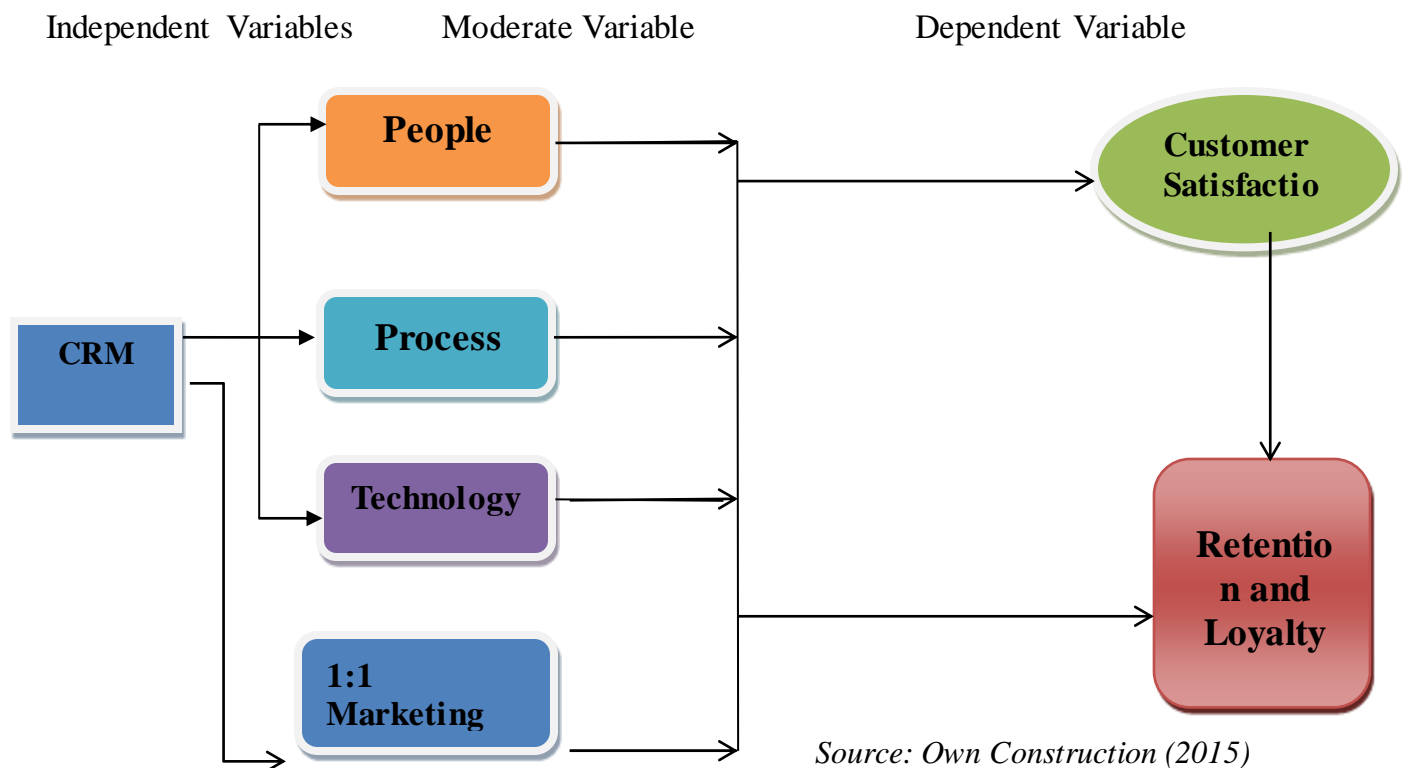
CHAPTER III

RESEARCH METHODOLOGY

This part of the study tries to identify the road map of the study on how to the design is developed and the methodological procedures are organized.

3.1. Research Approach

The research design of the study is descriptive research, which aims at identifying critical aspects and assessment of CRM implementation, help the researcher to select the research approach. In order to acquire a good insight about the research problem and questions, the researcher conducted a library research about CRM and came up with a comprehensive theoretical framework.

Any research can follow deductive or inductive approach. As far as this study is concerned, the deductive approach was chosen, since, the research is based on review of existing literatures.

3.2. Research Strategy

For this research, a survey study is selected. In this way, the researcher used three to five star hotels in Addis Ababa city as a respondent for collecting data through questionnaire and interview.

3.3. Target population

Statistical population of this research is all hotels having three to five stars. Based on the statistics of the ministry of culture & tourism (2013) the total number of hotels with three to five stars is 55 (4 five stars, 8 four stars and 43 three stars). Even though, so far, there is no international classification, which has been adopted, there have been attempts at unifying the classification system. So these companies provide at least the following services:

- Reception opened from 14-24 hours
- Should have from bilingual to multilingual staff
- Deluxe rooms having internet and PC in the room
- Luggage service
- Heating facility in the bathroom
- Systematic complaint management system

3.4. Sampling Design

In order to select the samples from the population, the researcher used stratified sampling technique and the base for the classification is their star. So, based on the criterion, this study basically includes three strata's (five star, four star and three star hotels respectively). The researcher took all five star hotels; this is because of their limited number and with judgment of the researcher that they apply CRM tools than the four and three one's. Whereas, to acquire respondent from the second & third strata, the researcher took 30% of the target population. Based on this, 4 four and 9 three star hotels were selected. (30% is taken based on the theory provided by Gay and Airasian (2002). They thought that for a case study $20 - 30\%$ of the population is believed to be representative).

For this study, 216 respondents were selected. From this, 200 were guests and 16 were managers. So, the 200 guest respondents were selected through the following formula.

$$n = \frac{N(z)^2 pq}{\in^2 (N-1) + (z)^2 pq}$$

(Source: Rahimi, R. 2007)

> *= data collection period x number of hotels from three to five stars hotels in Addis Ababa x average no. of customers who uses room service for the sample selected*
> *=4 x 55 x 45*
> *= 9900*

Where; N = 9900 *(total population is determined with the expectation that 9900 guests will come to the hotels with in data collection dates)*

$p = q = 0.5$ $\in= 0.07$ and $Z = \pm 1.96$

Based on this, the sample size (n) is 200.

3.5.   Data Collection Methods

In this study the researcher collected data form both primary and secondary data sources. Secondary data was collected and used from archival records, organizations information, and hotel websites.

Primary data was collected via interviews and questionnaires. And also primary information from books, academic journals, business magazines and internet publications were collected. Whereas, a lot of necessary data was collected through structured interview conducted with general managers and customer relationship department heads of those hotels. Questionnaires were not long or too exhaustive because this may lead to unanswered questions. In this study, the questionnaire was designed in the form of five point likert Scale. The questionnaire had1 page cover letter; the cover letter provided a brief background of the study, motivation for the respondent to participate in the study, and instructions on how to proceed; and 4 pages of questions. The questionnaire was distributed to 200 selected guests by the researcher and other 3 enumerators with the help of front office employees during check out times. These 200 respondents were divided in to three strata, with proportionate stratified sampling, in relative with the number of hotels which represent the star group in which the guest besides. So, 38 guests from the first strata, 51 guests from the second strata and the remaining 111 guests from third strata were selected. Therefore, all 200 guests selected as a respondent were those clients who stayed in rooms of the hotels.

3.6.   Methods of Data Analysis

The data, gathered from different sources, basically through questionnaire, was analyzed qualitatively and quantitatively. For data that was gathered through semi structured interview, the researcher employed qualitative data analysis. And data that are more of numerical were analyzed through descriptive statistics using SPSS (Statistical package for social science). This is best for data that are

in need of tabulation, graphs and statistical numerical data. Almost for all data gathered via questionnaire and interview, descriptive technique was applied. Finally, the data collected from the three different strata were analyzed separately through cross-tabulation. This helps to observe the scenario of CRM implementation in the three respective stars. It also avoids biased generalization. The relationship between demographic characteristics and CRM variables with customer satisfaction, retention and loyalty was assessed using Pearson correlation.

3.7. Validity and reliability

In order to reduce the possibility of getting the answer wrong, attention need to be paid to two particular issues: reliability and validity (Saunders, 2003).

Validity

Validity defined as the extent to which data collection method or methods accurately measure what they intended to measure (Saunders 2003). Numbers of different steps were taken to ensure the validity of the study:

➢ Data was collected from respondents who fulfill the required qualification like those who stayed in the rooms. So, the researcher believes the data was collected from the reliable sources.

➢ Questions were made based on literature review and frame of reference to ensure the validity of the result;

➢ The questionnaire has been evaluated by expert who has a long year experience in the industry. And based on his comments re-arrangement and modification were made.

Reliability

According to Saunders, (2003) reliability refers to the degree to which data collection method or methods will yield consistent findings (J. Briony, 2006). SPSS software offers "Reliability Analysis Statistics": among the models of reliability, Alpha (Cronbach) was used in this study.

And the reliability level was high for each CRM dimension's and satisfaction and loyalty measuring points. Details of the level of reliability are shown below.

Reliability Statistics-Five star

Cronbach's Alpha	N of Items
.816	32

Reliability Statistics-Four star

Cronbach's Alpha	N of Items
.758	32

Reliability Statistics-Three stars

Cronbach's Alpha	N of Items
.737	32

** In Cronbach's Alpha, in order to say the data is reliable, the reliability result should be above 0.7.

3.8. Ethical Consideration

Questionnaires were distributed to hotel guests who were willing to fill up the questionnaire. The purpose of distributing the questionnaire was clearly indicated on the questionnaire. The name of the respondent was kept confidential.

The conclusion reached and the recommendations given were not biased and were purely based on the data collected and the feedback received from the respondents.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

In this chapter the empirical data collected from hotel customers and managers has been analyzed through SPSS and then interpreted as follows.

4.1. ANALYSIS OF THE RESPONDENTS PROFILE

200 questionnaires distributed for customers, 160 questionnaires were returned. From these 16 question papers were not filled properly as per the instructions. From this, we can understand that the analysis is done with 144 valid responses. On the other hand, from 16 hotel managers only managers of 12 hotels were willing for interview. Profile analysis of the respondents is presented as follows.

4.1.1. Number of years as a customer

Table 4.1 Respondents' length of stay as a customer.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below one year	30	20.8	20.8	20.8
	One - Two years	35	24.3	24.3	45.1
	Two - three years	37	25.7	25.7	70.8
	three - four years	21	14.6	14.6	85.4
	more than four years	21	14.6	14.6	100.0
	Total	144	100.0	100.0	

(Source: Own Questionnaire, 2015)

As evidenced from the Table above, large numbers (25.7percent) of the respondents are experienced in service use from 2-3 years. The second large numbers of respondents are customers having 1-2 years of service use of the hotel which covers 24.3 percent of the valid response. And the third

longest year of experience is covered by those who have less than one years of experience in service and accounts 20.8 percent of the respondents. Finally, least number of respondents are customers who are served by the hotels 3-4 years & more than four years by each having 14.6 percent of the total 144 guests.

From this, we can deduce that hotels can keep customers satisfied and loyal up to three years. This is mostly due to the increase in people disposable income in the last two and/or three years or a decrease in customer's marginal rate of satisfaction and as a result, they will shift to other hotels with the same star. But the number of retained customers decreases while we move from three years and above.

4.1.2. Sex composition of the respondents

Table 4.2 Sex composition of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	104	72.2	72.2	72.2
	Female	40	27.8	27.8	100.0
	Total	144	100.0	100.0	

(Source: Own Questionnaire, 2015)

As it is clearly depicted in Table 4.3, 72.2 percent of the subjects are males. Whereas, females accounted for the remaining 27.8 percent of the total valid percent.

The implication behind this is services provided by hotels in Ethiopia are used by both gender groups, even though the number of male guests are dominant than females. From the researcher's real life experience, this is mostly due to; culture of the country, males' economic dominance in a family and the nature of their job. Despite the assumption, "all individuals show difference in needs and preferences" it is understandable that difference in gender will create difference in needs. As it's pointed by kotler (2003), due to the gap in needs between male and females, gender is becoming a base for market segmentation. So, they have to think that if they can satisfy and retain one individual from one family, the probability of attracting the whole family is high. So, a satisfied mother will come with other members of her family in another time.

4.1.3. Age composition of respondents

As table 4.4 reveals, the majority of the sampled respondent's age is between 25 and 45, which accounts 33.1% of valid response whereas, respondents with age from 46 – 65 covers 32.4%, above 66 takes 17.6% and young respondents with age below 25 covers the remaining 16.9% of the valid percent.

Table 4.3 Age composition of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25	24	16.7	16.9	16.9
	From 25 – 45	47	32.6	33.1	50.0
	From 46 – 65	46	31.9	32.4	82.4
	Above 66	25	17.4	17.6	100.0
	Total	142	98.6	100.0	
Missing	System	2	1.4		
Total		144	100.0		

(Source: Own Questionnaire, 2015)

According to psychologists, this (25-45) age group is characterized by highly turbulent and fashionable needs; naturally, they become furious while they lost their expectation and sensitive to look for other choices with better offer and service. So, the hospitality teams of the hotels can be aware of this fact and make themselves ready for the challenge. In addition, individuals found at the end of this age category and those in between 46-65 tend to show price sensitive behavior. And also as stated in Table 4.1, the reason for the decrease in number of retained customers which wait loyal for more than three years will be the relationship between age and price sensitivity. This may push managers to consider the pricing strategy of their hotel. But the researcher believes it needs further research before we conclude

4.1.4. Nationality of the respondents

In the hotel industry, months from March to May are perceived the peak seasons in which there is a huge flow of guests to the country for many reasons particularly there is a probability of attending different kinds of conferences in the Africa Union and visiting the tourist attraction sites of Ethiopia . Since the data for this study is collected between these months, the diversity of the respondents was vast and the researcher believes that, this diversity increases the validity of this research work. As the Table below portrays, respondents from the outside world covers 84% of the response i.e. (42.4% from other parts of Africa, 13.2% from Europe, 11.1% from Asia, 10.4% from Latin and North America while 6.9% of the total valid respondents came from other continents like Australia and Oceania. Whereas, 16.0% of the respondents are domestic people.

Table 4.4 Nationality of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	From Ethiopia	23	16.0	16.0	58.3
	Other parts of Africa	61	42.4	42.4	42.4
	Europe	19	13.2	13.2	71.5
	Latin & North America	15	10.4	10.4	81.9
	Asia	16	11.1	11.1	93.1
	Others	10	6.9	6.9	100.0
	Total	144	100.0	100.0	

(Source: Own Questionnaire, 2015)

From this we can observe that, large numbers of foreign nationals are flowing to the country and the services provided by Ethiopian hotels are subjected to contrast effect with the service provided by hotels of countries in which the guests belong. Since many of the states in the above continents have a better economy and experience in the area, the guests may look a service like three, four and five stars in their country. So, hotels should acquaint themselves with the dynamic global environment. On the other hand, they may get a chance to have knowledge about the hotel practices of such areas without any expense by simply asking how they found the service provided by them as they compare with their previous experience.

4.2. ANALYSIS OF CRM IMPLEMENTATION COMPONENTS

Under this part of the fourth chapter, basically, the implementation trend of customer relationship management in hotels under study is described based on the data collected via questionnaire from guests and from managers through structured interview. The customers' response is analyzed in terms of mean score. So, the mean is stated out of 5 points, in which customers provide for each question. The more it approaches to 5, the more the hotels move towards the variable.

4.2.1. Technology (as component of CRM implementation)

There are a lot of technological facilities that could be implemented and used in hotels for maximizing customer satisfaction, retention and loyalty such as having website, 24hr online reservation, telephone menu ordering, credit card billing facilities and other services like wireless internet, music and video on demand, integrated wakeup call system. According to Trepper (2000) CRM technology are designed to automate sales and service function, aggregate customer information into data warehouse and data marts and manage collaboration with customer through an expanding number of interaction points. According to Appendix-A the use of these technological facilities seems the following.

Five star hotels in Addis Ababa have a good experience in the implementation of the aforementioned technologies. Based on this, their customers can access hotels information online through website (4.48); four star hotels (3.69) and three star customers have a 'neutral' perception towards the availability of the required hotel information with mean value of 3.00.   In addition to availing the information about the hotel, five star hotels receive feedback via internet (4.53) followed by four star (3.84) and three star (2.98). Generally, five stars (4.30), four star (3.9322) and three star (3.1500) respondents, agree about the availability of 24hr online reservation, internet service in rooms, credit card billing system, hotel menus via telephone and integrated wakeup call in the above rate.

Table 4.5 - Technology implementation level in three to five star hotels

	Choice	Frequency	Percent	Valid Percent	Cumulative Percent
Does your hotel have a website?	Yes	12	100.0	100.0	100.0
	No	0	0	0	100.0
	Total	12	100.0	100.0	
If your hotel has a website, do you believe it gives detail information about the hotel?	Yes	7	58.3	58.3	58.3
	No	5	41.7	41.7	41.7
	Total	12	100.0	100.0	
Does your hotel provide 24 hr. reservation system?	Yes	10	83.3	83.3	83.3
	No	2	16.7	16.7	100.0
	Total	12	100.0	100.0	
Is your hotel reservation is manual or electronic?	Electronic	6	50.0	54.5	54.5
	Manual	2	16.7	18.2	72.7
	Both	3	25.0	27.3	100.0
	Total	11	91.7	100.0	
	Missing	1	8.3	54.5	
Do your rooms have IT based facilities like movies and music on demand?	Yes	3	25.0	25.0	25.0
	No	9	75.0	75.0	100.0
	Total	12	100.0	100.0	
Do you make menus avail in TV found in the rooms?	Yes	3	25.0	25.0	25.0
	No	9	75.0	75.0	100.0
	Total	12	100.0	100.0	
Do you provide wakeup call to remind customers 24 hr. a day?	Yes	12	100.0	100.0	100.0
	No	0	0	0	100.0
	Total	12	100.0	100.0	
Do the customers have an option to pay bills in credit card?	Yes	11	91.7	91.7	91.7
	No	1	8.3	8.3	100.0
	Total	12	100.0	100.0	

(Source: Own Interview, 2015)

On the other hand, as compared with the response of guests', a data which seems a little bit exaggerated is collected from managers. According to the interview result in Table 4.6 above, all hotels under study have their own website. But only 7(58.3%) of managers believe that their website is powerful tool for providing full and valuable information to the customers. Whereas, 5(46.2%) hotel managers believe as their hotel website didn't provide updated and adequate information regarding the service of the hotel. From the total 12(100%) respondent mangers, 10(83.3%) hotels provide 24hr reservation system and 6(54.5%) of valid responses replies the reservation system is electronic, while 3(27.3%) of the hotels reservation is both electronic and manual and the remaining 2(18.2%) do their reservation through manual system. The remaining 2(16.7%) hotels provide from 13-18hrs reservation per day.

With regard to the other technology aspect, only 3(25%) of the hotels avail IT based facilities, like movies and music, and hotel menus on TV found in rooms but the remaining 9(75%) of the hotels haven't provide the above facility for customers. However, all 12 (100%) hotels provide 24hr wakeup call service for guests in room through the integrated phone line.

From the above it can be inferred that, many of Ethiopian hotels have a designed website. But having a website is nothing unless they use to promote the hotel for potential customers and make the life of existing customers easy by accessing the information the hotels' executive posts. In relation to this, Gilbert *et al.* (1999), presents an agreement for the application of the relationship marketing model as a framework for the development of hotel websites. They also contend hotels should design a framework that gap between simply having a website and harnessing its power for competitive advantage.

The results from both customers and managers also show; star hotels in Ethiopia have a good trend in application of technological facilities in order to be competitive and make themselves tap with the ever changing dynamic service environment. So, many of the five and four star hotels have a 24hr online reservation desk, manual and electronic feedback form, which helps those hotel executives to know the satisfaction level of customers with fresh memory and anticipation of them for coming again. Even if, they still have limited exposure in availing music and movies on

demand, availing hotel menus in TV found in rooms and the value of availing hotels feedback form via internet.

4.2.2. Business Process (as component of CRM implementation)

Business process stands for the activities within hotels in order to acquire the desired outcome. The process component of CRM is the most fragile because inappropriate automation of CRM will only speed up the errant process (Goldenberg, 2002). However, implementation of proper business process is very difficult and it needs serious understanding of each task to be implemented and the customers' anticipation towards that, despite, consistent processes are essential to all areas of businesses (Chen and Popovich, 2003).

The customers answer in Appendix-B depicts amazing result about the implementation of business process in star hotels. The mean value of five and four star hotels are closely similar that is 3.7233 and 3.7217 respectively. But if we compare it from the facet of technological dimension (4.30 and 3.93), and star of respective hotels, there must also be a visible gap in process aspect of this two hotel groups. Specifically, five star hotels trend towards sending good-wish messages for New Year, birthday or wedding anniversary for regular customers is 2.90 but 3.10 in four stars. Like the technology, in process aspect, three star hotels are behind four and five stars by having 3.12 overall mean.

As specified in the above, process is any activity which helps the hotels to attain the desired outcome. Based on this, the managers' answer about current level of business process implementation seems the following. All managers are confident as their employees always provide immediate response for customer calls. With regard to reserve cancellation, 7(58.3%) hotels cancel reservation only with penalty, if they fail to travel and due to other personal problems. But the remaining 5(41.7%) hotels cancel reservation without any penalty.

In this modern marketing environment which is characterized by fast changing technology and consumer preference, increased globalization and severe competition, managing customers well and developing sense of ownership within the customers mind is the master key of existence.

41

Parallel to this, 8(62.6%) hotels management team send welcome messages for the guests at the time of their arrival. This is to implement a thought *"nowadays hotels are home far away from home"*. However, the same with customers' response, 58.3% (7) of the hotels under study didn't send good wishes for New Year and birthday to regular customers while only the remaining 5(41.7%) hotels have such a trend before. This may imply wrong personal belief of managers about the value of these activities on satisfaction, retention and loyalty. But a study conducted on five star hotels in Sweden by Rahimi (2007) shows, these simple but necessary activities determine the competitiveness of the firm in the market. It also helps hotels to have a position and to develop sense of ownership.

Surprisingly, from the total 12 valid respondents, only one hotel does provide membership card for retaining and making customers loyal. While, all others don't provide membership card both for domestic and international customers before.

With regard to transportation, all hotels provide transportation service for customers from airport to hotels and for returning to airport for departure. From this, 10(90.9%) hotels give this service for any customer who stays even for a single day and the remaining one hotel avails only for regular customers.

From this we can understand that, hotels in the study area have good experience of giving immediate response for customer calls and providing transportation service but till now, officials in the hotels failed to assume concern to the value of availing membership card and forming hotel guests group course of enhancing service quality that delights both domestic and international customers. Also, we can observe that the hotels have a trend of canceling reservation with penalties.

Table 4.6 Business process implementation in three to five star hotels

	Choice	Frequency	Percent	Valid Percent	Cumulative Percent
How frequently does your Hotel give immediate response for calls?	Always	12	100.0	100.0	100.0
	Sometimes	0	0	0	100.0
	Never	0	0	0	
	Total	12	100.0	100.0	
Do you allow customers to cancel the reservation without penalty?	Yes	5	41.7	41.7	41.7
	No	7	58.3	58.3	100.0
	Total	12	100.0	100.0	
Does the management send welcome messages for the guests, at the time of their arrival?	Sometimes	7	58.3	58.3	58.3
	Always	1	8.3	58.3	66.7
	Not at all	4	33.3	58.3	100.0
	Total	12	100.0	58.3	
Do you send good wishes for New Year and birthday to regular customers?	Yes	5	41.7	41.7	58.3
	No	7	58.3	58.3	100.0
	Total	12	100.0	100.0	
Do you offer a membership card for customers?	Yes	1	8.3	8.3	8.3
	No	11	91.7	91.7	100.0
	Total	12	100.0	100.0	
Do you offer transportation service from airport to hotels and for returning to airport for departure?	For regular customers	1	8.3	9.1	9.1
	For any customer	10	83.3	90.9	100.0
	Total	11	91.7	100.0	
	Missing	1	8.3		

(Source: Own Interview, 2015)

4.2.3. People (as component of CRM implementation)

According to Bose (2002) the integration of technology and business process used to satisfy the needs of customers. This is the most fundamental and soft side of every service industry, since, both technology and process aspects are put in to practice by employees of the organization, So, each and every movement of hotel receptionist, waiters, and management team may affect the

satisfaction level of guests, and then determine guests' selection of hotels for the second visit. According to Saxe and Weitz (1982), it is the employee's tendency or predisposition to meet customer needs in an on-the-job context and defined it as the degree to which contact personnel try to help their customers make purchase decisions that will satisfy customer needs.

Appendix-C shows; star hotels in Addis Ababa have scored a relatively low result in the people aspect. Five star hotels lead the people aspect (3.81) by relatively showing friendly behavior for guests and better dissonance handling skill which is, followed by four star hotels with overall mean of (3.44) and three stars (3.17). The customers trust on the professional competency of hotel employees is also low (3.75, 3.51 and 3.18 respectively) as compared to other people measuring variables. And three star hotels employees are better in complaint handling skill next to five stars.

Like customers, managers of 5(41.7%) hotels agree as their employees lack some professional competency. But the remaining 7(58.3%) managers have different response and they believe that their employees are professionals in the area. And also as clearly indicated in Table 4.8 below, with the exception of one hotel manager, other officials believe that their respective employees are trying to create customer-oriented firm by treating customers well than others in the industry and they also try to solve the customers compliant on time. From this two different stands we may infer; the managers may lack some information about how their employees serve the customers. So, this situation goes against the thoughts of Stock and Hoyer (2005). According to them, service providers should be able to help its customers, which leads not only to higher customer satisfaction and being positively related to employee performance but also to a level of emotional commitment of these customers to the firm and, more importantly, to increased customer retention, especially in the case of high-interaction services.

Table 4.7 the behavior of hotel employees

	Choice	Frequency	Percent	Valid Percent	Cumulative Percent
Do you believe in the professional competency of your employees	Yes	7	58.3	58.3	58.3
	No	5	41.7	41.7	41.7
	Total	12	100.0	100.0	
Do you believe your personnel's have able to treat the customers better than others in the industry?	Yes	11	91.7	91.7	91.7
	No	1	8.3	8.3	100.0
	Total	12	100.0	100.0	
Do your employees try to solve customers' compliant on time?	Yes but sometimes	11	91.7	91.7	91.7
	No	1	8.3	8.3	100.0
	Total	12	100.0	100.0	

(Source: Own Interview, 2015)

Generally, when we evaluate the overall implementation pattern of the three CRM components; technology, people and process, in three, four and five star hotels, it is somewhat paradox with the right mix of CRM components pinpointed by Limayew (2004). According to him, in order to speak good mix of CRM is implemented and to fetch from the success of CRM strategy, proper allocation of available resource to the three components is basic. He also proposes a mix of 70% people, 20% process and 10% technology.

Fig 2. CRM Components

People 70%
Process 20%
Technology 10%
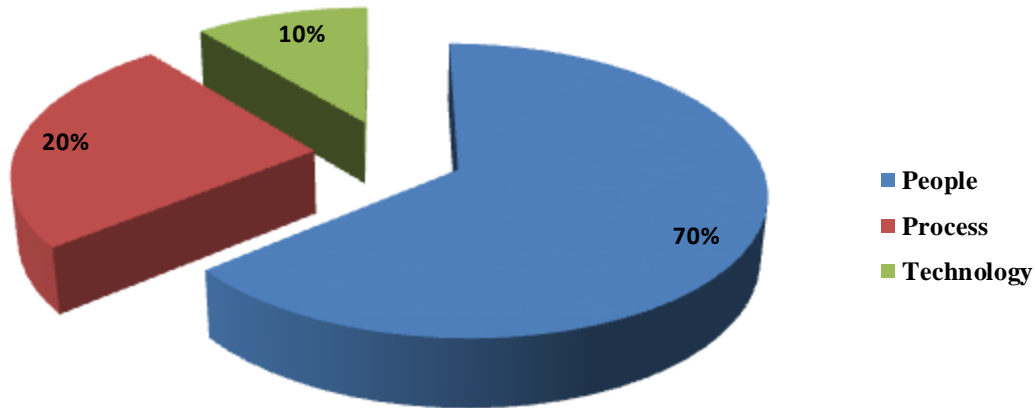
(Source: Limayem (2004) as cited in Anthony and Emmanuel (2009)

But if we see the trend from the collected data, five star hotels give relative attention for the people aspect as compared to four and three star hotels. But the technology aspect of five star hotels outweighs people aspect, even though the reverse is required. The same is true in four star hotels in which the technology component has gained more emphasis than process and people aspects. the scenario seems different in three star hotels which is, people component (3.17) is gaining better emphasis than technology (3.15) and process (3.12). But still the mean difference is not like the difference between 70 and 10. This may indicate that managers of top levels, who administrate these star hotels, interpret CRM as only a technological updating system.

So, they are spending huge investment on IT technologies like RMS POS, Food and Beverage Management (FBM), Property management system (PMS) and other back office integration software's like Accounting and Inventory management systems. However, an argument held by Goldenberg (2000) illustrate that companies has been repeatedly warned that failure is eminent if they believe that CRM is only a technological solution. So, the soft aspect of CRM, people, is still overlooked, specially, in the first two hotel groups.

4.2.4. One to One marketing practice of hotels

Appendix-D portrays, five star hotels lead star hotels by implementing (4.08) one to one marketing. According to Wilson, et al (2002) CRM may be used to create a personalized, one to one experience that will give the individual customer a sense of being cared for. So, in order to create a one to one firm, they register individual needs during check in, offering additional services like city tour, availing a baby sitter and separate gate for handicapped person. This is followed by four stars with overall mean of 3.88 and 3.09 in three stars. Whereas, the interview result with mangers seems the following.

In the era, considering individual needs is becoming a philosophy, the rate of hotels which register customers' special needs at check in time is fifty-fifty. That is, 50% of the hotels ask customers about their hobbies and special preferences during check in time. This is done in order to make customers stay more memorable. These hotels also provide hover banquet on special events, free spa coupon and arrange coffee ceremony for group guests at their departure time. But the remaining halves practice is to the reverse of this side. But contrary to them, Geoffrey Breeze, vice president of Hilton international in America, specifies; hotels should have far more information about their guests than they can actually use (Caterer and hotelkeeper, 2001).

When there is any discount and special price, 8(66.7%) hotels advertize this change using different ways including print media and hotels website but the next 4(33.3%) hotels didn't advertise, if any change is made to the hotel side.

A hotel customer, as shown in sex composition, can be a man or women, healthy or handicapped, people with some physical disability. Whatever they are; the hotel hospitality crew should serve them based on their need and the hotel management is expected to avail necessary equipments which are used to serve them. For this purpose, 9(75%) hotels prepare a separate gate for handicapped peoples which come with wheelchair. While 3(25%) of the respondent hotels don't have a separate door to serve the above mentioned people with special needs.

Surprisingly, only 2(16.7%) hotels prepare a baby sitter for mothers who come with infant kids. But the history is the reverse when we move to the majority 10(83.3%) of hotels from three to five stars.

Table 4.8 One to one marketing practice

	Choice	Frequency	Percent	Valid Percent	Cumulative Percent
Do you register customers' special needs at check in time?	Yes	6	50.0	50.0	50.0
	No	6	50.0	50.0	100.0
	Total	12	100.0	100.0	
Do you advertise special prices and discounts made on your hotel?	Always	5	41.7	41.7	41.7
	Sometimes	3	25.0	25.0	66.7
	Not at all	4	33.3	33.3	100.0
	Total	12	100.0	100.0	
Is there a baby sitter in your hotel?	Yes	2	16.7	16.7	16.7
	No	10	83.3	83.3	100.0
	Total	12	100.0	100.0	
Is there a gate for handicapped persons in your hotel?	Yes	9	75.0	75.0	75.0
	No	3	25.0	25.0	100.0
	Total	12	100.0	100.0	
Do you provide city tour service for customers?	Yes	9	75.0	75.0	75.0
	No	3	25.0	25.0	100.0
	Total	12	100.0	100.0	
Do you expect your customer management is the main tool to maintain customers of the hotel?	Yes	8	66.7	66.7	66.7
	No	4	33.3	33.3	100.0
	Total	12	100.0	100.0	
Do you expect that implementing Customer relationship management reduce cost and increase revenue for your hotel?	Yes	7	58.3	63.6	63.6
	No	4	33.3	36.4	100.0
	Total	11	91.7	100.0	
	Missing	1	8.3		

(Source: Own Interview, 2015)

Majority, 9(75%), of hotels give city tour for customers based on the request of the client and the remaining 3(25%) respondents do not provide a tour service even with the request of the customer.

The last two questions in the interview try to gather the managers' opinion towards the value of CRM in maintaining customers, reducing cost and increasing revenue. Based on this, 8(66.6%) managers believe the main tool to retain customer is their CRM policy and 7(63.6%) of them agree on the value of CRM on reducing cost and increasing revenue. But 4(33.3% and 36.3%) of valid respondents do not believe on the significance of CRM for maintaining customers and on reducing cost and increasing revenue respectively.

Generally, one-to-one marketing is a new variation of an old concept, mass marketing. It is a customer relationship management (CRM) strategy that focuses on personal interaction and investing in personal communication. And this concept has been showing signs of resurgence in recent years specially, in service industry.

As part of the universe, Ethiopian hotels need to be improved but the level of growth still lags behind as compared to others in the industry. Because, this type of focused marketing, first, it lets the customer know that he or she has been noticed. Second, it provides easy access to the types of products the customer has expressed interest in, thus increasing the chances of sale.

Generally, according to a conference held on Nihon University about one to one marketing, the ideal One-to-One company should:

- o Review its customer's attitude and commit to the customer's best interest to deserve his/her trust.
- o Organize itself so as to let the individual customer express his/her needs and wants and customize the delivery accordingly.
- o Given permission - always remembers the customer, who he/she is, what he/she buys, preferences, opinions and considers this information in every part of the customer interaction.

4.2.5. Customer Satisfaction

Being dissonant in service has no guaranty to reuse, since nothing haven't displayed unless the service provider creates a good first impression on the mind of customers. That is why relationship and loyalty are extremely essential in the service sector. Customer satisfaction is considered to be one of the most important outcomes of all marketing activities in a market-oriented firm. The obvious need for satisfying the firm's customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business, all of which lead to improved profitability.

Having an evidence from customers response in Appendix-E, the customers are relatively satisfied with the fast response to calls in five star hotels (4.30), whereas, relatively lower satisfaction rate in four (3.53) and three (3.41) star hotels. The rate of satisfaction with the prompt reply to their request, on the other hand, is around (4.17) in five stars, (3.91) in four star and (3.65) in three star hotels. Also, customers somewhat agreed on the professional competence of employees (4.47, 4.06 and 3.64), the expectation-perception level (4.33, 3.84 & 3.68), requirement fulfillment procedure (4.37, 4.09, 3.70), the relationship the guests have with the hotel hospitality team (4.63, 4.13, 3.68). And, finally, the overall satisfaction is 4.57, 4.06 and 3.63 respectively.

Satisfaction is a complex process that includes cognitive and affective processes which emanate from the use of a product or service (Choi and Chu, 2001). From the above, we can observe the customer's response towards the service and customer relationship management implemented by hotels is good. It has been proven that great satisfaction is still what motivates clients to become loyal to the organizations they deal with. But, if they are receiving poor service and if company moves neglect their needs, the company will have a short-term relationship with them and finally, this negative action will spread by word of mouth and could be hurting the whole business more than the managers ever imagine.

4.2.6. Customer Retention and loyalty

It's known that, in the current contemporary environment, the company's main intension is not to sale a product for the customers once. Rather, to make a long term relationship and far from this, to make customers loyal for their company and the product produced by them. To attain this, maintaining customer satisfaction is the main tool. According to Ghavami and Oliyaei (2006), Loyalty is the result of developing past positive experiences with an individual and having that person return back to you various times due to these experiences. If you can recognize the unique situation of your customer at any point in time, like their current business condition, purchase history or immediacy of purchases, these little pieces of information can be used to benefit your business.

The researcher has empirically evidenced at Appendix-F to say customers of all hotels are considerably loyal (4.35, 4.00& 3.81 respectively). As a support for this, the five star customers aim to come back again with the mean value which accounts 4.33 followed by 4.09 four stars and three stars with 3.94. Five star customers prefer those hotels (4.43); four and three star customers select them as their first choice hotel with 3.81 and 3.74 respective mean value. Customers in five star hotels want to be retained, loyal and wish to recommend on the service the hotels should add is (4.24 & 4.41), four star respondents on the other hand (4.00 & 3.94) and three star customers (3.86 & 3.70).

The implication behind this is that, even though the data reveals that the *'soft'* aspect is still overlooked and needs more adjustment, the loyalty results, on the other hand, speaks all the above activities are going to the right side to maintain and retain customers. However, it might be dangerous to generalize like this unless other hidden factors which push customers to be loyal should be considered. And this area is still open for further research.

Making customers retained and loyal by itself reduce the cost of acquiring new ones. In addition, according to Ghavami and Oliyaei (2006), effective use of CRM also increases the firm's profitability by moving your clients to purchase more; introducing them to other services you may provide and make those clients use word of mouth which help to promote your business.

On the other hand, retaining every customer may not be feasible. As a result, the costs of performing services for customers, which is not always easily tracked in the organizations, need important consideration. Some customers demand more time and services than other customers. High maintenance customers that require frequent assistance, service calls, or technical expertise should be monitored appropriately in a customer relationship. Organizations must be able to determine when a relationship is costly; however, potential customer relations should be considered.

4.3. CORRELATIONS

Under this subtitle, the relationship between the demographic characteristics and other marketing variables are analyzed as follows.

4.3.1. Demographic Characteristics

Table 4.9 correlation between age of the respondents and their level of satisfaction & loyalty

		Age	Satisret
Age	Pearson Correlation	1	.134
	Sig. (2-tailed)		.456
	N	158	33
Satisfaction & retention rate of the customers	Pearson Correlation	.134	1
	Sig. (2-tailed)	.456	
	N	33	33

(Source: Own Computation, 2015)

According to Rick (2012) he propose that to secure the satisfaction level of customers who are in the age of 25-34 it need to be a hard work to please all property level of gusts as they are brand oriented behaviors. Based on the correlation coefficient in Table 4.10 there is no any relationship between the age of respondents and their satisfaction, loyalty and retention. This may show if hotels can deliver best service, this service can satisfy any user with any age group. And the

reverse is true if their services lack a quality which is equivalent to the initial expectation of the guest.

Table 4.10 Correlation between respondents Nationality and Satisfaction

		Satisfaction of the Customers	Nationality of the Respondent
Satisfaction of the Customers	Pearson Correlation	1	-.079
	Sig. (2-tailed)		.663
	N	33	33
Nationality of the Respondent	Pearson Correlation	-.079	1
	Sig. (2-tailed)	.663	
	N	33	144

(Source: Own Computation, 2015)

The information in table 4.11 above shows there is no relationship between nationality of the guests and their satisfaction, retention and loyalty. This mostly shows hotels in Addis Ababa give an international standard hotel service to satisfy a guest who comes from all over the world. From this we can see that large number of foreign nationals are flowing to the country in early times and hotels in Addis Ababa should keep in truck with providing international standard service to keep the satisfaction level of different foreign nationals. if the hotels focused on providing service on nation level the satisfaction level of other customers will be twisted, so it is better to standardize the service internationally.

Table 4.11 Correlation between respondents' years of experience in using the hotel service and satisfaction

		satisfaction of the customers	Number of years as a customer
satisfaction of the customers	Pearson Correlation	1	-.335**
	Sig. (2-tailed)		.045
	N	33	33
Number of years as a customer	Pearson Correlation	-.335**	1
	Sig. (2-tailed)	.045	

Table 4.11 Correlation between respondents' years of experience in using the hotel service and satisfaction

		satisfaction of the customers	Number of years as a customer
satisfaction of the customers	Pearson Correlation	1	-.335**
	Sig. (2-tailed)		.045
	N	33	33
Number of years as a customer	Pearson Correlation	-.335**	1
	Sig. (2-tailed)	.045	
	N	33	144

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

(Source: Own Computation, 2015)

Amazingly, table 4.12 above shows that there is a negative relationship between number of years as a customer and their satisfaction. This means, when a customer becomes more retain and loyal, the satisfaction he/she generates will decrease. From this hotels can keep customers satisfied and loyal for a short period of time this is because the increase in disposable income or a decrease in marginal rate of satisfaction and as a result, they will shift to other hotels with the same stars.

Generally, all the above results shows; with the exception of length of years as a customer, no other demographic variable has a relationship with satisfaction and loyalty. But contrary to this, Stephen Hampshire (2003) describes, customer satisfaction and loyalty vary by age, gender occupation and location. According to him, this is due to; the innate differences in the way customers form their opinions called *'loyalty personality'*. Commonly, these differences can be predicted by the above geo-demographic factors.

4.3.2. Correlation between CRM antecedents and Outcomes

Next, the researcher tries to show the relationship between basic CRM variables and satisfaction and loyalty.

4.3.2.1. Technology Variables

As Rahimi (2007) on her study proposes that using IT for giving more service in hotels will increase customer satisfaction. In addition, the table below indicates that the Pearson correlation (.930) illustrates there is strong relationship between technology and the customers' satisfaction, retention and loyalty in three, four and five star hotels.

Technology is one of the main component of CRM a lot of previous studies are done and proofed this concept. If a hotel implements technology in their customer relationship management it will develop customer satisfaction & loyalty. When a company implements technology, it needs to appropriately implement technological facilities. This process leads the hotel to have loyal & satisfied customers. This research is relevant to and consistent with the previous research by Trepper (2000) CRM technology are designed to automate sales & service function, aggregate customer information into data warehouse and data mart and manage collaboration with customer trough an expanding number of interaction points.

Table 4.12 the relationship between technology and satisfaction, retention and loyalty

		Tmean	Output
Technology	Pearson Correlation	1	.930
	Sig. (2-tailed)		.240
	N	29	29
Satloy1	Pearson Correlation	.930	1
	Sig. (2-tailed)	.240	
	N	29	29

(Source: Own Computation, 2015)

4.3.2.2. Business process variables

The next table portrays that there is positive relationship between business process and customer's satisfaction, retention and loyalty. This implies the greater the practice of business process of the hotel like working on reservation cancellation without penalty, sending good wish messages for New Year, birthday or wedding anniversary, welcome note to rooms on gusts arrival, availing transportation from airport to hotel site and providing membership card will leads to higher customer satisfaction, retention & loyality. This research is relevant to and consistent with the previous research by Rahimi (2007) she suggest that implementing CRM in the form of improving guest service and support will increase customer satisfaction. Consistent process is essential to areas of CRM and despite the technological perspective; the philosophical bases of CRM are relationship marketing, customer profitability, lifetime value, retention & satisfaction created through business process management.(Chen and Popovinch, 2003)

Table 4.13 correlation between business process and satisfaction and loyalty

		Process	Output
Process	Pearson Correlation	1	.840*
	Sig. (2-tailed)		.035
	N	3	3
Satloy	Pearson Correlation	.840*	1
	Sig. (2-tailed)	.035	
	N	3	3

*. Correlation is significant at the 0.05 level (2-tailed).

(Source: Own Computation, 2015)

4.3.2.3. People variables

A study conducted by stock and Hoyer (2005) shows that people who provide service should be able to help its customers which leads to higher customer satisfaction. But the Pearson correlation below shows there is no relationship between the employees behavior and customers satisfaction. Meaning, gusts of hotels do not give much concern on hotel personnel behavior whether they are friendly or not, capable or not So, no any increase in satisfaction and loyalty due to the

professional competency of employees and their ability to treat guests well. This mostly shows the guests give priority for other factors rather than the people aspect and also a study conducted by Limayew (2004) suggested that in order to speak a good mix of CRM strategy he propose 70% of CRM practice have to be covered by people.

Table 4.14 correlation between people and satisfaction and loyalty

		People	Sat2
People	Pearson Correlation	1	.336
	Sig. (2-tailed)		.782
	N	4	4
sat2	Pearson Correlation	.336	1
	Sig. (2-tailed)	.782	
	N	4	4

(Source: Own Computation, 2015)

4.3.2.4.   One to One marketing Variables

Pearson correlation coefficient in Table 4.17 shows, there exists a positive relationship between one to one marketing variables and customer's satisfaction and loyalty.

Table 4.15 Relationship between one to one marketing and satisfaction and loyalty

		1:1 mean	Satis&loyal
1:1 mean	Pearson Correlation	1	.648**
	Sig. (2-tailed)		.004
	N	4	4
Satis & loyal	Pearson Correlation	.648**	1
	Sig. (2-tailed)	.004	
	N	4	4

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

(Source: Own Computation, 2015)

So, in return to the managers and employees effort to make their hotel a one to one firm, the customers generate more satisfaction than the former and this leads customers to be more retained and loyal. But a study by Pippow et al. (2003) on 'One-to-one Marketing and Customers Loyalty in Electronic Commerce, they didn't found any increase in satisfaction due to one to one marketing. But they still believe that, one-to-one marketing is a powerful instrument for raising customer loyalty, even if sustainable success in doing so could not be proved yet due to the short time horizon.

If the hotel works its weakness on one to one marketing it will have a great impact on the company performance. Now a day, if any hotel wants to have a satisfied and loyal customer he needs to know a key to success. The researcher strongly suggests that one to one marketing is one of the key to customer satisfaction and loyalty. If the company implements one to one marketing on the hotel, it needs to work for its feedback and measure the score of each component frequently.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATION

Under this chapter summary, conclusions and recommendations are forwarded according to the findings.

5.1. Summary

The researcher has distributed two hundred questionnaires and sixteen structured interview papers for sampled respondents. From the total 200, one hundred fifty six papers with some missed items were filled and returned and data obtained from these instruments were analyzed. Based on the objectives, analysis of data and discussion of results, the researcher refined the following major findings for this study:

➢ Large numbers of the respondents are experienced in service use from 2-3 years.

➢ Most of the respondents are qualified and they have diploma, first degree, second degree and above.

➢ Males are dominant respondents who cover the largest portion of the respondents.

➢ Majority of the sampled respondents are foreigners. When we see the country wise comparison of the customers, Ethiopian nationals took the majority share.

➢ Sampled respondents agreed star hotels in Addis Ababa have good awareness of using technological facilities and low exposure of sending good-wish messages for New Year, birthday or wedding anniversary.

➤ Respondents agree that five star hotels have low rate of business process implementation.

➤ People aspect of Customer Relationship Management is the overlooked component with low emphasis than technology and process. Due to this, the respondents answer about the way they treated by hospitality team is not far from average.

➤ The current implementation level of one to one marketing with the help of three CRM components provides above average satisfaction level for customers.

➤ The customers wish to be retained and considerably loyal for the hotel they currently taking a service.

➤ There is no correlation between age, educational qualification, nationality and customer's satisfaction.

➤ There is negative correlation between length of relationship and satisfaction, loyalty and retention.

5.2. Conclusions

➤ The implementation of one to one marketing in star hotels in Addis Ababa is good. But there are some areas which are still ignored. These areas, like others, have the base for hotel selection in the side of customers. One to one marketing is a positive relationship with customer satisfaction, retention and loyalty.

➤ With the available technology, process and people, the guests are satisfied and they wish to be retained and loyal. So, the more the hotels become customer obsessed, the more the customers retained and loyal and the more the firms become profitable.

➤ The mix between people, technology and process is not the same with the value stated by writers in the area. Based on this the value given for technology is over emphasized in all three, four and five star hotels. On the other hand, the weight given for the other counter parts is overlooked specially, the people aspect.

➤ Despite the truth, even though, the people aspect in Ethiopia is not deeply emphasized, its effect on loyalty of customers is not shown.

➤ CRM implementation in three different star groups is not similar. Besides to some exceptionality, it increases as we move from three to five star hotels. But the researcher believes this difference is natural as far as the difference in stars is concerned. Because the Ethiopian Quality and Standard Grading Authority consider these factors plus other qualifications while they give their star level.

5.3. Recommendations

In the light of findings obtained from the data analysis, the following recommendations are made:

❖ As we are under information age and information becomes indispensable resource available in the market for everyone, the one who use this resource become the winner. Hotels in Addis Ababa should believe in this point and try to extract all information concerning the needs and preferences of the guest during check in time. And they must not forget to update every time while the guest comes again and again. Then, they can develop a customer database which allows the hotel to provide a consistent service at any time; with any personnel; whatever the reception who registers the guest is there or not.

❖ In this contemporary era, thinking about mass market, like the past decades, make firms out of the competition. So, hotels in Addis should think like the time and concentrate on how to serve each individual like a segment. This is done by analyzing the information gathered about the guest during check in time. If they fail to do so, they lag behind the

time and one day, when the country becomes prosperous well and other multinational firms will be attracted to the industry and the existence of the current firms become under question mark.

❖ From the best of the researcher's knowledge, Ethiopian hotel are under a myth of "CRM is a Technology". Due to this they invest millions of birr's for implementing Starwood and Shangri-La standard POS systems. But, rather than this, it was better to use ERP systems developed by local software developers and with this; they can reduce the money required for implementing a single POS and PMS system. And this value of money may help the hotels to strengthen the other two aspects by developing good and modern hotel management business process and training for hotel employees. With this, they have a chance to build the right mix of Customer Relationship Management which leads hotels to retain customers more than the current scenario.

❖ Giving membership to regular customers and arranging to create a hotel guests group which allows the hotels to develop a link with customers and gather information about the service they have to improve. With this, the hotels can retain some customers with their side.

❖ It is quite common that any firm will exist in the market, if and only if, when they can keep customers satisfied and delighted. If they can do this well, they can achieve customer retention and loyalty. So, the center of excellence for all individuals around the hotels should be providing good service than competitors and keeping customers satisfied. In order to do this, they must send value added services like sending welcome messages during check in and good bye messages during departure, electronic good wish messages during a birthdays and wedding anniversaries. This can be done by the PMS implemented by hotels without the interference of hotel receptionists. For example by communicating with Ethio-Telecom, CNET ERP Property Management system can perform this by simply entering the specified phone number, birth and wedding date of the client.

The other thing that hotels should consider is the availability gates for handicaps. As far as they consider these individuals are their targets, the building should have this feature while they were designed. But they still have a chance to include this feature by making sloppy metal which serve this special interest groups as a steps. They should also think about the baby sitter feature for mothers who come with infant babies.

❖ Even though the correlation result states as people is not any significant effect on satisfaction and loyalty, the organization should think of giving modern and updated training for their employees. Because the above result mostly come due to the short time horizon available for doing this research. Even if the result is consistently true, the professional ability of their employees will serve as a competency and base of competitive advantage for the hotels. Because Human Resource is the only organization resource which can't be imitated or copied.

Generally, if the hotels implement all the above recommendations, they can maximize the satisfaction and retention level of customers more than they attain now and through this the firms can maximize their profit.

5.4. Implication for further research

Far from the results attained through this research, the researcher wishes to address some areas which are not included in this study needed further research. Based on this, the researcher puts the following points.

Even though many scholars of the area state 'people' is the main factor which determines the degree of retention of an individual, in this study the researcher observed rather than people, technology and other factors, which are not part of this study, becomes the major ones. So, the severity of these hidden factors needs further research. This study also didn't consider the relationship between age and other variables like price sensitivity and their effect on loyalty.

References

Anuj, K.G. Shohit N. Raghav S. & Shahil B. (2010) *Customer relationship management in hotel industry.* Lovely Professional University

Berry, L. (1985) *Marketing Services: Competing through Quality.* New York, Free Press.

Berry, L.L. Shostack, G.L. & Upah, G.D. (1983) *Relationship marketing: Emerging Perspectives on Services Marketing.* American Marketing Association, Chicago, IL.

Bose, R. (2002) Customer Relationship Management: Key Components for IT success. *Journal of industrial Management and data systems*, Vol.102 No.2, pp.89-97

Bose, R. & Sugumaran, V. (2003) *Application of Knowledge Management Technology in Customer Relationship Management: Knowledge and Process Management*, Vol. 10, No. 1.

Bose, R. (2002) Customer Relationship Management: Key Components for IT success. *Journal of Industrial Management and Data systems*, Vol.102 No.2, pp. 89-97.

Briony, J.O. (2006) Researching information system and computing. UK, London, sage publishing

Brookes, R. & Palmer, R.A. (2004) The new global marketing reality. Basingstoke, Palgrave.

Caterer and Hotelkeeper (2001) Web's wonder. pp. 37-38

Chase, R.B. & Dasu, S. (2001) *Want to Perfect Your Company's Service? Use Behavioral Science.* Harvard Business Review.

Chen, I.J. & Popovich, K. (2003) Understanding Customer relationship management (CRM): People, process and technology. *Business process management Journal*, Vol.9 No.5 pp 672-688

Chi, R. Hing, P.L. Wang, Y. & Yang, Y. (2004) *An integrated framework for Customer Value and Customer relationship management performance: a customer-based perspective from China.* Journal of Management Service Quality, Vol. 14, No. 2, pp. 169-182

Choi, T.Y. & Chu, R. (2001) *Determinants of hotel guests' satisfaction and repeat patronage in the Hong Kong hotel industry.* Hospitality Management, Vol. 20, pp. 277-97.

Christopher, M. Payne, A. & Ballantyne, D. (1991) *Relationship Marketing: Bringing Quality, Customer Services, and Marketing Together.* Butterworth-Heinemann, Oxford.

Claycomb, C. and Martin, L.C. (2002) *Building Customer relationships: inventory service providers' objectives and practice*

Cline, R.S. (1999) *Hospitality 2000 and the technology, Lodging Hospitality*, 55(7), pp.18-26

Davenport, T.H. Short, J.E. (1990) *The new industrial engineering: information technology and business process*. Sloan Management Review, 31(4), pp.11-27.

Denison, T. & McDonald, M. (1995) The role of marketing: Past, present and future. *Journal of Marketing Practice,* 1(1), pp.54-76

Dowling, G. (2002) Customer Relationship Management: In B2C markets, often less is more. California Management Review, 44(3), pp.87-104

Dyche, J. (2001) *The CRM Handbook: a business guide to customer relationship management.* Boston. Addison- Wesley

Dyché, J. (2001) The *CRM Handbook: A Business Guide to Customer Relationship Management.* London. 1st ed., Addison-Wesley Professional.

Francesce, P.A. & Renaghan, L.M. (1990) *Database Marketing: Building Customer Profiles.* Cornell hotel and restaurant administration quarterly, 31(1), pp.60-63

Ghavami, A & Olyaei, A. (2006) *the impact of CRM on customer retention*. Lulea University of Technology, Sweden

Gilbert, D.C. Powell-Perry, T. & Widijoso, S. (1999) Approaches by hotels to the use of the internet as a relationship marketing tool. *Journal of Marketing Practice: Applied Marketing Science,* Vol. 5 No. 1

Gilmore, J. Pine, J. (1997) *The four faces of mass customization*. Harvard Business Review.

Goldenberg, B. (2000) what is CRM? What is an e-customer? Why you need them now: in Proceedings of DCI Customer Relationship Management Conference, Boston, MA, 27-29 June.

Gordon, I. (1998) Relationship Marketing: New Strategies, Techniques and Technologies to Win the Customers You Want and Keep Them Forever, Wiley, Chichester.

Greenberg, P. (2001) CRM at the speed of light: Capturing and Keeping Customers in Internet Real Time. Berkeley: Osborne/McGrew-Hill.

Grönroos, C. (1997) From Marketing Mix to Relationship Marketing: Towards a paradigm shift in marketing. *Journal of Management Decision*, Vol. 35, No.4 pp 322-339

Gronroos, C. (1999) Relationship marketing: challenges for the organization. *Journal of Business Research,* Vol. 46 No. 3, pp. 327-35.

Gruen, K. Dwayne, P. Gremler, D. & Mary, J.B. (1998) Relational Benefits in Services Industries: The Customer's Perspective. *Journal of the Academy of Marketing Science*, 26 (spring), 101

Gummesson, E. (1999) *Total relationship marketing*. Oxford, Butterworth-Heinemann.

Hammer, M. (1996) *Beyond reengineering*. New York; Harper Collins

Higgins, M. & Smith, W. (2000) Reconsidering the relationship analogy. *Journal of Marketing Management,* Vol. 16 Nos 1/3, pp. 81-94.

Hoffman, K.D. & Bateson, E.G. (2002) *essentials of service marketing: concepts, strategies and cases*. Fort Worth: Harcourt college publishers

Keaveney, S.M. (1995) Customer switching behavior in service industries: an exploratory study. *Journal of Marketing*, Vol. 59, April, pp. 71-82.

Kevin, P.G. and Yen, H.J.R. (2003) Internet Retail Customer Loyalty: the mediating role of relational benefits. *International Journal of service industry management*, Vol.14, No.5 pp.485-500

Kotler, P. (2000) *Marketing Management*. 10th ed. Upper Saddle River, New Jersey

Kotler, P. (2003) *Marketing Insights from A to Z: 80 Concepts Every Manager Needs to Know*. John Wiley & Sons, Hoboken, NJ.

Kristin, L.A. and Carol, J.K. (2002) *Customer Relationship Management*. McGrew- Hill

Lee, K. (2001*) Building competitive success into your brand through differentiated customer care* [Internet], December 13, 2001

Lovelock, C. Lewis, B. & Vandermerwe, S. (1999) *Service Marketing: A European Perspective.* Prentice Hall Inc, Upper Saddle River, New Jersey

Magnini V.P. Honeycutt E.D. & Hodge S.K. (2003) Data mining for hotel firms: Use and limitations. *Cornell Hotel and Restaurant Administration Quarterly*, 44(2), pp.94-105

McNulty, E. (2003) they bought in-now they want to bail-out. *Harvard Business review*, 12: pp.28-38

Menasie Software technologies (2009) *Hotel property management system user manual*. Unpublished

Michael, L. (2002) *Customer Loyalty and Advocacy*. CEM global certification program.

Newell, F. (2000) *Loyalty.com: Customer Relationship Management in the new era of internet marketing.* McGraw-Hill, New York, NY.

O'connor, P. (2003) *outline pricing: an analysis of Hotel Company practice cornell hotel and Restaurant administration*. Quarterly, 44(1): pp.88-96

Olsen, M. & Connolly, F. (2000) *Into the New Millennium*. A White Paper on the Global Hospitality Industry, International Hotel Association

One to one marketing: a Way to Earn Loyalty in the Mature Consumer Markets, (1999) A conference at Nihon University together with Stockholm University, Friday 23 April and Saturday 24 April.

Patrick, A. & Amer, I. (2005) *Customer Relationship Management: Objectives, Strategies and Expected Benefits*. Lulea University of technology, Social Science and Business Administration Programs.

Peel, J. (2002) *Customer Relationship Management: redefining CRM*. Digital Press

Peppard, J. (2000) Customer relationship management (CRM) in financial services. *European management Journal,* Vol.18, No. 3, pp. 312-27.

Peppers, D. & Rogers, M. (1999) *The One to One manager: Real-World Lessons in Customer Relationship management*. Doubleday, NY.

Piccoli, G. O'Connor, P. Capaccioli, C. & Alvarez, R. (2003) Customer Relationship Management: as a driver for change in the structure of the U.S. Lodging industry. *Cornell Hotel and Restaurant Administration Quarterly*, 44(4), pp.61-73

Pippow, I. Eifert, D. and Müller, G. (2003) *One-to-one Marketing and Customers Loyalty in Electronic Commerce: an empirical Analysis*. Institute of information.

Rahimi, R. (2007) *Feasibility study for the application and implementation of CRM in hotel industry: Case of Hamgame Arya Group Hotels*. MBA. thesis, Lulea University of technology.

Reichheld, F. (2003) *The One Number You Need to Grow*. Harvard Business Review, 12, pp.46-54

Reinartz, W. & Kumar, V. (2002) *The Mismanagement of Customer Loyalty*. Harvard Business Review, 7:86-94

Ryals,L. (2001)Making Customers Pay :measuring and managing customer risks and returns. *Journal of strategic Marketing*, 11, pp.165-175

Saunders, M. (2003) *Research method for business students*. Pearson education limited.

Saxe, R. &Weitz, B.A. (1982) The SOCO scale: a measure of the customer orientation of Salespeople. *Journal of Marketing Research*, Vol. 19, pp. 343-51.

Schuster, R. (2002) *Creating the Business Case for CRM: An Approach That Works*. Akibia Consulting

Shaw, M. Subramanian, C. Tan, G. & Welge, M. (2001), Knowledge Management and Data Mining for Marketing: Decision Support Systems. *Journal of marketing and information systems,* 31(1) December, pp.127-137

Sheth, J. &Parvatiyar, A. (2002) Evolving relationship marketing into a discipline. *Journal of Relationship Marketing,* pp.3-16

Sheth, J. and Paravatiyar, A. (1995a) Relationship marketing in consumer market: antecedents and consequences. *Journal of the Academy of Marketing Science*, Vol. 23, pp. 255-71.

Sheth, J. and Paravatiyar, A. (1995b) *The evolution of relationship marketing*. International Business Review, Vol. 4, No. 4, pp. 397-418.

Sotoudeh, M. (2006) *Customer Relationship Management in the Tourism industry of Iran*.Lulea University of Technology.

Stevens, L. (2001) CRM *Analytics is Expensive, so Companies Are Focusing on Areas with Customers*. Internet week, April 9:35-38

Stock, R.M. & Hoyer, W.D. (2005) An attitude-behavior model of salespeople's customer orientation .*Journal of the Academy of Marketing Science*, Vol. 33, pp. 536-52.

Swift, R. (2001) *Accelerating Customer Relationships using CRM and Relationship Technologies*. Prentice Hall PTR, Englewood Clifss, NJ.

Thomas, K. & Karla, L. (2005) *Customer relationship management implementation: A case of two service industries*. Lulea University of Technology.

Trepper,C. (2000) *Match your CRM tool to your business model*. Information week.

Weinstein, A. (2002) Customer retention: a usage segmentation and customer value approach. *Journal of Targeting, Measurement and Analysis for Marketing*, Vol. 10, No. 3, pp. 259-68

Wolfgang, E. (2004) Customer Relationship Management in the Hospitality Industry.

Yeraswork, (2009) Research methodologies for social sciences**.** Academic booklet, Addis Ababa

Yeshiwond, G. (2009) *The Role of Relationship Marketing for Maintaining Customer Loyalty: A case of Commercial Bank of Ethiopia Adama Branch*. Adama University

Yin, R.K. (1994) *Case study Research: Design and Methods*. 2nd ed., Thousand Oaks, Sage Publications

Websites

Goldenberg,B. (2002) http://www.informit.com/article/asp?p=26256(retrieved at 08-2014)

Hanies, M. (2002) Gartner: ROI calculation isn't simple but it's important for CRM, available at http://searchcrm.techtarget.com/retrieved at 27 September-2015

One to one marketing(http://searchcrm.techtarget.com/definition/one-to-one-marketing (retrieved at 04-06-2015)

Osman, H. & Hemmington, N. (2008) A transactional approach to customer loyalty in the hotel
industry. Bournemouth University, Bournemouth, UK. http://www.emeraldinsight.com/0959-
6119.htm retrieved at 24-09-2015

Peppers,D. & Rogers,M. (2000) Successful Web sites. http://www.dmreview.Com,retrieved
February2015.

Stephen, H. (2003) *Customer satisfaction, loyalty and profit: understanding the
links*.http://www.customerfocusconsult.com/articles/articles_template.asp?ID=3
(Retrieved on 23-05-2015)

(www.cranfield.ac.uk, 2004) (Retrieved at 08-2015)

Appendix

Appendix – A

Technology (component for CRM implementation) measuring points with customer response mean and std. deviation

Technology (Measuring Points)	Five stars			Four Stars			Three stars		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation	N	Mean	Std. Deviation
You get access to hotel information via website.	29	4.48	.574	32	3.69	.859	82	3.00	.754
You can access the hotel feedback form via internet.	30	4.53	.507	32	3.84	.767	82	2.98	.816
24 hours online reservation is available	30	4.53	.681	31	4.03	.605	82	3.02	.942
There is Internet services in rooms.	29	4.34	.857	32	3.75	.803	81	3.11	.935
The hotel avail paying the bills by the credit cards.	27	4.26	.712	32	4.06	.878	82	3.18	.877
You can find IT based special services, such as films and music's on demand in hotel's rooms.	30	4.07	.944	31	4.03	.752	82	3.22	.802
You have access to hotel various menus and ordering room services via telephone.	30	4.27	.740	32	4.09	.689	76	3.30	.849
There is weak up call through integrated telephone.	29	3.93	.753	31	4.00	.856	82	3.44	1.032
Overall mean		**4.3013**			**3.9362**			**3.1562**	

(Source: Own Questionnaire, 2015)

Appendix – B

Business Process (component for CRM implementation) measuring points with customer response mean and std. deviation

Business Process (Measuring Points)	Five stars			Four Stars			Three stars		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation	N	Mean	Std. Deviation
In case if I fail to travel, the hotel accepts reserve cancellation.	30	4.07	.868	31	3.81	.833	82	3.18	.995
The hotel sends good-wish messages for New Year, birthday or wedding anniversary.	30	2.90	1.242	32	3.10	.866	82	2.77	.947
The hotel management sends welcome note to rooms on your arrival.	30	3.33	1.241	32	3.62	1.040	82	3.21	.991
The hotel avail transportation from airport to hotel site.	30	4.03	.669	31	3.84	.638	81	3.26	1.010
The hotel provide membership card.	30	3.87	.776	32	3.84	.808	80	3.10	.866
The hotel request guests personal needs every time	29	4.14	.743	31	4.06	.629	82	3.20	.744
Overall mean		**3.7233**			**3.7217**			**3.1200**	

(Source: Own Questionnaire, 2015)

Appendix – C

People (component for CRM implementation) measuring points with customer response mean and std. deviation

People (Measuring Points)	Five stars			Four Stars			Three stars		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation	N	Mean	Std. Deviation
The employees have high professional competency	30	3.75	.762	32	3.51	1.114	82	3.18	.995
When you have complaints they are heard and given appropriate replay	30	3.84	.969	31	3.40	.954	82	3.46	.878
Appropriate behavior of personnel's is an effective factor which determines your next stay.	30	3.84	.820	31	3.20	.853	82	2.77	.947
The hotel personnel's are friendly with you in your stay	28	3.81	.749	31	3.66	1.033	82	3.27	.969
Over all mean		3.8100			3.4425			3.1721	

(Source: Own Questionnaire, 2015)

Appendix – D

One to One Marketing practice measuring questions with customer response mean and std. deviation

One to One Marketing (Measuring Points)	Five stars			Four Stars			Three stars		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation	N	Mean	Std. Deviation
They register individual needs of customers during check in time	30	4.27	.740	31	3.90	.699	82	3.10	1.096
Offering additional services, such as citytour for customers.	30	4.00	.695	32	3.88	.793	82	3.27	.969
Having baby-sitter services in the hotel is necessary	30	3.53	.860	31	3.90	.699	82	3.10	1.096
There is separate gate for handicapped person	30	4.53	.507	31	3.87	.776	82	2.90	1.242
Overall mean		**4.0825**			**3.8875**			**3.0925**	

(Source: Own Questionnaire, 2015)

Appendix – E

Customer Satisfaction (outcome for CRM implementation) measuring points with customer response mean and std. deviation

Customer Satisfaction (Measuring Points)	Five stars			Four Stars			Three stars		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation	N	Mean	Std. Deviation
You are satisfied with fast response to your calls	30	4.30	.750	32	3.53	.803	82	3.41	.845
You are satisfied with the prompt replay to your request.	30	4.17	.791	32	3.91	.689	82	3.65	.807
I'm satisfied with the professional competence of the employees	30	4.47	.629	31	4.06	.629	80	3.64	.945
The core service of the hotel satisfied my expectations	30	4.33	.661	32	3.84	.808	78	3.68	.904
Most often the hotel meets all the requirements that we see reasonable.	30	4.37	.669	32	4.09	.856	81	3.70	.858
I'm comfortable about the relationship with hotel hospitality crew.	30	4.63	.556	31	4.13	.670	81	3.68	.933
Overall, we are pleased with the service the hotel does for us	30	4.57	.626	32	4.06	.716	80	3.63	.905
Over all mean		**4.4057**			**3.9457**			**3.6271**	

(Source: Own Questionnaire, 2015)

Appendix – F

Customer Retention and Loyalty (outcomes for CRM implementation) measuring points with customer response mean and std. deviation

Customer Retention & Loyalty (Measuring Points)	Five stars			Four Stars			Three stars		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation	N	Mean	Std. Deviation
I intend to come back again to the hotel	30	4.33	.711	31	4.09	.818	78	3.94	.727
This hotel is my first choice among all hotels in the city	30	4.43	.679	31	3.94	.772	81	3.74	.787
I expect to be loyal	29	4.24	.739	31	4.00	.577	78	3.86	.734
As far as possible, I recommend the services to be added	29	4.41	.628	32	4.00	.762	82	3.70	.812
Over all mean		**4.3525**			**4.0075**			**3.8100**	

(Source: Own Questionnaire, 2015)

Appendix – G

Questionnaire aboutCustomerRelationship Management Inhotelindustry

(Case ofthree stars and abovehotels)

Dearrespondents:

I am a post graduate student in Saint Mary University. Currently I am doing a research on "The practice of Customer Relationship Management (CRM) in hotel industry, a case in three to five star hotels in Addis Ababa city. The research is purely for academic purpose and your response is completely anonymous, but your views, in combination with those of others, are extremely important. Thus the following questions are for analytic purposes only. It will not be used to try to identify any individual and to badmouth the dignity and reputation of both the customers and the hotel.

"Thank you for devoting your precious time to fill this questionnaire".

SosinaGetachew
Graduating MAstudentin Business Administration

PART I. Background information
Direction: For the following items please mark '√' on the one which suits your response

Sex
- Male…………………..……☐
- Female …………………….☐

Age

- Below 25……………………☐
- From 25-45 ………………..☐
- From 46-65………………….☐
- Above 66…………………….☐

Educational Qualification
- Primary school………………………☐
- High school graduate…………..☐
- Diploma …………………….☐
- First Degree………………….☐
- Second Degree and above …☐

Continent you come from
- From Ethiopia …………….…☐
- Other parts of Africa……….☐
- Europe …………………….☐
- Latin & and North America ☐
- Asia ……………………….☐
- Others ……………………..☐

Star level of the hotel now you taking

service

- Five star   ☐
- Four star   ☐
- Three star ☐

No of years as a customer
- Below one year ……………☐.
- One – two years …………..☐.
- Two – three years …………☐
- Three – four years ………..☐
- More than four years ……..☐

PART II: Questions for Customer Relationship Management variables

Direction: please make (√) sign on the space provided in a way which express your degree of agreement about the statements written in the first column.

TECHNOLOGY MEASURING POINTS

Questions	Strongly agree	agree	Neutral	disagree	Strongly disagree
1- You get access tohotelinformationviawebsite.					
2- You can access the hotel feedback formviainternet.					
3- 24 hours online reservation is available					
4- There is Internet services in rooms.					
5- The hotel avail paying the bills by the credit cards.					
6- You can find IT based specialservices,suchas films and music's ondemand in hotel's rooms.					
7- You have accesstohotelvariousmenusandorderingroom					
8- There is weak up call through integrated telephone.					

BUSINESS PROCESS MEASURING QUESTIONS

Questions	Strongly agree	agree	Neutral	disagree	Strongly disagree
9- In case if I fail to travel, the hotel accepts reservecancellation.					
10- The hotel sends good-wish messages for New Year, birthday or wedding anniversary.					
11- The hotel avail transportation from airport to hotel site.					
12- The hotelmanagement sends welcome noteto rooms on your arrival.					
13- The hotel provide membershipcard.					

PEOPLE MEASURING QUESTIONS

Questions	Strongly agree	agree	Neutral	disagree	Strongly disagree
14- The employees have high professional competency.					
15- When you have complaints they are heard and given appropriate replay					
16- Appropriate behavior of personnel's is an effective factor which determines your next stay.					
17- The hotel personnel's are friendly with you in your stay					

CUSTOMER SATISFACTION MEASURING QUESTIONS

Questions	Strongly agree	agree	Neutral	disagree	Strongly disagree
18- You are satisfied with fast response to your calls					
19- You are satisfied with the prompt replay to your request.					
20- I'm satisfied with the professional competence of the employees					
21- The core service of the hotel satisfied my expectations					
22- Most often the hotel meets all the requirements that we see reasonable.					
23- I'm comfortable about the relationship with hotel hospitality crew.					
24- Overall, we are pleased with the service the hotel does for us					

LOYALTY MEASURING QUESTIONS

Questions	Strongly agree	agree	Neutral	disagree	Strongly disagree
25- I intend to come back again to the hotel					
26- This hotel is my first choice among all hotels in the city					
27- I expect to be loyal					
28- As far as possible, I recommend the services to be added					

ONE TO ONE MARKETING

Questions	Strongly agree	agree	Neutral	disagree	Strongly disagree
29- They register individual needs of customers during check in time					
30- They Offer additionalservices,such as citytour.					
31- Havingbaby-sitterservices in the hotelis necessary					
32- There is separate gate for handicapped person					

Appendix – H

Structured interview for Hotel Managers

Dear Respondent:

This interview is prepared to make the model "Customer Relationship Management (CRM)" practice in hotel industry. The interview is formulated to help Hotel industry development and in order to satisfy the customers with well qualified customer relationship management. Thus, please, pay attention to respond the questions.

I thank you very much in advance for your cooperation.

Questions for Customer Relationship Management variables

1. Do you believe in the professional competency of your employees?
   - ☐ Yes
   - ☐ No
2. Do you believe your personnel's have able to treat the customers well than others in the industry?
   - ☐ Yes
   - ☐ No
3. Do your employees try to solve customers' compliant on time?
   - ☐ Yes
   - ☐ No
4. Does your hotel have a website?
   - ☐ Yes
   - ☐ No till now
   - ☐ We are expecting for the future
5. If your hotel has a website, do you believe it gives detail information about the hotel?
   - ☐ Yes
   - ☐ No
6. Does your hotel provide 24 hr. reservation system?
   - ☐ Yes
   - ☐ No

7. If yes, is it electronic or manual?

  ☐ Electronic

  ☐ Manual

  ☐ Both

8. If not, how much hour does it gives reservation per day?

  ☐ Less than 8 hr.

  ☐ From 8 – 12

  ☐ From 13 – 18

  ☐ From 19 – 23

9. Do your rooms have IT based facilities like movies and music on demand?

  ☐ Yes

  ☐ No

10. Do you make menus avail in TV found in the rooms?

  ☐ Yes

  ☐ No

11. Do you provide weak up call to remind customers 24 hr. a day?

  ☐ Yes

  ☐ No

12. Do the customers have an option to pay bills in credit card?

  ☐ Yes

  ☐ No

13. How frequently does your Hotel give immediate response for calls?

  ☐ Always

  ☐ Sometimes

  ☐ Never

14. Does your hotel have a feedback form, which helps to know customers attitude?

  ☐ Yes

  ☐ No

15. If yes, is it electronic or manual?

  ☐ Electronic

  ☐ Manual

  ☐ Both

16. Do you allow customers to cancel the reservation without penalty?

  ☐ Yes

  ☐ No

17. Does the management send welcome messages for the guests, at the time of their arrival?

  ☐ Yes

  ☐ No

18. Do you send good wishes for New Year and birthday to regular customers?
    - ☐ Yes
    - ☐ No
19. Do you offer a membership card for customers?
    - ☐ Yes
    - ☐ No
20. Do you offer transportation service from airport to hotels and for returning to airport for departure?
    - ☐ Yes
    - ☐ No
21. Do you register customers' special needs at check in time?
    - ☐ Yes
    - ☐ No

22. Do you advertise special prices and discounts made on your hotel?
    - ☐ Yes
    - ☐ No
23. Is there a baby sitter in your hotel?
    - ☐ Yes
    - ☐ No
24. Is there a gate for handicapped persons in your hotel?
    - ☐ Yes
    - ☐ No
25. Do you provide city tour service for customers?
    - ☐ Yes
    - ☐ No
26. Do you offer transportation service from airport to hotels and for returning to airport for departure?
    - ☐ Yes
    - ☐ No
27. If your answer is "yes", for what type of customers do u provide?
    - ☐ For VIP customers like Ambassadors and government officials
    - ☐ For any regular customer
    - ☐ For any customer who even stay for a single day
    - ☐ If there is any other base of selection, please specify

    _____
    _____

28. Do you expect that your customer management is the main tool to maintain customers of the hotel?
    - ☐ Yes

☐ No

29. Do you believe that implementing customer relationship management reduce cost and increase revenue for your hotel?

    ☐ Yes

    ☐ No

30. Is there any special service provided by your hotel to make customers waiting more exciting?

_____
_____
_____
_____

Declaration

I, the undersigned, declare that the thesis is my original work, prepared under the guidance of Dr. Abdurazek Mohammed. All resources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

_____   _____

Name   Signature

St. Mary's UniversityAddis Ababa

June, 2015

Endorsement

This thesis titled "Customer Relationship Management Practices of Hotels: A Case Study of Selected Star Hotels In Addis Ababa" has been submitted to St. Mary's University, School of graduate studies for MBA program with my approval as university advisor.

_____   _____

Name   Signature

St. Mary's UniversityAddis Ababa

June, 2015