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Implementing Customer Relationship Management in the Hotel Sector: Does “IT” always matter?

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Abstract

Travellers are becoming more price sensitive, less brand loyal and more sophisticated. To enhance guest loyalty, hotels must focus on developing Customer Relationship Management (CRM) strategies that aim to seek, gather, store and share guest information throughout the entire organisation for creating personalised, unique guests experiences. Although CRM in the hospitality industry has been defined by the myriad of Information and Communication Technologies (ICT) suppliers that highlight and overstate the importance of ICT capabilities and tools, it is now being widely recognized that successful CRM strategies should effectively combine and align ICT functionality with business operations and strategy. As a widely accepted framework to achieve this has not so far been developed, this paper proposed a model for managing and integrating ICT capabilities into CRM strategies. The model argues that successful CRM implementation requires the management and alignment of three managerial areas: ICT, relationship (internal and external) and knowledge management. The model is applicable and useful for all industries, but by gathering data from a dataset of hotels in Greece, its validity is tested while interesting contextual findings regarding CRM implementation are revealed. Suggestions for future research are also provided.

Keywords

Customer Relationship Management, model, implementation, hotel industry

1. Introduction

Information and Communication Technologies (ICT) crucially impact on travellers' knowledge, attitudes and behaviours. The increased online price and product transparency and the new business models (e.g. online auctions) enhance tourists' power, who are becoming more price sensitive, less brand loyal and more sophisticated (Gilmore & Pine 1997). The hotel industry is also experiencing increased globalisation, competition, higher customer turnover, growing customer acquisition costs and rising customer expectations, meaning that hotels' performance and competitiveness is significantly dependent on their ability to satisfy customers efficiently and effectively (e.g. Olsen & Connolly 2000, Gilmore & Pine 1997). To enhance profitability and guest loyalty, hotels must focus on developing Customer Relationship Management (CRM) that aims to seek, gather and store the right information, validate and share it throughout the entire organisation and then use it throughout all organisational levels for creating personalised, unique guests experiences.

ICT has been recognised as one of the major catalyst factors for developing one-to-one experiences and implementing CRM strategies. However, CRM in the hospitality industry has been defined by the myriad of ICT suppliers that are overstating the role of ICT. However, CRM is not a technology problem but a business problem that requires ICT tools

and functionality to be aligned, designed and effectively co-ordinated along with business operations and strategy. In the lack of a common accepted framework to achieve the latter, this paper aims to develop a model for managing and integrating ICT capabilities into CRM strategies and operations. To that end the concept, aims and crucial factors for implementing CRM in general as well as in the hotel industry are analysed and summarised into a model that integrates three crucial managerial areas: knowledge, relationships and ICT management. The model's usefulness and applicability in hotels are illustrated by gathering data from Greek hotels. Suggestions for improving CRM strategies and directions of future research are also provided.

2. CRM: Concept and Implementation

CRM has its roots in relationship marketing inaugurated by the influential work by Berry (1983) and Christopher, Payne and Ballantyne (1991). Relationship's marketing rationale is to enhance long term profitability by moving from transaction-based marketing and its prominence in attracting new customers, to customer retention by means of effective management of customer relationships (Christopher et al. 1991). Literature on CRM highlights the diffusion of relationship marketing practices for identifying, knowing and customising services to individual customers into organisation wide operations and customer touch points. Kalakota and Robinson (2000) defined CRM as an integrated sales, marketing and service strategy that prevents "lone showmanship" and relies on coordinated actions, while Couldwell (1998) defined CRM as a combination of business processes and technology.

Overall, CRM implementation entails the following tactical steps (Winer 2000, Kalakota & Robinson 2000, Loftness 2001): creation and data mining of a database of customer activity; given the analysis, decisions about which customers to target, how to target, contact and build relationships with them; development of personalised customer experiences; channel management for enabling efficient share of guest knowledge across the organisation, so that guests can get personalised and consistent service at anytime, anyplace, anywhere, any platform; management of privacy issues; and metrics for measuring the success of CRM.

To achieve these, businesses may need to undertake major organisational changes and transformations at a higher level, whose identification has generated wide interest and debates. Wells, William and Choobineh (1999) identified four key elements for CRM implementation: business process analysis; integration and redesign of customer data; ICT enabled customer interaction; accessibility/transmission of organisational information. Hart (1995) highlighted the importance of building a great organisational and operational flexibility and a process technology that will enable product/service customisation as well as the need of a marketing department that would support the identification and analysis of customer needs. To achieve this, Gronroos (1994) emphasised that businesses should be managed from a process rather than a functionalistic perspective. Mok, Stutts and Wong (2000) stressed the importance of ICT. However, participants in a Tourism Society's seminar on CRM concluded that CRM refers to a strategy that gets together a combination of ICT tools, processes and services, e.g. automated call centre, customer data warehouses and data mining, customised content, targeted banner advertising and targeted e-mail delivery. Stone's findings (Alford 2001) also revealed that people, customer management and detailed measurement are the most critical elements for successful CRM, while ICT was found to act as an enabler only when the previous elements were in place. Loftness (2001) highlighted the development of measurement processes and organisational culture around of customer

satisfaction. Tiwana's (2001) comprehensive process for implementing knowledge based CRM strategies also stresses the complementary role of ICT, while also integrating many of the previous identified key elements of CRM implementation. Overall, Tiwana's CRM model debates the co-ordinated management and alignment of: strategic and operational (e)-business, ICT, leadership, change, cultural and measurement strategies.

3. An Integrated Model for CRM Implementation

Although a huge debate has been initiated regarding the identification and the importance of different elements of CRM, there is still no agreed framework as to how CRM can be best applied and adopted within organisations. However, previous debates have clearly identified the major issues for implementing CRM, which coupled with more arguments as identified in the following literature review, lead to the development of an integrated model for CRM implementation. The proposed model has both a strategic and operational value, as: a) it identifies the major managerial areas whereby strategy development and/or organisational change are required; and b) it depicts the tactical actions that the development of a strategy in each managerial area might entail. A co-ordinated and aligned approach among the following three managerial areas is yet required.

3.1 Knowledge Management

The success of relationship marketing heavily depends on the collection and analysis of customer information for developing highly-personalised offerings. Buttle (1996) pointed out that marketing problems are by nature information handling problems. However, information should not be confused with knowledge. Knowledge is produced when information is analysed and used to enable and leverage strategic actions. Sigala (2002) argued that this confusion has led several businesses to make huge investments on ICT projects which have yielded marginal results. To overcome the ICT productivity paradox, hotel management needs to embed ICT generated information into decision-making processes. The latter involves three broad phases that run in parallel (Tiwana 2001): acquisition; sharing; utilisation. Development and creation of insights, skills, and relationships (knowledge acquisition), when disseminated and shared (knowledge sharing) are followed by integration of learning, insights and experiential knowledge and bringing it to bear upon current decisions (knowledge utilisation).

Davenport and Prusak (1988) identified the critical success factors for knowledge management: ICT and organisational infrastructure; knowledge friendly culture; change in motivational practices for encouraging and rewarding staff when information is collected, shared and used; knowledge management culture; and open organisational structure. Malhotra (1998, p.58) stressed the link between ICT and knowledge management: "*...ICT embodies organisational processes that seek synergistic combination of data and information processing capacity of information technologies, and the creative and innovative capacity of human beings*". Several other authors (Earl & Scott 1999, Zack 1999) have also highlighted the importance of a customer knowledge management strategy and the crucial leadership role that visionary knowledge officers should play for bringing together all CRM stakeholders (e.g. frontline, finance, ICT and other staff) to share a common platform of beliefs, expectations and commitment. Tiwana (2001) also stressed that a knowledge based CRM strategy requires the development of boundary spanning communities of practice whose members are empowered and inspired by a culture of trust that in turn fosters cross-

functional collaboration, sharing of expertise and creation of new knowledge. Indeed, building trust and driving out fear of knowledge management are crucial issues, as it means that an employee is confident that taking risks based on new information, customer insights and knowledge will be rewarded, not penalised. This is because cultures that do not drive out fear have two side effects: they force employees to focus on short term at the cost of long-term performance; they encourage employees to focus on the individual rather than the collective organisation.

However, Dev and Olsen (2000) reported that although hotels capture considerable amount of customer data, those data are rarely assembled to create useful knowledge about customers. Cline and Warner (1999) also found that the collection and use of customer information are frequently intermittent, delayed and fragmented. Lack of ICT applications integration and legacy systems designed along functional lines that create fragmented guests' profile have been reported as the major reason of duplication, inconsistencies, incompleteness and inaccuracies of customer data in hotels (Sigala 2003). Thus, knowledge based CRM requires:

- a hotel culture whereby every customer interaction is perceived as a learning experience and each customer contact as a knowledge-building opportunity and a chance to collect new information about hotels' guest (Olsen & Connolly 2000);
- incentives and rewards to staff's efforts to capture, use and share knowledge for personalising customer interactions/experiences (Siguaz & Enz 1999);
- redesign of customer data across the organisation and customer-centric ICT integration and infrastructure (Sigala 2003);
- understanding of guests' value drivers and requirements as well as of the ways in which hotels contribute or fail to create customer value (Dube & Renaghan 2000).

3.2 Relationship Marketing (Internal and External)

Within this new paradigm, interacting with customers and satisfying customer needs are vital important. Relationships with the customers are not built and sustained with direct (e)-mail themselves but rather the types of programmes that are available for which e-mail may be a delivery mechanism. Winer (2001) argued that a comprehensive CRM is a collection of integrated components such as customer service (0800 numbers, faxback/customer comments cards, e-mail, FAQ), frequency, loyalty and reward programmes, customisation and community building (e.g. virtual communities). The aim of these integrated customer communication channels is to support the customer cycle (i.e. acquisition, enhancement / cross-up-selling and retention) by identifying profitable customers, differentiating the services/products offered to different markets of ones, interact with individual customers in a integrated way across channels and customise/personalise customers' experiences.

CRM also largely depends on staff attitudes, commitment and performance and so, success on the external marketplace requires initial success internally in motivating and getting employees' commitment (Gronroos 1994). Apart from developing the four Ps of the marketing mix, a host of other resources and activities are also needed (e.g. handling guests' complaints and requirements) (Bitner 1995). Although most of the people involved in such activities are not part of the marketing department, their attitudes towards customers and their ways of executing their tasks are imperative. According to Gummesson (1990), these employees must be trained to become part-time marketers.

While the idea of maximising transactions is nothing new, what is different is that this style of guest interaction will demand substantial conceptual skills from every employee. Because it might be impossible to create ideal guest experiences solely through expert systems, organisations might have to create intelligent-response teams comprising of employees with broad knowledge bases that cut across traditional organisations functions. For dealing with guests' experience-related desires, employees will be required to have advanced social skills such as understanding of role conflict, role theory, communications and personality identification (Olsen & Connolly 2000). Employees will need to be content experts who do not only know how to work with and exploit technology, but also can manage the information exchange and match guests to experiences. Moreover, as such knowledge-based work may take place electronically, staff should be able and know how to work collaborative and electronically irrespective of their spatial, time and cultural differences. CRM calls for new job descriptions, organisational structures, motivational thinking and reward systems.

3.3 ICT Management

Data warehouses and data mining are the most popular and highly needed systems for providing CRM capabilities or else for defining, developing and managing "the segment of one". This is because they are necessary and valuable tools for trying to determine customer demographics, buying patterns, market segments, contribution margins, customer lifetime etc., as they help to wade through volumes of information and decipher meaning, patterns and relationships from many seemingly unrelated bits of data. ICT is also instrumental for gathering and storing customer data (e.g. EPOS systems, website analysis), providing ways for one-to-one interactions, e.g. website, call centre, kiosks etc, as well as identifying ways for disseminating and accessing information across the organisation. However, to achieve the latter, a new ICT infrastructure is required that would enable the creation of consolidated customer databases and overcome limitations created by functional "field-doms".

The supporting role of ICT for fostering business process reengineering and restructuring processes around the customer is widely argued and does not stop at the organisational boundaries. The alignment of ICT and organisational infrastructure is critical so that the numerous systems at the customer touch points (e.g. Internet, PMS, EPOS, CRS etc) do not become "islands" of useless information. Within the hotel sector, Sigala et al. (2001) argued the need to integrate yield management, customer databases, corporate and distribution systems for implementing yield management on a one-to-one, distribution channel or hotel location basis. Wells et al. (1999) described how electronic networks allow the distribution and share of guest databases across Ritz-Carlton hotel properties allowing staff to accommodate and treat individual customers based on preferences from previous visits.

4. Methodology

The paper aimed to develop a framework for developing CRM strategies. After reviewing the literature, arguments are summarised into an integrated CRM model, whose validity and value were tested in a dataset of hotels in Greece. Specifically, the study investigated:

- how and why Greek hotels are implementing CRM;
- the CRM success implementation factors as considered by the hotels.

A structured questionnaire gathering information regarding the three CRM managerial areas was developed. Concerning knowledge management, data concerning information and

knowledge management strategies should be collected. In investigating information (technology) management, it is generally agreed that a survey should include who – what – where – when questions, while knowledge management investigations include why and how questions. So, Table 5 included questions regarding the strategic motives for implementing CRM, i.e. why organisations collect information. Table 4 examined the operationalisation of CRM strategies by investigating how information is used and the degree to which its use has improved several practices (external marketing). To answer who – where – when – what questions, hotels were required to indicate their ICT applications/systems, the type of information ICT gathered and ICT integration with organisation-wide guest data warehouses (ICT management strategies, Table 2). The options of “storing data in business books and files” (non-computerised), “collecting data through guests’ observation and interactions” were also provided (Table 3) for considering the possibilities of recording/storing information without ICT, as it is the case mainly for small and family run hotels (Palmer, McMahon-Beattle & Beggs 2001). Hotels were also required to indicate the degree to which several staff motivation practices including management style, reward systems, organisational structure and culture have impacted on CRM success (internal marketing, Table 6, Figures 1 and 2). Demographic questions investigated respondents’ size, star category and management arrangement (Table 1).

Data were collected by mail, e-mail and telephone surveys. A convenience sample of 200 hotels drawn from the Greek National Tourism Organisation (GNTO) hotels directory was selected and hotels were telephoned in order to: identify hotels that claimed to try to personalise their offering and build customer relationships; qualified hotels were asked if they wanted to participate in the study, whether the questionnaire could be send by e-mail and whether they wanted to participate in a telephone survey (30 min conversation). By this process 147 hotels were targeted, of which 84 replied in the questionnaire and 5 were contacted for a telephone survey (due to cost and time limitations).

5. Analysis of Findings

Respondents consist of a representative sample of the Greek hotel sector, as: the majority of the hotels are independently managed; respondents being part of hotel chains usually represent 5 star hotels; small size hotels (less than 60 rooms) concentrate on the 3 star category, while larger-scale hotels on the 5 star (Table 1).

Management arrangement	5 stars		4 stars		3 stars		Total	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
Independently managed	16	47	12	54	25	90	53	63
Part of a hotel chain	18	53	10	45	3	10	31	37
Total	34	100%	22	100%	28	100%	84	100%
Hotel size	5 stars		4 stars		3 stars		Total	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
1 – 60 rooms	8	33	14	54	19	56	41	49%
61+ rooms	16	67	12	46	15	44	43	51%
Total	24	100%	26	100%	34	100%	84	100%
Telephone respondents								
3 independent properties: 14 rooms (5 stars), 27 (3 stars), 45 (3 stars)								
2 hotels part of a chain: 150 (5 stars), 459 (5 stars)								

Table 1. Profile of (e)-mail and telephone respondents.

Regarding respondents' ICT availability and information management activities (Table 2), apart from the wide availability of a hotel website, small (1 – 60 rooms) hotels are less computerised than larger hotels (61+ rooms), meaning that small properties have less possibilities for gathering, storing and disseminating guest information electronically. The low integration levels between the different ICT systems and customer database indicate that even where ICT is available there is no seamless transferability and accessibility of guest information to other ICT applications and hotel staff and so, manual, laborious and time consuming data entries and retrieval are required. DSS and MSS for data analysis were not available in small hotels. A clear pattern regarding the use of different ICT systems for the collection of different type of guest information is found. Hotels tend to heavily use reservation, distribution and M&S ICT systems for collecting personal data regarding their guests, while aspects of hotel stay are mainly gathered through EPOS and guests complaints and opinions through the customer database, the website and the M&S systems. Hence, several opportunities of gathering guest information are being lost (e.g. gather guest behaviour and preferences through website, gather guests' preferences of TV channels/programmes etc).

	ICT availability			Integration with customer database	Personal data	Aspects of hotel stay	Complaints opinions
	1 – 60 rooms	61 + rooms	Total				
ICT in Rooms division							
Front Office System	34%	86%	61%	44%	100%	2%	0%
Property Based Reservation System PBRs	32%	91%	62%	71%	100%	0%	0%
Customer Database	10%	74%	43%	0%	67%	22%	6%
Hotel Website	88%	95%	92%	2%	48%	0%	1%
Central Reservation System	0%	7%	4%	2%	100%	33%	0%
Yield Management	2%	72%	38%	0%	0%	0%	0%
Global Distribution Systems	5%	63%	35%	0%	100%	0%	0%
Marketing & Sales System (M&S)	2%	65%	35%	75%	97%	48%	14%
Check in/out Kiosks	0%	0%	0%	0%	0%	0%	0%
Smart cards	0%	0%	0%	0%	0%	0%	0%
ICT in Food & Beverage division							
Electronic Point of Sale Systems EPOS	7%	42%	25%	0%	0%	100%	0%
Stock & Inventory Systems	0%	58%	30%	0%	0%	0%	0%
Food & Beverage (FB)	0%	49%	25%	0%	0%	0%	0%
Conference & Banqueting Systems	0%	28%	14%	0%	0%	0%	0%
In-room ICT							
TV based services	0%	26%	13%	0%	0%	0%	0%
In-room Internet & e-mail access	5%	21%	13%	0%	0%	0%	0%
On demand movies/games	10%	67%	39%	0%	0%	0%	0%
Automated mini-bars	15%	67%	42%	0%	0%	46%	0%
General ICT							
Property Management System	22%	91%	57%	42%	0%	0%	0%
Intranet	0%	7%	4%	0%	0%	33%	0%
Finance & Accounting Systems (F&A)	2%	86%	45%	2%	0%	0%	0%
Electronic Lock Systems	27%	65%	46%	0%	0%	0%	0%
Management Support Systems (MSS)	0%	23%	12%	0%			
Decision Support Systems (DSS)	0%	14%	7%	0%			

Table 2. ICT availability & infrastructure & Information Management – (ICT & Information Management)

Hotels also reported that they heavily collect guest information through guests' observations/interactions and store this to books and files (Table 3). This is more valid for small hotels. However, although large hotels have informal information sources and ways of gathering information, by storing this information in books/files, they are limited in their ability to disseminate and share information across staff, hotel properties and time. Interviewees of small hotels have emphasised the importance of data collection through informal information sources and flexible operating systems, while interviewees from the large properties claimed that although a lot of staff is motivated to gather information, fewer are storing the latter in databases. This was claimed to be mainly because data collection is perceived as a "competition race" among staff, who perceive guest information as a technique for personalising their services and getting higher tips and so, is reluctant to share guest information with colleagues. Given the high labour turnover in hotels, this was reported to have significant negative implications for CRM. However, as small hotels deal with fewer staff, they are usually managed by the owners and family members, respondents did not feel that staff turnover and problems in information sharing existed.

	Personal data		Aspects of hotel stay		Complaints opinions	
	1 – 60 rooms	61 + rooms	1 – 60 rooms	61 + rooms	1 – 60 rooms	61 + rooms
Gather guest information through guests observations and/or interactions	87%	11%	98%	75%	68%	57%
Store guests information in business books and/or files	97%	38%	99%	21%	99%	23%

Table 3. Informal / non-computerised ways of information collection and storage.

Concerning the use of guest information for external relationship marketing (Table 4), information is not used for developing frequent, loyalty and reward programmes, personalising guests-ICT encounters and affiliated marketing. Plenty of opportunities for making full use of guest data (e.g. personalising the TV set when guests enters the hotel rooms or website) are not exploited. T-tests revealed that large hotels perceive stronger the value of using guest information for helping them: understand guests' needs and requirements, product development & innovation, personalising promotion and communication strategies, enhancing customer service and personalising the reservation process. The fact that larger hotels perceive the value of a guest database higher than smaller hotels is not surprising considering the greater number of guests and high labour turnover that large hotels face. Previous research has also indicated that the number of ICT applications in the hotel sector is positively dependent on the hotel size (Siguaw, Enz & Namasivayam 2000), while other studies provided evidence of the existence of a threshold ICT investment level also dependent on business size (Weill 1992, Sigala 2002).

The extent to which the use of the stored guest information helped: (5 point scale, not at all - very much)	1 – 60 rooms	SD	61 + rooms	SD	t-value	p.	DO NOT DO IT	
							1 – 60 rooms	61 + rooms
Understanding guests needs and requirements	3.41	1.09	3.82	1.1	2.305	0.022*	0	0
Product development and innovation	3.78	1.08	4.56	1.32	2.671	0.027*	0	0
Personalising promotion and communication strategies	3.6	1.45	4.23	0.87	2.893	0.028*	27	5
Personalising staff-guests encounters	3.51	1.13	3.85	0.89	1.001	0.132	1	2
Developing frequent, loyalty and reward programmes			4.00				41	42
Personalising guests-ICT interactions			3.00				41	42
Enhancing customer service	3.10	1.16	3.65	0.99	3.372	0.001*	0	0
Enhancing internal communication	2.10	0.81	3.40	1.07	4.001	0.000	0	0
Personalising reservation process	3.44	1.15	3.66	1.04	2.046	0.041*	1	2
Personalising pricing/yield management strategies	3.98	1.21	3.20				9	42
Identifying and handling guests' complaints	3.91	0.99	4.02	1.23	0.251	0.802	0	0
Developing affiliate marketing strategies with other partners							41	43

Table 4. Use and value of guest information (knowledge management) (* indicates significance at $\alpha=0.05$).

The importance of having a formal and structured process for CRM implementation in large hotels is also illustrated on respondents' perceptions regarding the role of CRM in achieving the following strategic outcomes (Table 5). So, it was more in large than small hotels whereby CRM was claimed to be implemented for achieving reduced costs, guests' complaints and improving processes. This indicates that CRM implementation in larger hotels is greatly driven by a need to streamline and integrate fragmented and disconnected processes and guests' information, which in turn would enable: enhanced monitoring/control and improvement of processes; reduction of complaints and costs of errors. Indeed, interviewees reported that CRM enabled the formalisation of guest – staff encounters and service processes, which standardisation enabled better management, staff training and

identification of problematic areas. In smaller hotels, the need to use CRM for monitoring staff-guest encounters was not very important as owners were always “on the hotel floor”.

Indicate the importance of each statement to CRM implementation (5 point scale, irrelevant - essential)	1 – 60 rooms	SD	61 + rooms	SD	t-value	p.
Increase guests' loyalty	4.01	0.82	3.91	0.94	0.251	0.802
Increase service quality	4.32	0.76	4.12	0.97	0.054	0.164
Increase guests' satisfaction	4.65	0.98	4.44	0.99	0.065	0.187
Process improvement	3.73	1.04	4.03	1.09	2.654	0.026*
Increase profitability	3.87	1.03	3.66	1.23	1.138	0.393
Reduce guests' complaints	3.44	1.21	3.79	1.09	0.037	0.039*
Increase product quality	3.02	1.18	2.99	1.43	0.345	0.749
Reduce costs	3.29	1.17	3.65	1.10	3.28	0.001*
Increase employees' satisfaction	2.92	1.09	2.74	1.14	1.538	0.136

Table 5. Reasons for CRM implementation (* indicates significance at $\alpha=0.05$)

Organisational structure, structural factors, staff motivation, social and communication skills rather than qualifications, top management support and rewards were found to be perceived as the most important internal relationship factors for CRM success (Table 6). However, staff multi-skilling was perceived more important in smaller than larger hotels, while respondents from larger hotels reported higher importance of ICT to CRM success. Autonomous and interdepartmental teams and knowledge officers were perceived as more crucial in larger than smaller hotels. Interviewees claimed that multi-skilling is more difficult to achieve in large properties as a minimum number of staff is required in certain departments. Hence, boundary spanning teams are more valued in large hotels.

Indicate the importance of the following factors for successful CRM implementation (5 point scale, irrelevant - essential)	1 – 60 rooms	SD	61 + rooms	SD	t-value	p.
Autonomous and/or interdepartmental teams	2.42	1.14	3.61	1.04	4.03	0.000*
Assignment of a knowledge / information officer	2.31	1.03	3.34	1.12	3.85	0.002*
Organisational culture	4.04	1.02	4.34	0.87	0.852	0.872
Organisational structure	2.99	1.02	3.30	1.31	1.032	0.056
Structural factors / external conditions	4.02	1.23	4.12	1.09	2.041	0.991
ICT	2.21	1.06	4.02	0.67	4.967	0.000*
Staff motivation	4.04	0.67	4.23	0.71	1.962	0.978
Staff multi-skilling	4.32	1.21	3.98	0.95	3.032	0.035*
Staff empowerment	2.76	1.23	3.34	1.06	2.945	0.029*
Staff qualification	2.04	1.07	2.54	1.11	1.968	0.938
Staff social and communication skills	4.05	0.86	4.24	0.65	1.095	1.006
Top management support	4.44	0.78	4.56	0.79	1.112	0.995
Training, seminars, further education	4.03	0.98	4.13	0.98	1.028	1.300
Rewards	4.61	0.77	4.54	0.83	0.984	1.395

Table 6. CRM internal relationship determinant factors (* indicates significance at $\alpha=0.05$)

Specifically in terms of staff motivation (Figure 1), visualisation of success, promotion and expansion of activities and responsibilities were reported to be the most used motives, while rewards and seminars/training were reported less frequently particularly amongst smaller properties. However, if staff social and communication skills are considered as crucial determinants of CRM implementation then hotels should consider staff training as well as its financial reward more seriously. Regarding characteristics of organisational culture contributing to CRM success (Figure 2), small hotels provided more weight on the existence of openness and trust as well as tolerance for errors than large hotels. Interviewees contributed this to the fact that owners/managers of smaller properties are more closely related to their staff and so, it is more difficult for them to practice more formal managerial procedures. Moreover, because owners of smaller properties frequently want to give a personal touch and way of running their hotel, they are more reluctant to release staff autonomy and prefer to act and behave on their own style. As one interviewer said “*this is my business and I want to provide guests with my personal spirit and character. I do not want my employees acting their way*”.

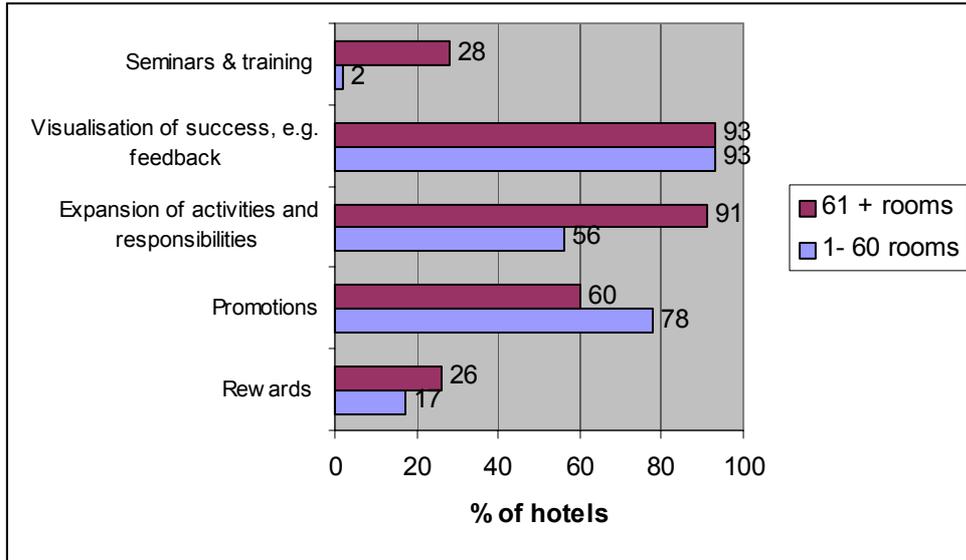


Figure 1. Staff motivation.

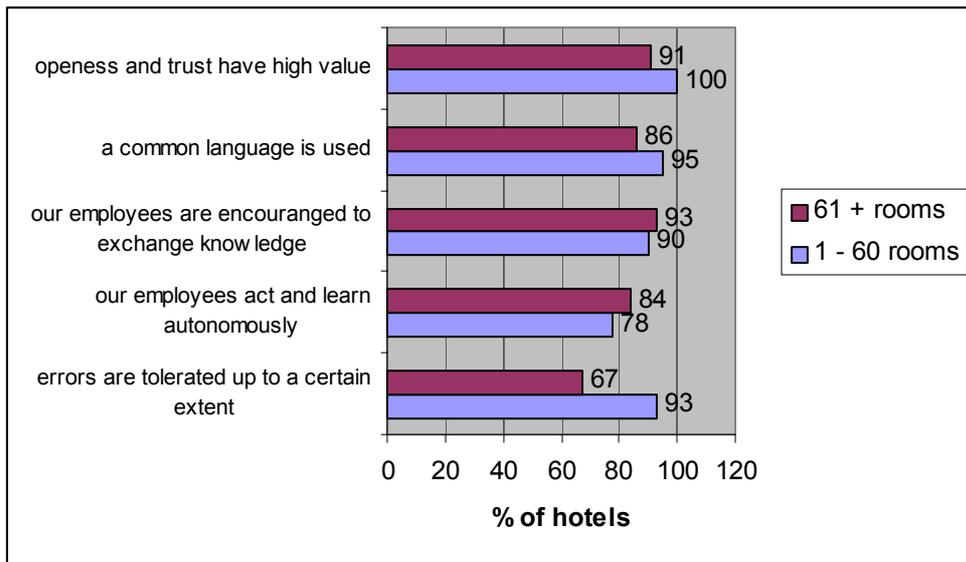


Figure 2. Characteristics of organisational culture contributing to CRM success.

6. Conclusions, Discussion and Recommendations

The service industry is undergoing remarkable developments. Marketing strategies shift from acquisition to customer retention; product strategies are built around customisation; the internal organisation is reengineered around customer focused processes; and ICT is applied to gain customer insight, build relationships, enable customisation and provide new opportunities for service distribution. CRM is a crucial strategy for sustaining competitive advantage in the current marketplace. However, theory has been unsuccessful so far to provide an overall framework on how businesses can better adopt and implement CRM. This paper developed a model of CRM implementation, which instead of overstating the role of

ICT, it suggests that an integrated management approach among three areas namely ICT, relationship and knowledge management, is required.

Indeed, evidence from the hotel sector in Greece provided evidence that ICT is not important in all situations. Large hotels are more dependent on ICT for implementing CRM than smaller hotels. Moreover, different organisational and managerial factors play a critical role in CRM implementation in small and large properties. It was also found that CRM in small hotels frequently adopts the owner's/manager's personal style and flair, whereas in large properties CRM is usually viewed as a way of formalising process for enhancing customer service processes and reducing costs. Future research could further investigate the implications of the latter regarding the skills, competencies, working environment of hospitality staff in the two different business contexts. The different styles as well as reasons for CRM implementation in the two different sets of hotels also suggest that studies and theories in entrepreneurship can significantly contribute to the body of knowledge and future research on CRM implementation. Cross -industry and -sector research would also be interesting for investigating whether cultural and contextual factors have any influence on CRM implementation.

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