The Assessment of Customer Relationship Management
(The Case of Land Mark International Hotel, Gondar Town, Ethiopia)

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Abstract

CRM is a sound business strategy to identify the hotel more profitable by devoting time and attention to expand account relationships with customers through individualized marketing, re-pricing, discretionary decision making and customized service. It is more applicable in service industries for its importance is well established with the activities. In the present hotel management scenario, the CRM applications have been tremendously increased and found by many researchers that certain practices attract customers. The objective of the study is to assess customer relationship management practices of land mark hotel. The study examines the aspect of customer relationship management like trust, commitment, conflict handling, value empathy and customer loyalty. For the achievement of the objective of study the researcher used 101 respondents. The study uses both explanatory and descriptive study designs from primary and secondary sources collected by interview and questionnaires distributed to manager, customers and employees. Secondary source of data is used from organization documents. The data that is gathered from customers, employees, and managers of the organization through convenience sampling technique has been presented and analyzed through tabular form. Finally, the findings show that there is customer relationship management practice but yet to be applied completely. The researchers recommend that the hotel must improve the quality of services in association with the latest information technology and connect the services to customer satisfaction.

Key words: customer relationship management, trust, commitment, conflict handling, value empathy and customer loyalty.

1. Introduction

Many businesses in 21th century such as hotel , insurance companies , banks, and other service provider realize the importance of customer relationship management (CRM) and its potential to help them acquire new customer and retain existing ones which maximize their life time value. Close relationship with customer would require a strong coordination between IT and marketing department to provide long term retention of selected customer. CRM is a sound business strategy to identify the hotel most profitable customer and prospect and devotes time and attention to expanding account relationships with those customers through individualized marketing re - pricing discretionary decision making and customized service – all delivered through the various sales channels that the hotel uses.

Long-term orientation is a key feature of relationship marketing. It assesses success in terms of how long a customer is kept in the relationship and the share of customer in relationship.

Relationship marketing involves estimating customer lifetime value and engaging in relationship based on the value of those relationship over number of years. Gambeson (1999) highlights long term collaboration and win - win as key features of relationship marketing. This means viewing supplier, customer and other as partners rather than opposite parties which promotes collaboration and creation of mutual value, and relationship marketing should bring about a win –win rather than a win–lose situation created by the adversarial nature of transactional marketing (gummesson).

Today, companies have realized that the cost of acquiring new customer is far greater than the cost of retaining existed profitable customer. Therefore, by adopting the strategies of CRM they are trying to build better and customized relationship with existing customer in order to increase customer satisfaction and build customer loyalty (Ang & buttle , 2006).

The key to build lasting customer relationship is to create superior customer value and satisfaction. According to Kotler and Armstrong, 2008, satisfied customers are more likely to be loyal and give the company a larger share of their business. Targeting, acquiring and retaining the right customer are at

the core of many successful business firms. Once a firm has won retaining the right customer is at the core of many successful business firms. When a firm has won customer favour, it seems as desirable, the challenge shifts to build relationship and turns them in to loyal customer who would generate growing revenue for the firm in future. Customer relationship management (CRM) concerned with customer data management manages detail information about individual customer. Carefully managing customer touch points in order to maximize customer loyalty is now being focused on the overall process of building and maintains profitable customer relationships by delivering superior customer value and satisfaction. Thus customer relationship management is among the factor to consider by hotel service delivery organization as being competitive in business environment.

Land mark hotel is established in 2014 in the historical city of Gondar. It is located at the north east of the fassiledes castle with grand presence on the foot hill of "mount genet". The hotel becomes well known by both domestic and foreign customers.

This hotel also has 127 employees and considered as a fresh "land mark" to the city. Any business organization's purpose is to generate revenue by serving its customers and Land mark hotel is one of business organizations to serve the same with its restaurant, beverage service, room renting and cafeteria. And also they prepare a special program for weeding and other special ceremonial programs.

The major customers of the organization are foreigners who come in Gondar for different purposes. Even though the hotel is located around fassiledes castle, the customers of the hotel are tourists and passenger of the town as well.

2 Objective of the study

The main objective of this study is to assess customer relationship management practices in hotel specifically at land mark hotel. The specific objectives are

➢ to know the status of customer relationship management operations in land mark hotel
➢ to identify the efforts of the employees in the customer relationship management
➢ To identify the main factors affecting the implementation of customer relationship management.

3. Literature Review

In fact, smart companies capture information at every possible customer touch point. This touch points include customer purchase sales force contacts service & support calls, websites visits, satisfaction surveys, credit & payment interaction, market research studies and every contact between a customer and company. (Philip Kotler and Armstrong, 2013 P, 143 Ed, 14th).

The expression customer relationship management (CRM) has only been in use since the early 1990s. Since the there have been many attempts to define the domain of (CRM). As a relatively immature business or organizational practice of a consensus has not emerged about what accounts CRM. (Francis Buttle, 2009, P, 4 Ed 2nd).

CRM helps organizations to maximize the value of every customer interaction (Francis Buttle, 2009 P, 4 Ed 2). CRM is the overall process of building and maintaining profitable customer relationship by delivering superior customer value and satisfaction. It is also a model for managing a company interaction with current and future customer (Philip Kottler & Armstrong, 2013, P, 36, Ed 14th).

CRM consists of sophisticated software and analytical tools that integrate customer information from all sources to analyze in depth and apply the results in building a strong customer relationships (Philip Kotler and Armstrong, 2013, p, 143 Ed, 14th).

CRM is an information industry term for methodologies, software and usually internet capabilities that help an enterprise to manage customer relationship in an organized way (Francis Buttle, 2009 P, 4,Ed 2).

Strategic CRM focuses on the development of customer centric business culture. This culture is dedicated to win and keep customers by creating and delivering a value better than competitors. Operational CRM automates and improves customer facing and customer supporting business process. Analytical CRM is concerned with capturing, stating, extracting, integrating, processing, interpreting, distributing, using, and reporting customer related data to enhance both customer and company value. Collaborating CRM is the term used to describe the strategic and tactical alignment of normally separate enterprises in the supply chain for the more profitable identification, attraction, retention and development of customers. (Francis Buttle, 2009, P, 4 – 11 Ed 2nd).

Addressing the benefit of relationship management research has outlined the benefit for not only business but also customer following.

One of the benefits of having long term relationship with customer that enables Company to better understand their customer need business habits which is in turn allows them to improve and frequently customize their future management efforts. The business would be highly valued and customer would commit themselves to establish developing and maintaining relationship with such partner's (Morgan & Hunt, 2000) therefore it is important for customer retention that customer receive superior benefits from their partnership relative other option

Besides the benefits in business, there is also much research highlights in line with the benefits of relationship management to customer (Gummesson, 1999)

- ❖ Psychological benefit from relationship
- ❖ Social benefits such as familiarity personal recognition and friendship.
- ❖ Economics benefit such as discount money saving schemes from customer loyalty program.
- ❖ Customization benefit as service provider may fail their service to meet.

In the increasing competitive global world, hotel management has been advocated as an excellent way for hotels to establish a unique long term relationship with their customer kind of the co product services. Land mark hotel is fairly generic and its difficult for most hotels to complete purely on this core service; thus recognition of the importance for relationship management especially in hotel service sector (Alexander Colgate 2000) has grown in recent year.

Berry (2005) noted that the practice of relationship approach as most appropriate for the consumer required personal service. This is certain in the case for a range of more complex products in hotel service sector where the majority of customers still prefer to make burning decision supported by the expert of staff. The literature on relationship management hotel today in the new competitive environment discloses long lasting relationship with selected customer has been often allocated in the international literature at a major strategic tool to limit competition and market as well as to defend hotel profitability in the end. Robert Lucas (2011) indicates that the level of trust that customer invests on a firm correlates positively with level of commitment by both parties though shared value and relationship termination costs. Commitment pays a certain role in relationship management paradigm and has been identified as an important dimension of customer service provider relationship qualities.

The concept of customer loyalty emerged 1980s. it is quite a new concept , therefore , there are many definition within this filed , the main of them in customer relationship management is to direct towards building customer loyalty keeping and winning customer by providing value to all the parties involved the relational exchange. Customer loyalty is defined as deeply held commitment to buy or patronize influence management effort having the potential to cause switching behavior (yimetal, 2008). Loyalty may mean a passive improvement and also inconvenient situation for price quality relation.

4. Research Methodology

The researchers used both explanatory and descriptive research design. The target populations of the study were categorized in to three. They are managers, employees and customers of landmark hotel. Hence, the researchers used the sample size of 101 in which 31 employees including the manger of the hotel were selected randomly through every four interval and 69 customers were selected conveniently.

In the process of collection of relevant data, the researchers used both primary and secondary data sources; the possible primary data sources are customer, employees and manager by using questionnaires to customers and employees and interview to manager of the hotel. Secondary data was collected through critical examination of books, internet, different literature, published & unpublished data and different document related to the study.

This study was designed to get insight, inclination and view on customer relationship management in the hotel. Method of data collection is cross sectional where the researchers used to collect the data in order to undertake the study. For this study, the primary data was collected by survey method of data collection using questionnaires (self-administrated questionnaires). The questionnaire was constructed by using close ended questions and secondary data was used review different book, journal and other relevant data.

5.   Analysis and Results

5.1.   Customer response on conflict handling

Table 1: respondent customer response on conflict handling in hotel

(SD= Strongly Disagree, D= Disagree, N= Neutral, A=Agree, SA= Strongly Agree)

Categories		Responses					
		SD	D	N	A	**SA**	Total
The hotel activity to openly disuses of solution when a problem rises?	Frequency	4	4	19	27	15	69
	%	5.8	5.8	27.5	39.1	21.7	100
The service provider show sincere in solving problem?	Frequency	1	3	7	29	29	69
	%	1.4	4.3	10.1	42.0	42.0	100
Customer complaints are handled carefully those responsibilities for it?	Frequency	3	4	8	32	22	69
	%	4.3	5.8	11.6	46.4	31.9	100
They under takes coercive actions to avoid originated complaints	Frequency	2	3	10	35	19	69
	%	2.9	4.3	14.5	50.7	27.5	100
The ability to handle the complaints is efficient and fast	Frequency	3	7	17	25	17	69
	%	4.3	10.1	24.6	36.2	24.6	100
The hotel does maximum effort to maintain relation with customers	Frequency	4	11	17	24	13	69
	%	5.8	15.9	24.6	34.8	18.8	100

Source; Field of survey, 2016

As presented in table1, the item that the hotel has ability openly discuss solution when problem arises, 4 respondents (5.8%) strongly disagree, 4 respondents (5.8%) disagree, 19 respondents (27.5%) neutral, 27 respondents (39.1%) agree and 15 respondents (21.7%) strongly agree. This indicates that the majority of hotel customers was agreed on the hotel has ability to discuss solution when problem a rise.

Another item of land mark hotel is service provider show sincere interest solving in problem it can be seen from the table 1; (1.4%) strongly disagree, 3 respondents (4.3%) disagree, 7 respondents (10.1%) neutral, 29 respondents (42.0%) agree and 29 respondents (42.0%) of strongly agree. This indicates that the majority of the hotel customers were strongly agreed service provider show sincere interest in solving problem.

The item of customer complain are handled carefully and the respondents of 3(4.3%) stated strongly disagree, 4(5.8%) stated disagree, 8(11.6%) are salient to respond and neutral to the option which provided by researchers, 32(46.4%) stated agree and 22(31.9%) stated strongly agree. This indicates that the majority of the hotel customers were agreed on customer complaints is handled carefully by that respondent to it.

The hotel has undertaken corrective action to avoid provided complaint resulted as 2(2.9%) of the respondents strongly disagree, 3(4.3%) disagreed the hotel conflict resolution system, 10(14.5%) of the respondents are neutral, 35(50.7%) of respondents agreed   and remaining 19(27.5%) of respondents strongly agree. This indicates that the majority of the hotel customers agreed hotel undertaken corrective action to avoid originated complains.

As stated on the above table, the item entitled hotel ability to handled complaints is efficient and fast, 3 respondents (4.3%) strongly disagree, 7 respondents (10.1%) disagree, 17 respondents (24.6%) are neutral, 25 respondents (36.2%) agree and 17 respondents (24.6%) strongly agree. This indicates that

the majority of hotel customers have agreed on the hotel's ability to handle complaints is efficient and fast.

Another item of the land mark hotel indicates maximum effort to maintain relationship with customer and the respondents of 4(5.8%) strongly disagree, 11(15.9%) disagree, 17(24.6%) are neutral, 24(34.8%) agree and 13(18.8%) strongly agree. This indicates that the majority of hotel customers agreed on efforts to maintain relationship with customer but not the least number of respondents agreed with hotel conflict handling system as researcher describes in the objective so in order to ensure healthy relationship management, the hotel should provide good conflict resolution method.

5.2 Customer response on the value

Table 2: respondent customer response on value in hotel   (SD= Strongly Disagree, D= Disagree, N= Neutral, A=Agree, SA= Strongly Agree)

Categories		Responses					
		SD	D	N	A	**SA**	Total
Service of the hotel is in line without social value?	Frequency	2	5	12	23	17	69
	%	2.9	7.2	17.4	33.3	39.1	100
Employee of the hotel keeps the promises when they provide service?	Frequency	3	2	7	22	35	69
	%	4.3	2.9	10.1	31.9	50.7	100

Source; Field of survey, 2016

On the item of land mark hotel service are in line without social value, the respondents of 2(2.9%) strongly disagree, 5(7.2%) disagree, 12(17.5%) are neutral, 23(33.3%) agree and remaining 27(39.1%) of respondent strongly agree with hotel service in line with social value. This indicates the majority of customers of hotel agreed on the service hotel corresponding to social value.

In another item of employee of the hotel, keeping the promise when they provide service, from the total respondents 3(4.3%) strongly disagree, 2(2.9%) disagree, 7(10.1%) are neutral, 22(31.9%) agree and remaining 35 (50.7%) of respondents strongly agree. This indicates the majority of customers of hotel strongly agree that the employees of the hotel keep the promise when they provide service.

5.3 Customer response on the empathy

Table 3: respondent customer response on empathy in hotel (SD= Strongly Disagree, D= Disagree, N= Neutral, A=Agree, SA= Strongly Agree)

Categories		Responses					
		SD	D	N	A	**SA**	Total
The hotel employee gives individualized attention to the customers	Frequency	2	2	3	25	37	69
	%	2.9	2.9	4.3	36.2	53.6	100

Source; Field of survey, 2016

As indicated in table 3, on the item of land mark hotel, employee of giving individualized attention to customer; respondents 2(2.9%) strongly disagree, 2(2.9%) disagree, 3(4.3%) are neutral, 25(36.2%) agree and 37(53.6%) strongly agree. This indicates that the majority of the land mark hotel customers strongly agree on the hotel employee gives individualized attention to the customer.

5.4 Customer response on the loyalty

Table 4: respondent customer response on loyalty in hotel (SD= Strongly Disagree, D= Disagree, N= Neutral, A=Agree, SA= Strongly Agree)

Categories		Responses					
		SD	D	N	A	**SA**	Total
The hotel is my first choice among area hotel	Frequency	0	4	10	32	23	69
	%	0	5.8	14.5	46.4	33.3	100
I am loyal to be customer to my hotel	Frequency	2	5	8	23	31	69
	%	2.9	7.2	11.6	33.3	44.9	100

Source; Field of survey, 2016

As indicated in table 4, on the item of land mark hotel 'my first choice among other hotel' no respondent said strongly disagree, 4 respondents (5.8%) disagree, 10 respondents (14.54%) are neutral, 32 respondents (46.4%) agree and 23 respondents (33.3%) strongly agree. This indicates that the majority of the land mark hotel customers agree on hotel is my first choice.

Among other area hotel is first choice to get service from this hotel indicated as 'I am loyal to my hotel' 2 respondents (2.9%) disagree, 5 respondents (7.2%) disagree, 8 respondents (11.6%) are neutral, 23 respondents (33.3%) agree and 31 respondents (41.9%) strongly agree. This indicates that the majority of the land mark hotel customers strongly agree on being loyal to hotel

5.5 Employees responses to close ended questions

Table 5: Response on the right employee (SD= Strongly Disagree, D= Disagree, N= Neutral, A=Agree, SA= Strongly Agree)

Categories		Responses					
		SD	D	N	A	**SA**	Total
Is the hotel seeing the employee as it asset or respect them?	Frequency	0	7	7	11	6	31
	%	0	22.6	22.6	35.5	19.4	100
It the hotel treating you as the customer?	Frequency	2	9	7	5	8	31
	%	6.5	29.9	22.6	16.1	25.8	
It the hotel measure and rewords strong service performance?	Frequency	2	3	0	17	9	
	%	6.5	9.7	0	54.8	29.0	100
Is the hotel developing service culture unity in diversity?	Frequency	5	0	5	17	4	31
	%	16.1	0	16.1	54.8	12.9	100
Is the hotel focus on reengineering of internal process system	Frequency	1	5	6	9	10	31
	%	3.2	16.2	19.4	29.0	32.3	100
Is the hotel motivating team work of employee to handle	Frequency	2	6	3	10	10	31
	%	6.5	19.4	9.7	32.3	32.3	100
Is the hotel empowers employees by giving authority to make decision?	Frequency	2	8	2	11	8	31
	%	6.5	25.8	6.5	35.5	25.8	100

Source; Field of survey, 2016

As indicated in the above table 5, on the item of land mark hotel seeing employee as asset or respect them, out of 31 employees, no person said strongly disagree, 7 responded (22.6%) disagree, 7 responded (22.6%) neutral, 11 responded (35.5%) agree and 6 responded (19.4%) strongly agree. This indicates that the hotel sees the employee as its assets or respects them.

From the above table 5, the view of the employee being treated as customer 2 persons (6.5%) strongly disagree, 9 persons (29.0%) said that similar to the first one, 7 persons (22%) are neutral which means no idea about the question, 5 persons (16.1%) agree, and 8 persons (25.8%) of respondent strongly agree. Form this point of view most employees of the hotel disagree the hotel treatment. Therefore from above table one can give the general implication by connecting the objective since majority of the employees do not agree with the statement of which are given by hotel to the employee therefore the hotel hardly work on this side in order to ensure the CRM

From the above table 5, view of employees on the hotel measure and reward a strong service, 2(6.5%) of respondents strongly disagree, 3(9.7%) of respondents disagree, no respondents are neutral, 17(54.8%) of respondents agree and the remaining 9(29.0%) of respondents strongly agree. It can be inferred that most employees of the hotel agreement is with the hotel measure and reward a strong performance. This indicates that the majority of employees of the hotel agreed on hotel measure and reward strong service performer.

According to the above table 5, out of 31 employees 5(16.1%) felt that the hotel developing service culture unity in diversity, so they strongly disagree where as no respondent disagrees that similar to above description 5(16.1%) of them felt neutral which means no idea about the description, 17(54.8%) agree and finally 4(12.9%) of respondents strongly agree. Based on the above information, the researchers can conclude that the majority employees agreed, so the hotel is developing service culture unity in diversity.

From the above table 5, out of 31 employees 1 (3.2%), 5(16.2%), 6(19.4%), 9(29.0%) and 10(32.3%) of them were said that strongly disagree, disagree, neutral, agree and strongly agree respectively on the hotel focus on reengineering of internal process work. Based on this information the researchers can conclude that most of customers strongly disagree on the hotel focusing on reengineering of internal process work.

From the above table 5, on the view of the employees on the of the hotel motivating team work of employee to handle customer, 2 respondents (6.5%) strongly disagree in motivating team work of employee to handle customer where as 6 respondents (19.4%) disagree that similar to the first one, 3 respondents (9.7%) are neutral which means no idea about the question, 10 respondents (32.3%) agree, and 10 respondents (32.3%) strongly agree. Form this point of view most employees of the hotel have strongly agreed so that hotel working motivating team work of employee to handled customer.

As indicated above table 5, on the item of land mark hotel empower employee by giving authority to make decision, out of 31 employees 2(6.5 %) strongly disagree, 8(25.8%) disagree, 2(6.5%) of the respondents are neutral, 11(35.5%) agree and 8(25.8%) strongly agree. This indicates that the hotel employees have agreed on empowering employee to handle customer.

The manager responded that though there is CRM practice, there are also different challenges to apply CRM fully such as lack of interest and connection to contact with actual and potential customer.

On the other hand, the hotel uses different strategy to apply CRM like providing customer centered service asking loyal customer information about service delivered by the hotel. The manager responded that CRM have different advantages to the hotel such as helping to create strong relationship with actual and potential customer which leads to increase the profitability of the hotel and thereby reduces promotional cost to obtain potential customer.

6. Recommendations

With the recent establishment of several new hotels in Ethiopia, the hotel industry in the country is undergoing dynamic expansion. It is therefore important for the hotel to continuously monitor the level of service delivery and drivers of satisfaction in order to retain existing customers and also attract new ones. Based on the facts and findings of this study, the following recommendations are proposed for managers to be considered to improve and reinforce customer relationship management in the hotel.

➢   More efforts are needed to improve the level of trust by the continuous development of the service and benefits. Training of employees to perform the service effectively should be consistent in providing customer service, fulfilling the obligation of customers and attentive to the customer attraction,

➢   More efforts are needed to improve the level of commitment to where the customer must be core of the management process, must be given special attention, the hotel is flexible in serving customer needs, provide consultancy for them and offering personalized service to satisfy them.

➢   Eliminating the problem by solving conflict as soon as possible in order to assure that like system is well managed, has the ability to openly discuss solutions when problem arise, service provider shows a sincere interest involving customer complaint and making regular meeting to revise the conflict and find solutions,

➢   More efforts are needed to improve the level of value through providing service which is in line with the social and personal value of the customers contributing to the welfare of the society and dealing with the customer honesty during providing the service,

➢   To develop empathy, the hotel should work two way communications.

➢   The hotel should give an attention towards the development of employee by giving required incentives and rewards so as to increase their level work

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