

**JIMMA UNIVERSITY**



**ASSESSMENT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTICE:  
THE CASE OF SELECTED HOTELS IN JIMMA.**

*A THESIS SUBMITTED TO JIMMA UNIVERSITY GRADUATES STUDIES IN  
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## **Abstract**

*This research was undertaken to assess the practices of Customer Relationship Management in the case of some selected Jimma Hotels. The hotels to persevere in an increasing competition, they need to implement Customer Relationship Management. The specific objective of this study was to know the practices of Customer Relationship Management in the selected Jimma hotels and to identify challenges facing these hotels. The data was collected from both the employees including managers and the guests who minimally stay in the rooms of the hotels and concerned stake-holders. In order to gather the relevant data, three hundred and fifty sample questionnaires and fifteen unstructured interviews were administered. All these data were accepted and used as a valid. Gathered data were classified, analyzed, and interpreted. The descriptive analysis adopted for both Quantitative and Qualitative analysis and arithmetic analysis and narrative conducted for qualitative data. After analysis, data were formulated in table, frequency and charts style. Findings illustrated that the hotels were trying to practice Customer Relationship Management. But many of them faced challenges in effectively implementing all the known Customer Relationship Management practices. This problem occurred because of lack of implementing customer relationship management strategies and lack of knowledge on Customer Relationship Management. The researcher concluded that Customer Relationship Management practice is an important component because of incremental impact it has to the market share. The researcher has recommended that the managers of the hotels understudy should able to conduct sustainable training program for employees and top management members to develop awareness about Customer Relationship Management. And managers of the hotels have to attempt for the full implementation of*

*Customer Relationship Management. Because, it has been tested by many researchers that Customer Relationship management changes the overall performance of the hotels.*

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# CHAPTER ONE

## 1 INTRODUCTION

This introduction provides an overall overview of the entire study. It includes background of the study, objective of the research, problem of the statement, scope and significance of the study parts to be covered.

### 1.1 Background of the Study

Acknowledging many Marketing practitioners and scholars strong recommendations for close relationships with customers, it is apparent that the beliefs of existing customers are more profitable as the acquiring and attracting of new customers is expensive, and that it is less costly to up-sell or cross-sell products or services to current customers. According Rhimi, Hospitality industry is defined as “One of the sections within the truism industry in which the process of the customer preservation is coming to be a strictly mentality” (Rahim, 2007). Within the field of hospitality, hotels are very significant in offering service and play a sufficient role in expanding the truism industry and in improving and developing economic circumstances”. (Sotoudeh, 2006 ). Hotels in order to have loyal customers they have to make sustainable relationship with them. In this regard , ‘CRM strategy is of a great benefit to the organization, adopting it, as such the organization can reap the benefit of increasing sales through better market segmentation, customized product and service, obtaining higher quality product, gaining access to information and employee satisfaction, and above all, ensuring long-lasting customer retention and loyalty”(Alomtairi, 2009; Ozgenerand Iraz, 2006 ; Stockdale, 2007 ;Verma and Chandhuri, 2009).

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

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



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

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

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

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

With regard to CRM in hotels, in the current era, like many industries and sectors, the hotel industry is also experiencing increasing globalization, competition, higher customer turnover higher customer acquisition costs and rising customer expectations. As the result, customers are becoming more price sensitive, less brand loyal, and more sophisticated. Thus, considering CRM has become a strategic necessity for many hotels in order to sustain and rip higher profit of the industry (Ali, 2007:8).

Despite the competitive advantage benefits gained though successfully implemented CRM, many studies revealed the high rate of CRM implementation failure probability. Consequently, in the hotel industry, in

line with the two major facts i.e. the multifold benefit of CRM and the high rate of CRM implementation failure, there have been many studies conducted.

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

## **1.2 Statement of the Problem**

Apparently, the current marketing trend implies the necessary opportunities of designing and implementing a feasible CRM system is impeccable for any company to formulate a profitable long-run relationship with its customers in the current competitive business world. Similarly, the CRM situation is becoming very true in the hotel industry as well. For instance some researchers have confirmed that there is still lack of research on CRM in hospitality industry. And they have put the result of their as follows. ‘‘ CRM is identified as an important practice for the hotel sectors’’. (Lo et al, 2010). ‘‘The hotel sector is evident from the growing amount of literature, there appear to e potential for further research ‘’. (Wu & Lu , 2012).

Further, in line with the objective of this study, and considering CRM as core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit (Buttle, 2004), utilizing CRM is to hotels’ advantage for gaining, regaining, and maintaining profitable customers and for ensuring relationship quality. In the hotels business, it is a fact that hotels distribution channel intermediaries such as travel agents and tour operators to have major impact on the overall performance of hotels. Travel agents and meeting planners book nearly one out of two hotel rooms, and these two groups are still the most frequent intermediaries between the guest and a hotel company. Specifically, according to the 1998 American Society of Travel Agents' Consumer Travel Purchase Report, which surveys frequent travelers nationwide, in 1998, 21.8 percent of hotel rooms sold had been booked by travel agents, while meeting planners generated an estimated additional 24.0 percent.

Accordingly, CRM being a process designed to collect data related to customers, to grasp features of customers, and to apply those qualities in specific marketing activities (Swift, 2001) and being an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction (Bose, 2002), in order to gain high quality all rounded customer related information, the input of operational and analytical CRM related activities are loud clear in line with multichannel

integration and information management processes. In relation, the problem of not having effective CRM processes related activities have a direct negative impact on successful implementation of CRM.

Thus, considering the absence of effective CRM processes related activities as a problem, though there are many previous studies focused on CRM theoretical knowledge and applicable concepts in relation with the hotel industry, but there are little studies focused on natures of hotels business relationship with other members of their distribution channel. Furthermore, there is a gap with regard to CRM practices on the Ethiopian hotel industry in general, and on the natures of hotels relationship with travel and tour agents in particular.

Therefore, in line with the above mentioned problems, this study will be identified the following three core research questions.

### **1.3 Research questions**

1. What is the CRM related practices of the hotels in study area?
2. What is the value of operational and analytical CRM processes of the hotels in study area?
3. What is the corporate customers' feedback on the hotels CRM guided activities in study area?

### **1.4 Objectives of the study**

#### **1.4.1 General objective**

The general objectives of this study will be assess the customer relationship management practice of selected hotels in Jimma town

#### **1.4.2 Specific objectives**

- To describe the CRM related practices of the hotels
- To examine the effect of CRM practice in the hotel industry
- To explore the corporate customers' feedback on the hotels CRM guided activities

### **1.5 Significance of the Study**

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

Accordingly, to hotels, it can provide practical significance through valuable inputs and directions regarding CRM processes related activities and utilization. Besides, it may help them to learn more about their customers' feedbacks, which might be used as an important ingredient to assess and revise their service quality.

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

# CHAPTER TWO

## 2 LITRATURES REVIEW

### 2.1 Introduction

Under this chapter definition of key terms and literatures by various researchers, scholars, and author's, has been reviewed. Under this chapter, literature in relation to research objectives on CRM practices in the hotel industry.

#### 2.1.1 Customer Relationship Management (CRM)

Acknowledging many Marketing practitioners and scholars strong recommendations for close relationships with customers, it is apparent that the beliefs of existing customers are more profitable as the acquiring and attracting of new customers is expensive, and that it is less costly to up-sell or cross-sell products or services to current customers. CRM should be view as multidisciplinary concepts .CRM is not only as marketing or technology ;CRM is an overall and embracing business strategy for converting business to truly customer-centric organization. The information was organized in this chapter so as to concentrate on reviewing the CRM concept from the view point of leading experts and previous research work in this area .Customer relationship management (CRM ) according to Ahmed and Jawabreh ‘‘CRM is a process of managing customer relations in an organized way with the core aim of ensuring that each individual customer always have a positive moment of truth’’ (Ahmed and Jawabreh 2012). ‘‘CRM is an attitude and mind set which involves the value of one place on a business and its relationship with customers’’(Robert Pelphs 2001). It enables business to understand their customer group and to respond quickly and at a times, instantly to shifting customer desire (Darrel 2010) .As Armstrong and Kotler (2013) define CRM, as the sum process of establishing and sustaining profitable relationship through superior delivery of customer value and satisfaction.CRM refers to technologies, strategies and practices used by firm to analyze supiriour delivery to analyze and manage customer data and interaction through customer life cycle (Kanchan and Sharma 2015)..

Consequently, in recent years, CRM has received enormous attention and many companies are spending huge finance to incorporate the system. On the other side, many academicians have tried to address the issue from different angles in pursuit of developing effective and efficient CRM systems. Thus, CRM has been expanded to include an integrated perspective on marketing, sales, customer service, channel management, logistics and technology for engaging in customer satisfaction. Practitioners are calling it

customer relationship management (CRM) and are interested in all aspects of interactions with customers to maintain a long-term profitable relationship with them.

Accordingly, despite all this explosive interest and an increasing amount of practitioner oriented studies, there is no even common consensus on the definition of CRM. The meaning of CRM varies from individual to individuals. To some, it is about creating marketing activities using knowledge about customer from a data warehouse, and for others its technologically oriented system. Yet, regardless of all the different descriptions, definitions and viewpoints about CRM, most definitions constitute three things, i.e. people, process and technology. Among the several definitions that have been developed so far, the following are some of the popular ones;

- ‘CRM is the process of managing customer relation in an organized way with the core aim of ensuring that each individual customer always have a positive moment of truth (Ahmed and Jawabreh 2012).
- As Armstrong and Kotler (2013) define CRM,as the process of establishing and sustaining profitable customer relationship through superior delivery of customer value and satisfaction.
- CRM refers to technologies,strategies,and practices used by firms to analyze and manage customer data and interactions throughout customer lifecycle (Kanchan and Sharma, 2015).
- Customer is not external element of the interaction .It should be internal and important part of the company. Customer becomes a member of a company; we can say that we need customer who is identified with the company as well as employees.(Kalamarovaet al,2014;Dzian 2014).
- CRM concept is based on a marketing strategy which integrates internal processes, functions and external networks in order to create value to customers, in order to achieve profit” (Buttle 2009,).
- “CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with the key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications.” (Payne and Frow, 2005:63).

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

- CRM is the set of systems, processes and organizations that profitably drive customer loyalty.

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

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

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

1. Lower cost of recruiting customers – the cost for recruiting customers will decrease since there are savings to be made on marketing, mailing, contact, follow-up, fulfillment, services, and soon.
2. No need to recruit so many customers to preserve a stay volume of business – the number of long-term customers will increase and consequently the need for recruiting many new customers decreases.
3. Reduced costs of sales – the costs regarding selling are reduced owing to that existing customers are usually more responsive. In addition, with better knowledge of channels and distributions the relationships become more effective, as well as the costs for marketing campaigns is reduced.
4. Higher customer profitability – the customer profitability will get higher since the customer wallet-share increases, there are increases in up-selling, cross-selling and follow-up sales, and more referrals comes with higher customer satisfaction among existing customers.
5. Increased customer retention and loyalty – the customer retention increases since customers stay longer, buy more and buy more frequently. The customer does also more often take initiatives, which increase the bounding relationship, and as a result the customer loyalty increases as well.
6. Evaluation of customer profitability – the company will get to know which customer are profitable, the ones who never might become profitable, and which ones that might be profitable in the future. This is very important since the key to success in any business is to focus on acquiring customers who generate profit, and once you have found them, never let them go. All customers are not valuable; some

many even be danger to the business. This occurs when the customers use the company's time, energy and resources without generating enough business to make them worth the effort. (Budhwani, 2002:38)

### **2.1.2 CRM in Hotels**

The hotel sector has attributed significant importance to CRM (Akroush et al., 2011; Lo, Stalcup, & Lee, 2010; Sarmaniotis, Assimakopoulos, & Papaioannou, 2013). Several factors have accounted for the requirement to adopt CRM in hotels, such as the changes prominent in the modern business environment including the availability of a large number of options to the customers (Nasution & Moavondo, 2008; Shirazi & Som, (2011), and consequently the customer being in charge of selecting the supplier (Gilbert, Powell Perry, & Widijoso, 1999). The homogeneous nature of the hotel core product also necessitates differentiating one hotel from its competitors, which accentuates the adoption of CRM as a differentiation strategy (Kandampully & Suhartanto, 2000; Luck & Lancaster, 2003). Numerous customer-facing CRM practices have contributed to generating loyalty in the hotel domain. Among them Uncles, Dowling, and Hammond (2003) states that loyalty programs are the key manifestation of CRM. Many other practices that manifest due to CRM implementations are also been widely quoted as examples in the hotel sector. The hotel industry is perfect for the application of CRM principles. By using customer relationship management, one to one marketing plans (with offering personalized services). And giving value-added services, hotels can make guests satisfied; build long-lasting relationships with their customers and making themselves different from their competitors (Frances & 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). Hotels in Addis Ababa are accommodating large number of customers. CRM is seen as the latest new trend in hotels, used to increase revenue flows and repeat business of hotels. It is seen as a way of doing business (Haley & Watson, 2003a). The hospitality industry has over the years undergone a paradigm shift. It now not only focuses on the delight of its customers, but has moved towards investment in technology in the pursuit of enhancing and building even closer relationships with customers (Green, 2006:148). In CRM, getting to know the customers is the ultimate achievement and having repeat customers is the ultimate benefit (Oliva,2002:72).

Currently, database management systems are still widely used in hospitality. Most hotels are only using guest information and internal information; however some have made revolutionary shifts towards more strategic approaches, integrating both internal and external information. The future of CRM will most likely include a greater emphasis on leveraging CRM technology and information to boost revenues via



more segmented and targeted communications channels (Gale, 2005). Research on interactive marketing has evolved and CRM has evolved with it; the internet and technology have certainly played an integral role in advancing CRM, enabling hotels to better reach their customers and cater to those customers' needs (Deighton, 2007:6; Haley & Watson, 2003a). In general, CRM should not be seen as the program of the day; instead it should be seen as the way a business is run. Ancillary to this primary function of CRM, it is also a tool to increasing revenues and decreasing costs (Schweisberger&Chatterjee, 2001).

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

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

### **2.2.3 Perspectives of CRM**

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

The first perspective takes a narrow and tactical outlook where CRM is accomplished through a defined technology initiative project. CRM is described as using data to drive marketing activities (Kutner& Cripps, 1997). CRM is also look upon as a marketing promotional activities linked to marketing database (Bickert, 1992; Winer,2001). The second perspective view CRM as implementing a combination of customer focused technology solutions. CRM is defined as using ecommerce to drive relationships with customer (Stone & Woodcock, 2001) and web-based methods and internet technology to drive

organization to become more customer-centric (Gosney & Boehm,2000). The third and last perspective takes a broader and strategic approach where CRM applies a holistic or wholesome approach to customer relationships management and to develop value for shareholder. CRM applies 1-to1 relationship marketing to respond to customer requirement supported by what the customer says they prefer and other known information related to the customer (Peppers, Rogers, &Dorf, 1999). It employs process oriented view by combining all the functions of an organization (Parvitiyar & Sheth, 2001) and uses an organized process by managing customer relationship touching on all customer touch points to develop value for the customer and profitability for the organization (Reinartz et al.,2004).

## **2.2 Components of CRM**

Once again, despite the several CRM definitions, people, process, and technology tend to be referred as the major components of CRM in almost all definitions. Thus, CRM is a combination of people, process and technology that seeks to understand a company's customer. It is an integrated approach to managing relationships by focusing on customer retention and relationship development. CRM has evolved from advanced in information technology and organizational changes in customer – centric process. Companies that successfully implement CRM will reap the reward in customer loyalty and long run profitability. However, successful implementation is elusive to many companies mostly because they do not understand that CRM requires company-wide, cross-functional, customer focused-business process re-engineering. Although a large portion of CRM is technology, viewing CRM as technology – only solution is likely to fail. Managing a successful CRM implementation requires an integrated and balanced approach to technology, process and people. (Chen &Povich2003:21)

People are involved in developing CRM strategy, choosing and implementing the IT strategy, hence people must be able to work cross functionally to ensure CRM meets its goals of customer satisfaction and retention by creating and maintain customer database to design appropriate marketing programs for the appropriate segments of customers (Buttle, 2009:87). Employees have an important and critical role in delivering the CRM practices. Even managers from technologically strong organizations would agree highly motivated and passionate employees are required to deliver the CRM practices. Resources to recruit, train and retain employees are essentials for the success of CRM practices. Sigala (2005:53) did mention the importance of internal marketing (employees) to ensure successful CRM implementation.

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

customers. Customer relationship marketing techniques focus on single customers and require the firm to be organized around the customer, rather than the product. Customer-centric organizations seamlessly integrate marketing and other business processes to serve customers and respond to market pressures. Optimizing customer relationships requires a complete understanding of all customers; profitable as well as non-profitable, and then to organize business processes to treat customers individually based on their needs and their values (Renner, 2000:62).

Information technology (IT) has long been recognized as an enabler to radically redesign business processes in order to achieve dramatic improvements in organizational performance (Davenport and Short, 1990; Porter, 1987). IT assists with the re-design of a business process by facilitating changes to work practices and establishing innovative methods to link a company with customers, suppliers and internal stakeholders. CRM applications take full advantage of technology innovations with their ability to collect and analyze data on customer patterns, interpret customer behavior, develop predictive models, respond with timely and effective customized communications, and deliver product and service value to individual customers. Using technology to “optimize interactions” with customers, companies can create a 360 degree view of customers to learn from past interactions to optimize future ones. Innovations in network infrastructure, client/server computing, and business intelligence applications are leading factors in CRM development. CRM solutions deliver repositories of customer data at a fraction of the cost of older network technologies. CRM systems accumulate, store, maintain, and distribute customer knowledge throughout the organization. The effective management of information has a crucial role to play in CRM. Information is critical for product tailoring, service innovation, consolidated views of customers and calculating customer lifetime value. Among others, data warehouses, enterprise resource planning (ERP) systems, and the Internet are central infrastructures to CRM applications. (Chen & Popovich 2003:49)

## **2.3 Types of CRM**

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

### **2.3.1 Strategic CRM**

Strategic CRM is a core customer-centric business strategy that aims in winning and retaining profitable customers. Basically it is about creating customer-centric business culture. This means that the culture must be supportive and empowering in keeping and winning customers by providing and delivering better value than competitors. Leadership behavior and design of formal systems of a company are in

critical role in developing such culture. Therefore, customer-centric business approach requires changing behavior from regular business models such as product-orientation, production-orientation or selling-orientation. (Buttle,2009:91)

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

### **2.3.2 Operational CRM**

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

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

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

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

### **2.3.3 Analytical CRM**

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

### **2.3.4 Collaborative CRM**

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

## **2.4 The Payne's model of CRM**

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

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

### **2.4.1 Strategy Development Process**

The model begins with aligning and integrating business strategy and customer strategy. Payne (2005) argues that these two strategies must live in symbiosis and have shared goals in order to gain business success. By this Payne means that if the organization decides to implement customer-centric customer strategy, business objectives and measurement tools should be more focused on customers than products or selling.

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

### **2.4.2 Value Creation Process**

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

### **2.4.3 Multichannel Integration Process**

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

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

outstanding customer experience (Payne,2005). Accordingly, the issue of multichannel integration and integrated channel management will be discussed below, as presented by Payne (2005);

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

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

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

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

#### **2.4.5 Information Management Process**

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

The information management process, it is concerned with the collection and collation of customer information from all customer contact points, and the utilization of this information to construct complete and current customer profiles which can be used to enhance the quality of the customer experience. As companies grow and interact with an increasing number of customers through an

increasing diversity of channels, the need for a systematic approach to organizing and employing information becomes ever greater. The key material elements of the information management process are the data repository and analytical tools, IT systems, and front office and back office applications. Each of the information management process elements are discussed briefly below, as presented by Payne (2005);

#### **2.4.6 Data repository**

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

#### **IT systems**

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

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

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

#### **Performance Assessment Process**

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



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

## **2.5 Empirical Literature**

Apart from the theoretical backgrounds, various empirical research outputs confirm that CRM has proven benefits in the real business arena. 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 Rahim is(2007) study of Feasibility on the application and implementation of CRM in hotel industry the following conclusions were made: "Hotel industry is experiencing increased globalization, competition, higher customer turnover, growing customer acquisition costs and rising customer expectations.

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. 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". "CRM is considered to unite the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to understand customers and create value with them. CRM can be useful for building data warehouses, improving relationships, analyzing data, etc. It uses customer data to create a mutually beneficial relationship between a business and its customers". This analysis, modeling and evaluation help to optimize information sources for a better understanding of customer behavior.

"In operational CRM, Customer data is collected through a whole range of touch points such as contact center, contact management system, mail, fax, sales force, web, etc. The data then are stored and organized in a customer centric database, which is made to all users who interact with the customer. A typical operational CRM is a call center or contact center. A contact management system can provide complete and comprehensive tracking of information relating to any contact with customers. This is known as 100 per cent focus on the customer. "The benefit of this type of CRM is to personalize the relationship with the customer and to broaden the organizational response to the customer's needs" (Kotorov, 2007).

### **2.5.1 Empirical Research in Ethiopian Context**

Hotels as part of Hospitality Industry in Ethiopia exist in clusters depending upon certain demand and supply characteristics. While Ethiopia has committed to strengthening its tourism industries, much of this activity remains clustered in the regional cities or around the city of jimma. The hotels in Jimma collect data in fragmented way. As the selected hotels they have to collect data from all sales centers of the hotels and from customers in an organized manner. The data in these hotels are not properly stored and organized in a customer centric database and employees who interact with customers cannot not know about the data So in agreed with this fact by saying, As we are under information age and information becomes crucial resource available in the market for everyone, the one who use this resource become the winner. Hotels in Jimma 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. (Sosina 2015).

Sosina further confirmed that, hotels in Jimma should think like the time and concentrate 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 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. (Sosina, 2015). When it comes to a better understanding of the customers' needs and preferences, and keeping them retained for longer period and sell more to them, the hotels in Jimma and all hotels in Ethiopia are expected to improve their performance standard and productivity standard to the level of International tourist class hotels through the implementation of CRM. According to Sosina, 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. (Sosina, 2015).

According to Limayew (2004), if there is a mix of 70% people, 20% process and 10% technology, firms can satisfy and retain customers. This fact remains true with hotels in Ethiopia too. Because the hospitality industry is labor intensive. So more attention to be given to employees. They need to be knowledgeable, skilled, and have customer centric attitude. Sosina also confirmed the importance of people in this way. The hotel should think of giving modern and updated training for their employees. The professional ability of their employees will serve as a competency and base of competitive advantage for the hotels. Human resource is the only organization resource which cannot be imitated or copied. (Sosina, 2015). While Ethiopian government has promoted foreign direct investment (FDI), systematic policy support for hotels is still lacking. As a consequence, hotels in Ethiopia may be facing obstacles that are influencing their performance.

It is far easier to grow a business by retaining customers than by finding new ones. Customer service, however, should be viewed as one part of customer relationship management (CRM) strategies and while individual technologies may be used to ease pain points, the full benefits will not be realized until the concept of customer centricity is accepted enterprise wide. The Internet boom has driven the demand for Web-based customer service solutions. Web sites can provide a powerful customer self-service capability. These self-service sites allow customers to interact with the enterprise without human interaction. Customers can resolve inquiries, check the status of an order, view product information, check and edit account details, and perform a broad range of other tasks.

## 2.6 Conceptual Framework of the Research

Customer orientation is so important because, firstly, we have to create satisfaction which lasts longer with customers. Secondly, as a result of satisfaction, customer-loyalty can be created. Customer orientation can also serve as an important factor for implementation of CRM. And again customer orientation has a role of enhancing the performance of hotels. The following researchers ascertained what has been said above. Sigala (2004) “found out that customer orientation was a crucial factor in the successful Implementation of CRM”. Moreover, “current researches have revealed that service firms, like hotels, require a better understanding of customer orientation since it enhances their performance” (Sin et al., 2006). Customer orientation can be achieved through a positive relationship between customer and service provider. Research asserts that “customer orientation leads to increased organizational performance” (Hermans, 2009). This could be because “it helps the organization to understand customers,” (Sigala 2004). And as indicated by Mohammed (2012), “there is a relationship between customer orientation and marketing planning capabilities”.

One of the prime benefits of using a CRM is improving customer satisfaction. According to Elsevier B.V. (2014), in a highly competitive market, companies need to maintain positive relationship with their customer. A good CRM program that helps company in satisfying the customer, the research study would explore different methods and techniques for establishing effective CRM to satisfy the customers. The purpose of the study will be to check the effectiveness of customer relationship management (CRM) in retaining and satisfying customers with reference to some selected hotels in Jimma. This study shows that customer relationship management has significant effect on the customer satisfaction and both variables have positive relation. If hotels make their CRM as strong and reliable, the customer will be more satisfied and retain with the company or hotels.

According to Tracey Sandilands (2015), when the business loses customers, it is critical to find out the reasons for their defection. After knowing why they left, strategies can be devised to win them back. Once the customers lost and have been identified, they need to be contacted through online surveys, evaluation forms or personal telephone calls to find out what the reasons are for their dissatisfaction. Then an analysis should be conducted using data gleaned from the research to determine the main issues facing the business. Resolve any problems the customers experienced with your products or services and then select a suitable strategy to win them back. One important aspect of the CRM approach is the systems of CRM that compile data from a range of different communication channels, including a company's website, telephone, email, live chat, marketing materials and more recently, social media. Through the CRM approach and the systems used to facilitate it, businesses learn more about their target audiences and how to best cater to their needs.

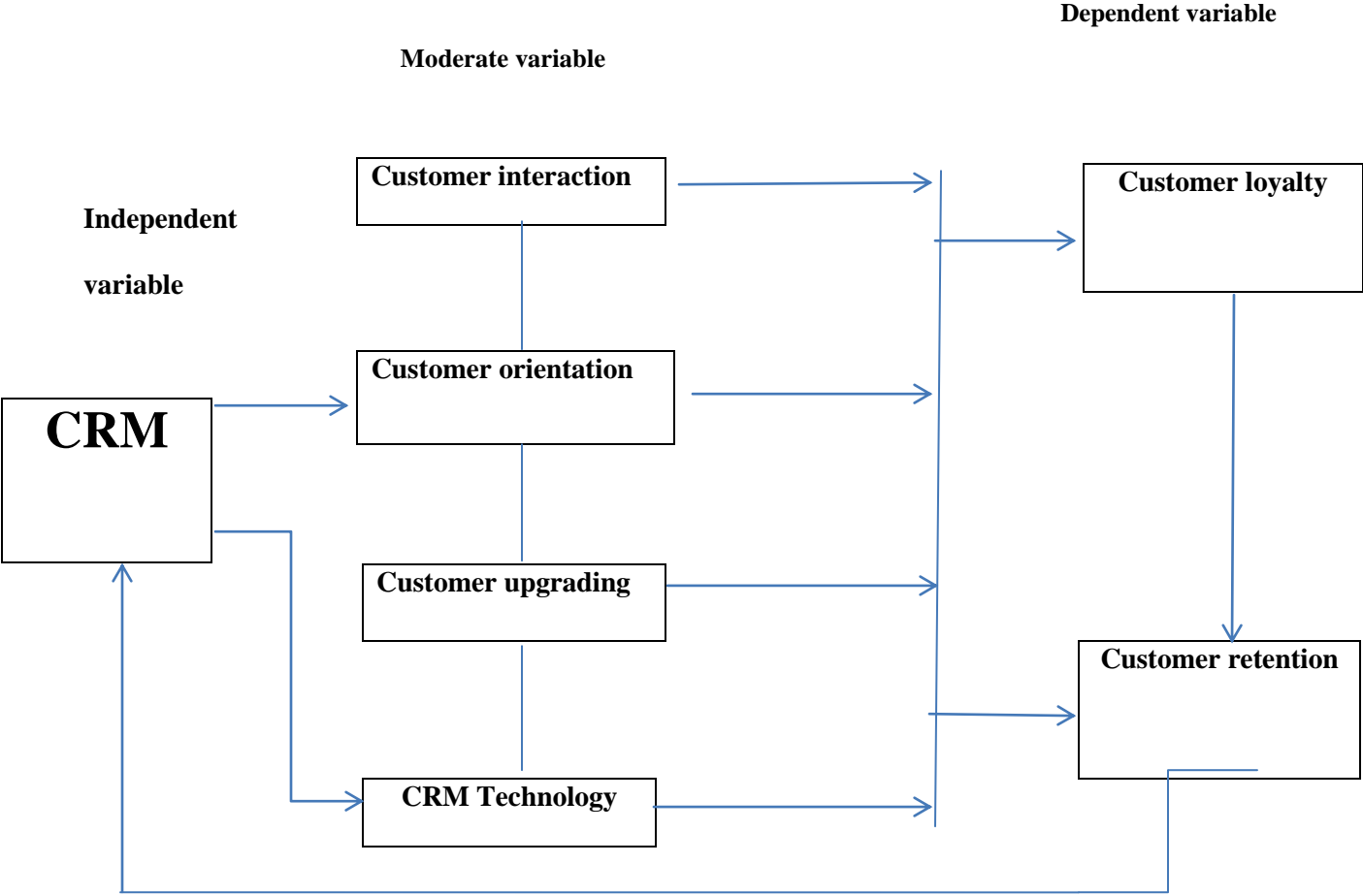
In order to enhance service experience, hoteliers need to focus on customer interaction. As in the service oriented organization, the delivery of service in a hotel occurs when there is interaction between service providers and the service encounter (Ki Lee et al., 2006). CRM or Customer Relationship Management is a strategy for managing an organization's relationships and interactions with customers and potential customers.

Consequently, CRM based technology enables hotels to plan and implement successful marketing actions for retaining customers long-last and making them more profitable , because of the customer database and other information-storing systems (Roberts, Liu, and Hazard, 2005). Additionally, Chang, Park, and Chaiy (2010) confirm that CRM technology improves marketing capabilities by providing valuable information about customers, which, in turn, will help both managers and employees to achieve specific marketing goals much more effectively.

Customer upgrading is one of the major Customer Relationship Management activities (Valenzuela, Torres, Hidalgo, & Farías, 2014; Wang & Feng, 2012) and has been mostly analyzed from a supply-side perspective and/or in the context of business relations. Namely, in terms of a firm's needed resources (i.e., antecedents) and a firm's performance (i.e., consequences) (Wang & Feng, 2012). Similarly, drivers of relationship upgrading have been often examined in the context of business-to-business relations, such as buyer-supplier relationships.

As general a dependent variables are customer loyalty and customer retention based on CRM as independent variable includes moderate variables such as customer interaction, customer orientation, customer up grading, customer win-back, customer satisfaction, and CRM technology.

**Fig : Conceptual frame work diagram**



# CHAPTER THREE

## 3 RESEARCH METHODOLOGY

### 3.1 Study Area and period

Jimma town is a town of Jimma zone, Jimma zone is one of Oromia regional state (out of the nine regional state of Ethiopia) at 356 km away from Addis Ababa city (Capital city of Ethiopia) towards southwestern direction of the country. The study will be done from November 2019 to June 2020.

### 3.2 Research design

The research was designed as a descriptive as it provides factual, accurate and systematic data description and characteristics about the population or phenomenon being studied. The research population was examined and after careful analysis, the staff and Guests of selected jimma hotels were used as a sample size.

Primary data was collected from these hotels through a well-designed questionnaire. The responses to the questionnaires were analyzed using SPSS version 20. Both qualitative and quantitative research approaches were employed in this study to get a better understanding of the research issue. Qualitative method focuses on distinction or attributes than amount. In qualitative method, data is presented in the form of quotations, or descriptions of the phenomenon. One of the most common techniques of data gathering applied in qualitative method is Un-structured interview. On the other hand, Quantitative method focuses on information that is numerical, and it is confirmatory in nature. Qualitative method isolates variables to explain causal relation between them and determines the magnitude and frequency of the relationships. Common techniques applied in quantitative method are: surveying with questionnaires or Structured Interview.

That is why the researcher decided to employ both qualitative and Quantitative methods (Mixed Methods). Mixed methods involved the collection and analysis of qualitative and quantitative information in a single study.

The main reason why the researcher used Mixed Method is that Integrating Qualitative and Quantitative methods about a situation results better understanding than using only one of the pure methods. Creswell confirms this fact as follows. Mixed method enables to understand a problem more comprehensively. Creswell further explained mixed method as applying mixed methods gives opportunity to build knowledge on pragmatic grounds and bases the research on the techniques that can best address the problems and questionnaires at hand.

While conducting the research, deductive approach has been used. Deductive approach indicates that a conclusion is drawn from true statements the observation of fact statements. Deductive approach was chosen because the study starts from literature overview which is again compared with empirical findings and also the purpose of this study is not to produce any new theories but to give efficient solutions for Customer Relationship Management in hotel industry.

The study uses case study because a case study is a comprehensive description. In the case of this study, the study concentrated on assessment of customer relationship management practices in the tourism industry by focusing on Customer Relationship Management Strategies (CRM) employed by selected Jimma hotels.

### **3.3 Target Population**

There are 20 hotels in Jimma town, for the purpose of this study, the researcher select persistently three hotels (Awetu Grand Hotel, Boni hotel and central hotel). I selected the above three hotels than the other because of the hotels contented the hotel and tourism criteria than the remains hotels in the town. Found accidentally due to the nature of their movement; and expressly sampling technique was used to select key informants deliberately from hotels' managers and concerned employees based on their profession, status, and experience, and knowledge level about the issue. The target population of the study included was Customers who engaged the rooms of the three hotels which were understudy. Employees in the selected hotels, who were working in sales outlets of each hotel and who had direct contact with Customers and who are currently around 1221 in number both of the customer and the employee to responed on this research . The total number which was taken from each hotel's sales centers was read as follows: from Central hotel (612) respondents both customer and employees for the remain hotels also ,



from Awetu grand hotel (352), and from Boni hotel (257). The total population is 1221 (from three hotels, 2012E.C).

### 3.4 Determination of Sample Size and Sampling technique

The study was based on the population of the hotels corporate customers' group i.e. the employee of the hotels, travel and tour agents, the population would refer to those travel and tour agent who have been working with the hotels since the establishment of the studied hotels. For advanced the formula below to determine the required sample data.

$$n \geq \frac{N}{1+(N-1)\left(\frac{2d}{z}\right)^2} \approx \frac{N}{1+Nd^2} = 301$$

Where, N=1221 is the total population, n = 301 is the required sample size, d=0.05 margin of error, z=1.96≈2 for a=0.05 is the confidence level.

After the sampling frame was organized into relatively homogeneous groups (strata), a representative sample was taken using a stratified random sampling technique will employed to select the sample size from each hotel. The reason in using stratified random sampling was by assuming that there was almost similar behavior of customers within each hotel and to ensure that, the hotel with their different numbers of customers are well represented and determined by proportional allocation.

Table 3.1: Population distribution and sample size of hotels

Hotels	No.of customer& employee (No)	Weight (No/N)	Allocated sample size (n*(No/N))
central hotel	612	0.501	150
Awetu Grand Hotel,	352	0.288	87
Boni hotel	257	0.21	64
Total	1221		301

After determining the total sample size, a systematic random sampling was used to select the representatives.

### 3.5 Source and type of data

In order to generate relevant data for this study, both primary and secondary data was used. A structured questionnaire with interviewers was used to collect information of primary data and different published and unpublished documents and related different books of secondary data were collected. To ensure data

quality, the collected data would be checked out for the completeness, accuracy and clarity by the principal investigator and supervisors on a daily based.

### **3.6 Method of Data Analysis**

Once the data collection was over, the findings were being written using content analysis methods; by analyzing the content of interviews, and discussion. Once the data was received, it would be edited by checking for missing data or unfilled section of the questionere.Only sections properly filled were used. The stastical software used to analyze was SPSS version 20 (Statistical package for social science ).Data collected was quantitative data. Descriptive statistics in this study helped to describe, showed and summarized the large amount of data collected in the meaningful manner. The descriptive analysis adopted in this study has included frequencies and percentages. This was the most appropriate in order to reduce any patterns emerging from the data for meaningful interpretation. In addition to this thematic analysis and narrative conducted for qualitative data were.

## **CHAPTER FOUR**

### **4. DATA PRESENTATION AND ANALYSIS**

#### **4.1 Introduction**

This chapter deals with data presentation and analysis. Implementing CRM strategies and to identify the opportunities maximized by using CRM. The analysis has taken sequential approach in the research questions as provided in chapter one. This chapter begins with respondents' characteristics. Descriptive statistics is provided to bring about consistence evaluation of the figure and implication that are drawn therein.

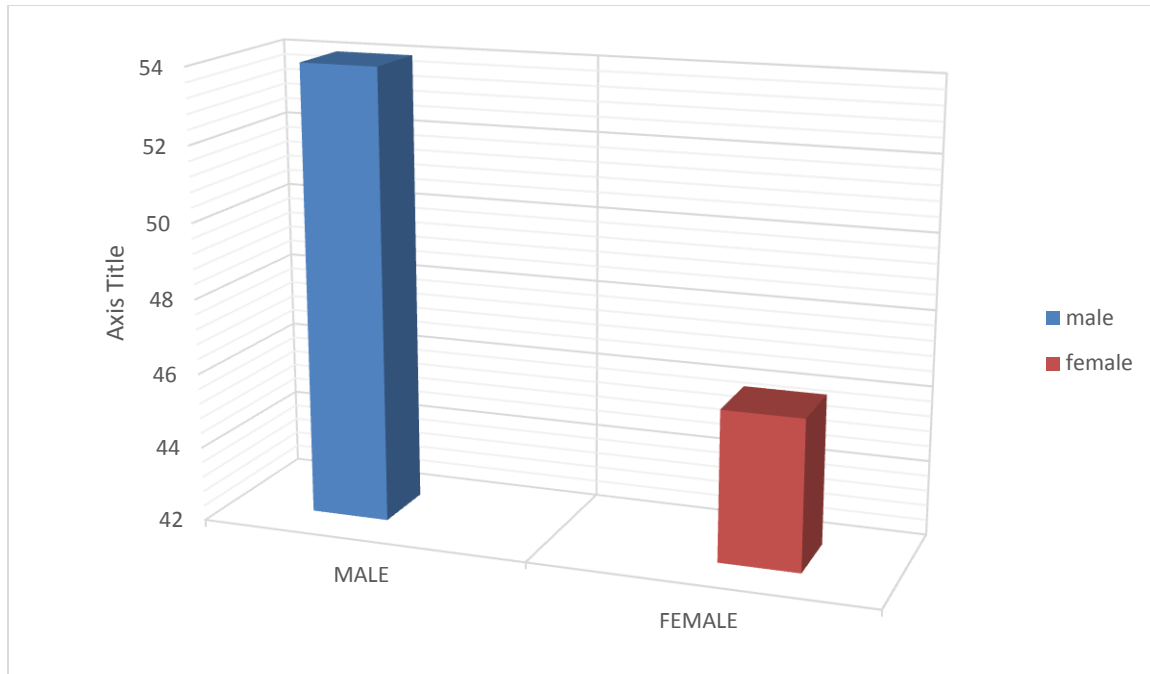
## **4.2 Employees Respondent Profile**

The demographic profile of employee's respondent was found to be contributed from each operational department of the hotels. These departments which have direct contact and interaction with Customers comprised of Front Office, Housekeeping, food and beverage, Marketing and sales. Questionnaires were distributed to employees working at departments mentioned above to be filled and returned. Interviews were also conducted with marketing and sales and Front Office managers who were believed to be key informants.

### **4.2.1 Sex Alignment of the Respondents**

As it is clearly described in the fig 1 below, the number of percentage of the male respondents is greater than female respondents. The implication behind this is that services provided by hotels in Ethiopia were by both sex groups, even though the number of male employees are dominant than females. From the researcher's real life experience, this is mostly due to culture of the society Males' economic dominance in a family and the nature of their job. Because, there are both female and male customers who are getting services from the hotels under study. Female guests preferably better share their idea or view to female employees of the hotels. This creates good relationship between the hotels and the customers.

Fig 1 Sex Alignment of Respondents

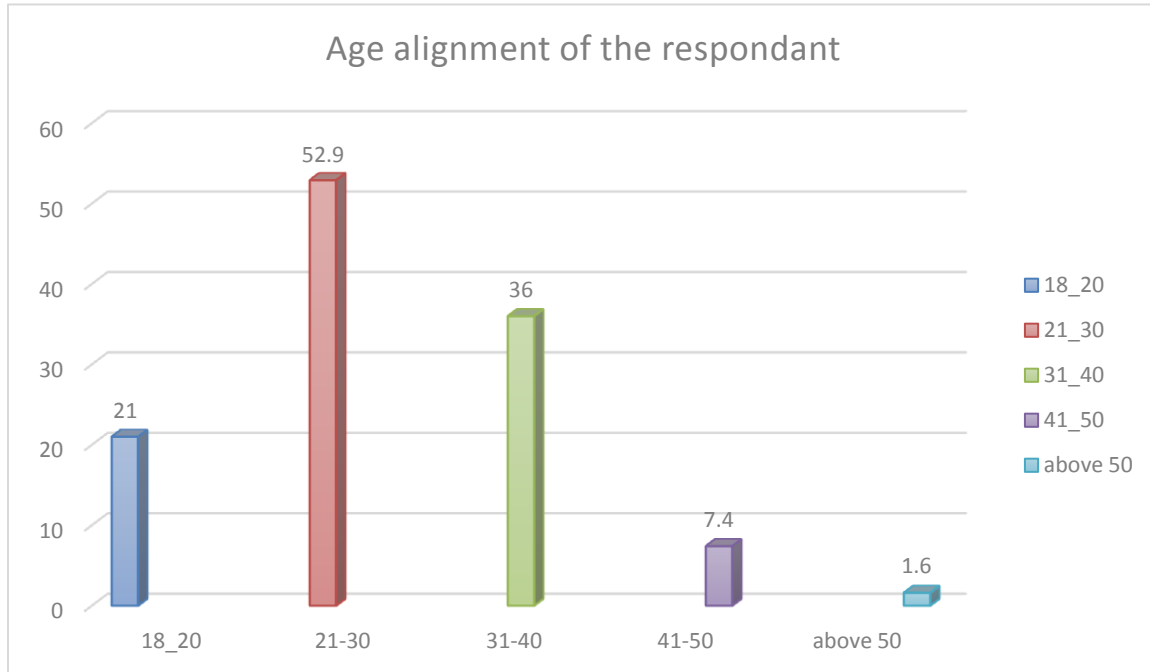


(Source: Researcher 2020)

#### 4.2.2 Age Composition of Respondents

The results in figure below showed that 52.9% of the respondents who participated in the study were between the ages of 21 to 30. This implied that the respondents are within the productive age. This age group can easily be trained and if they are handled carefully the hotels will have future successors and reliable prospective managers. On the other hand, the finding showed that these hotels have created job opportunity for the youngsters. Since one of the advantages is creating employment opportunity and reducing unemployment, the development of hotels through the implementation and practicing of CRM contributed positively for the growth of hospitality industry in particular and tourism in general. Customer hotel relationship needs fast service delivery. Immediate response to Customers' need can only be practical when the service is delivered by the age group mentioned above.

**Fig 2 Age Alignment of Respondents**

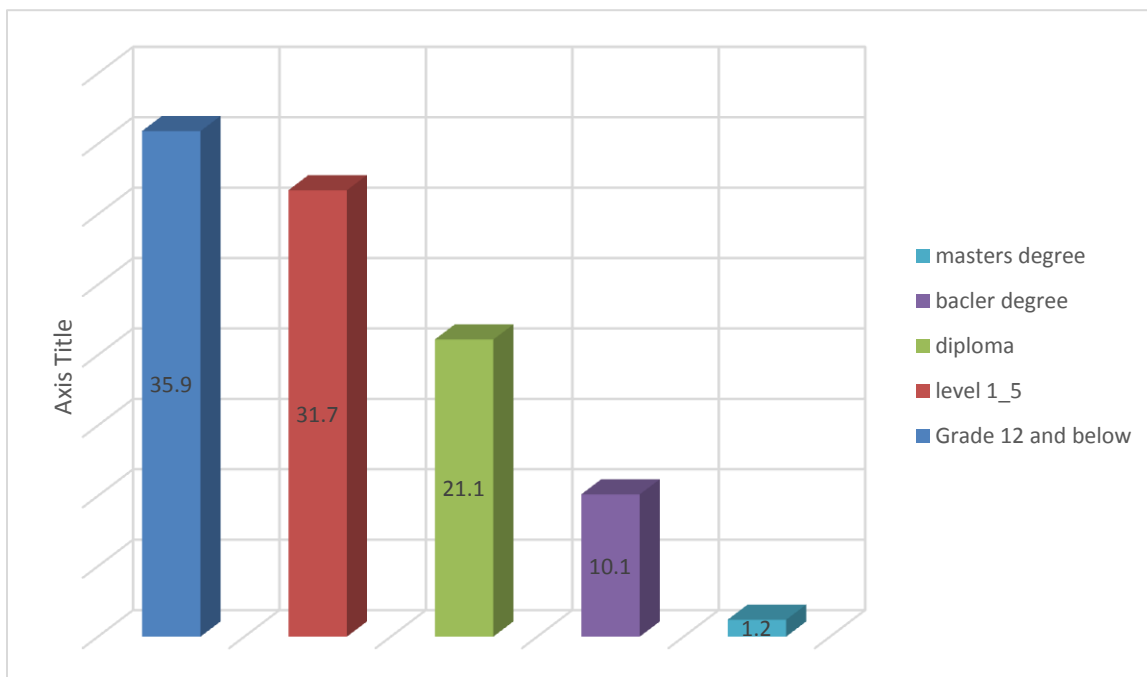


(Source: Researcher 2020)

#### 4.2.3 Level of Education of Respondents

Level of education of employees working in hotels under study has been analyzed by the researcher. The aim of analysis was to see if level of education determines effectiveness of CRM among selected Jimma hotels. The findings of the analysis were recorded as shown in figure 3 below.

**Fig 3 Educational back ground of the Respondents**



(Source: Researcher 2020)

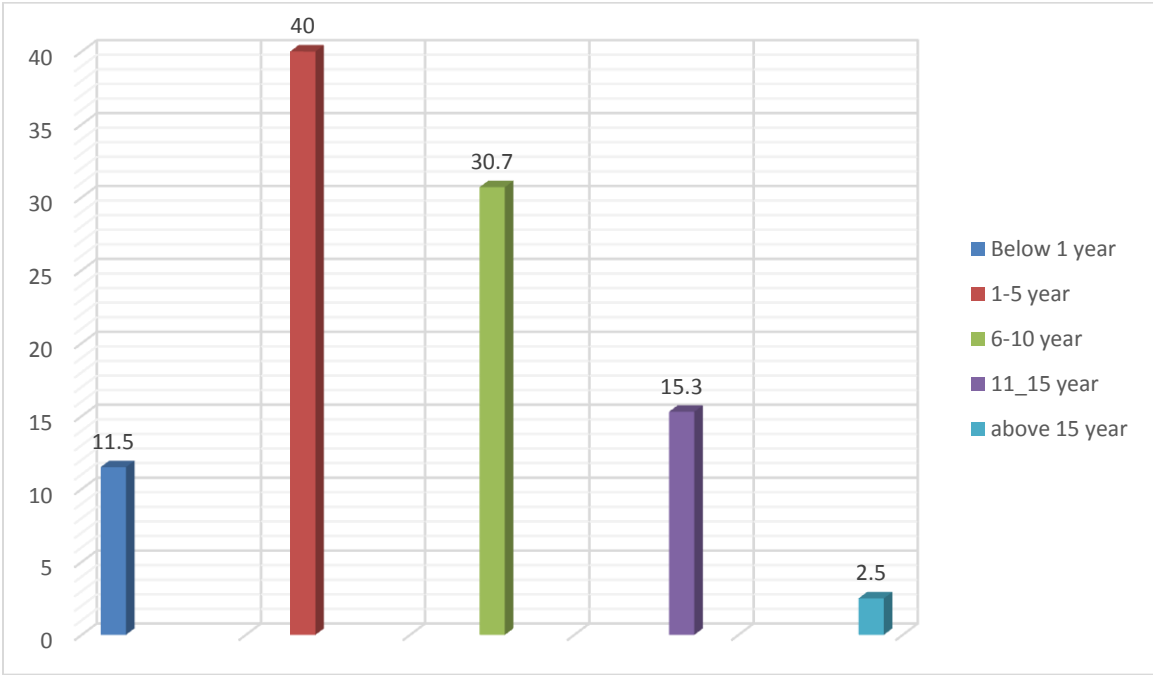
The finding showed that respondents with less or minimal education level are not qualified enough to perform their duties effectively. Hotel profession by itself needs real professionals who have joined Food preparation centers and Universities which are offering hotel management courses. it is received from the secondary data by interviewing the hotel's general manager's. In order to deliver quality service to customers in hotels; knowledge, skill, and attitudinal change are needed very badly. According to the feedback obtained from the employees and the discussion made with Interviewee, the researcher found out that the current major problem of the hotels in Ethiopia in general and in jimma particular is lack of skilled manpower. With this crucial problem, it is not possible to use CRM effectively and efficiently in hotels understudy. As result of this, service quality, customer satisfaction, and loyalty, as well as the revenue of the hotels can be affected. And of course, this in turn will affect the development of tourism of the country negatively. Therefore, the hotels should able to train their employees both internally and externally. In modern hotel business, it is all about competence in people, and especially the employees' qualities. The level of service quality depends on the qualities of employees. The qualities are about knowledge, skills and thoughts which lead to a hotel's survival and development. Therefore, staff

training is essential in many ways; it increases productivity while employees are armed with professional knowledge, experienced skills and valid thoughts. According to Young, staff training motivates and inspires workers by providing employees all needed information in work as well as help them to recognize how important their jobs are. Successful hotels always include staff training as their important development strategy. Some of the hotels under study has in house training facilities while the others do not have one. Within the government’s emphasis on the tourism industry, the hotel industry is gaining prominence and a valuable revenue earner for the Ethiopian economy. Thus, there is presently a pressing need for more trained and knowledgeable employees to serve the hotels under study.

#### 4.2.4 Level of Work Experience of Respondents

The researcher analyzed work experience of employees to know whether effectiveness of CRM is determined by the level of work experience of respondents. The feedback from the analysis has been indicated on figure 4 below.

**Figure 4 Level of Work Experience of Respondents**



(Source: Researcher 2020)

The findings of the survey showed that 40%; 30.7% & 15.3 % of respondents have work experience of 1-5; 6-10 and 11\_15 years. The remains two groups 11.5 % & 2.5% have low work experience shown from the above graph. However work experience was important because of the following reasons.

As showed in the finding, respondents have enough experience to enable them to perform their duties effectively. Work experience introduces employees to the world of work. Work experience is a perfect way to sample all the career options out there. It's a way of exploring different jobs. Work experience gives employees a true flavor of the Industry, enables them to understand their strengths and weaknesses. To start in entry-level positions of hotels as work experience helps employees develop the character every successful manager needs to effectively execute their work. During work experience, employees start on their career path with the right attitude about doing the least enjoyable jobs that will strengthen their character and give them perspective to guide future employees more compassionately. Work experience assists employees to have insight which will prove invaluable, as it allows employees to lead and guide their team in accomplishing their goals. In the process of work experience, employees learn how to perform different tasks with humility and efficiency, with excellence, then one day when they are the managers in charge of a crew of team members, they can give pointers, insight, and effective direction that will inspire that same excellence they have learned. Gaining work experience allows employees the opportunity to know their customers of the hotels in a deeper way. Work experience employees to know the standard of performance and standard of productivity of their hotels.

#### **4.3 Level of Awareness on Customer Relationship Management**

The researcher analyzed the questionnaires filled out by respondents to assess their level of awareness on CRM. The findings from the survey were documented on the table below.



**Table- 4.1 Level of Awareness on CRM**

Level of awareness on CRM	Frequency	Percent
Highly aware	43	14.28
Aware	53	17.61
Partially aware	76	25.25
Not aware	129	42.86
Total	301	100

(Source: Researcher 2020)

The findings showed that majority of respondents (42.86%) were not aware of CRM. The researcher found out that the rest of respondents were aware of CRM but lacked deep understanding of the complexities and distinctions of CRM. It is the belief of the researcher that creating customer-centered culture is necessary to extend the capabilities of knowledge and as well as the necessary tools to meet customer needs with appropriate product and services. Determining the duties of each employee and group in the hotel is important. People should know what their role is and function in the system and what action should do during CRM optimization. Process and for success in it, all individuals should be familiar with group works and tasks.

The hotels' employees are ultimately the key to the whole CRM strategy. They are the part that determines its success or failure and they must not be undervalued. It is therefore fundamental that they know about the CRM and resolve their fears, worries and doubts before, during and after implementation. They must be made to see the importance of CRM. Above all, they must be trained in this new customer service philosophy. It is a case of creating a corporate culture with a defined approach focused on the customer that enjoys the commitment of management and employees. The researcher found out that awareness creation with employees about CRM is minimal. If employees are well aware of CRM in hotel operation; they can know their customers' buying habits, preferences, and opinions. CRM lets employees target their sales efforts more efficiently and precisely. It elevates their customer experience. It measures sales activity & forecasting. It improves marketing strategy for the hotels. It

helps to find new customers. And increase efficiency and reduce cost. So, employees need to be trained particularly on CRM and awareness creation should be done thoroughly.

**4.4 Training on among Respondents**

To establish whether or not respondents had attended any form of training on CRM, the researcher analyzed and discussed its effectiveness in determining CRM. The findings of the analysis were documented as shown in table 4.2 below.

**Table 4.2 Training on Among Respondents**

Training on CRM	Frequency	Percent
YES	179	57.14
NO	122	42.86
Total	301	100

(Source: Researcher 2020)

Among respondents those who have received training are 57.14%; and those who have not received training are 42.86% .After management has become educated on CRM and adopted a system to collect and analyze customer data, and then a next step had to be for line employees to be trained on using Customer information to enhance a single transaction or a multi-tr. By training staff a lot benefits can be obtained Not only employees, management and organization would benefit from staff training, customers and guests benefit as well, because of the received quality products and services. (Summerville 2007,).Increases job satisfaction and recognition. During the training, employees will be introduced what is the work is about, how to do, what kind of role does the job play in the whole business, it helps them to understand their work better and also love what they do by understanding the work. Encourages self-development and self-confidence After systemized training, employees will understand what important role their jobs play, and with the information, knowledge and experiences obtained during the training, they will be more confident with their work, so that better services will be provided. Moves employee closer to personal goals Employees gained not only professional knowledge and skills during training, training also broads their choices on setting career targets. They can get the

opportunity to get to know other positions, increases the possibilities of promotions in the meantime. Helps the employee become an effective problem solver Practical experience can be taught and guided in the training; employees will learn the methods of solving problem or complaints during training. Allows the employee to become productive more quickly By training, employees get familiar with their work tasks, advanced knowledge and techniques which improve their capabilities, increases productivity.

#### 4.5 CRM Strategies used in Selected Jimma Hotels

To establish the marketing strategies used to promote selected Jimma hotels, the researcher asked and analyzed feedback from respondents on the issue and findings from the analysis were documented as shown in the table 5 below.

**Table 4.3 CRM Strategies used in Selected Hotels in Jimma town**

CRM strategies used to promote the hotels understudy.	Frequency	Percent
Advertising	79	26.24
Promotion	95	31.56
Events and Experience	35	11.63
Publicity/Public Relations	29	9.63
direct & Interactive marketing	27	8.96
Word of mouth	25	8.33
International Agents	11	3.65
Total	301	100

(Source: Researcher 2020)

The findings showed that number of respondents who said that CRM strategies used by selected hotels included; advertising, 26.24%, promotion 31.56%, direct and interactive marketing 8.96%,international agents 3.65%,publicity and Public Relations 9.63%,events and experience 11.63 %,and word of mouth advertising 8.33%.Advertising is a marketing tactic involving paying for space to promote a product, service, or cause. The actual promotional messages are called advertisements, or ads for short. The goal of advertising is to reach people most likely to be willing to pay for a company’s products or services

and entice them to buy. Promotion refers to any type of marketing communication used to inform or persuade target audiences of the relative merits of a product, service, brand or issue.

The aim of promotion is to increase awareness, create interest, generate sales or create brand loyalty. It is one of the basic elements of the market mix, which includes the four Ps, i.e., product, price, place, and promotion. Public Relations (PR) means professionally handling a positive public image by the company. It is an important element of promotion mix that helps in maintaining good relations with the public. Direct marketing is a form of communicating an offer, where organizations communicate directly to a pre-selected customer and supply a method for a direct response. Interactive marketing, sometimes called trigger-based or event-driven marketing is a marketing strategy that uses two-way communication channels to allow consumers to connect with a company directly. Although this exchange can take place in person, in the last decade it has increasingly taken place almost exclusively online through email, social media, and blogs.

Word of mouth, Oral or written recommendation by a satisfied customer to the prospective customers of a good or service considered to be the most effective form of promotion. As per the finding indicated on table 4, the respondents as employees of the hotels and as they were directly interacting with customers, they did not show equal level of understanding about the importance of the CRM strategies. According to the assumption of the researcher this happened because of lack of proper training on this issue.

#### **4.6 Customer Relationship Management Communication tools used by selected jimma Hotels**

To establish the types of CRM communication tools used by hotels in jimma; the researcher analyzed feedback from respondents to establish which CRM communication tools are used by guests hotels to communicate with their customers.

**Table 4.4 CRM Communication tools used by the selected hotels**

CRM communication tools used by hotel industrys	Frequency	Percent
Phone	143	47.56
E-mail	87	28.9
Website	68	22.6
Postal mail	3	0.94
Total	301	100

The feedback from respondents was documented as shown on the table 4.4 above. The findings of the study showed that the main CRM communication tools used by hotels were phone (47.56% of respondents). These findings showed that the selected hotels mainly communicate with their customers by phone followed by email, and to the least extent, by postal mail (through post office). From these gathered and analyzed data and from the Interview conducted with Marketing and Sales and Front Office Managers of each hotel, the researcher confirmed that employees were aware of what communication tools were being used by the hotels. But as per information obtained from Interviewee from those hotels, Email as communication tool was used at highest level. So, the knowledge of employees about the usage of email by the hotels was not as high as was expected to be. This finding showed that there was still lack of awareness creation through training to employees working in operation areas.

#### **4.7 Benefits of Implementing CRM by the selected jimma Hotels**

To establish whether there are any benefits gained by selected jimma hotels in implementing CRM, the researcher asked employees of these hotels about the benefits gained by their hotels due to implementation of CRM. And the respondents responded the benefits gained by implementing CRM as indicated on table 4.5 below. Employees did not have the same understanding about the benefits of implementing CRM. There was no holistic view of the advantage obtained by implementing CRM in selected hotels in Jimma. So, they need more training on the concept of “Benefits of CRM “. The benefits stated in table 4.5 are all equally important for the hotels understudy.

**Table 4.5 CRM Communication tools used by the selected jimma hotels**

Benefit gained by implementing CRM in hotels understudy.	Frequency	Percent
Increase customer satisfaction	108	35.88
Increase Market share	98	32.56
Profitability increases	78	25.91
Enhances lifetime value of customers	17	5.65
Total	301	100

#### 4.8 Challenges to Implementation of CRM

Here two questionnaires were presented to respondents by the researcher consecutively. The researcher used respondents to mention the challenges to implementation of CRM by selected hotels. Feedback from respondents was documented as shown on the two tables (4.6&4.7) below.

**Table 4.8 Challenges to Implementation of CRM**

Do you think that there are challenges in implementation of CRM by your hotel?	Frequency	Percent
Yes	197	65.44
No	104	34.56
Total	301	100

It has been depicted in the above table, for the questionnaire “Do you think that there are challenges in implementation of customer relationship management by your hotel?” 65.44% of the respondents said Yes And only 34.56% of the respondents said No. Initially when this questionnaire was designed, the researcher was expecting two possible answers to come up, either “Yes” or “No”. If the answer would be “Yes”, the researcher had designed another questionnaire which would enable him to know the reasons for the challenges.

According to the findings, the barriers to implementation of CRM in selected jimma hotels included; lack of information about how to innovate, status Quo satisfied with current situation, lack of knowledge on customer relationship management, technological skill, and Organizations good will. And as per the response obtained, 40.7% of the respondents said “status quo satisfied with current situation”, 32.8% of them said,” lack of knowledge on customer relationship management, 16.4% of them said “ technological skills “, 5.8% of them said “ Lack of Information about how to innovate “, and only 4.2% of the respondents said “organizations good will. The research finding proved that 40.7% of respondents agreed that status quo satisfied with current situation has served as challenges in implementing CRM.

**Table 4.8 Customer Relationship practice**

#	Questionnaire	Choice	Frequency	Percent
1	Do you give undivided attention to your customers?	Yes	247	82.1
		No	54	17.9
		Total	301	100
2	You as an employee of this hotel, are you willing to help customers/tourists in a responsive manner?	Yes	288	95.68
		No	13	4.32
		Total	301	100
3	Can customers/tourists expect prompt service from employees of your hotel?	Yes	287	95.35
		No	14	4.65
		Total	301	100
4	Is employee performance measured and rewarded based on successfully serving the customers/tourists?	Yes	116	38.46
		No	185	61.46
		Total	301	100
5	Does your hotel maintains a comprehensive database of you customers/tourists?	Yes	114	37.87
		No	187	62.13
		Total	301	100

(Source: researcher 2020)

With regard to CRM practices, among many questionnaires designed and distributed to employees of the selected hotels all of them have been filled and returned. But the researcher selected questionnaires indicated on the table above for the purpose of analysis. As indicated on the table 4.8, for the first questionnaire 247 (82.1%) of employee respondents said “Yes” while 54 (17.9%) of respondents said “No”. For the second questionnaire, 288 (95.68 %) of the respondents answered by saying “Yes” where only 13 (4.32 %) of respondents Said “No “. For the third questionnaire, 287 ( 95.35 % ) of employees replied by saying “Yes” While only 14(4.65%) respondents said “No”. For the fourth questionnaire, 116 (38.46%) of the respondents answered as “Yes” and 185 (61.46%) of the respondents said “No”. For the fifth questionnaire, 114 (37.87 %) of employees responded by saying “Yes” but 187 (62.13 %) of Employee respondents replied by saying “No”. This finding revealed that even though, services rendered to Customers seem healthy, it does not guarantee the absolute quality. The researcher said this because, the majority of respondents replied to the following questionnaires negatively. The questionnaires and response which were given by employees are the following.

For the questionnaire “Is employee performance measured and rewarded based on successfully serving the Customer “? Here 61.46% of the respondents answered by saying “No.” And for another questionnaire which said “does your hotel maintains a comprehensive database of your customers “? 62.13 % of the employees said “No”. When generalized, this finding indicated that 61.46% of respondents said that “employee performance measured and rewarded was not based on successfully serving the customers”. And 62.13% of respondents have also replied as “the hotels do not maintain comprehensive database”. This showed that it is not possible to say CRM has already been fully implemented in these selected Jimma hotels.

They did not use modern information technology properly. The use of modern information technology in everyday business, influences on improvement of quality of services, reduces operating costs, decrease cost of investment, creates new products and services, and improves managerial competence within the hotels.

They did not use modern information technology properly. The use of modern information technology in everyday business, influences on improvement of quality of services, reduces operating costs, decrease cost of investment, creates new products and services, and improves managerial competence within the hotels.



# CHAPTER FIVE

## 5. CONCLUSION AND RECOMMENDATIONS

### 5.1 INTRODUCTION

This chapter is divided into the following sections; the conclusions, recommendations for policy and practice, limitations of the study and the suggestions for further research.

### 5.2 Conclusion

From the information obtained through analysis, the following conclusions are drawn. Regarding customer loyalty, retention and value, hotels understudied gave little attention for measuring customer satisfaction rate and there is no organized complaints handling mechanism. In addition to these, there was no loyalty program to enhance purchasing patterns and identifies current and future opportunities. The hotels continuously strived to get additional customer through their Marketing staff and the problem was that there was no yard stick to measure acquisition number, profitability of new customer, response rate, sales success rate, and customer contact rate. There was no appropriate response time for most of customer complaints. Does not have regular feedback gathering and complaint resolving mechanism, no retention program, delayed customer order from the kitchens \*and bars. And there is some weakness on formulating of suitable strategy for retaining existing customers and attract new customers. With respect to information technology, the hotels understudy has developed ICT. But the researcher found out that these hotels are still remaining with implementing the recent developed software. This affected to certain extent the quality service of the hotels. Concerning employees of the hotels, most of the employees' behaviors result revealed that there was good relationship between Customers and Employees. Customers showed their positive response for the quality service offered by employees and they got satisfied with the relationship they had with staff of the hotels.

In addition to these most employees are satisfied with the working environment of the hotels for implementation of CRM. But the researcher realized that there are certain areas of the hotels which were not conducive for providing quality service. As per the research findings, most of the employees working with hotels understudy were not educated well. There was serious problem with skilled labor. During discussion made with Interviewee almost all of them said that the hotel Industry currently suffering from lack of skilled labor. They said that the owners of the hotels assign their relatives, sons and daughters who have never gone to hotel training centers. Theses interviewee further explained about the critical problem with professional training centers. They said their standard of education is substandard. There is

no government body which seriously control and supervise on them. Because of real shortage of trained hotel professionals, some of the owners of the hotels understudy brought hotel professional managers from abroad (from overseas). For example, a Marriot hotel has apartment and Getfam hotels. According to the 2015 skilled human power survey of tourism and hotel sectors (CTTI; 2015) there will be 60 new hotels with some 6000 additional rooms to be completed between 2016 and 2020. Based on a staff to room ratio 1:1.2, approximately 4990 new vacancies will be created in the next five years of these new hotels. The development of these new hotels reflects the positive projection of potential visitors who may travel to Ethiopia in future and indicate an upward demand in manpower requirements to cope with the industry development. Regarding strategic alignment of the hotels there was no organized training program for creating awareness, perception, and educating employees about basic customer service and complaints handling, product knowledge. With respect to incentives and reward system, there were some gaps in giving recognition and celebrations of contributions of every individual effort into accounts for accelerating the servicing of customers particularly with CRM perspectives. Besides this, even if the hotels' structures are good enough in serving customers the CRM initiation would not be effective. There is no common understanding of the benefits of CRM by all employees. With respect to work culture, each division of the hotels should work in harmonized and synchronized manner. There are situations where some of the hotels' working units do not work in harmonized manner. So, to implement CRM fully, all departments of each hotel understudy should work in harmonized manner. Simultaneously the top and senior management has no initiation in accepting implementation of changes process. The reason behind this is that the owners' awareness about accepting changes culture is backward. In addition to these, there was no organized customer survey program as well as no customer knowledge creation program so as to boost up the sales volume as well as facilitations for CRM implementation. Therefore, awareness creation and proper training should be given to hotel owners and managers of the hotels. Employees have to offer undivided attention to their customers and have to have customer centric attitude. And all staff of the hotels should strive for the full implementation of CRM in their hotels. Because of limited understanding about the significance of CRM, they have encountered with problems like not fully utilizing the benefits and strategies of CRM and improve their quality services which would create customer satisfaction, customer loyalty, and customer retention. To generalize, it is important for the selected jimma hotels to know that analysis of the changing customer tastes, trends and preferences are critical step to understand how best to bridge customer's acquisition and retention with key focus on relationship management efforts.

### **5.3 Recommendation for Policy and Practices**

With regard to the findings obtained from data analysis, researcher is her by put forward the following recommendation as reflections of what have been observed in the study undertaken at selected jimma hotels.

Hotels in jimma/Ethiopia have huge potential in maximizing customer traffic and revenue. Hence CRM practices are an important strategy in fostering a sustainable competitive advantage in business. The market place will continue to have new products and services competing for same customers. Therefore, the researcher recommends that each selected hotels in jimma should have an independent CRM department whose duties will be following up of implementation of CRM and making maximum effort in minimizing the challenges the hotels are facing.

- The management and owners of the hotels in jimma have to show their maximum effort in utilizing the finding of this research as an input to implement CRM practices fully in their hotels so that they can offer quality service to their customers. They can assure customer satisfaction and exist in the market as good competitors.
- If CRM to be implemented in the hotels effectively, the findings of this research should be used by policy makers and government to formulate policy and guideline. This helps the hotel managers and employees to follow proper procedure in the course of CRM implementation.
- Researchers and hotel managers can use the findings for the purpose of further study. This further study helps for the development knowledge on the implementation and practice of CRM.
- The hotels should think of giving modern and updated training to their employees. The professional ability of their employees will serve as a competency and base of competitive advantage for the hotels.

### **5.4 Recommendation for Future Research**

Far from the results attained through this research, the researcher wishes to address some areas which are not included in this study and which needed further research. This research focuses on hotel industry only. The researcher suggests that if further research is made on the service industry entirely, it will be possible to know the level of satisfaction, loyalty, and retention of customers. This research considered the selected jimma hotels in jimma but not the rest of the hotels in jimma and in the country as a whole. So, research has to be conducted with the rest of the hotels too, so that CRM will be implemented in all hotels in future. Another important future research study which could be conducted could be to explore in greater depth the cultural barriers in hotels in Ethiopia that are impeding the development of CRM as fast as possible. Future research regarding this topic can be extended to include level of service quality in other service providers, for example: in lodges, health cares, insurance companies, in banking, schools,

and consulting companies. The researcher recommends conducting the manpower survey once every two years to assess the manpower demand and supply in the industry. Another issue is conducting a comprehensive study on the impact of unskilled labor on profitability of tourism/hospitality establishments. This research can be done by hotel colleges in different universities and hotel professionals training centers found in different parts of the country. Customer satisfaction can only be improved when hotels will be in a position of creating good customer care. And hence, hotels can develop good CRM program which encourages customer loyalty and retention.

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### **(Questionnaires for Hotel Employees)**

#### **Dear Respondent,**

My Name is Kidist zerihun, I am a post graduate student at jimma university college of business and economics . The title of my research topic is “Customer relationship management in the selected jimma hotels . The study tries to investigate the existing problems in these selected Hotels. After data collection analyses will be made and will come up with strategy and policy recommendations. The study further

assists Hotel owners and managers to improve their standard of quality service to customers. This study also contributes for the development of Tourism globally and in Ethiopia particularly. Therefore, your participation in this survey is very important. Participation in this survey is entirely voluntary. The questionnaire should only take you 10 to 15 minutes. You can leave the completed and filled questionnaires with front desk/reception staff of the Hotel.

Email: [Kidist.zerihun66@gmail.com](mailto:Kidist.zerihun66@gmail.com)

**SECTION 1: GENERAL INFORMATION**

This section is intended to obtain general information in relation to the hotel.

1. One Name of the Hotel \_\_\_\_\_

2. Location of the Hotel \_\_\_\_\_

3. Level of star \_\_\_\_\_

4. Ownership:

1= Public \_\_\_\_ 2= Private \_\_\_\_\_

5. Year of establishment \_\_\_\_\_

6 Single room tariff \_\_\_\_\_

7 Gender of Respondent: 1= Male \_\_\_\_ 2= Female \_\_\_\_\_

8 job level/position: -----

9 Age of respondent:

1= Below 20 2= 21 -30 3= 31 -40 4= 41 -50 5= Over 50

10 years of operation

1= less than 5 years 2= 5 -9 years 3= 10 -15 years 4= 16 -20 years  
5= more than 20 years

11 experience of respondent:

1= less than 1 year 2= less than 2 years 3= less than 5 years 4= less than 10 years  
5= less than 20 years

12 educational level of respondent:

1= Diploma 2= Associate Degree 3= Bachelor Degree 4= Master Degree  
5= PhD

13. Are you aware about the concept and benefits of Customer Relationship Management (CRM)?

1= Yes 2= No

14. Does your hotel follow the CRM approach?

1= Yes 2= No

15. Has your hotel ever trained you on CRM?

1= Yes 2= No

16. Do you participate in gathering and organizing information about your customers?

1= Yes 2= No

17. The following statements concern the CRM practices of your hotel.

Please indicate the extent of your agreement or disagreement.

0	1	2	3	4
Strongly disagree	disagree	Neither disagree nor agree	agree	Strongly agree



#	Statement	0	1	2	3	4
1	My hotel provides customized services and products to our key customers.					
2	My hotel provides customized services and products to our key customers.					
3	My Hotel makes an effort to find out what our key customer needs.					
4	When my Hotel finds that customers would like to modify a product/service, the departments involved make coordinated efforts to do so.					
5	My Hotel has the sales and marketing expertise and resources to succeed in CRM.					
6	Our employee training programs are designed to develop the skills required for acquiring and deepening customer relationships.					
7	My Hotel has established clear business goals related to customer acquisition, development, retention, and reactivation.					
8	Employee performance is measured and rewarded based on meeting customer needs and on successfully serving the customer.					
9	Our Hotel structure is meticulously designed around our customers.					
10	I as an employee of this Hotel is willing to help customers in a responsive manner.					
11	My organization fully understands the needs of our key customers via knowledge leaning.					
12	My Hotel provides channels to enable ongoing, two-way communication with our key customers and us.					
13	Customers can expect prompt service from employees of my Hotel.					
14	My Hotel has the right technical personnel to provide technical support for the utilization of computer technology in building customer relationships.					
15	My Hotel has the right software to serve our customers.					
16	My Hotel has the right hardware to serve our customers.					
17	My Hotel maintains a comprehensive database of our customers.					
18	Individual customer information is available at every point of contact.					

(Questionnaires for Hotel Employees)

Dear Respondent,

My Name is Kidist zerihun, I am a post graduate student at jimma university college of business and economics . The title of my research topic is “Customer relationship management in the selected jimma hotels . The study tries to investigate the existing problems in these selected Hotels. After data collection analyses will be made and will come up with strategy and policy recommendations. The study further assists Hotel owners and managers to improve their standard of quality service to customers. This study

also contributes for the development of Tourism globally and in Ethiopia particularly. Therefore, your participation in this survey is very important. Participation in this survey is entirely voluntary. The questionnaire should only take you 10 to 15 minutes. You can leave the completed and filled questionnaires with front desk/reception staff of the Hotel.

Email: [Kidist.zerihun66@gmail.com](mailto:Kidist.zerihun66@gmail.com)

### **Questionnaires for customers**

1. I consent to participate in this research

1=Yes I consent 2= No I don't consent

2. Name \_\_\_\_\_

3. Occupation

1= Business 2= Salaried 3= Professionals 4= Any other (specify)

4. Family Income

1= < 200000 2= 200001 - 500000 3= 500001 - 1000000 4= > 1000000

6. Age 1= 1-20 2= 21-30 3= 31-40 4= 41-50 5= Above 50

7. Gender 1= Male 2= Female

8. Have you have taken international trips to the same destination two or more times for holiday within the last five years and stayed at hotels?

1= Yes 2= No

9. With whom have you mostly visited this Hotel?

1= Alone 2= Partner 3= Family with children 4= Extended family 5= Friends

6= Other (Please state) \_\_\_\_\_

10. From the following statements, please select the one that best describes your visits at this destination.

1= I visited the same location and the same hotel each time (0)

2= I visited the same location and different hotels each time (1)

3= I visited different locations and different hotels each time (2)

4=I visited different locations and the same brand of hotel/hotel chain each time (3)

**11. Please indicate why you stayed at the same hotel brand/chain each time you visited this destination where: 1= strongly disagree, 2=disagree, 3= not sure, 4=agree, and 5= strongly agree**

I went to the same hotel each time because of:	0	1	2	3	4
Their exceptional customer service					
The convenience					
Less risk involved than going to a different hotel brand/chain					
Value for money					
The convenient location					
Special offers (e.g. discounts)when repeat visit					
The membership in loyalty programs					
Other, please state					

**12. Please indicate why you stayed at different hotels when you visited this destination, where: 0= strongly disagree, 1=disagree, 2= not sure, 3=agree, and 4= strongly agree**

I went to different hotels because I:	0	1	2	3	4
Was dissatisfied with the previous hotels					
Found a cheaper hotel					
Like variety in my hotel selection					
Visited different locations (town, city, and village)					
I went with different parties each time					
Other (Please state)					

**16. Please rate the scale from 1-5 according to your satisfaction with the CRM practices followed by the hotel.**

#	Statement	0	1	2	3	4
1	Quick response to calls					
2	Meeting the request of guests with in suitable time					
3	Staff/personnel appropriate behavior					
4	Attending customer complaints					
5	Access to hotel information via internet					
6	Filling out the feedback from via internet provides more convenience					
7	24 hours online reservations					
8	Accepting cancellation of reservation by the hotel is of special importance.					
9	Internet services in rooms					
10	The hotel should have a user friendly website					
11	Reservation via internet increases the probability of hotel selection					
12	Paying the bills by credit cards					
13	Seeing a personal welcome message on room's TV after checking in					
14	Applying special services like film/music on demand					
15	Access to room service via internet					
16	Providing customized services at the time of check – in and					

	during stay					
17	Sending wishes for new year, birth day and wedding anniversary results in more satisfaction.					
18	Sending wishes for new year, birth day and wedding anniversary results in more satisfaction.					
19	Having baby sitter service is necessary for the hotel					
20	Offering city tour to interested customers					
21	Sending welcome note from hotel management to rooms					
22	Having membership of hotel encourages customer to stay in that hotel					
23	Receiving a complementary Juice/tea as refreshment at the time of check-in					

**17. According to you how far CRM is important for any hotel? Please, rate the following.**

#	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
1	Increase customer satisfaction					
2	Increase market share					
3	Increase customer loyalty					
4	Profitability increases					
5	Enhances lifetime value of customer					

18. How did you get reservation done in this Hotel?

1= Internet 2= Phone 3= Travel Agency 4= Any other (-----)

19. How was this hotel introduced to you?

1= Travel Agency 2= Previous experience 3= Via internet

4= Other recommendations (-----)

20. Have you referred the Hotel to any of the following?

1= Friends 2= Relative 3= Business associates 4= Any other (-----)

21. Do you need more services that are offered by the Hotel? If yes please specify.

1= Yes 2= No

22. Have you faced any problem with regard to the Hotel and its services? If yes, what?

1=Yes 2= No

23. If yes, did you complain about it?

1=Yes 2= No

24. If yes, was the Hotel able to handle the complaint and satisfy you?

1=Yes 2= No

25. Did you intend to stay in this hotel in future? If no, why not?

1=Yes 2= No

