AN ANALYSIS OF CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES OF SOME SELECTED HOTELS IN THE KUMASI METROPOLIS

BY

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DECLARATION

I hereby declare that this submission is a result of my own work towards a partial fulfillment of the Commonwealth Executive Masters in Business Administration (CEMBA) and that it does not contain previously published works of other persons or works accepted for the award of a degree of the University, except where due acknowledgement has been made in the text.

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ABSTRACT

Customer Relationship Management (CRM) practices are a business strategy designed to reduce costs and increase profitability by solidifying customer loyalty. It brings together all data about a client in hotels via software to give a holistic view of a customer. With intense competition among hotels in Ghana, this study sought to find out if CRM was practised in the selected hotels. It was to solve the problem of inadequate service delivery quality in hotels which were not helping customers' expectations to be met. The objectives of the study was to identify hotels that practise CRM, the challenges the hotels face in implementing CRM and also to find out if there is a relationship between CRM practices and customer loyalty. With a sample size of thirty (30) hotels picked at random with their gradings ranging from One-star to Four-star and the people interviewed being management staff, the study used questionnaires for data collection and the Statistical Package for Social Sciences (SPSS) for analysis of the data. The study revealed that the hotel industry is saddled with the problem of lack of qualified personnel, lack of management commitment and experienced personnel to manage the hotels effectively whereas Customer Relationship Management is about the improvement of services. It is recommended that even though the hotels have heard of CRM, there should be some intense awareness program on the benefits of CRM. The hotels need to invest in IT infrastructure which is the main tool for successful CRM practice. The Hoteliers Association must ensure that key personnel in the business are trained in hotel management in order to solve the problem of non-qualified personnel.

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DEDICATION

I dedicate this work to God Almighty who gives me hope and faith that "I can do all things through Christ who strengthens me". And to my mum dearest Mrs. Joyce Boakye for being the greatest pillar throughout the entire course.

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CHAPTER ONE

INTRODUCTION

This chapter aims at giving the reader a clear view of the background of the study, the problem statement, research question and objectives, scope and justification of the study, research methodology and design, sources of data collection and sample techniques. The rest include data analysis and organization of the study and meaning of special terms that have been used

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1.1.BACKGROUND OF THE STUDY

Customer Relationship Management (CRM) is a technique that innovative companies and sectors find useful in addressing business challenges and especially in improving their interaction with customers. The Ghanaian hotel industry stands to benefit from the implementation of CRM as it contributes to meeting customer expectations. Currently, the hotel industry in Ghana shows a substantial increase in competition, requiring companies seeking to maintain their relevance and attracting customers to consider models such as CRM to ensure service quality and customer satisfaction (Badu,2010). Therefore, the study sought to analyze the use of CRM in the hotel industry in the Kumasi Metropolis toward understanding its benefit in meeting customer expectation.

The customer is one of the most important elements of a successful business venture. To ensure a satisfied customer, companies adopt different models and techniques that promote their competitiveness and survival in the market or industry. A working technique is CRM that refers to all the business attributes that interact with the customer during the sales and service delivery (Brotherton, 2003). These attributes contribute to

ensuring customer loyalty, excellent service delivery, and quality management. CRM arose from the recognition that customer relationship is important to the success of a business. Through successful implementation of CRM, companies can build a lasting relationship with their customer.

Today, customers are becoming more sensitive to prices and their corresponding services while disregarding brand loyalty, making it necessary to implement a model such as CRM. However, a framework for CRM implementation is highly lacking in many sectors especially in countries such as Ghana where business owners are struggling with management knowledge, managerial processes, supporting technology capabilities, and alignment of the model with the business processes (Sigala, 2005). Therefore, implementation of CRM also requires noting supporting factors within the company. In Ghana, implementation of CRM is mostly non-existent in the hotel industry as evident through literature search, though it exists in some areas such as in financial institutions (Oduro-Senyah & Ebo). This raises the need for understanding whether CRM would work in a country that does not show wide implementation and has a need to adopt such a model to succeed in its hotel industry.

1.2.**PROBLEM STATEMENT**

On October 9, 2007, *The Accra Daily Mail* newspaper published an article in which the Deputy Director in charge of Studies at the Hotel Catering and Tourism Training Institute, Neequaye Sasraku pointed out that a need in the hospitality industry existed relating to quality service delivery. The Deputy Director observed that the industry required changing toward a positive attitude in dealing with clients to raise quality in

their service delivery. The change is important to overcome arising challenges in the industry. Making the change is important especially considering the increasing importance of the hospitality industry to the Ghanaian economy.

According to the Minister of Tourism, Juliana Azumah-Mensah, growth in the industry is imperative to contributing to Ghana's foreign exchange earnings and promoting development. Illustrating the challenges in the hospitality industry i.e. the hotel sector where customers visiting again lack assurance in finding accommodations fitting their requirements, meals still having the same level of taste, amongst other service details. While the country is working hard to boost its tourism and hospitality industry, substantial challenge remains in the hotel sector especially in four and five star hotels, which are either not available in significant numbers or fail to meet upscale market standards. This is significant considering that the country is increasingly becoming a destination for people seeking to learn about Africa as well as for international meetings, and commercial companies seeking oil in the west coast. Within such a vast need for quality service, it speaks poorly of the country if it is unable to meet customer requirements for accommodation. To combat these challenges, CRM provides a potential approach that Ghana's hotel industry can use to attain a face-lift for the services provided to improve on quality and meeting customer expectations.

Increasing occupancy rates and revenue by improving customer experience is the aim of modern hotel businesses. To achieve these results, hotel managers need to have a deep knowledge of customers' needs, behaviour, preferences and expectations and be aware of the ways in which the services delivered create value for the customers and then stimulate their retention and loyalty. It is against this background that this research is to

find out if hotels in the Kumasi Metropolis use CRM to meet the expectations of their customers.

1.3 RESEARCH OBJECTIVES

The study seeks to analyze CRM techniques in Ghana within the hotel industry and how they can contribute to meeting customer expectations.

The specific objectives of the study are as follows:

1. To identify hotels that practice CRM.
2. To identify the challenges facing hotels in their implementation of CRM practices.
3. To find out the relationship between CRM practices and Customer loyalty.

1.4 RESEARCH QUESTIONS

1. What are the expectations of customers in the hotel sector in Ghana?
2. What are the challenges facing Ghanaian hotels in their implementation of CRM?
3. Is there a relationship between CRM and customer loyalty in the hotel industry in Ghana?

1.5 JUSTIFICATION

Failing to meet customer expectations has two critical implications for business. The first is that if a company operating in the hotel business fails in the customer's perception, they are likely to lose that customer to the competition. Second, recurrent

complaints from customers, meaning the company failing to find a sufficient and lasting answer to complains may lead to loss of trust and interest in the company. In both cases, this means loss of business for the company. This study served to alleviate such a case in the hotel industry in Ghana, as it showed how companies can adopt a working model and satisfy their customers, thus enable repeat service usage.

Noting that Ghana is working towards becoming a target destination for many people seeking African destinations, such a technique will enable the hotel industry to make its contribution to this vision. Currently, the industry may serve to undermine the government vision since customers fail to attain the quality of services they seek. However, investigating the usefulness of CRM approach will contribute to the knowledge of possible useful approaches that can work in the Ghanaian industry, thus contributing to the industry and country success.

1.6 SCOPE

The study will be conducted in the Kumasi Metropolitan Assembly in the Ashanti region of Ghana. Contextually, thirty hotels will be selected in the Metropolis for the study. The hotels will be selected from the Metropolis to enable easy accessibility for data-gathering purposes. The study will cover a period between January 2008 to 2010.

1.7 ORGANIZATION OF THE STUDY

The research report will be organised into five chapters. Chapter one will focus on the background of the study and introduce the key issues and problems of the research.

Review of relevant literature on “An analysis of the use of customer relationship management practices of some selected hotels in the Kumasi Metropolis” will be captured in Chapter two of the research report while Chapter Three will focus on presentation and detailed discussion of the research methodology and approach of the study. Analysis of data and discussion of results shall be presented in Chapter Four whilst the last Chapter will be devoted to the major findings of the research, their policy implications and recommendations for policy decision making and future research. The concluding section of the research will also be presented in Chapter Five.

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CHAPTER TWO

LITERATURE REVIEW

2.0. INTRODUCTION

According to Mahatma Ghandi, 'The customer is the most important person for a business; he is not an interruption to our work but the purpose of it. He is not an outsider; he is part of it. We are not doing him a favour; he is doing us a favour by giving us an opportunity to serve."

(http://indusbusinessjournal.com/ME2/Audiences/dirmod.asp?sid=&nm=&type=Publishing&mod=Publications%3A%3AArticle&mid=8F3A7027421841978F18BE895F87F791&tier=4&id=3E01A4037E854CD18D2FA7D56B100553&AudID=2A49137C8BBB4CAB9F23C2A2692E1395)

visited on 24th March 2011.

Peter Drucker (http://www.zdnet.com/blog/collaboration/the-purpose-of-a-business-is-to-create-a-customer-peter-drucker-centenary/1049) visited on 24th March 2011.

"The purpose of a business is to create customers." Implied in his words and his work is the importance of keeping those same customers and of growing the depth of their relationship with you. A research by Frederick Reichheld and Earl Sasser of the Harvard Business School shows, most customers are only profitable in the second year that they do business with you.

(http://docs.google.com/viewer?a=v&q=cache:yVI8fGUPwk8J:www.briefcasebooks.com/andersonfm.pdf+kristin+anderson+carol+kerr&hl=en&gl=gh&pid=bl&srcid=ADGEESh3J1Mj9XJq_lUdaOimpcXdx70LSVOIEOFGIsAdcmgvcUqAtGayBLJc5D6AYB4X

vko56Ezw_A4VEYPxIDLzg7yHGnLAmHiBGqDJAaVxWX93hfjaCxq2hxgoE8asd_qjmwcP7u6S&sig=AHIEtbRyJ_Y7mDkyZfeA83uGtTqh96W2lw) visited on 24th March 2011. That's right. Initially, new customers cost you money—money spent on advertising and marketing and money spent learning what they want and teaching them how best to do business with you. Customer relationship management (CRM) can be the single strongest weapon you have as a manager to ensure that customers become and remain loyal. That's right! CRM is the single strongest weapon you have, even before your people. Kristin Anderson and Carol Kerr maintained that CRM is both a strategy and a tool, a weapon, if you will. In your hands, and in the hands of your employees, CRM comes to life, keeping you and your team on course and able to anticipate the changing landscape of the marketplace. (http://www.bnet.com/cp/putting-the-service-profit-chain-to-work/210145) visited on 24th March 2011. With CRM, loyal customers are not a happy accident created when an exceptional customer service representative, salesperson or product developer intuits and responds to a customer need. Instead, you have at your fingertips the ultimate advantage—customer intelligence: data turned into information and information turned into customer-satisfying action.

2.1. HOTEL INDUSTRY DEFINITION

Abbey (1999) proposes that the hotel industry is primarily a service sector with emphasis given on the role played by relationship marketing. You are nothing without our customers understanding that your organization exists for no other reasons than to meet customer needs and expectations. It is imperative to develop proactive methods for

understanding what customers like and dislike. If you believe otherwise, just look behind you at the long queue of competitors lined up and waiting for the opportunities to prove you wrong.

CRM is a business strategy to select and manage the most valuable customer relationships. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales and service processes. CRM applications can enable effective customer relationship management, provided that an enterprise has the right leadership, strategy and culture. (Anton, 2005).

In a hotel, each customer relationship has value and should be managed effectively. There is an opportunity for repurchase and recommendation from each past customer. The administration of the information about this past guest and the effective integration of the information into frontline guest services programs is the challenge of CRM implementation.

Tactically, where does CRM start? The recommended implementation of customer relationship management typically looks like this (Hart et al, 2002): Statistically valid customer satisfaction measurement: From the very top of the organization, there should be a commitment to CRM including customer satisfaction, employee satisfaction and a desire to have one voice to the customer.

2.2 WHAT IS CUSTOMER RELATIONSHIP MANAGEMENT (CRM)?

Today, businesses are facing an aggressive competition and they have to make efforts to survive in a competitive and uncertain customer market place. People have realised that

managing customer relationships is a very important factor for their success. Customer Relationship Management is a strategy that can help them to build long lasting relationships with their customers and increase their profit through the right management system and the application for customer- focused strategies. According to Chaudhuri and Shainesh (2001), a CRM programmer requires a clear understanding and commitment to the company's customers, vigilant adherence to detailed goals, commitment from both executives and line workers, and constant awareness of the customers view point. CRM is about more than simply managing customers and monitoring their behaviour and attitude. CRM has the potential to change a customer's relations with a company and increase revenues in the bargain. Furthermore it helps to know the customers well enough to decide whom to choose and whom to lose.

The objective of CRM is to recognize and treat each and every customer as an individual. It is very essential for any business to know how to differentiate customer treatment according to an individual's expectation and preference. To differentiate customer treatment, the companies use personalized service and customized products which make some customers feel special and others simply appreciate good behaviour. It humanizes their purchase or service request or complaint. Personalization and customization does mean maintaining loyalty, but also driving purchases higher. CRM entails all aspects of interaction a company has with its customer, whether it is sales or service related. It even uses technology to streamline processes that impact customer loyalty, service delivery and quality management. It has grown mainstream and is being implemented in a wide range of companies and organizations such as manufacturing, financial services, transportation and distribution, medical services and products,

consumer packaged goods and others. This explosive growth of CRM reflects the intersection of genuine market need and enabling technology. And, in this growth period, the impetus for CRM is shifting from an emphasis on efficiency, i.e., doing more things faster with less cost, to effectiveness, i.e., doing things better for increased revenue with a high "return on relationships

Getting closer to customers and effectively responding to their needs is a great way to boost their loyalty and encourage deeper business relationship. The task of getting and retaining customers requires even greater skill and effort. The business needs to ensure that the service works as the customer actually wants it to, and the customers want to do business in 'their' way, not to be forced to do it in the enterprise's way. Most companies consider them customer-focused and believe that in being so they are servicing the customer. But eventually, being customer focused means to have a consistent, dependable and convenient interaction with customers in every encounter. CRM technologies focus on managing all interactions that an organization has with its customers, in order to leverage the data in a variety of business applications. Where a profitable relationship already exists, CRM can especially boost superior service at a lower cost. In addition to this it helps to serve customer's unspoken needs.

Generally speaking, the five needs of customers are:-

a. Service
b. Price
c. Quality
d. Action and
e. Appreciation. (Raghunath & Shields 2001)

A good CRM program will allow a business to acquire customers, service the customer, increase the value of the customer to the company, retain good customers, and determine which customers can be retained or given a higher level of service. A good CRM program can improve customer service by facilitating communication in several ways:

- Increases the efficiency of customer interaction through all the communication channels available.
- Facilitates the collaboration between the client and the provider using the web, thus reducing the costs of customer relations management.
- Provides product information, product use information and technical assistance on web sites that are accessible 24 hours a day, 7 days a week.
- Identifies how each individual customer defines quality, and then designs a service strategy for each customer, based on these individual requirements and expectations.
- Provides a fast mechanism for managing and scheduling follow-up sales calls to assess post-purchase cognitive dissonance, repurchase probabilities, repurchase times, and repurchase frequencies. Provides a mechanism to track all points of contact between a customer and the company, and does it in an integrated way, so that all the sources and the types of contacts are included, and all the users of the system see the same view of the customer (reduces confusion).
- Helps to identify potential problems quickly, before they occur.

- Provides an user-friendly mechanism for registering customer complaints (complaints that are not registered with the company cannot be resolved, and are a major source of customer dissatisfaction).
- Provides a fast mechanism for handling problems and complaints (complaints that are resolved quickly can increase customer satisfaction).
- Provides a fast mechanism for correcting service deficiencies (correct the problem before other customers experience the same dissatisfaction).
- Uses internet cookies to track customer interests and personalizes product offerings accordingly.
- Provides a fast mechanism for managing and scheduling maintenance, repairs and on-going support (improves efficiency and effectiveness).

2.3 IMPORTANCE OF CUSTOMERS

There exists a wide-spread mistaken notion that CRM is some kind of a manifestation of technology only. Another interesting thing is that even those who have implemented highly technological installations for their CRM initiatives, quite often can be seen to have forgotten the basis of this modern concept, i.e., making profitable relationships with their customers. This significant part is left to the technology alone (Schneider and Bowen, 1999). Such a situation arises mainly because of the inability or reluctance of the management to accept the importance of customers and serving them to keep them satisfied and happy, which otherwise may result in low sales and hence low profits. "One widely accepted marketing rule-of-thumb claims that the average, unhappy

customer tells eight other potential customers about his negative experience." (Lemon, et al, 2002)

Some decades ago, most of the companies concentrated mainly on higher productivity through higher levels of efficiency of employees as well as machines, cost-reduction tactics and on attracting more customers through the classic marketing tactics such as TV advertisements, mass mailings, bill boards etc. But the sudden growth and expansion of services sector proved that these would not convert into profits, as was expected. Moreover, the emergence of faster, cheaper and more efficient systems of communication, transport and information technology has made the business enterprises realize that the competition is just a mouse-click away. These changed, new environment of business unveiled the importance of keeping the existing customers loyal so that they would not switch over to the competition, without much thinking. This led to the increased awareness of companies about the importance of serving the customer's needs with a higher level of quality and in a way which is convenient and beneficial to both the companies and the customers (Anton, 2005).

According to Berry (1983), Customers to a business are those people or enterprises which are benefited by the use of a service or product offered by that particular business, certainly for something in return, generally a price. When a customer pays a price, he expects some specific thing with a specific quality and features. If his expectation exceeds what he has been given, it leads to an unsatisfied customer. If the offer exceeds his expectations for a stipulated price, it leads to a highly satisfied customer and he is said to be enjoying customer delight.

Today, the customer has more options to choose from. So it is more likely for any customer to switch from one company to another in search of better quality or service. But the companies have found out that creating new demand i.e., finding out new customers is much costly than keeping the regular demand, i.e. existing customers for a regular inflow of cash and hence profits. "The reports on new customer acquisition costs vary, from as low as three times to as high as thirteen times of servicing an existing customer" (Berry, 1983).

In a customer's viewpoint, there is very little reason to switch loyalties often, if things are going comfortably with the existing vendor and the level of service is good. Switching involves changes and disruptions in service levels that most regular customers try to avoid. Realizing these facts in its true sense, many companies have stuck to making long-term profitable relationships with their prospective customers (Hart et al, 2002). And this has been proved to be, in a way, mutually beneficial to both the parties. This has resulted in managing these relationships as a strategic tool and in the evolution of Customer Relationship Management or most commonly known as CRM.

2.4. Evolution of CRM

Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990's with the promise of forever changing the way businesses, small and large, interacted with their customer base. In the short term, however, it proved to be an unwieldy process that was better in theory than in practice for a variety of reasons. First among these was that it was simply so difficult and

expensive to track and keep the high volume of records needed accurately and constantly update them.

In the last several years, however, newer software systems and advanced tracking features have vastly improved CRM capabilities and the real promise of CRM is becoming a reality. As the price of newer, more customizable Internet solutions have hit the marketplace, competition has driven the prices down so that even relatively small businesses are reaping the benefits of some custom CRM programs.

The 1980's saw the emergence of database marketing, which was simply a catch phrase to define the practice of setting up customer service groups to speak individually to all of a company's customers.

In the case of larger key clients, it was a valuable tool for keeping the lines of communication open and tailoring services to the client's needs. In the case of smaller clients, however, it tended to provide repetitive, survey-like information that cluttered databases and didn't provide much insight. As companies began tracking database information, they realized that the bare bones were all that was needed in most cases: what they buy regularly, what they spend, what they do.

In the 1990's, companies began to improve on Customer Relationship Management by making it more of a two-way street. Instead of simply gathering data for their own use, they began giving back to their customers not only in terms of the obvious goal of improved customer service, but in incentives, gifts and other perks for customer loyalty.

This was the beginning of the now familiar frequent flyer programs, bonus points on credit cards and a host of other resources that are based on CRM tracking of customer activity and spending patterns. CRM was now being used as a way to increase sales passively as well as through active improvement of customer service.

2.5. PURPOSES OF CUSTOMER RELATIONSHIP MANAGEMENT

Enhanced customer satisfaction and retention lead to increased customer loyalty, occupancy rates and revenue per available customer (Dubé & Renaghan, 1999a, 1999b). Yet the collection and use of customer information are frequently intermittent, delayed, and fragmented (Cline, 1999). In some cases, especially in small and medium-sized hotels, data are still kept by hand and recorded on index cards or a simple database of guests is built, which allows basic analyses to be carried out.

Even where an introduction and management system is implemented, very few hotel organizations have a formal customer-oriented e-business strategy.

The strategic use of technology in marketing is one of the most significant opportunities the hospitality industry has at this moment (Cline, 1999; Dev & Olsen, 2000). The implementation of targeted sales and marketing plan and the development of a customer relationship management (CRM) policy require a deep knowledge of customers' needs, behaviour, and preferences, and new technologies are one of the major drivers of change in this context. Creating automated guest histories helps hotel managers to build database of guests which allows basic analyses to be carried out. (Siguaw & Enz, 1999) argue that even where an information and management system is implemented, very few hotel organizations have a formal customer-oriented e-business strategy. Most of them

focus actions and research primarily on transaction-centric solutions, to improve the efficiency of internal operations and administrative procedures [property management systems (PMS)], the core being the delivery of the guest folio. In some cases, guest services are also enhanced, but this is an indirect added benefit and not a primary goal. The setting up of a customer information system (CIS) that automates information search and processing and provides a consistent view of the customer across every point of interaction, bringing together a wide array of data into actionable formats that support management decisions, is the challenge for the future. The system, based on a data warehouse with an accessible and user-friendly interface, will integrate different operational systems and databases (PMS, Central Reservation System, etc.) and will be able to store multiple profiles for the same customer, depending on his/her behaviour and nature of travel. Promoting Customer Loyalty and Retention: From Traditional to Knowledge-Based Marketing, Customer Loyalty Versus Satisfaction As mentioned by Dubé and Renaghan (1999a), "managing customer value by creating quality and service that customers can see now is considered a critical component of companies' strategic marketing. Customer value is what builds loyalty". Orientation to customer retention, continual customer contact, and high commitment to meeting customer expectations are the new strategic rules of relationship marketing, which are based on factors other than pure economic assessment and product attributes (Bowen & Shoemaker, 1998).

Loyalty usually implies satisfaction, but satisfaction is not loyalty. In a hotel, a guest may be satisfied by his/her stay because the services purchased have met his/her expectations, but this does not imply that he/she will repeat the experience and/or recommend it to friends and relatives (Bowen & Shoemaker, 1998; Shoemaker &

Lewis, 1999). Apart from transient travellers, who do not generally return to the area where the property is located, some people choose different hotels according to the purpose of trip (e.g., whether they travel on business or with their family), others look for novelty and like to sample different properties in the same area, others are price sensitive and shop for the best deal. Finally, some guests do not develop loyalty simply because they are not encouraged to return. Although keeping guests satisfied is important, loyal customers bring more value than satisfied customers.

They generally show lower price sensitivity over time, tend to resist changing service providers, identify themselves with the brand, and maintain a strong preference for the service purchased against competitors (Butcher, Sparks, & O'Callaghan, 2001). This allows the hotel to reduce marketing costs and to significantly increase occupancy rate and profitability. According to research carried out in a group of service industries, a 5% growth in customer retention can result in a 25–125% growth in profits (Reichheld & Sasser, 1990). To stimulate loyalty, hotel managers need to have a clear understanding of guests' value drivers and be aware of the ways in which their business contributes or fails to contribute to the creation of such value.

2.6 CUSTOMER RELATIONSHIP MANAGEMENT IN THE LODGING INDUSTRY

Given the promised benefits of CRM in such a customer service oriented industry, why then have lodging companies to date not embrace the philosophy? A key question is which of the players involved in operating a hotel should implement a CRM strategy - the owner, the franchiser or the management company?

Given the geographic dispersion of hotel properties and the role of brands in marketing and distribution, large-scale CRM lodging industry initiatives seems most justifiable by the major lodging brands. Brands level CRM would help to increase consistency and personal service throughout the entire brand and at each customer touch point. However, to achieve this, consistent and comprehensive information must be captured from all properties within the brand, and subsequently made available to each property at the next customer interaction. Two barriers currently prevent this from happening – a lack of standardization in terms of the IT systems used within each franchise, and the issue of each property having to serve three masters (owner, management company and franchisor), as was discussed earlier.

In recent years IT has gained growing popularity as a strategic tool that can be used to create shareholder value (Bharadwaj 2000; Clemons and Row 1991; Stratopoulos and Dehning 2000). However, in the lodging industry, several obstacles presented challenges to IT adoption. Among the most important were the high costs of IT deployment, the fast obsolescence of investments, the general complexity of IT operations, and the viability of a cost effective infrastructure for substantial data transfer. The industry's general reactive attitude toward IT has been exacerbated by the complex industry ownership structure discussed earlier. While IT systems are generally used by those mandated by either the management company or the franchiser, such expenditure is generally treated as a capital expense and therefore it is the responsibility of the owners. As a result, in the past, achieving IT standardization across multiple properties has been a difficult challenge. However, the emergence of the application

service provider (ASP) model promises to eliminate, or at least drastically reduce, many of these traditional obstacles.

ASP is a technology-based solution that uses the Internet to deliver the functionality of a software application, while at the same time storing the program itself and its databases on a server at a centralized remote location. The software appears to 'run' in a Web browser on the user's computer, but in reality only the user interface (the data input screens and reports that allow the user to interact with the application) is being displayed. The application itself, and the databases with which it interacts, run on a central server.

Such an approach has many advantages. Investment in user hardware and software is minimized, as once the machine is capable of running a Web browser, the application will work, meaning that computers can have minimal requirements in terms of memory, peripherals and storage. Overall automation costs are also reduced, as it's easy to add additional users. There is no long and complicated software installation process – just connect to the service using a Web browser and both the application and its data are automatically available. An ASP approach also means that software updates and maintenance are simplified – changing the application on the central server means that everyone and every location is instantly and automatically updated. Particularly where the application needs to be distributed over multiple geographical locations, ASP greatly simplifies the management of the IT resource. From both the owner's and the operator's perspectives, this paradigm shift means the level of involvement and commitment

associated with the use of a technology-based system is greatly reduced. By effectively eliminating the need for a substantive capital outlay, and by dramatically reducing the knowledge barrier to adoption, these hosted models promise to make it possible for hotels to be quickly up and running with software solutions. Thus, the ASP model has the potential to eliminate the technical challenges and costs associated with the deployment of large-scale CRM initiatives. However, while the technological challenge is diminishing, organizational and managerial challenges are as important as ever.

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2.7 CRM: CONCEPT, MODELS AND MEASUREMENT

CRM is defined as the management approach that involves identifying, attracting , developing and maintaining successful customer relations over time in order to increase retention of profitable customers (Bradshaw and Brash 2001; Massey et al 2001). Fjermestad and Romano (2003) suggest that successful CRM requires attracting and keeping economically valuable customers whilst repelling and illuminating economically invaluable ones. Relationship marketing emphasises building relationship transactional marketing, in which making a one- time, immediate sale to the customer is the primary goal. According to Reichheld (1996), a study has shown that a small increase in retention (5 percent) can yield a 95 percent increase on the net present value delivered by customers. CRM implementation is heavily dependent and driven by ICT tools and advances. As CRM is CRM practices conducted over a companies' web site, it is a combination of hardware, software, processes, applications, and management commitment. (Sigala, 2005a; Bradshaw and Brash 2001), Implementing CRM is a non-negotiable in today's business environment. Whether your customers are internal or

external, consumers or businesses, whether they connect with you electronically or face to face, from across the globe or across towns, CRM is your ticket to success.

CRM Components in Hotel Industry Sales functionality: Contact management profiles and history, account management including activities, order entry, proposal generation

- Sales management functionality: pipeline analysis (forecasting, sales cycle analysis, temporary alignment and assignment, roll up and drill down reporting).
- Telemarketing/Telesales functionality: call list assembly, auto- dialing, scripting, order- taking.
- Time management functionality: single user and group calendar/scheduling, e-mail
- Customer service and support functionality: incident assignment, escalation, tracking/reporting, problem management/resolution, order management/promising, warranty/contract management
- Marketing functionality: campaign management, opportunity management, web-based encyclopaedia, configuration, market segmentation, lead generations/enhancement/tracking.
- Executive information functionality: extensive and easy-to-use reporting.

2.8. BUILDING CUSTOMER VALUE IN THE HOTEL INDUSTRY

Relationship orientation implies business intelligence, that is, the capacity to understand customers' needs, behaviour, preferences and expectations to identify key customer segments and then maximize the profits derived from each of them (KPMG, 2001; Nykamp Consulting Group, 1999). Understanding the customer is among the top five

most troubling problems for hotel managers (Enz, 2001). Obtaining precise customer information is crucial to define the hotel attributes that fulfill their requirements, to foster innovative and tailor-made services, and develop targeted marketing strategies, the final goal being to acquire and retain valuable customers. Each interaction with the customer either builds or erodes value in the relationship and then impacts future contacts, depending on the information and behavioural insight hotel organizations gain during the process and the ability to translate it into a coherent response. The functional and interpersonal aspects of services (e.g., customization, personal recognition, speed, check in and check-out efficiency, etc.) are among the top 10 attributes that make the greatest contribution to customer value in two key phases: at the point of purchase and during the guest's stay (Dubé & Renaghan, 2000). To be successful, hotel companies must first adopt a customer-centered cultural mindset, which implies a change in cultural norms, organizational structures, and the way the performance of employees is measured and rewarded. Secondly, they have to develop a cross-functional integration between different functions and information systems (booking, marketing, sales, administration, etc.) to accelerate processes and facilitate customer information sharing. Finally, they should have a strategic view of investment in properly managed IT and adopt an enterprise-wide approach to the use and integration of IT systems (Ryals & Knox, 2001).

2.9 SOME APPLICATIONS OF TECHNOLOGY IN CRM

1. Call centres: These are organizations which deal directly with customer interactions. These are otherwise known as "Customer Care Centre" or "Contact Centre" indicating

more technological sophistication and multichannel support. Call centre technologies entered the marketplace to effectively alleviate some of the repeat work and increase efficiencies, allowing companies to handle escalating call volumes. Customer Service Representatives (CSRs) could look up similar calls and resolutions while a customer was on the phone, without having to repeat research. The software tools being used in the call-centres also provide forecasting of call volumes to ensure adequate call centre staffing (Lemon, et al, 2002).

2. Web based self-service: The customers themselves, without the help of a live person can resolve their problems or find out answers to their queries using the web. This model is founded on the principle of enabling customers, partners and employees to obtain information or conduct transactions directly over the internet, avoiding time-consuming and costly traditional processes involving multiple verbal or written interactions. It provides control, performance, convenience and efficiency (Chaudhuri & Shainesh 2001).

3. Customer satisfaction measurement: Survey mails are the major way for companies to monitor customer satisfaction. Nowadays, these survey forms are even personalized to specific customers or customer groups. Responses are input into customer databases and included as part of individual customer profiles. Such tracking of customer satisfaction over time enables a company to fine-tune how it communicates with its customers according to their preferences. (Mohan Babu, 2003) Now, the paper-based surveys are giving way to electronic surveys.

4. Call-scripting: Automatic scripts generated for customer service representatives, based on an individual customer's segment and/or customer profile contents. Scripts remove the guess work from determining how to respond to a customer query or complaint, guiding representatives through a dialogue with the customer and thus optimizing discrete customer interactions.

5. Cyber agents: This is a kind of an improved or modified form of the concept of self-service. Cyber agents are 'lifelike representatives' normally depicted on a company's web site as a real person. This is an attempt to pull together the best of both personalization and advanced technology. It is given a personality and is having facial expressions and volume. Usually a cyber agent addresses the web visitor with his/her first name. It can draw from the wealth of detailed information to answer basic FAQs as well as guide a customer to the appropriate screen for a definite purpose/action (Raghunath & Shields 2001).

6. Web site: It is the efficient and effective use of the worldwide web for providing information to the customers, by a company who had created that site, in a hassle-free manner. The main advantage of a web site is its 24 hours accessibility. Usually gathering information from the site is a simple task and is cost-effective. In the US and in the developed countries web is extensively used. In the case of monetary transactions, if it is a high involvement activity most of the customers prefer the offline mode mainly due to their concern over security problems in monetary transactions, through the net (Key Note, 2003).

2.10 USING THE DATABASE:

Product and service improvement is just one result of tapping into a database. Developing special promotions and employing direct mail to promote these campaigns is another major use of database marketing. For example: A sales team of Mughal Sheraton, Agra had completed a review of an upcoming weekend. This review revealed that bookings to date were somewhat below forecast and that a special promotion may be done in order to speed up the business. The sales team then enveloped special promotion packaging to encourage bookings for weekends. They searched their welcome break holiday package database and scratched it to identify and segment the customers who tend to (Sheth, 2002):

- Book on long weekends
- Book on a short term basis
- Respond to promotional campaigns

The direct mailing was used as a principal means to reach out to these customers. Activities like these are today referred to as database marketing. It is aggressive selling to the potential customers who have particular needs and wants and build a match or "fit" to the needs of the noted. Therefore, out of the database of 35,000 members, only a few customers were contacted by direct mailing which resulted in sizeable sale during the otherwise lean weekend at Mughal Sheraton Agra.

2.11 DATABASE MINING (DATA MANAGEMENT AND SERVICE CUSTOMIZATION):

New Opportunities from Technology Convergence (Starkov, 2006) points out that Database mining is the process to distill the target customers groups out of the massive

data files typically found in hospitality operations. In other words, these are systematic ways to distill through a database of a multitude of databases to get the information for which one is searching. Some hotels outsource these tasks to companies that specialize in this field or at best, do it internally. It enables users to easily integrate company/ property management reservations and point of sale systems, automatically extracting operating data from legacy databases for use in the marketing database. The systems analysis tools allow users to profile their most profitable customers, analyze their buying habits, develop & assess the performance of targeted marketing campaigns. The biggest advantage of database mining is that it helps to focus the efforts and available resources into one direction which is most profitable and out-base mining helps to eliminate the non-profitable customers and hence reduces the costs and enhances the profits. The profits enhanced are not only in monetary terms but also in terms of customer loyalty and long term retention. Companies in hospitality that are adopting the database marketing approach to enhance sales are seeing increased customer satisfaction which further results in increased revenues. From the point of view of the internal customers also, a new profession is emerging in the hotel industry of getting and keeping a customer (Rmana & Somayajulu, 2005).

Cline, 1999; Olsen & Connoly, 2000 also contended that the convergence between IT, telecommunications, and media and the use of data warehousing/ data mining techniques facilitate hotel organizations in managing the customer relationship and support the collection and consolidation of comprehensive data across every point of interaction, before the guest arrives at the hotel and during his/her stay Call centre,

email, Web site, central reservation system (CRS), point of sale (POS), etc., are just some examples of these applications.

Through specific electronic devices (e.g., pay per view system, interactive TV, etc.), hotels can also store huge amounts of information on a client's satisfaction at the end of his/her stay, just before check-out procedures, which are very useful each time the customer goes back to the same property or to other properties of the same chain and generally to help plan marketing actions (frequent-stay programs, special discounts, etc.) for different key market segments.

The spread of IT creates valuable knowledge, promotes a high level of connectivity between the hotel and its guests and within the hotel departments/functions, forces out distribution inefficiencies, and enlarges the number of distribution channels available. Yet, while hotel managers purport to emphasize a customer-oriented strategic focus, their technology initiatives do not support that contention (Namasivayam, Enz, & Siguaw, 2000).

To be really profitable, the application of a CRM approach and of database marketing techniques requires large volumes of easily accessible and analyzed information. All information collected should be stored and processed into the hotel database, which allows each actual customer to be identified as a record and recognized through online details of his/her previous visit (Robledo, 1999). The starting point for investigating the guest profile and building an effective customer database is modelling the information flows that take place in a hotel organization according to four important aspects

WHO: who are the information providers?

2. WHEN: when is the information acquired?

3. HOW: how is the information collected and transmitted?

4. WHAT: what kind of information should be collected?

Buyers versus Guests

Customers generally provide information on their requirements and preferences to hotel managers and staff members at the time of purchase decisions, upon their arrival, and during their stay. In turn, hotel managers and staff give them information on services offered and communicate their requests to different departments/functions within the hotel (e.g., room service, food & beverage, etc.). Considering hotel customers, a distinction should be made between (Rispoli & Tamma, 1995): **buyers:** those who buy hotel services for their activities, but may not use them directly (e.g., sales accounts, intermediaries, businesses, etc.).

Here there is a direct purchase decision but an indirect hotel experience/assessment. **guests:** those who use hotel services but may not have bought them directly (e.g., package tourists). In the last case, the experience is direct but the choice of the product experienced can be made by other actors apart from individual clients—independent leisure tourists or transient business travellers, who are buyers and guests at the same time—buyers generally include distributors like intermediaries [travel agencies, tour operators, professional congress organizers (PCOs), meeting planners, etc.] and businesses who book rooms for their leisure/business clients or their managers and staff travelling on business, who represent the hotel guests. This distinction is important to maximize the hotel's data store, because buyers are the only information source on their clients until check-in. Crossing PMS data on allotment agreements, fares, and economic results with the hotel guest database helps managers to identify the most profitable

market segments. Furthermore, taking into account that travel agencies, PCOs, and businesses often generate the bulk of hotel turnover, the information collected on their guests, segmented by booking channels, allows the hotel organization to plan targeted promotional actions on buyers as well. The application of the workflow theory can support hotels in optimizing business and information management according to a set of procedural rules (Workflow Management Coalition [WfMC], 2000).

Following this point of view, modelling a hotel information system requires the identification of a number of information processes related or linked to each other by a client–server relationship (where the client can be the buyer and/or the guest), in which each process provides a set of services (Aguayo, Caro, Guevara, & Gonzales, 1997; Caro, Guevara, Aguayo, & Galvez, 2000)

Focusing on the interaction between the hotel and its guests, which is the main goal of this analysis, every time the client asks for a service, an information loop is generated. From the initial request (e.g., a non-smoking room away from the lift), a negotiation process is opened during which an agreement on conditions that should ensure the maximum level of satisfaction is reached. Then an action is carried out by the hotel according to the terms agreed upon (e.g., checking room availability and assigning the room) and at the end of the process the client receives satisfaction (adapted from Rispoli & Tamma, 1995).

2.12 RELATIONSHIP MARKETING

Rama (2005) suggests that frequent customer programs and database marketing efforts contribute to a more comprehensive approach to satisfying customers called relationship

marketing. Relationship marketing depends on the goodwill generated by frequent-buying programs as well as on the information provided from database marketing efforts, goes beyond simple short term awards and involves all the elements of a firm's and services to encourage a personal relationship with each customer. Relationship marketing is "knowing the customer and using that information to bond with them." Form the initial personal contact and then serve as the foundation for nurturing this brief encounter into a friendly and accommodation relationship by focusing on personal guest information. In addition to knowing the purchase habits of members selecting certain amenity preferences, and so forth, personal information such as spouse's name and hobbies are added to a member database (see previous section on database marketing) (Swift, 2001). The company uses this information to tailor special events and products to small segments of the membership.

2.13 COMPLAINT HANDLING

Few companies, use or pay attention to complaints. Who wants to hear what they are doing wrong, especially if the criticism is well founded. It is estimated that 90 percent of dissatisfied customers whose problems were not solved will never do business with the retailers that sold them the product nor will they again buy the product that caused the problem. In the case of hotels, customer/guest is more likely to switch if the provided service is not satisfactory to their expectation.

On a personal level we all know what our faults are but we get defensive when they are pointed out. We are also aware of weaknesses in our job performance, problems in our organizations and imperfections in its products and services. But reacting to criticism is

difficult. We tend to respond in a guarded and defensive way, which may avoid squarely confronting the real problem. Likewise, companies tend to let themselves off the hook too easily: "We never could have satisfied that customer." (Schneider and Bowen, 1999) The astonishing news is that those people who do complain and have their problem taken care of, tend to be more loyal to the company than the people who were satisfied on the first instance. World-Class companies see complaints as opportunities to improve, to impress customers and to turn complaining customers into loyal ones.

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2.14 PRIORITY MARKETING

Priority Marketing focuses on what is important to the customer. What is important to one customer however, may not be as important to another. Consider the varying demands placed on a hotel: An airline stewardess may find the 24 hour room-service extremely valuable, a retired couple may need dietary menu options, a tour wholesaler may favour low prices, and a young female executive considers security a priority. Hotels should break down their services and ask customers what is important to them. This approach can be very valuable in changing customer preferences.

Identifying groups of customers who have similar preferences or even similar tastes (such as sharing common perceptions of quality or tastes), hotels can target promotions to capitalize on known characteristics and individualize the presentation (Rmana & Somayajulu, 2005).

2.15 CUSTOMER RELATIOSHIP MANAGEMENT SUCCESS

Seeing CRM initiatives take hold and begin to pay off is often a waiting game. It's not a "flip-the- switch" product that automatically spits out results or something that will take affect overnight and cause profits to skyrocket while you sleep. The puzzle must be completed and time must play its part before true success will be seen. However, through dedicated and smart planning, businesses should see markedly increased profits, as satisfied customers will continually re-visit them. Gradually, as businesses get to know their customers, their customers get to know them, and a closely aligned partnership is formed. This one-to-one relationship is the catalyst that sparks both lifetime customer loyalty and revenue increase.

It is important that hotels involve their guests and stay in touch with customer perceptions of current services.

In the true spirit of thinking outside of the box, experts at the Gartner Group believe "the most successful organizations will be those who, through innovation and focus on business effectiveness rather than merely efficiency, manage to break the mould of traditional business thinking". Being effective is paramount. The end goal of better serving customers and enabling a high percentage of customer retention cannot be met without creative thinking and effective planning and actions. The task of perfecting the relationship between business and customer is always on-going and requires special dedication and innovation as the commerce markets continually change and fluctuate. And over time, customers change, as does their behaviour and needs, and businesses must be able to respond to that.

Being on the top of the industry and always having a hand on the pulse of the customer is the key for success. As the CRM initiative begins to take hold, key players will soon see patterns emerge among customers, will discover what a productive strategy is and what is not. This is the essence of a successful CRM project: being able to really know what will work for your customers, what satisfies them, and what keeps them loyal. The ability to get an accurate gut feeling about the marketing campaigns, new products, and the type of policies customers will respond to is invaluable. This kind of customer knowledge only comes from really digging in and being savvy about how you understand the people that you hope will continuously call on the services and products of your business. The ROI in this case would be compelling indeed.

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CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This chapter described the study area and detailed method followed to collect the data for the study. In addition the list of hotels from which data was collected were also presented along with their grade and the profile of the selected hotels and the Hoteliers Association of Ghana.

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3.1 STUDY AREA

The study was carried out in selected one to five star hotels with a total sample size of 30 picked at random in the Kumasi Metropolis of the Ashanti Region. This area was chosen partly because of its proximity to the researcher and minimizes cost because of easy accessibility. The Kumasi Metropolis has many hotels that form a part of the Hoteliers Association of Ghana and are also listed under and certified periodically by the Tourist Board and provide their services according to stipulated policies of the Board. Managers of the thirty selected hotels were interviewed to solicit their views on An Analysis of the use of Customer Relationship Management Practices in some selected hotels in the Kumasi Metropolis.

3.2 STUDY DESIGN

The study adopted a case study approach because that provided in-depth information in addressing the objectives of the study. In all, thirty (30) questionnaires were administered to the management staff of selected hotels in the Kumasi Metropolis of

Ashanti Region to solicit their views on: An Analysis of the use of Customer Relationship Management Practices in some selected hotels in the Kumasi Metropolis.

3.3 SAMPLING AND SAMPLING TECHNIQUE

Thirty (30) representative staff from top management and Accountants of the hotels of the Kumasi Metropolis of the Ashanti region were interviewed. Purposive sample technique was used to select the Managers of the various selected hotels. One questionnaire was served to each of the selected hotels.

3.4 DATA ANALYSIS

Primary data were coded and entered in line with Statistical Package for Social Scientist (SPSS). Relevant tables, descriptive statistics mainly percentages and charts were generated from the software to establish relationships among variables. This was done to enable the researcher make relevant deductions.

Table 3.1 LIST OF SAMPLE HOTELS IN THE KUMASI METROPOLIS

HOTEL NAME	HOTEL GRADE
1. Golden Tulip Hotel	4-Star
2. Royal Park Hotel	2-Star
3. Miklin Hotel	2-Star
4. Silicon Hotel	2-Star
5. Rees Hotel	2-Star
6. Royal Lamerta Hotel	2-Star
7. Hotel Georgia	2-Star
8. Durbar Court Hotel	2-Star
9. Pink Panther Hotel	2-Star

10. Treasureland Hotel	2-Star
11. True Vine Hotel	2-Star
12. Maplewood Hotel	1-Star
13. Yegoala Hotel	2-Star
14. Sir Max Hotel	3-Star
15. Crystal Rose Hotel	2-Star
16. Chariset Hotel	2-Star
17. Sunset Hotel	2-Star
18. Augies Hotel	1-Star
19. Lizzie's Hotel	1-Star
20. Joyflux Hotel	2-Star
21. Royal Basin Hotel	3-Star
22. Rexmar Hotel	3-Star
23. Chez Royale Hotel	2-Star
24. Champion Hotel	2-Star
25. Bek Egg Hotel	2-Star
26. Cedar Crescent Hotel	2-Star
27. Fosua Hotel	2-Star
28. McKeown Hotel	2-Star
29. Marbon Hotel	2-Star
30. Laposada Royal Hotel	2-Star

Author's own construct, 2011.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 INTRODUCTION

This chapter presents the results of the study. It is supported by discussions and other relevant works from the literature.

4.1 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Sex and age of respondents

Out of the 24 questionnaires recovered from 30 administered, 75% respondents were males while 25% were females. This shows that males were dominant in the hotel industry in the Kumasi metropolis than the females. This might also indicate that males are more involved in the hotel business than females.

Table 4.1 Sex of respondents

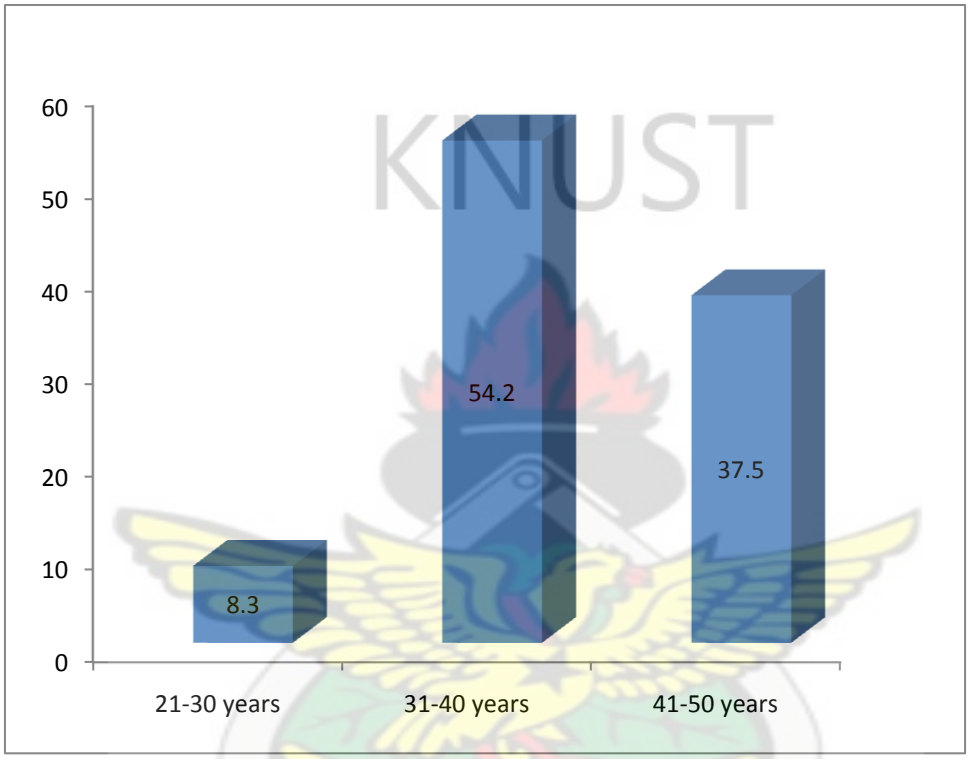
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	18	75.0	75.0	75.0
	female	6	25.0	25.0	100.0
	Total	24	100.0	100.0	

Source: Field Data, 2011.

In terms of age, it was found that majority of the respondents were in the age bracket of 31-40 years whilst only few of the managers are below 30 years. More specifically,

there were 54.2 percent who were between the ages of 31 to 40; whilst 37.5% were within the age bracket of 41 and 50 and about 8.3 percent being less than 30 years.

Figure 4.1 Age of respondents



Source: Field Data, 2011.

Educational and marital status of respondents

The study also shows that 83.3% of the respondents were holding a tertiary education qualification whilst the remaining 16.7% had secondary education. This suggests that the hotel managers have a bit of higher education and the possibility of being exposed to advanced courses. (Table 4.2a) Nearly 75% of the respondents are married whilst the remaining 25% are single. (Tables 4.2b)

Table 4.2 Educational Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	secondary	4	16.7	16.7	16.7
	tertiary	20	83.3	83.3	100.0
	Total	24	100.0	100.0	

Source: Field Data, 2011.

Table 4.3 Marital status of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	married	18	75.0	75.0	75.0
	single	6	25.0	25.0	100.0
	Total	24	100.0	100.0	

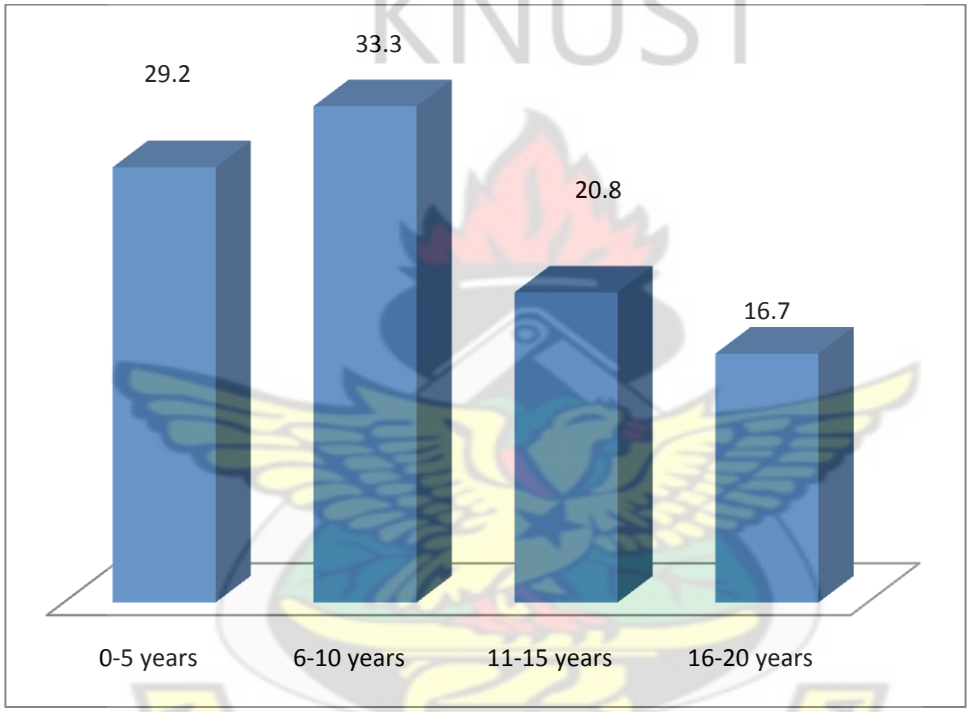
Source: Field Data, 2011.

Years in hotel business

The study gathered that almost all the managers have had extensive years of experience in the hotel business. From the study, most of the managers have worked in the industry for between six and ten years. The results therefore indicated that 33.3% of the managers have worked for between 6 to 10 years. This is followed by another 29.2% who have worked for about 5 years. About 20.8% of the managers have also been in the

hotel business for between 11 and 15 years whilst 16.7% have worked about 20 years in the industry. The results therefore show that most of the managers have been in the industry for relatively long periods of time hence are experienced. The graph below highlights more on the years spent by the respondents in the hotel business.

Figure 4.2 **Years in hotel business**



Source: Field Data, 2011.

PRACTICES OF CUSTOMER RELATIONSHIP MANAGEMENT

Knowledge and practices of Customer Relationship Management

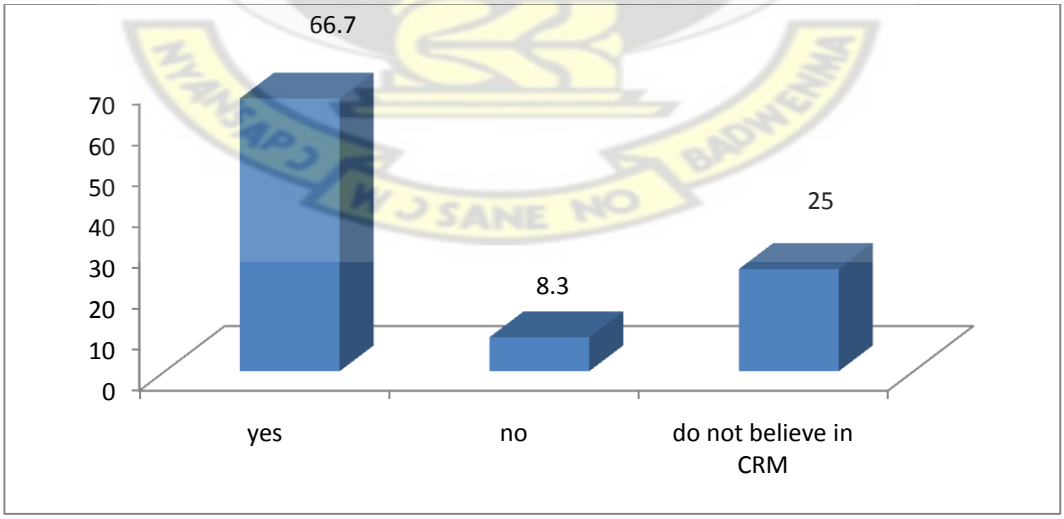
The analysis of the study revealed that 6 of the 24 respondents representing 25% have not heard of customer relationship management whilst the remaining 18 representing 75% have good knowledge of it. The results therefore imply that a good number of hotel managers have heard and therefore know something about CRM which when they

practice, they will be able to gain the benefits associated thereof. Moreover, the results also highlighted the need for increased awareness about the concept of customer relationship management as nearly 25% of them said they have not heard it before. All the 18 respondents who indicated that they are aware of the concept also pointed out that they believe in it.

It is said that knowing one thing is another and doing it is also another thing. When a follow up question was posed, 66.7% of the respondent said they practice CRM whilst 8.3% do not practice it therefore enquired whether the managers practiced CRM or otherwise. From the results, 16 respondents indicated that they practiced CRM whilst 2 of them did not practice it at all. As stated earlier, 25% who have not heard of CRM did not answer the question as they neither had heard nor believed in it.

For the managers who do not practice CRM, data is kept usually by hand (25%) and simple database (33.3%) (Table 4.3.0).

Figure 4.3 **Do you practice CRM**



Source: Field Data, 2011.

Table 4.4 How is data kept

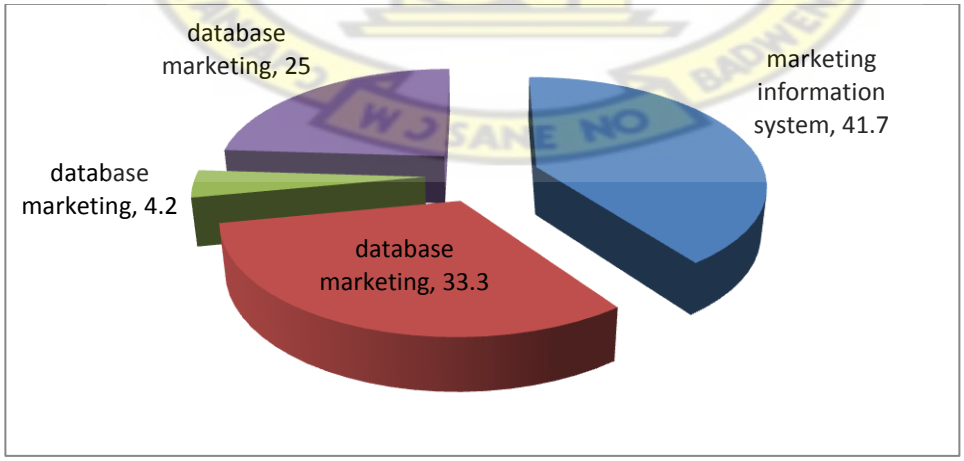
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	by hand	6	25.0	25.0	25.0
	simple database	2	8.3	8.3	33.3
	not applicable	16	66.7	66.7	100.0
	Total	24	100.0	100.0	

Source: Field Data, 2011.

CRM TOOLS

It came out that marketing information system is the commonest CRM tool used by the managers. This is because as many as 41.7% of the respondents indicated that they used this method. The second commonest CRM tool used was the database marketing which about 25% of the respondents used.

Figure 4.4 CRM Tools



Source: Field Data, 2011.

CHALLENGES FACING THE HOTELS IN IMPLEMENTING CUSTOMER RELATIONSHIP MANAGEMENT

Table 4.5 problems facing hotels

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Personnel	10	41.7	41.7	41.7
	Finance	3	12.5	12.5	54.2
	IT infrastructure	7	29.2	29.2	83.3
	personnel and IT	4	16.7	16.7	100.0
	Total	24	100.0	100.0	

Source: Field Data, 2011.

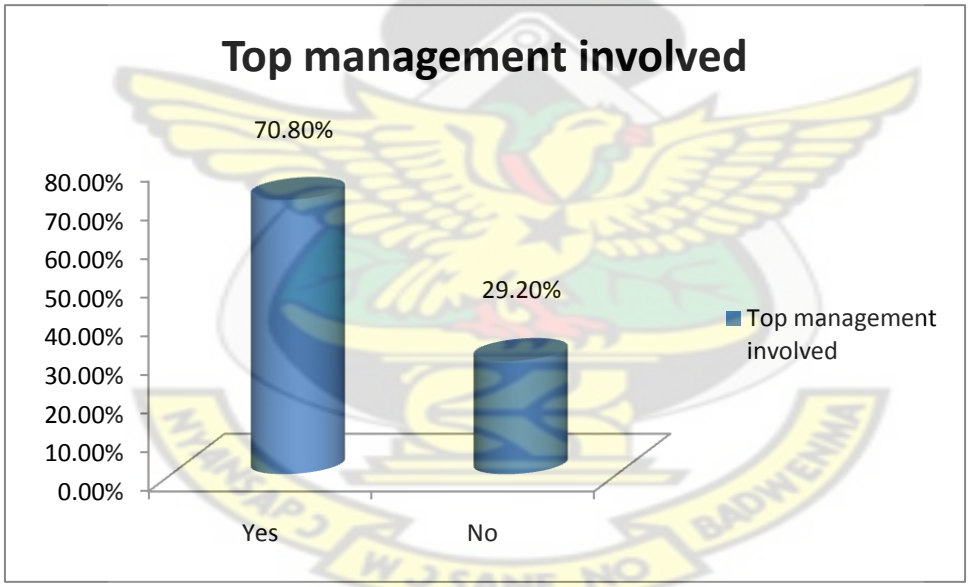
The major problem facing the hotels is personnel since 41.7% of the respondents indicated that and 29.2% said finance is their problem. Personnel and IT ranked third with 16.7% whilst 12.5% indicated that finance was their problem. (**Table 4.5)**

Personnel management is one of the important areas in any business organization. Most often than not, businesses tend to face personnel related problems. The data gathered shows some of the personnel related problems respondents experience. 8 respondents representing 33.3% of the total number of respondents said there exists lack of qualified personnel. 4 respondents representing 16.7% said managers were inexperienced. 2 respondents representing 8.3% said there is lack of motivation. But 3 respondents representing 12.5% indicated that there exists all the personnel related problems

mentioned above. However, 7 respondents representing 29.2% declined and said not applicable. The hotel industry lacks qualified personnel since all the respondents were in management positions. Figure 4.4.3)

The extent to which top level management gets involved in the activities of the hotel is very influential. According to the data, 70.8% of the total number of respondents confirmed that top management is involved in the activities of the hotel while 29.2% said top management does not get involved in the activities of the hotel.

Figure 4.5 Top management involvements



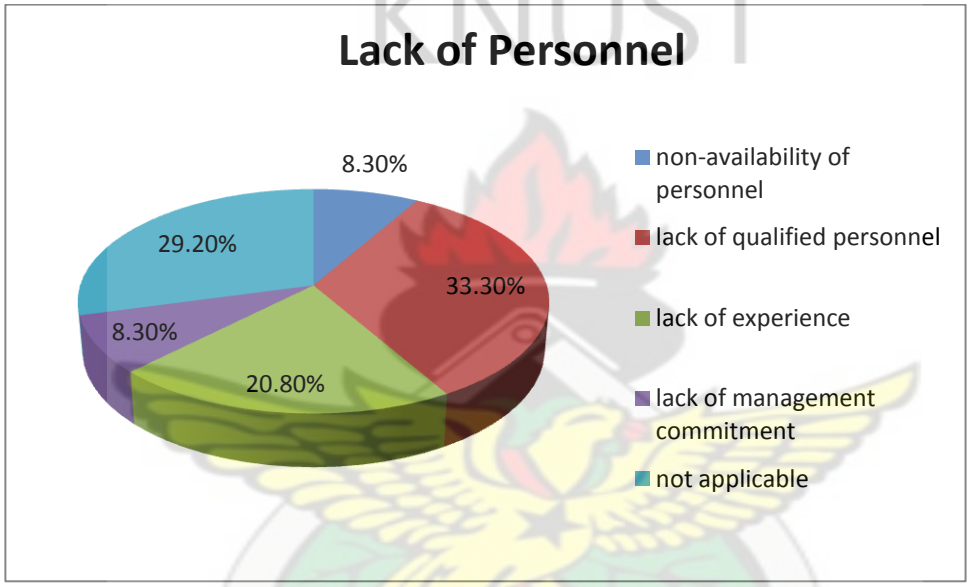
Source: Field Data, 2011.

Lack of personnel is another challenging problem encountered in the management of hotel. 8.3% said there is non-availability of personnel. 33.3% said lack of qualified personnel is also an issue. 20.8% said personnel issues have to do with lack of

experience. 8.3% said there is lack of commitment on the part of management and 29.2% said not applicable.

It is clear that the hotel industry is saddled with the problem of non-availability of personnel, lack of qualified personnel, lack of management commitment and experience.

Figure 4.6 Lack of Personnel



Source: Field Data, 2011.

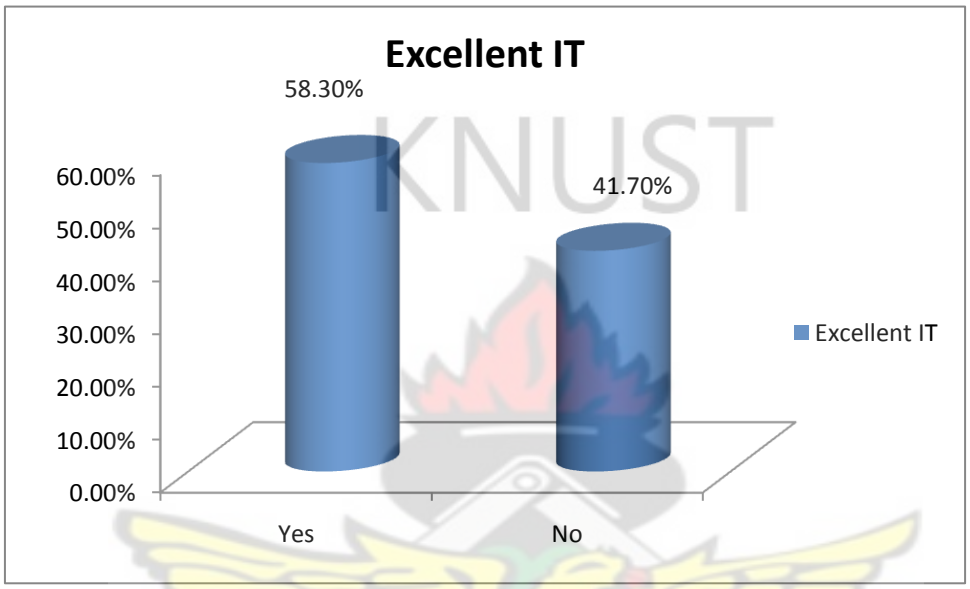
Table 4.6 forms of lack of motivation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	staff do not understand customer relationship	7	29.2	29.2	29.2
	not applicable	17	70.8	70.8	100.0
	Total	24	100.0	100.0	

Source: Field Data, 2011.

The data gathered revealed that, 29.2% said that the staff do not understand customer relationship management while 70.8% said not applicable

Figure 4.7 Excellent IT



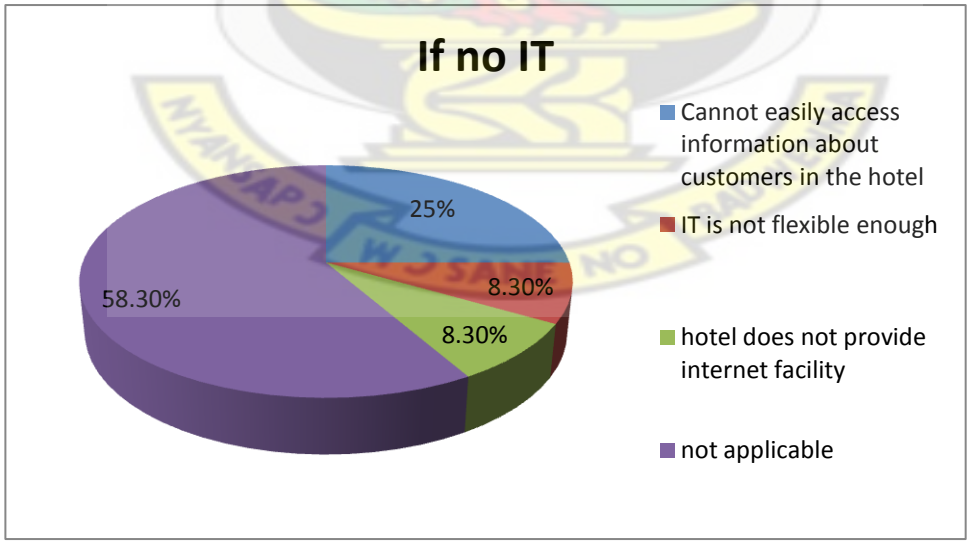
Source: Field Data, 2011.

When the question of whether they have excellent IT came up, 58.3% said yes to that and 41.7% said they do not have. The study therefore indicated that most hotels in Kumasi have excellent IT. The non- existence of IT and inadequate accessibility to ICT creates a gap in hotel management. According to the data obtained, 25% said lack of ICT makes easy access to information about customers in the hotel difficult. 8.3% stated that IT is not flexible enough. Also, 8.3% stated that the hotel does not provide internet facility. Majority of respondents made up of 58.3% declined and said not applicable (Figure 4.7).

Table 4.7 If no IT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Cannot easily access information about customers in the hotel	6	25.0	25.0	25.0
	IT is not flexible enough	2	8.3	8.3	33.3
	hotel does not provide internet facility	2	8.3	8.3	41.7
	not applicable	14	58.3	58.3	100.0
	Total	24	100.0	100.0	

Source: Field Data, 2011.



Source: Field Data, 2011.

Table 4.8 Financial strength inhibiting CRM?

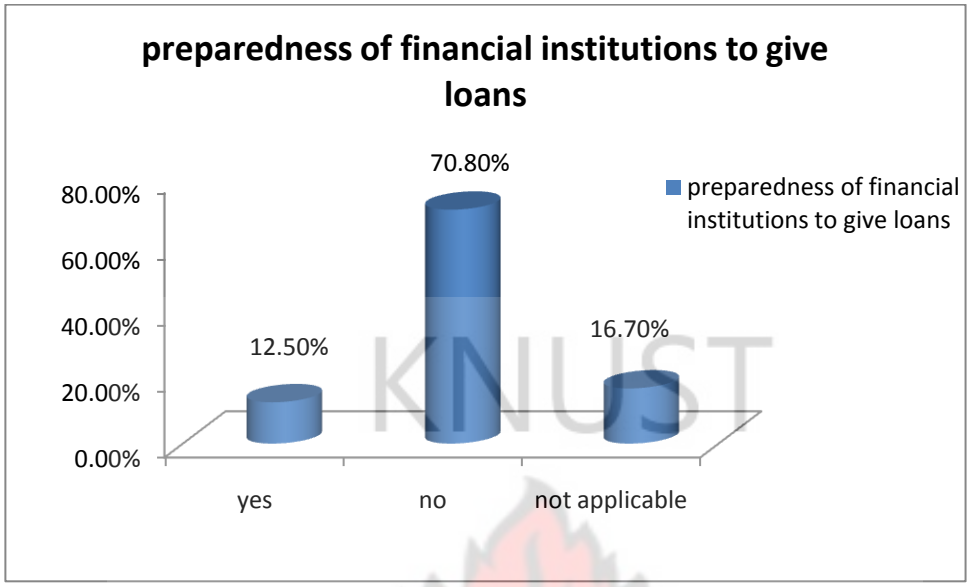
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	12	50.0	50.0	50.0
	no	12	50.0	50.0	100.0
	Total	24	100.0	100.0	

Source: Field Data, 2011.

From the study it was observed that 50% of the respondents in the hotel industry stated that their financial strength is either increasing the use of CRM or slowing down the use of CRM practices.

The study sought to find out from the hotels, willingness of financial institutions to give loans 12.5% stated that financial institutions are prepared to give loans. On the other hand 70.8% stated that financial institutions are not prepared to give loans. The remaining 16.7% declined and stated that it is not applicable.

Figure 4.8 Preparedness of **Financial institutions to give loans.**



Source: Field Data, 2011.

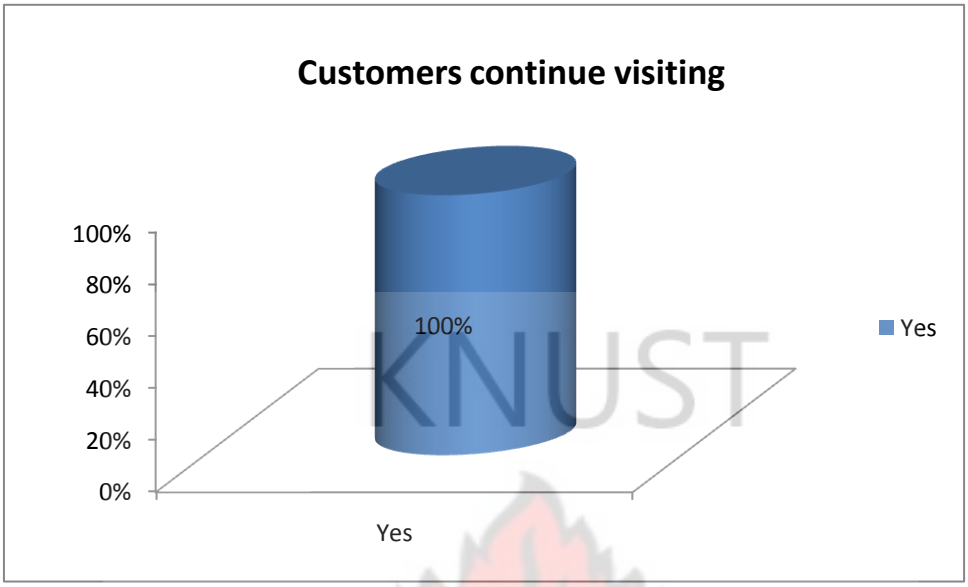
Table 4.9 How often do visitors come

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	more often	13	54.2	54.2	54.2
	often	11	45.8	45.8	100.0
	Total	24	100.0	100.0	

Source: Field Data, 2011.

The data obtained revealed that visitors usually come to the hotel on several occasions for various reasons. According to the data, 54.2% stated that, visitors come to the hotel more often. 45.8% stated that visitors come to the hotel often.

Figure 4.9 Customers continue visiting



Source: Field Data, 2011.

The study sought to find out from respondents whether customers continue visiting the hotel after their first visit. The results showed that all respondents representing 100% stated that customers continue visiting the hotel after their first visit. This implies that after the first visit, customers are usually satisfied with the services provided and therefore are motivated to continue visiting or just for convenience or proximity sake to their impending activity spots they continue to visit.

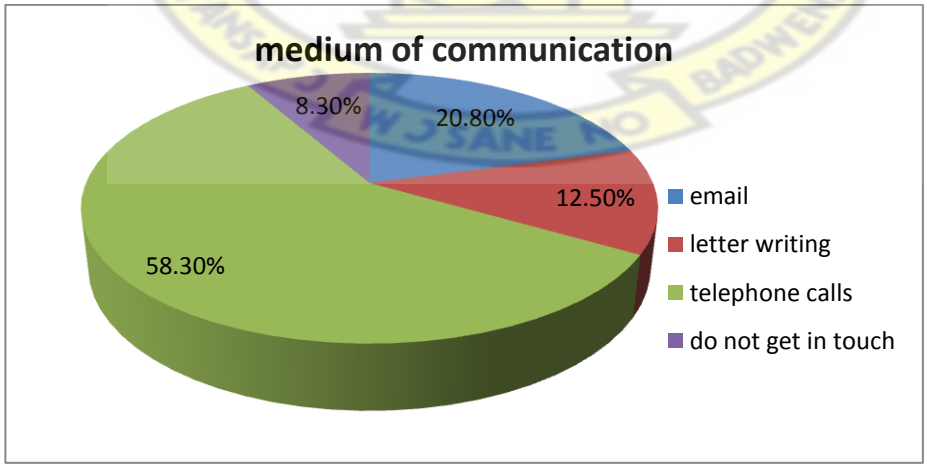
Table 4. 10 Do visitors get in touch after first visits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	22	91.7	91.7	91.7
	no	2	8.3	8.3	100.0
	Total	24	100.0	100.0	

Source: Field Data, 2011.

Services rendered to customers will motivate them to either get in touch or not after their first visit. The data gathered indicates that, most of the customers who visit the hotel for the first time usually get in touch afterwards. From the data, 22 respondents representing 91.7% stated that visitors get in touch after their first visit. Also, the remaining 2 respondents representing 8.3% stated that visitors do not get in touch after their first visit. This may be as a result of the unsatisfactory services rendered to them.

Figure 4.10 **Medium of communication**



Source: Field Data, 2011.

The data ascertained yielded a higher percentage of the respondents using telephone calls as a medium of communication. 58.30% used telephone calls as a medium of communication. 20.8% made use of the email. Furthermore, 12. 5% used letter writing as a medium of communication. A smaller percentage of 8.3% stated that they do not get in touch.

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Table 4.11 Subject for communication

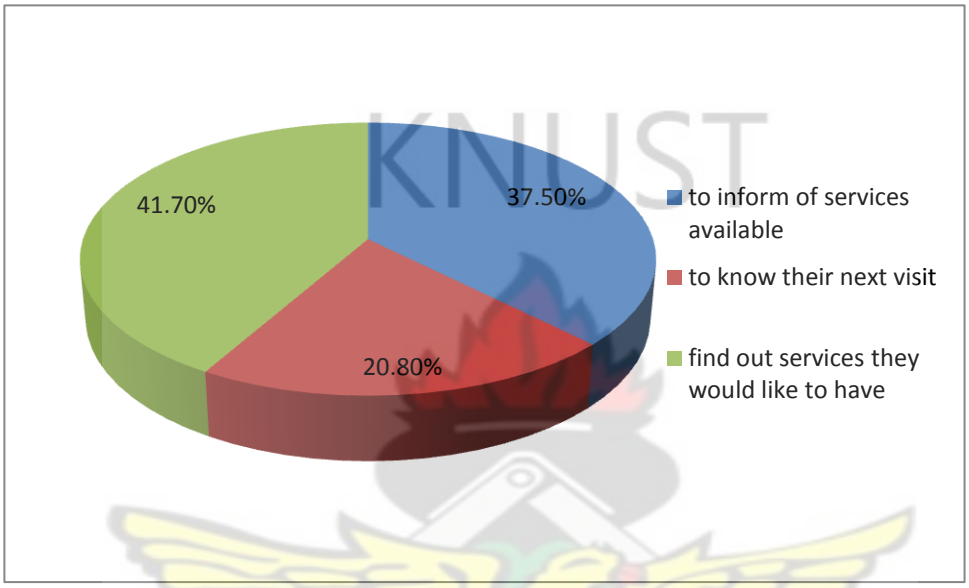
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	room reservation	13	54.2	54.2	54.2
	customer service management	3	12.5	12.5	66.7
	service delivery	3	12.5	12.5	79.2
	complaints	3	12.5	12.5	91.7
	do not get in touch	2	8.3	8.3	100.0
	Total	24	100.0	100.0	

Source: Field Data, 2011.

Responses which emanated from subject for communication centred on general services in and out of the hotel. More specifically, most of the respondents constituting 54.2% stated that subject for communication is usually room reservation. 12.5% said customer service management is the subject for communication. Again, 12.5% said service

delivery is the subject for communication. Also, 8.3% noted that customers communicate to tell them about complaints.

Figure 4.11 How managers relate to customers after the first and subsequent visits



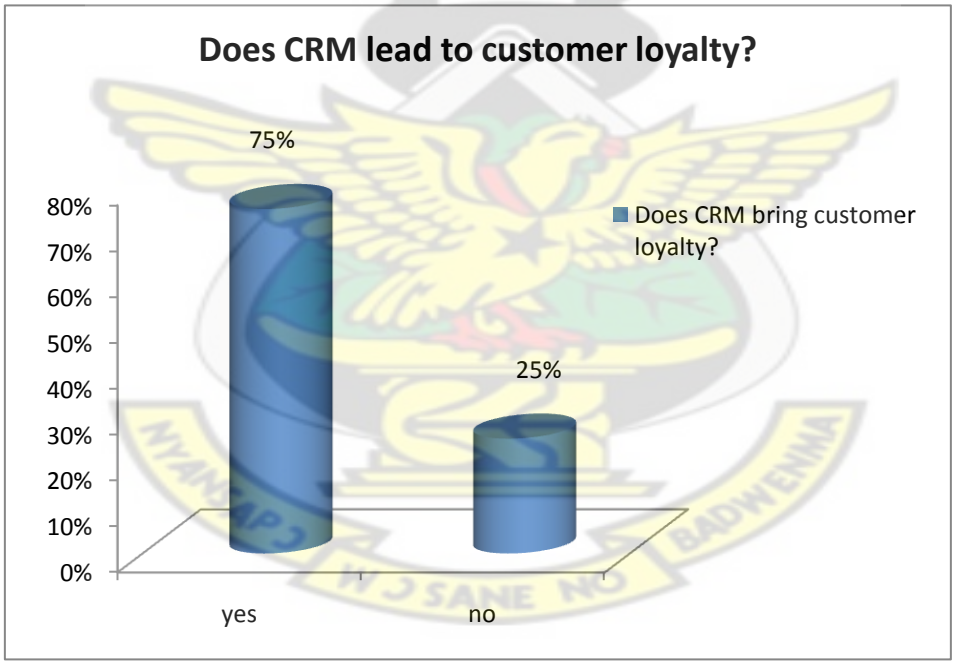
Source: Field Data, 2011.

Usually, managers try to find out from customers about their (customer's) experience after a visit. The study sought to find out how managers relate to customers after a visit. 9 respondents representing 37.5% said they seek to inform customers about services available. 5 respondents representing 20.8% said they try to find out customer's next visit. The remaining 10 respondents representing 41.7% said they ask customers questions about the services they (customers) would like to have.

Table 4.12 Do you think CRM leads to customer loyalty?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	18	75.0	75.0	75.0
	no	6	25.0	25.0	100.0
	Total	24	100.0	100.0	

Source: Field Data, 2011.



Source: Field Data, 2011.

From the data gathered, Majority of the respondents stated that customer relationship management affects customer loyalty. 75% of the total number of respondents stated

that good customer relationship management leads to customer loyalty. When customers are treated and handled well, they tend to be loyal and come back for other services. On the other hand, 25% of the total number of respondents stated that customer relationship management does not bring customer loyalty.

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CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

The focus of this chapter includes a summary of key findings which were derived from the analysis done in the previous chapter. The recommendations in this chapter were derived from the findings. Also included in this chapter is the conclusion of the study.

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5.1 SUMMARIES OF KEY FINDINGS

SUMMARY

The study indicated that the hotel industry is saddled with the problem of non-availability of personnel, lack of qualified personnel, lack of management commitment and experienced personnel to manage the hotels effectively.

Even though 75% of the hotels have good knowledge about customer relationship management and portray that they believe in it and practice CRM, 25% of them still use manual forms of recording information which does not auger well for the industry.

When the question of whether they have excellent IT came up, 58.3% said yes and 41.7% said they do not have. The study therefore indicated that most hotels in Kumasi have excellent IT. The non- existence of IT and inadequate accessibility to ICT creates a gap in hotel management. According to the data obtained, 25% said lack of ICT makes easy access to information about customers in the hotel difficult. 8.3% stated that IT is not flexible enough. Also, 8.3% stated that hotels do not provide internet facilities. Majority of respondents made up of 58.3% declined and said not applicable.

The study shows that that marketing information system and database marketing are the commonest CRM tools used mostly by the managers.

Financial institutions are not willing to give loans to the hotels since the study revealed that 12.5% stated that financial institutions are prepared to give loans. On the other hand 70.8% stated that financial institutions are not prepared to give loans. The remaining 16.7% declined and stated that it is not applicable.

It would be inappropriate for the banks not to give loans to the hotels since they are at the heart of the tourism industry and also since the tourism industry has observed a tremendous growth of about 7.2% of the economy. This will deny the Government the needed revenue generated as tax and also that which investors and visitors bring in.

The study proves that even though the industry has ICT facilities, using it to access information about their clients was difficult indicating that most of the staff do not know how to use the ICT facilities and hence need training.

Even though 66.7% of respondents profess to practice CRM, it was realised that they were only using aspects of CRM and not the comprehensive, integrated form via a software that is distributed through a centralised server.

Contrary to the fear of the Minister of Tourism, the study found out from respondents that customers continue visiting hotels after their first visit. The results showed that all respondents representing 100% stated that customers continue visiting hotels after their first visit. This implies that after the first visit, customers are usually satisfied with the services provided and therefore are motivated to continue visiting.

Information available shows that in the Kumasi Metropolis, only Golden Tulip Hotel attained the four star grading and that majority are in the class of one and two stars.

5.2 **CONCLUSIONS**

The study shows that most of the hotels are practicing Customer Relationship Management alright but the personnel lack the requisite qualification and experience to carry out the ICT functions in the hotels. One disturbing issue is that the banks are not confident in granting loan facilities to the hotels. Again for the administration of the hotel, even though 83% claim they have tertiary education, they may not have the qualification in hotel management and this calls for rigorous training for the management staff.

5.3 **RECOMMENDATIONS**

Within the limitation of the study, certain findings were made which is concerned with the objectives of the study.

1. The Hoteliers Association branch in the Kumasi metropolis should take a bold step to salvage the industry from unqualified personnel.
2. The industry should ensure that persons seeking to be employed in the management of any hotel must be trained in hotel management and obtain the requisite qualification.
3. Kumasi is the second largest city after Accra therefore it is disappointing that only one four star hotel exists in Kumasi and not even a single five star hotel can be located there. The hotels should improve upon their facilities and services so as to earn them more stars than it is now to attract more tourists including high profile ones to the city. Most tourists normally would go back to sleep in Accra

and this siphons needed revenue from the hoteliers and the city authorities of Kumasi.

4. It is recommended also that the banking sector avail themselves to granting loan facilities to the hotels by looking at the financials at hand of the hotels together with a five year plan at the least in comparison with a growth plan in order to release moneys to them as against results recorded quarterly.
5. To give credence to the notion that the hotel industry is central to and a resource for everyday business life, the Hoteliers Association of Ghana's branch in the Kumasi metropolis should make it obligatory for hotels to practice Customer Relationship Management using a comprehensive IT facility via a software which will enhance comfort for all clients or visitors and create some uniformity in service practices in line with that of major cities across the world in order to attract more visitors. And also, since the data gathered showed 75% of respondents agreeing to CRM practices leading to customer loyalty, it goes to show that CRM assures hoteliers of good business continually.

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APPENDIX

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

INSTITUTE OF DISTANCE LEARNING

Questionnaire on An Analysis of Customer Relationship Management Practices of some selected Hotels in the Kumasi Metropolis.

Important Note: Information supplied by you will be treated as strictly confidential. Identity of position will not be released. Information will be used for only academic work

Questionnaire for Managers

Questionnaire no……

1. **SEX**

   Male [ ]

   Female [ ]

2. **Age**

3. **Marital Status**

   a. Married [ ] b. Single [ ] c. Divorced d. [ ] Widow

   e. [ ] Widower

4. **QUALIFICATION**

   i. Primary [ ]

   ii. Secondary [ ]

   iii. Tertiary [ ]

   iv. Others. [ ]

PRACTICES OF CUSTOMER RELATIONSHIP MANAGEMENT BY HOTELS IN KUMASI.

5. How long have you been in the hotel business? Please specify

   ……

   ……

   ……

6. Have you heard of CRM?

7. Do you believe in CRM practices?

i. Yes

ii. No

8. If yes do you practice CRM

i. Yes [ ]

ii. No [ ]

9. If no, how is data kept in your hotel?

i. By hand ` [ ]

ii. Computer software system [ ]

iii. Simple database [ ]

10. Which of the tools of CRM do you use? Please specify

i. Marketing Information System [ ]

ii. Database Marketing [ ]

iii. Decision support system [ ]

iv. Call Centre Management [ ]

v. Transaction Support System [ ]

vi. Others.

CHALLENGES FACING THE HOTEL IN IMPLEMENTING CUSTOMER RELATIONSHIP MANAGEMENT

11. What are the problems being faced by your hotel in customer relationship management?

i. Personnel [ ]

ii. Finance [ ]

iii. IT Infrastructure [ ]

12. If your answer is (i), which form does it take?

i. Lack of qualified personnel [ ]

ii. Inexperienced managers [ ]

iii. Lack of motivation [ ]

iv. No job satisfaction [ ]

v. All of the above [ ]

13. Are top management keenly involved in building strong relationships with customers?

i. Yes [ ]

ii. No [ ]

14. If your answer to (10) is lack of personnel, is it

i. Non-availability of personnel [ ]

ii. Lack of qualified personnel [ ]

iii. Lack of experience [ ]

iv. Lack of management commitment [ ]

15. If the challenge is lack of motivation,

i. The staff do not value customer relationship issues

[ ]

ii. Staff do not understand customer relationship management practices

[ ]

iii. Excellent customer-centric focus is not part of our core values

[ ]

16. Has the hotel excellent IT infrastructure to provide customer solutions

i. Yes [ ]

ii. No [ ]

17. If yes, please specify.

.....

.....

.....

.....

18. If No, is it that you

i. Cannot easily access information about customers in the hotel database such as data stored

[ ]

ii. The IT system is not flexible enough to provide customers information

[ ]

iii. Customer information cannot easily be obtained from a central Database

[ ]

iv. The hotel does not have internet facility to facilitate customer interaction

[ ]

19. Is your financial strength inhibiting your implementation of CRM?

i. Yes [ ]

ii. No [ ]

20. If yes, is it that the banks or financial institutions are not prepared to grant you a loan facility?

a. Yes [ ]

b. No [ ]

RELATIONSHIP BETWEEN CRM AND CUSTOMER LOYALTY?

21. How often do visitors come to your hotel?

i. More often [ ]

ii. Often [ ]

iii. Occasion [ ]

22. Do your customers visit your hotel after the first visit?

i. Yes [ ]

ii. No [ ]

23. Do the visitors call / get in touch with you after their first visit?

i. Yes [ ]

ii. No [ ]

24. If Yes, through which medium?

i. E-mail [ ]

ii. Letter Writing [ ]

iii. Telephone Calls [ ]

25. Is their communication about

i. Room Reservation [ ]

ii. Your customer service management [ ]

iii. Service delivery [ ]

iv. Complaints [ ]

26. How do you relate with them after their first visit?

i. Get in touch to inform them of services available

[ ]

ii. To know their next visit

[ ]

iii. To find out services they would like to have, which you do not have.

[ ]

25. Do you think that the CRM practices carried in your hotel brings about Customer Loyalty?

i. Yes [ ]

ii. No [ ]

27. If yes, in what way. Please state.

……

……

……

……

……

Thanks for your cooperation