

**EFFECTS OF CUSTOMER RELATIONSHIP MANAGEMENT
(CRM) DIMENSIONS ON COMPETITIVENESS OF HOTELS IN
DIANI- KWALE COUNTY, KENYA.**

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DECLARATION

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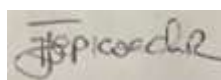
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ABSTRACT

Customer Relationship Management (CRM) dimensions are considered an essential benchmark for competitiveness in hotels. From Literature it is apparent that practicing CRM dimensions enhances competition in hotels. The main objective of this study was to examine the effect of CRM dimensions on competitiveness of hotels in Diani-Kwale County, Kenya. The study addressed the following specific objectives based on the model ‘ ‘ Behavioural dimensions of CRM which entail the practices of managing the relationship between the customers and the organization’ ’, to examine the effects of key customer focus, to find out the effects CRM organisation, to investigate effects of knowledge management practices and to examine effects of technology-based practices on competitiveness of hotels in Diani- Kwale County, Kenya. The hotels are high-class (rated) hotels with well-developed systems that have gone beyond to embrace the latest modes of hospitality marketing to attract both the local and international clientele with the need of gaining a competitiveness. The study adopted a descriptive and explanatory research design. Purposive sampling technique was used to select the three departments (front office, food and beverage and marketing) since they had required information that was in conformity with the objectives of this study and were in direct contact with customers from the hotels that had attained meaningful service levels. The total target population for the study was 445 employees which was used to determine sample size of 443 respondents by use of Mugenda formula. Questionnaire was used to collect data from the operational staff and managers. Data collected was analysed by use of mean, standard deviation, percentages, multiple regression analysis and presented in tables and figures. Cronbach’s alpha showed the questionnaire to reach acceptable reliability for key customer focus, organisation management, knowledge management, technology-based and competitive strategies at $\alpha = 0.744$, $\alpha = 0.867$, $\alpha = 0.823$, $\alpha = 0.699$ and $\alpha = 0.822$ respectively. on the perceived task values scale comprising items found in each objective using the multiple linear regression analysis showed that key customer focus($\beta=0.006$), Organisation Management ($\beta= =0.009$), Knowledge Management($\beta=0.008$) and Technology-based practices($\beta=0.033$) had significant effects on competitiveness. Therefore, when the value of the practices increases, the value of competitiveness also increases. The study confirmed that CRM dimensions when practised have effects on competitiveness of hotels in Diani. The study linked CRM to competitive success in hotels of Diani. If hotels in Diani wants to have a competitive advantage, they should be able to empower employees to efficiently serve services to customers and synchronize customer interactions across all channels. Within the context of increasing competition in the hotel industry, managers should determine which dimensions of customer relationship management (CRM) are appropriate to their particular target markets in order to craft appropriate positioning strategy.

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DEDICATION

To my loving family; Benson my husband and my daughters Hevian and Hadiya, sisters and parents for their continuous support throughout my studies.

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OPERATIONAL DEFINITION OF KEYS TERMS

The terms are defined based on their use in this study.

Customer Relationship Management: It is an information concept for methodologies, software and usually internet capabilities that help an enterprise manage customer relationships in an organized way. CRM mines customer data that has been pulled from all customer touch points, creating a single and comprehensive view of a customer while uncovering profiles of key customers and predicting their purchasing patterns.

Customer Relationship Management dimensions: These are the functional units CRM that when practiced help manage customer relationships within the establishment. With reference to the assertion of Fox and Stead (2001) Sin *et al.*, (2004) hypothesized that CRM is a multidimensional construct consisting of four broad behavioural components: key customer focus, CRM organization, knowledge management, and technology-based CRM.

Key customer focus: According to the CRM behavioural component model of Sin *et al.*, (2004), Key customer focus is a composition of dialog with customers on customizing their needs, customizing products, customer needs assessment, and implementation of customer needs information

Organisation practices: The CRM behavioural component model of Sin *et al.*, (2004) measures CRM organization around availability of sales and marketing experts, Employee training on customer relations, evaluation and rewarding of customer performance in customer relations, clear goals of CRM and CRM oriented organizational structure.

CRM knowledge management: It provides firms with market intelligence and information that are used to maintain and build profitable portfolios of customer relationships. Knowledge management provides firms with market intelligence that can be used to maintain and build profitable portfolios of customer relationships and it's an important foundation and platform for building a sustainable competitive advantage (Arnett and Badrinarayanan, 2005).

Technology-based CRM: CRM applications that take great advantage of technology innovations, with their ability to collect and analyse data on customer patterns, develop prediction models, respond with timely and effective customized communications, and efficiently deliver personalized value offerings to individual customers. Zablah, Ballenger, and Johnston (2014) described CRM technology as one of the organizational resources that serves as an input into the CRM process and is intended to enhance firms' ability to productively build and maintain a profit-maximizing portfolio of customer relationships.

Competitiveness: The quality of being as good as or better than others of a comparable nature.

Porter (2009) stated that for a firm to achieve high performance it has to achieve one of the basic competitive advantages that are lower cost and differentiation. A hotel achieves Competitiveness when an attractive number of customers prefer its services over the offerings of competitors and when the basis of this preference is durable.

ABBREVIATIONS

CA	Competitive Advantage
CRM	Customer Relationship Management
MMSSs	Marketing Management Support Systems
SCA	Successful Competitive Advantage
SCP	Strategic Competitive Positioning
RBT	Resource based Theory

CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter presents the background of the study, the problem statement, the purpose of the study, the research objectives, the research questions, hypothesis, justification of the study, significance of the study, scope of the study, and limitations.

1.1 Background of the Study

Competitive strategy is the process of developing competitive advantage and earning above-average returns for stakeholders. Competitive advantage is achieved through the strategic management of resources, capabilities, and core competences, as well as the firm's responsiveness to opportunities and threats in the external environment (John McGee & Tanya Sammut-Bonnici 2014). Navigating through a complex set of strategic factors requires an understanding of their influence on competitive strategy. The competitive strategy view of the firm is that understanding and manipulating the factors that cause these inequalities, to give the firm a sustainable competitive advantage, largely govern long-term business success. In their view (Hitt, M.A and Hoskisson, R.E. (2012) noted these factors vary widely. Mwirigi (2018) noted that different businesses, even within the same industry, often need to be doing different things. Thus, there are many strategies open to firms. In formulating competitive strategy, there are some important things to remember. Resources are limited and opportunities are infinite. The essence of strategy is choosing to perform activities differently than rivals. In the long run, what matters is not how fast you are running, but whether you are running faster than your competitors. A company can only outperform rivals if it can establish a difference that it can sustain (Dahmash, 2015).

In the midst of global competition, the acquisition and retention of customers in the hospitality businesses has never been more important. In the past, mass marketing which assumes all customers are a homogenous group with distinct needs and desires (Lynn, 2011) were the order of the day especially in industrial region. In this era of sophisticated and well-informed consumers, information technology, service driven economics, and intensive global competition, mass marketing techniques have proven highly ineffective (Sin, Tse and Yim, 2004). Firms have identified customer satisfaction as an alternative means to business success. In market competition, scholars identified the major indicator of competitiveness as the ability to retain existing customers and obtain more. The global and worldwide service organizations} such as banks, airlines, telecom firms, and hotels pioneered these strategies (customer acquisition and retention). These service organizations were the first to introduce customer relationship practices. The banks established customer relationship units to deal with key customers Kiplimo (2018); the airlines designed frequent programs to reward loyal customers; the telecom service firms designed customized service for heavy users and the hotels introduced personal user service for regular customers. (Sin, Tse, and Yim, 2004).

In today's marketing literature, the practices of maintaining a long-term relationship with customers are designated relationship marketing and more recently customer relationship management (CRM). These two concepts are used interchangeable (Parvatiyar and Sheth 2001). To marketing practitioners, CRM is an emerging marketing domain especially for firms in highly competitive business environment. However, scholars view it as a new marketing discipline focus on managing long-term profitable relationship with customers by giving customers the best of value. In this case, the central bank of Nigeria found it worthwhile to create a central database

from which credit information on borrowers could be obtained which has helped in cutting the banking distress where debtors would abandon their debt obligations in some banks to contract new debts in other banks enhancing the satisfaction of many banks in Nigeria. As suggested by the benefits of enhancing customer satisfaction resulting in gaining competitive edge among leading hotels in Africa (Klutse 2016). The Sarova Stanley hotel in Kenya was chosen by the Sarova group to pioneer the implementation of Customer relationship management practices for its hotels (Malonza 2016). This has then seen The Stanley grow in customer acquisition and retention, having received immense benefits in enhancing customer satisfaction which has resulted in gaining a competitive edge among leading hotels and hotel chains in Kenya.

CRM is considered the most important benchmark of competitive advantage and has a positive impact on organizational performance (Sin, Tse, and Yim, 2004). According to Mehta, Sharma and Mehta (2010), the success of an enterprise principally depends on the effectiveness of its CRM. The issue of CRM has become a serious marketing consideration because of several factors among which are, continuous complexity of the customer, globalisation of firms, fierce competition, low cost of retaining customers and the success of firms that have practiced CRM. Gruen (2009) noted that on average firms spend six times more on acquiring customers than they spend on retention of customers. Gruen (2009) observed that while a good fraction of firms that practice CRM achieve designed goal others fail in the practices of CRM because of lack of knowledge on how to establish and manage CRM. This study noted that this is as a result of lack of laid down CRM practices, procedures, and guidelines to follow.

According to Jin-Zhao and Jing (2009), the competition in the hotel industry worldwide is reaching a level where lodging chains now concentrate on specific

market segments and niche travellers. The competition is intense that almost the same package of services is offered and product differentiation becomes increasingly a fiasco. Firms have resorted to brand expansion and this strategy worsens the ability of consumers to differentiate brands. In other words, hotel managers need to use an appropriate strategy and practice to develop their performance (Alshourah, 2012). Consequently, to develop both customer satisfaction and to improve profitability. (Ng'ang'a and Waiganjo 2015) hotels must nowadays emphasize on implementing a CRM strategy that aims to look for, collect and store the right data, share it through the whole hotel and then use it all in organizational levels to improve a personalized; and unique customer experience (Mohammed *et al.*, 2014). However, in spite of the wide use of CRM in the organizations, there have been only limited studies and publications within the hotels sector (Ammari, & Nusair, 2015). At the same time, the effect of CRM implementation on organization competitiveness has not received adequate attention from academics and there are still a few of empirical researches in this field (Piskar & Faganel, 2009). Thus, the study answered questions such as what is the status of CRM in hotels in Diani. Whether they engage in the four dimensions of CRM; key customer focus, organisation management, knowledge management and technology based? How this has an effect on their competitiveness?

1.2 Statement of Problem

Customer Relationship Management (CRM) involves collecting and managing data about many different customers that focuses on customers buying trends as well as individual customer behaviour (Wailgum, 2007),it is also considered as the most important benchmark of competitiveness and has a positive impact on organizational performance. These days the hotel sector is experiencing a rise in globalization, competition, and higher level of customer turnover. Furthermore, increasing customer

acquisition costs and growing customer expectations are making the hotels performance and competitiveness depend considerably on their ability to satisfy customers efficiently and effectively (Adam *et al.*, 2010). On the other hand, there lacks transparency, quality, and analysis of these data in this sector (Adam *et al.*, 2010). Ammari, & Nusair, 2014 also explored CRM to be the best business strategy for hotel companies to differentiate themselves from their competitors. Hospitality industry enjoys easy data access as guests submit their data at check –in as well as share their preferences with hotel staff making hotels suitable for CRM behavioural dimensions practice. It's important to note that mere CRM implementation does not guarantee success(khan et al,2014),therefore a clear understanding on what CRM factor to practice and its effect is critical in optimization of CRM(Mohammed and Rashid,2017). The need for more structure is obvious on what to practice and the effects of these practices. Diani has been identified as a key tourism destination in Kenya which enjoys a variety of classified hotels which are in a position to implement CRM behavioural dimensions practices. Therefore, Diani hotels must also focus on CRM behavioural dimensions; for durable, dichotomous and profitable relationships with guests. Finally, the problem which this study seeks to address is the relationship between CRM behavioural dimensions and competitiveness of hotels in Diani.

1.3 Research Objectives

1.3.1 General Objective

The main objective of this study was to examine the effect customer relationship management (CRM) dimensions: key customer focus, organisation management, knowledge management, technology based and their effects competitiveness of Hotels in Diani, Kenya.

1.3.2 Specific Objectives

The following specific objectives were addressed in this study:

- i. To examine the effect of key customer focus as a CRM dimension on competitiveness of hotels in Diani, Kenya.
- ii. To find out the effects of organisation management as a CRM dimension on competitiveness of hotels in Diani, Kenya.
- iii. To investigate effects of knowledge management practices as a CRM dimension that hotels in Diani, Kenya apply to gain competitiveness.
- iv. To examine effects of technology- based practices as a CRM dimension on competitiveness of hotels in Diani, Kenya.

1.4 Research Hypotheses

H₀₁.There is no significant relationship between key customer focus on competitiveness of hotels in Diani, Kenya.

H₀₂.There is no significant relationship between organisation management on competitiveness of hotels in Diani, Kenya.

H₀₃.There is no significant relationship between knowledge management on competitiveness of hotels in Diani, Kenya.

H₀₄.There is no significant relationship between technologies-based management on competitiveness of hotels in Diani, Kenya.

1.5 Significance of the Study

The results of the study will serve as baseline information on customer relationship in terms of its practices and their effect on competitiveness. The outcome of this result will be beneficial to local, sub-county, county, and national governments as it will be useful in generating base line data for further studies and intervention, policy formulation, implementation, monitoring and evaluation, especially on issues relating to customer relationship management for instance IT systems that hotels should use or better still customer information that should be captured by the systems or through the relationships.

Study finding will inform the managers on how to harness the potential of each dimension and eventually take appropriate decisions and actions which will lead to a competitive business performance. Since the investors and owners are interested in wealth maximization, financial measures such as capital return (ROI), asset return (ROA) and profitability will inform both the investors and owners on whether their interest is being achieved or not

Research output has inter-generational benefits in terms of knowledge transfer through researchers and academicians. This can happen when the output can be replicated by varying the environment, the perspective and even the time span for the study. The environment can be varied by expanding the geographical scope or carrying the same study outside Kenya. The perspective can be changed from top management to customers or even employees at operational level managers. As for time span longitudinal type of study can be adopted. In addition this study addresses the need for more knowledge and insights by expounding on the study in relation to customer relationship management and competitiveness of hotels.

1.6 Scope of the Study

This study on assessment of Customer Relationship Management (CRM) dimensions; key customer focus, organisation management, knowledge management and technology-based and its effect on competitiveness of hotels was conducted in Diani, Kwale county, Kenya .The study was conducted between January 2016 and may 2016 using descriptive survey and a sample of 443 respondents selected from employees both the management and staff in the front office, food and beverage service and marketing departments from 4 Star rated Hotels and Star rated Hotels. Data was collected through semi- structured questionnaires by a research assistant at hotels in Diani in the period of January to May 2016 by issuing the questionnaires to employees working on three different shifts and following up for accurate information and return of the filled questionnaires.

1.7 Limitation of the Study

According to Mugenda and Mugenda (2012), limitations of a study are influences, shortcomings or conditions that the researcher cannot control. There may be some possible limitations in this study. The first was time period where enough respondents were only available at certain times of the year due to seasonality of the industry. This then led to an extended period of data collection from January to May 2016.The second limitation concerned access to information where there are few 5 star rated hotels in Diani and to achieve the objective of this study the findings of the study could only be generalized on hotel facilities that are classified as four and three star rated.

1.8 Delimitation of the Study

The study was conducted to find out the effects of CRM behavioural dimensions on competitiveness of hotels in Diani. The researcher choose competitiveness among other success strategies since competitiveness is a global benchmark. Competitiveness of hotels depends considerably on their ability to satisfy customers effectively and efficiently. The aspects studied were the respondent's feedback from 3 and 4 stars rated hotels with full-service departments (front office, food and beverage and marketing) which included; beach resorts, cottages, lodges, boutique and full-service apartments on how they practice the behavioural dimensions of CRM and its relative effect on competitiveness.

This study was from the management perspective as opposed to customer perspective. It was assumed that it is only management which was familiar with the information on the strategies the organization was undertaking so as to remain competitive. Thus, the respondents were middle level managers managing the functional departments in the respective hospitality facilities they work for.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter seeks to review relevant literature on customer relationship management dimensions and competitiveness. The chapter thus focuses on theories, concepts, models of implementing CRM strategies and CRM dimensions on competitiveness strategies for hotels.

2.1 CRM Theoretical Review

Customer relationship management itself is not a new concept but is now practical due to recent advances in enterprise software technology. CRM is often referred to in the literature as one-to-one marketing (Kale 2004). It should be noted, however, that CRM also has its roots in relationship marketing, which is aimed at improving long run profitability by shifting from transaction-based marketing, with its emphasis on winning new customers, to customer retention through effective management of customer relationships (Peelen, 2005). Thus, CRM is a more complex and sophisticated application that mines customer data that has been pulled from all customer touch points, creating a single and comprehensive view of a customer while uncovering profiles of key customers and predicting their purchasing patterns. Therefore, acquiring a better understanding of existing customers allows companies to interact, respond, and communicate more effectively to improve retention rates.

Customer satisfaction is a key success factor of every venture. Every enterprise views the satisfaction of its customers as the very reason for its existence. However, the satisfaction of customers is a function of the relationship that exists between the customer and the firm. The satisfaction customers derive from a relationship depends

on how the relationship is managed and the benefit of the relationship to the customer. Conflicts can be destructive (Kristine *et al.*, 2002). Carol and her husband spent News's holiday at a historic Gateway Inn. The entire stay was had been wonderful until New Year's Day when they woke up late and went down to the restaurant for brunch expecting to find an exceptional meal awaiting them. To their dismay they found the dining room was closed to refinish the floors. No one had mentioned this in any conversations they had with the staff in the previous days of their stay. Diane who was working at the front desk remembered that the chef was staying in the Inn having worked late the previous night and called his room. Within minutes she had seated them in front of the fireplace in the bar, she had brought them mimosas and had the chef preparing them a special meal. Diane would have made appropriate apologies and recommended a nice restaurant in town to make the conflict go away. But she intuitively saw the opportunity and created two loyal customers. As a manager give your employees the tools they need and an environment that encourages them to look for not only the response that make conflicts go away but also an opportunity to move the customer relationship to the next level (Kristine *et al.*, 2002).

Effective and efficient CRM creates competitive advantage and improves the performance of firms (Sin *et al.*, 2004). Scholars of marketing, management, and IT, and practitioners in these fields refer to the impact of customer relationship management on business orientation and performance (Richard *et al.*, 2007; Payne & Frow, 2004). CRM practices increased revenues, profits, and customer service. Winer (2001) noted that, the ultimate reason for CRM practices is greater profitability by reducing customer acquisition costs, increasing repeat purchases, and charging relatively higher prices (Sun, 2006). According to Richard *et al.*, (2007), the rapid growth of CRM can be attributed to fierce business competition for valuable

customers, economics of customer retention (i.e. life-time value) and technology advances (Buttle, 2004) In the same vein, Thompson (2005) found evidence that some of the reasons for the use of CRM in organizations are: increased customer satisfaction; reduced costs of sales, service and marketing; increased sales revenues; reduced costs of other operations; increased profit per customer; and increased customer retention. Given these important benefits of CRM, more and more firms are adopting CRM strategies, tools, programs and technologies to ensure business success (Parvatiyar and Sheth, 2001).

2.1.1 The Concept of CRM

CRM is a new perspective of marketing, which emerged from the incident of three marketing paradigms, the relationship-marketing paradigm, one-to-one marketing theory and theory of customer lifetime value (Hart 2006). These three perspectives together form the foundation of CRM and of course are integral parts of the CRM process (Bose.2010). The behavioural component model of Sin, Tse, and Yim (2004) is based on the view that CRM is a comprehensive strategy and process that enables an organization to identify, acquire, retain, and nurture profitable customers by building and maintaining long-term relationships with them. This view of CRM reflects ideas from the three marketing paradigms identified above. More recently, Yim *et al.*, (2005) identified three marketing concepts: customer orientation, relationship marketing, and database marketing as the antecedent of the idea of CRM. Sun (2006) observed that the rapid development of Information technology has transformed the paradigm and perspective of CRM. First, CRM is no longer the dispensation of the service sector (Sun, 2006). The development in IT has made it possible for all kinds of firms irrespective of their activities, to explore service led growth as a promising means of differentiation (Sawhney, 2014). Again, CRM is no

longer handled as a separate marketing activity aimed at increasing customer satisfaction. In this era of advanced IT, CRM activities are integrated into every step of the marketing process handling product inquiry, telemarketing, advertising, sales, transaction, service, and survey. In addition, he noted that, with the advancement in IT, CRM has shifted from static relationship to dynamic "learning relationship," from mass marketing to customer-centric marketing, and from reactive service to proactive relationship building. Yim *et al.*, (2005) indicated the foundation of the paradigm of CRM is the belief that CRM can be developed and managed in an organization like any other important asset of the organization.

2.1.2 CRM Theories

It is an undeniable fact that CRM is gradually becoming the most important paradigm of marketing. Yet CRM as a marketing discipline is still in the books of debates regarding its meaning, conceptual framework, guidelines for implementation and evaluation. CRM scholars have observed that the meaning of CRM (what is and what is not CRM) is ambiguous (Parvatiyar and Sheth, 2001). At different levels of management, CRM may be used to express different perspectives. For instance, at the tactical level of management, CRM may be equated to database marketing or electronic marketing; at the strategic level, CRM may be interpreted as customer retention or partnering with customers (Peppers and Rogers 1995 this is old! Parvatiyar and Sheth, 2001). At the theoretical level, it may be seen as an emerging research paradigm in marketing most often loosely equated to existing perspectives. For instance, CRM is widely used interchangeably with relationship marketing (Sin *et al.*, 2004) and sometimes described as IT-enabled relationship marketing (Hart, 2006). However, CRM is quite a distinct paradigm of marketing despite the fact that it has significant common thematic characteristics with earlier marketing perspectives such

as relationship marketing, one-to-one marketing, and customer lifetime value theory. According to Sin *et al.*, (2004), the common thematic characteristics of CRM and relationship marketing revolve around three perspectives. They both focus on individual customer-seller relationship, they are both long-term oriented, they both have the aim of benefiting customers and sellers. In other words, both CRM and relationship marketing regard corporative and collaborative customer relationship as the core marketing strategies.

Despite these common features of CRM and relationship marketing, the difference between them is not far fetching. The literature reveals three distinctions between CRM and relationship marketing. Royals and Payne (2011) observed that while relationship marketing is strategic in nature; CRM is tactical in practice. Relationship marketing is said to be more emotionally and behaviourally centred on variables such as bounding, trust and empathy while CRM is more focus on managerial strategies directed towards establishing, maintaining and enhancing customer relationships (Yau 2010). Lastly, according to Gambeson (2002), relationship marketing is more comprehensive and encompasses more than customer-seller relationship. Tuominen (2004) indicated that relationship marketing includes the building of relationship with stakeholders such as suppliers, employees, government as well as society.

CRM aims at establishing long-term committed, trusting, and cooperative relationship with customers, characterized by openness, genuine concern for delivery of high-quality services, responsiveness to customer suggestions, fair dealings and willingness to sacrifice short-term advantage for long-term gains (Kristin *et al.*, 2002). CRM is considered a core business process to create and deliver customized solutions on one-to-one basis with personal touch. With regard to the purpose of this study, Yim *et al.*, (2004) view of CRM a comprehensive strategy and process that enables an

organization to identify, acquire, retain, and nurture profitable customers by building and maintaining long-term relationships with them. Jain and Dhar (2007) view of Customer Relationship Management as a customer centric strategic business process, aimed at establishing, nurturing, enhancing and terminating relationship with customers, at a profit, so that the objectives of both the partners involved are met through mutual exchange and fulfilment of promises are very encompassing and thus reflects our conceptualization of CRM.

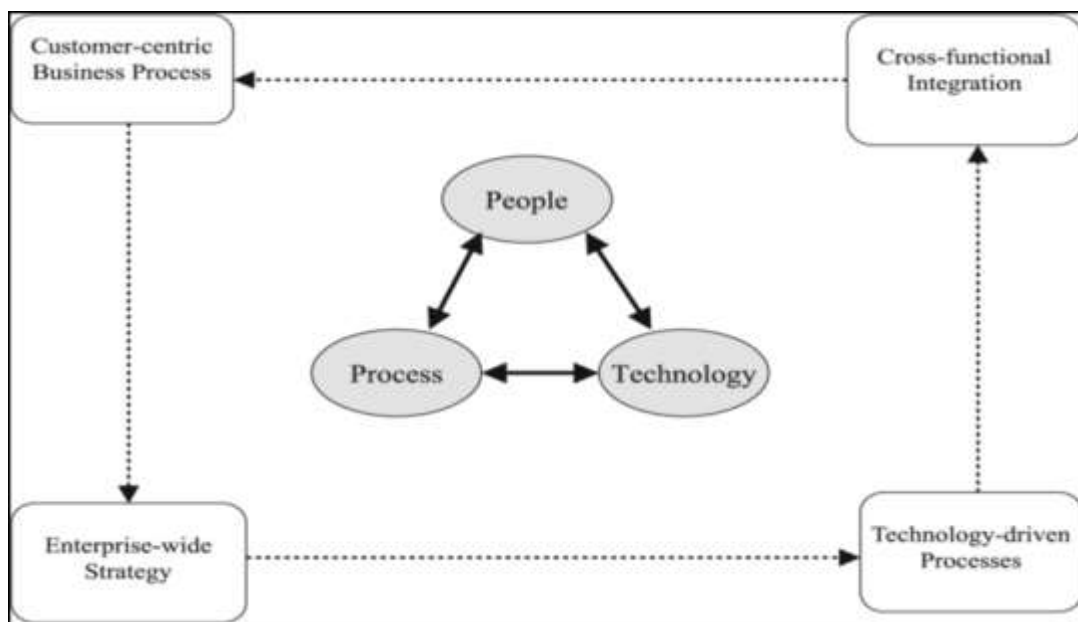
2.1.3 CRM Process

The concept of process approach of CRM maintains that relationships evolve over distinct phases, which require different levels of interactions and actions between customers and organizations. The process perspective of Reinartz *et al.*, 2004 is noted as the only perspective of CRM that acknowledge the lifecycle aspect of the relationship, and has been examined at two levels one is managing interactions with the customer, the other at a broader macro level incorporating a wider range of activities (Zablah *et al.*, 2004). However, it must be noted that the processes of the model should be interactive and circular in design rather than sequential. Payne and Frow (2014) identified five important cross-functional processes of CRM and they include strategy development, value creation, multi-channel integration, information management, and performance assessment.

2.1.4 Models of CRM Strategy

Various models and frameworks have been proposed to show how CRM can be effectively implemented and managed, and to illustrate the process (Zablah *et al.*, 2004). Many of these stresses the need for sound vision and strategy, followed by proper assessment and setting of business objectives and processes required, before any consideration of technology.

Figure 2.1: A CRM Implementation model



Source: Zablah *et al.*, 2004

Goodhue, *et al.*, (2012) identified three important CRM targets. They are as follows: Individual CRM applications that deliver business value, a data, software, and hardware infrastructure that supports CRM applications and will support future applications, an organizational transformation made possible through comprehensive CRM efforts. They noted that CRM effort of a firm must ultimately address these three proposed targets and a firm often puts special emphasis on one. Alamgir and Shasuddoha, (2015) indicated that companies can minimize their risk of failure by first having a clear vision for their CRM target application, infrastructure, or

transformation and then by understanding and addressing the issues typically associated with it.

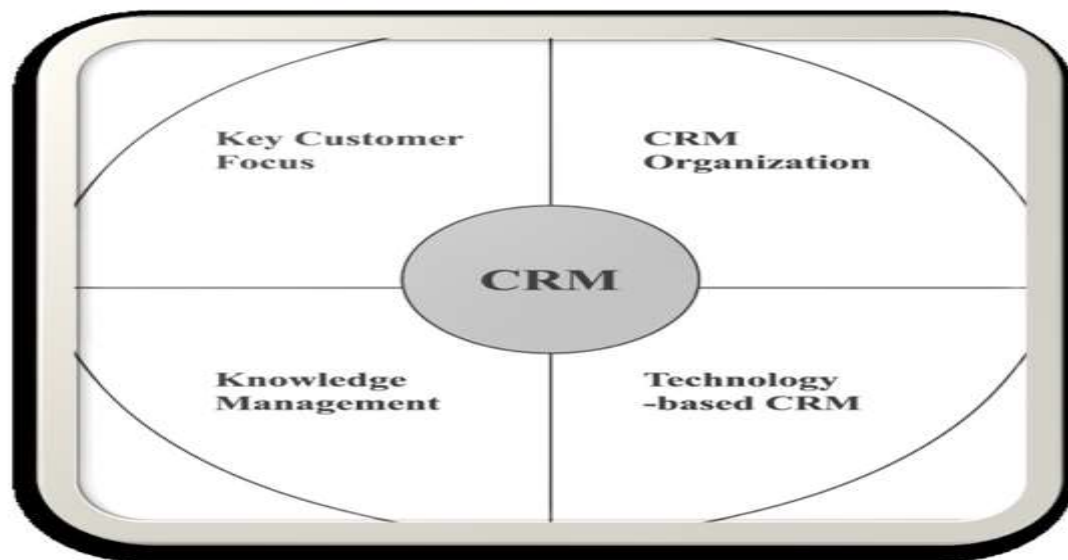
2.1.5 CRM Dimensions Model

Yim *et al.*, (2004) in his own words observed that CRM implementations usually involve four specific ongoing strategic activities: (1) focusing on key customers (2) organizing around CRM (3) managing knowledge and (4) incorporating CRM based technology. With reference to the assertion of Fox and Stead (2001) and review of other relevant literature, Sin, Tse and Yim (2004) in the same vein, hypothesized that CRM is a multidimensional construct consisting of four broad behavioural components: key customer focus, CRM organization, knowledge management, and technology-based CRM. This model therefore seeks to indicate that superior customer relationship capability will be achieved when the four work in harmony or as a unit and be beneficial to the firm. In other words, success in one of the key factors may not necessarily enhance effective and efficient CRM

Sin, *et al.*, (2004) asserted that successful CRM depends on how four key components: strategy; people; technology; and processes are dealt with. Day (2013) observed that when all the four key areas are well addressed, a higher customer-relationship competence might emerge. In a more recent study of Yim, Anderson and Swaminathan, (2004) reported that an analysis of relevant marketing and IT literature by Yim (2002) found strategy, people, processes, and technology as the four necessary key factors or dimensions of successful CRM implementation. Day (2013) and Kotler and Armstrong (2014) are said to have indicated that superior customer relationship capability will be achieved when the four work in harmony or as a unit. In other words, success in one of the key factors may not necessarily enhance effective and efficient CRM.

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Figure 2.2: The Four Behavioural Dimensions of CRM



Source: Sin *et al.*, (2004)

Sin *et al.*, (2004) opined that for a business to maximize its long-term performance in such aspects as customer satisfaction, trust, return on sales, and return on investment, it must build, maintain, and enhance long-term and mutually beneficial relationships with its target buyers.

2.2 CRM Behavioural Dimensions

The identity of CRM has become intangible (you can feel it but you cannot see it). The problem is worsening off by the volume of quite distinct definitions and perspectives of CRM in the books of marketing management. The definitions of CRM range from very narrow interpretations to very broad ones with no two being the same (Yim *et al.*, 2004). They observed that the lack of consensus on the meaning of CRM not only impedes academic discourse on the subject, but also adds to business practitioner scepticism and indecisiveness in establishing CRM systems. Consequently, generally accepted CRM process and practices are yet to be established (Kanchan and Sharma 2015). However, many scholars have made great efforts to describe the CRM practices of firms and had interesting findings. Mehta *et al.*, (2010) found that customers select services based on CRM practices of the service provider. They identified amenities, comfort, timely services, supportive staff, and trust as the most valuable CRM practices in the transport business.

Gaur (2003) observed that technology-based CRM is prominent in-service firms and observed that quality of service is one practice of CRM that customers give much attention. Vijayadrai (2008) identified service delivery, reliability, assurance, and responsiveness as factors that influence customers' perception of service quality. Jain and Jain (2006) found that customers give high ranks (value) to value proposition and low ranks to personalization from a list of seven variables related to customer satisfaction (value proposition, recognition, customer orientation, reliability, relationship oriented, credibility, personalization and gestures). Reinartz (2004) identified openness, genuine concern for delivery of high-quality services, responsiveness to customer suggestions, fair dealings and willingness to sacrifice short-term advantage for long-term gains as the characteristics of CRM strategy and

practices. Reinartz (2004) described CRM as systematic process which encompasses managing customer relationship initiatives (maintenance, and termination across all customer contact points) in order to maximize the value of the relationship portfolio.

In the same vein, Kristin and Carol (2002) indicated that retaining customers and achieving profitability largely depends on practices such as building reciprocal relationships founded on safeguarding and affirming customer security, fairness and self-esteem. It is also observed that maintaining lifelong relationships has its roots in values and practices such as mutual exchange, fulfilment of promises, ethical business practices, effective communication, and emotional bonding (Jain and Jain, 2003). Trust and commitment are noted as key elements in the practice of managing the relationship between the customers and the organization (Jain and Dhar, 2007). Successful implementation of CRM programs requires a strategic approach in carrying out activities such as developing customer centric process, selecting and implementing technology solutions, employee empowerment, customer information and knowledge generation capabilities to differentiate them, and the ability to learn from the best practices (Shainesh and Mohan, 2011).

CRM is often described as a strategy or a set of activities a firm employs to increase a competitive advantage. Antonio confirms that, “the essence of strategy is in activities - selecting to perform activities differently or to perform different activities than rivals” (Antonio, 2004). Therefore, if one agrees with the premise that CRM is a strategy, one can reasonably deduce that CRM must consist of a series of activities that provide the company the chance to get or maintain a competitive advantage over their competitors. Therefore, CRM that presents a competitive advantage to a firm has not been fully explored in the CRM literature. Consequently, it is necessary to spend some time to develop the link between CRM and competitive advantage.

2.2.1 Key Customer Focus

Ryals and Knox (2001) indicated that a customer-focused structure, culture, policy, and reward system should permeate any organization that strives to implement CRM successfully (Yim *et al.*, 2004). Yim *et al.*, (2004) noted that the firm-wide CRM spotlight ought to replicate in all interactions with key customers ‘. The key customers are usually identified through customer lifetime value analysis. Vander Merwe (2004) asserted that the fundamental goal of key customer focus is to achieve a deep customer relationship that makes an organization a necessary partner to its most profitable customers. Company-wide understanding and support for key customer focus motivate sales force to cultivate long-term customer relationships by offering more personalized products and services (Armstrong and Kotler 2003).

Fichman and Goodman (2010) noted that because firms are engaged in numerous transactions with significantly diverse customers in terms of their needs and expectations, they consider CRM as quite challenging. To reduce the CRM challenges, most of the firms have resorted to formal customer relationship management (CRM) programs. CRM programs are generally classified as either database-driven (i.e., identifying profitable segments through statistical techniques) or customer-needs-driven (i.e., the use of database to supply information that aids in the development and maintenance of long-term relationships with key customers (Arnett and Badrinarayanan, 2005). Dowling (2012) observed that customers-needs-driven CRM programs are common with firms that adopt business-to-business marketing strategies because customers-needs-driven CRM programs boost inter-firm relationships.

According to the CRM behavioural component model of Sin *et al.*, (2004), Key customer focus is a composition of dialogue with customers on customizing their

needs, customizing products, customer needs assessment, and implementation of customer needs information. Arnett and Badrinarayanan, (2005) indicated that customer-needs-driven CRM strategy involves two steps: uncovering insights regarding customer needs, and special programs are developed to meet the discovered needs (e.g. the development of customer-specific processes and procedures) (Dowling 2002) Customer-needs-driven CRM strategy should be an important constituent of the overall business strategy of firms (Arnett and Badrinarayanan, 2005). Therefore, firms, as part of their CRM practices, ought to develop CRM strategies that are capable of delivering both economic and non-economic benefits to key customers (Arnett and Badrinarayanan, 2005).

Customer orientation indicates to the employee's inclination to meet the customers' needs. It has a positive effect on employees' customer satisfaction and their overall performance. Furthermore, to improve an organizations performance, it is important to have customer-oriented behaviours that aid in maintaining a good relationship with all customers (Brown et al., 2002). However, there are many purposes of customer-oriented behaviours, but perhaps the most important is to increase and improve long-term satisfaction (Allen (2010), which will in return create customer loyalty. Studies have shown that stronger customer-oriented behaviours in organizations have a positive effect on the organizations' overall performance (Kim, 2008; Yilmaz et al., 2005). This finding suggests that managers need to add a customer-centred strategy that modifies and adjusts their cultural norms, employee performance rewards, and organizational structures (Minghetti, 2003).

When employees of customer-oriented hotels, for example, provide wonderful service, the overall image of the hotel will improve and the likelihood of the system to continue is high (Fan & Ku, 2010). Because of the growing market environment and

pressure in the hotel industry, hotel managers need to maximize efforts in order to see results, growth, and an increase in profits. Thus, a more customer-oriented approach may be the best possible option for them to improve their performance (Tajeddini, 2010). Therefore, the literature claiming the marketing concept has assumed that the implementation of the customer orientation would lead to the greatest organizational performance (Kennedy et al., 2002; Piercy, 2002). And many studies have reported a positive relationship between the customer-orientation strategy and organization's performance (Asikhia, 2010; Dowling, 1993; Liu et al., 2003; Sin et al., 2005; Tajeddini, 2010; Zhou et al., 2009). In conclusion, the customer-orientation strategy is one of an organization's resources to improve customer satisfaction and business profit and is also a very important dimension of CRM. Therefore, organizations must have a customer-centric culture to implement CRM successfully and consequently develop a competitive advantage.

2.2.2 CRM Organization

The CRM behavioural component model of Sin *et al.*, (2004) measures CRM organization around availability of sales and marketing experts, Employee training on customer relations, evaluation and rewarding of customer performance in customer relations, clear goals of CRM and CRM oriented organizational structure.

Yim *et al.*, (2004) observed that with a strong focus on key customers deeply embedded throughout its CRM system, the entire company should be organized around cultivating these valuable relationships. The organizational structure needs to be flexible and, if necessary, reconstructed to generate customer-centric values and improve coordination of customer-focused, cross-functional teams (Yim *et al.*, 2004). The success of customer relationship management programs calls for commitment of resources at all levels and functions of the firm. They noted that with concerted efforts

by all organizational functions to continuously provide a stream of value-rich actions and customer outcomes (Ahmed and Rafiq, 2013) the company and its sales force are assured that they can satisfy customers' needs and enhance customer relationships.

Therefore, we can say that CRM organization has to be an essential means in the way they organize their actual business processes for employees and customers (Sin et al 2005; Yim et al., 2005). In the end, all of organizations resources (such as marketing capabilities, policies, culture, and organization structure) have to be integrated in order to implement CRM successfully and, in turn, develop organizations performance. Most prior research also affirm the positive effect of CRM organization on customer retention (Yim et al., 2005), financial and marketing performance (Akrouch et al., 2011; Sin et al., 2005). Furthermore, Richards and Jones (2008) notice that CRM organization may even impact marketing decisions such as brand differentiation, price, communication, and distribution. For example, it has also been reported that several hotel chains cleverly quote their room prices according to the customer data that were collected previously (Nunes & Dréze, 2006). The main purpose behind collecting data about customers is to get a clear image about them from different perspectives (Sin et al., 2005). Therefore, organizations can validate such data to be able to institute and develop beneficial relationships with their customers (Zahay and Griffin, 2004).

2.2.3 Knowledge Management

A firm cannot be customer focused without knowing the needs of customers. Customer needs driven CRM strategies requires uncovering customer needs through the analysis of customer information. Yim *et al.*, (2004), asserted that effectively transforming customer information to customer knowledge is an indicator of successful CRM. In his own words, Yim *et al.*, (2004) noted that information about

customers should be gathered through interactions or touch points across all functions or areas of the firm (Brohman *et al.*, 2003), so that a 360-degree customer view is established, maintained, and continually updated (Fox and Stead 2001).

Firms must become proficient at managing knowledge about their customers (Zablah *et al.*, 2004). Such knowledge includes, but is not limited to, knowledge about one's company, industry, competitors, customers, the procedures and processes that allow firms to work well with partners, and the organizational structures that allow firms to be efficient and effective (Arnett and Badrinarayanan 2005). They added that knowledge management provides firms with market intelligence that can be used to maintain and build profitable portfolios of customer relationships. Consequently, it is asserted that a superior knowledge management capability is an important foundation and platform for building a sustainable competitive advantage (Arnett and Badrinarayanan, 2005).

One important feature of knowledge development is the fact that knowledge is not found in the database of any firm and can only be created from information that may be found in the database or elsewhere. Knowledge in general is created in diverse ways as Arnett and Badrinarayanan, (2005) identified four distinct forms of knowledge creation or development. This includes: tacit to tacit (i.e., acquiring someone else's tacit knowledge through observation, imitation, and practice), explicit to explicit (i.e., forming new explicit knowledge by combining existing discrete pieces of explicit knowledge), tacit to explicit (i.e., developing useful rules and procedures that stem from tacit knowledge) and explicit to tacit (i.e., incorporating explicit knowledge into one's routines).

Generally, explicit knowledge is very important because of its simplicity and ease of transferability, yet, tacit knowledge, despite the fact that it is difficult to codify and can only be acquired on the job (learning by doing), usually plays an important role in the knowledge creation process (Arnett and Badrinarayanan 2005). Moreover, because tacit knowledge is difficult to develop and learned, it could be a promising source of sustainable competitive advantage (Hunt 2000).

The value of knowledge is enhanced by its level of accessibility. The more accessible knowledge is the more valuable it becomes. Therefore, customer knowledge thereby generated needs to be shared and disseminated throughout the organization (Knox 2001) to address customers' current and anticipated needs (Yim, Anderson and Swaminathan, 2005). Explicit knowledge is better disseminated through IT systems. However, Dissemination of tacit knowledge is a social process (Lee and Yang 2000). Hence, Yim, Anderson *et al.*,(2005) observed that successful dissemination of knowledge requires firms to develop both information technology systems, such as marketing management support systems (MMSSs) (to disseminate explicit knowledge) and other processes and procedures to encourage the dissemination of tacit knowledge. The ultimate outcome of knowledge management programs is the application of knowledge in a way that creates additional value for the firm and its customers. As Janz and Prasarnphanich (2013) stated, it is widely accepted that organizational performance depends more on the ability to turn knowledge into effective action than knowledge itself. Hollsopple and Joshi (2012) called attention to the importance of externalizing knowledge. They explained knowledge externalization as the activity of using existing knowledge to produce organizational outputs for release into the environment.

Consequently, customers' knowledge plays a crucial role in CRM. Organizations can use it to construct and improve their relationship with customers (Zahay & Griffin, 2004), and it enables organizations to achieve a competitive advantage in the market (Sin et al., 2005). Moreover, successful CRM is based on effectively transforming customer information into customer knowledge (Plessis & Boon, 2004; String fellow et al., 2004). Created customer knowledge needs to be public and shared throughout the organization (Ryals & Knox, 2001), because the potential of knowledge happens when it is shared within diverse functions of the organization in order to meet present customers and their predictable needs. Knowledge management helps an organization to succeed by building better customer relationships and it has a positive effect on an organization's performance (Akroush et al., 2011; Sin et al., 2005; Yim et al., 2005). Thus, in order for organizations to stay competitive, they need to obtain new information about their customers, discover and make use of their existing knowledge, and share this knowledge within the organization. Furthermore, many studies have explored that there is a positive relationship among knowledge management and market effectiveness and financial performance (Sin et al., 2005), customer retention (Yim et al., 2005), and customer satisfaction (Abdullateef, 2011). In spite of these benefits there are few studies that illuminate the role of knowledge management in the hotel's performance (Hallin & Marnburg, 2008; Lo et al., 2010; Shaw & Williams, 2009).

2.2.4 Technology Based CRM

Many CRM-oriented activities, such as knowledge management, cannot be optimized without leveraging the latest technology. Zablach, Bellenger, and Johnston (2014) described CRM technology as one of the organizational resources that serves as an input into the CRM process and is intended to enhance firms' ability to productively

build and maintain a profit-maximizing portfolio of customer relationships. Although the specific CRM tools individual firms choose to deploy are likely to vary significantly, CRM technology can be categorized according to the organizational function it is intended to support and by its functionality (Zablah *et al.*, (2005). More specifically, CRM tools are designed to support sales (e.g. opportunity management), marketing (e.g. campaign management), and service and support tasks (e.g. case management), and serve to either; Enable the coordination of tasks within a process or across functions, automate routine tasks, provide detailed insight regarding organizational and individual employee performance, or standardize common tasks and processes (Zablah *et al.*, 2005). Most CRM applications take great advantage of technology innovations, with their ability to collect and analyse data on customer patterns, develop prediction models, respond with timely and effective customized communications, and efficiently deliver personalized value offerings to individual customers (Yim *et al.*, 2005). They noted that the expansion of sophisticated information management tools, such as database marketing, data warehousing, data mining, and push technology keep firms in a continuous search for the latest technology that could be built-in into their CRM systems.

With the right CRM technology, firms are able to collect, analyse, and distribute information firm-wide. Yim *et al.*,(2005) asserted that with appropriate CRM technology for data collection and distribution, firms will be in the position to enhance prospecting, improve communication and sales presentations, and able to customize their product configurations. Another advantage of CRM technology is that it aids cross-referencing of customers of the various sections of a firm to identify trends of customer buying behaviour and this is a potential source of more sales opportunities. Butler (2010) identified enhanced customer satisfaction as the key to

attracting and making clients loyal is offering an unforgettable experience and not just accommodation; hotel chains innovate to create a unique environment, from hotel rooms to lobbies and the restaurant. Thus, changes in the design of Marriott restaurants and in the menus so as to reflect the particularities of different regions have led to up to 50% increases in sales recorded in rapport to the number of rooms' occupied (Hotels, 2004).

Along with innovation, technology is an important strategic asset that allows hotel chains to improve their performance and competitiveness. On a global scale, the role of technology in strengthening the competitive advantage of a hotel is recognized, hence its contribution to the hotel's success (Nyheim, 2014). Since the hospitality industry, as any other branch of services, is capital intensive, and human resources can represent a source of competitive advantage for a company. For instance, Ireland, in the research conducted among 3-, 4- and 5-star hotels in Dublin to analyse successful practices in hotels underline the fact that the industry depends on the know-how of personnel, of the knowledge and understanding of the clients' requirements that would make the client feel at home. Another source of competitive advantage can be found in the management of the acquisition-delivery chain. The acquisition-delivery chain can enhance the performance of a company by developing advantages in specific sequences: quality, trust, flexibility, and agility and cost efficiency. The achievement of improvements by observing this order will ensure long term benefits that will offer a sound foundation for future improvement initiatives and a better positioning of the chain to successfully deal with future challenges (Wailgum, 2007).

David (2005) is of the view that core competencies of hospitality organizations include processes, skills, and assets that influence organizations to achieve SCP. Sources that have also been mentioned to contribute to core competencies are location, brand, facilities, employee, customer loyalties, market coverage, market share, service quality, technology, leadership, systems, procedures, and organizational culture. Hotels are dynamic organizations which are affected by diverse variables hence the application of SCP will help them to sustain exemplary performance. Richard and Marilyn (2006) argue that the essence of business strategy formulation is coping with competition. Moulin (2007) also suggest that business strategy is all about competitiveness because the main purpose of strategy adoption is to enable a hotel gain a sustainable edge over its competitors. Tavitiyaman (2011) state that hotel's strategies consist of competitive moves and business approaches that managers employ to attract and please customers, compete successfully, grow the business, conduct operations and achieve targeted objectives.

Due to advances in information communication technology (ICT), a modern system has come about to reduce internal costs and better interact with the environment also to increase economic profit in the long term. Different hotels and businesses now implement different CRM systems (Moriarty et al., 2008). Because of this, Dutu and Halmajan (2011) stated that unless CRM strategy is used with information technology, it will fail. Furthermore, the strategic applied of technology in marketing is one of the most important chances in the hotel sector since it is essential to obtain the right information from the right people at the right time, so that the right decisions can be made and/or services delivered (Mohammad, *et al.*, 2013). Also, the applied of CRM technology is predictable to improve the firm's capability to maintain beneficial customer relationships by enabling information integration and sharing that influences

smooth and efficient firm-customer interactions, suitable analysis of customer data and customization of response (Mukerjee & Singh, 2009). Furthermore, Sirirak et al. (2011) found that hotels have adopted ICT as a tool because of increasing competition and customer expectations. Additionally, numerous studies report that CRM technology has a significant positive impact on their organization's performance (Abdullateef, 2011; Akroush et al., 2011; Sin et al., 2005). Similarly, Kasim and Minai (2009) have found that the technology coupled with CRM has a positive impact on hotel performance.

2.3 The Concept of Competitiveness

The Oxford dictionary defines competitiveness as having or displaying a strong desire to be more successful than others. Feurer & Chaharbaghi (1994) define competitiveness as being relative and not absolute. It depends on shareholder and customer values, financial strength which determines the ability to act and react within competitive environment and the potential of people and technology in implementing the necessary strategic changes. David (2011) defines a firm's competitive advantage as anything that a firm does especially well when compared to rivals. A destination is competitive if it can attract and satisfy potential tourists and this capability is determined both by tourism specific factors and by a much wider range of factors that influence the tourism service providers (Enright & Newton, 2004). In line with the definition by Enright & Newton (2004), hotels form part of a tourist destination. Further, Thompson & Strickland (2003) say that a company has competitive advantage whenever it has an edge over its rivals in attracting customers and defending against competitive forces. They further continue to say that there are many routes to competitive advantage, but the most basic is to provide buyer with what they perceive as superior value-a good product at low price, a superior product

that is worth paying more for, or a 4 best value offering that represents an attractive combination of price, quality, features, service and other attributes buyers find attractive. Exploitation of an organization's competitive advantage is achieved through competitive strategies. Competitiveness affects the way an organization will give its offerings to the market environment. Johnson, Scholes & Whittington (2008) say that following the resource-based view of strategy; strategy is about exploiting the strategic capability of an organization in terms of its resources and competences to provide competitive advantage and/or yield new opportunities. Varmah (2012) argues that in order to achieve competitive advantage, firms are required to make strategic choices about the type of competitive advantage they seek to attain and the scope within which it will attain it. Firms will choose strategies that will give them competitive advantage in the industry within which they operate. Harrison (2010) explains that a competitive advantage is best gained when the company has resources be it labor, know-how or products that are difficult to imitate.

2.3.1 Competitive Strategies

A hotel achieves Competitiveness when an attractive number of customers prefer its services over the offerings of competitors and when the basis of this preference is durable (Sabah *et. al.*, 2012). Businesses will only result in Strategic Competitive Positioning when the appropriate strategic management drivers of performance are adopted. The management of these key success factors results in superior value. Hotels can take advantage of their overall products and services to come up with services, which are superior to their competitors. Porters' Generic Strategies can create competitiveness for a firm through the adoption of differentiation and cost-leadership and customer focus. These strategies give a firm a better chance of outperforming other firms in a homogeneous industry. Porter (2009) stated that for a

firm to achieve high performance it has to achieve one of the basic competitive advantages that are lower cost and differentiation. He further suggests that a firm, which does not adopt any one of these strategies, is geared towards failure.

2.3.1.1 Differentiation

Creating products through a unique selling proposition or services that are appreciated industry-wide as being unique and valuable can achieve differentiation. Differentiation can take different forms such as various marketing strategies, better product image, better market awareness, low prices, higher product quality and better customer service or availability of goods. Differentiation helps firms to build customer loyalty through offering unique products or services thus helping firms to perform better than others (Allen and Helms, 2006) Firms that adopt differentiation can charge higher prices based on their costs, channels of distribution and quality or they can choose to differentiate themselves in any other area of their distinctive competencies.

Differentiation strategies can be classified into market and product strategies. In product-innovation, firms outperform their competitors by increased creativity, quality, efficiency, and innovations among others (Akan *et al.*, 2006). Marketing differentiation involves the use of marketing practices for hotels to differentiate themselves, which include market segmentation, branding, promotions, pricing, and advertising.

Therefore, when you want to differentiate yourself, you need to look through the different attributes and define their importance and market them. This process can work through research to determine which things consumers find most important; and then you can use this as your uniqueness point and create a specific market for them.

2.3.1.2 Cost Leadership

Cost leadership, is based on mass production and strict cost control of the main business functions. Cost leadership may emerge, for example, from standardizations, economics of scale or better deals with suppliers (Borza and Bordean 2008).

A hotel can gain competitive advantage by adopting a low-cost strategy such as mass production, technology adoption, achieving economies of scale and access to raw materials. A cost-leadership strategy can improve the performance of hotels by giving them distinctive competencies in the management of materials and in the production process.

Cost leadership is one of the concepts that Porter developed, it basically means the lowest cost of operations in a specific industry. It is driven by the start-up's efficiency, scale, size, scope as well as its cumulative experience. Cost leadership aims to take advantage of the scale of production, the well-defined scope, producing highly standardized products, the use of advanced technology and other economies.

2.3.1.3 Customer Focus

Customer Focus refers to the strategy in which a narrow competitive scope within an industry, such as a particular buyer group, a segment of the product line, or a geographical market, is targeted and a cost leadership or differentiation strategy is tailored exclusively for its needs. Bring the reference here to stay competitive in the dynamic and variable environment of hotel industry, the managers will need to create innovative changes focused on customers' demands and interests (Heymann, 2010). The managers, who effectively unify their customer needs with their various work processes before the competitors, will obtain the ability to establish more effective relation with the customers, enhance level of service quality, gain customer

satisfaction, reliability, and profitability, and finally maintain their position in the competitive environment of hotel industry. Burke & Wills has attempted to create some sort of relationship to returning customers by gathering information that can help create a more personalised approach, distinguishing customers and seeing them as individuals.

2.4 Overview of CRM Dimensions and Competitiveness

Christian (2007) highlights a positive relationship between customer relationship management and organizational competitiveness. This is because CRM is a comprehensive strategy for acquiring, retaining, and partnering with selected customers to improve quality for the company and the customer (Sigala, 2005). Jain (2007) asserts that when CRM is implemented in organizations it develops a series of functions, skills, processes and technologies that help organizations to achieve long-term customer loyalty thereby improving on their competitiveness. Coltman (2007) contents that CRM is a core process in enhancing competitiveness and performance. They further assert that CRM policies in the hotel sector must concentrate on customer satisfaction, customer retention and customer quality. Kangu (2017) notes Customer Relationship Management improves competition through its various processes because it enables hotels to evaluate their efficiency in serving customers. Hotels therefore have a duty to identify customer needs in order to plan how to satisfy them (Zander and Zander, 2005). Customer relationships are one of the most expensive assets a hotel can have because satisfied customers are more likely to return to the hotels and to recommend others (Jones *et al.*, 2007).

Uzel (2012) states that there is intense competition in today's hotels which requires managers to adopt strategic drivers of performance in order to improve hotel services. CRM strategy is a customer centred rather than product centred interaction with

customers, which adds value to the services offered in hotels to enhance the desired results. Minal and Kasim (2009) state that CRM improves hotels performance through engaging profitability or profitable customers in long-term relationships in order to improve profits in the hotel industry. CRM strategy if applied will attract new customers in the hotel industry, which is facing a lot of competition, which requires that they differentiate their customers (Piccioli *et al.* 2003). Hotels like other organizations need to assess users' satisfaction levels towards their service so that they can use the feedback to make positive adjustments to their products and services. Iravo *et al.*, (2013) state that dissatisfied customers will be disloyal to the organization and will talk about their bad experience to other customers.

In this study, the hotel industry is highly competitive and the right knowledge about customer values and demands is essential to differentiate from competitors and gain sustainable competitiveness. Implementing traditional marketing strategies is often no longer enough to achieve this goal. Relationship marketing has increasingly become more important, as this concept suggests more focus on retaining the customer and creating a win- win situation with a long-term perspective. Most a good balance between acquisition and retention directed to the right segments is essential for future success. In summary, successful CRM depend on the implementations of these dimensions: focusing on key customers, organizing around CRM, managing knowledge, and incorporating CRM-based technology into an effective overall CRM strategy.

The above literature has shown that the two variables have been looked at as individually and not in their totality. The proponents of competitiveness and competitive advantage explain what they are and the strategies that the organizations and the hotels can undertake to achieve them. Johnson, Scholes & Whittington (2008)

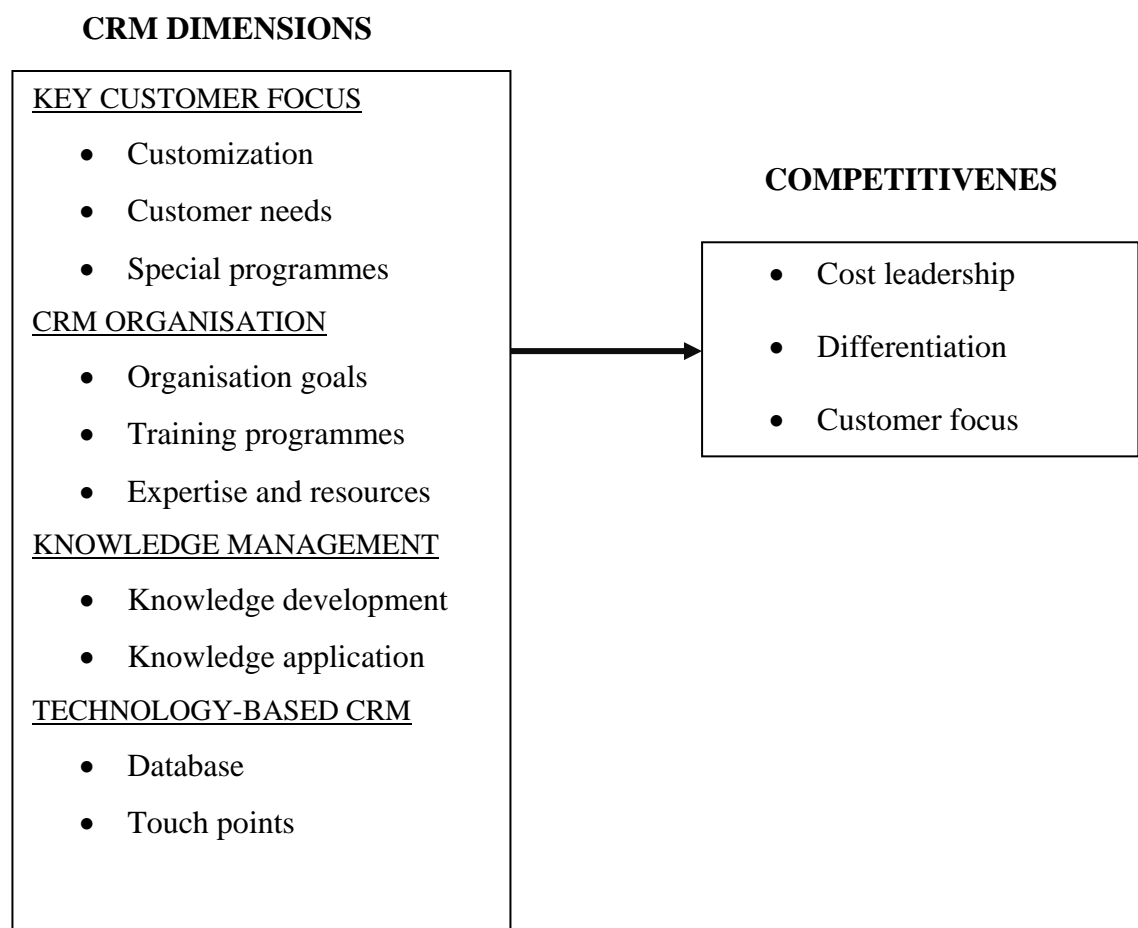
viewed competitive advantage and superior performance as resultant measures of the distinct capabilities that an organization has. Armstrong & Baron (2006) looked at performance management as a process that contributes to effective management aimed at achieving higher levels of performance. Hartle (1995) championed the paradigm shift in his definition when he explained that performance management should be integrated to performance of the organization and linked to the strategy of the organization. Wadongo et al. (2010) used the modified results and determinants model to identify key performance indicator for the Kenyan hospitality industry where financial performance and competitiveness were some of the dimensions. The hospitality industry has been researched in totality but not hotels on their own. This study therefore seeks to bridge this gap by linking CRM dimensions practiced by the hotels to their competitiveness that will identify the determinant measures for competitiveness.

2.5 Conceptual Framework

The conceptual framework below figure 2.3 shows a layout of the CRM dimensions that are used in hospitality establishments. These dimensions are interlinked as adapted from the CRM dimensions model Sin *et al.*, (2004) and applied throughout the organization behaviour leading to improvement in customer satisfaction and as a strategy for competitiveness. For instance, key customer focus, which entail hotels offering products and services that are customized as per the customer needs. For this to happen then special programmes have to be carried to get this information from customers like loyalty programmes. Once this is done the hotel organisation leads to the next step, which involve curving their goals towards customer relationship .In this case staff will have to be trained and use expertise to achieve this goal. This will lead to managing the knowledge gaining by applying it when dealing with customers or

even how it is used within the organisation. Finally, all these CRM activities can be optimized by use of technology, gathering and storing the customer information into the organisation database, which allows easy access to customer portfolios at the different touch points in the customer cycle. Therefore, when an organisation undertakes these dimensions, it stands out among its competitors and it's able to offer differentiated products and services to its customers. Also, it will attract more customers and gain an edge in reducing costs and finally it will be able to focus on achieving its objectives related to customer relationship.

Figure 2.3: Conceptual Framework



Source: Modified from. Sin *et al.*, (2004)

Source: Porters' Generic Strategies (2009)

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter of the study deals with the methodology of the study and consists of the study area, research design, target population, sample and sampling techniques, data collection instruments, data collection procedures, methods of data analysis of the study and ethical considerations.

3.1 Study Area Description

The study was conducted in Diani. Diani beach is a major beach resort on the Indian Ocean coast of Kenya. It is located 30 kilometres south of Kwale County. The beach resort is about 10 kilometres long from the Kongo River to the north and Galu beach to the south. It is adjacent to the town of Ukunda. Diani has a population of around 100,000 inhabitants and is famous for its white sand beaches, Blue Ocean and surfing. Tourism and fisheries are the anchor economic sectors of Kwale County, where Diani is situated. Diani Beach and the southern coast of Kenya have a warm, tropical climate all year round, similar to Mombasa. It has played an important part in Kenya's tourism economy due to infrastructure (a small airstrip is located between the beach area and the Mombasa-lungalunga Road), high-class restaurants, hotels, several shopping centres, conducive climate, safety and security. Diani is an archipelago Island; it is the most active tourist area compared to Mombasa mainland and other surrounding islands of the Kenyan coasts (KAHC, 2014). Diani is regarded as one of the best beach destinations in the World as well as the leading beach destination in Africa. This has led to well-developed systems of hotels and top-rated tour companies. These have hosted numerous international conferences, conventions, and meetings. These hospitality establishments in Diani have gone beyond to embrace the

latest modes of hospitality marketing to attract both the local and international clientele with the need of gaining a competitive advantage Nyongesa (2006).

3.2 Research Design

The study employed a descriptive survey research design to make intensive investigations on the extent to which hotels in Diani knew and implemented the Customer Relationship management behavioural dimensions and their implication on competitiveness. The design manifested basic features of both qualitative and quantitative research.

3.3 Target Population

Target population is a given population which a researcher can reasonably generalize the findings (Mugenda & Mugenda, 2012). The target population need to be defined based on criteria such as elements, geographical boundaries, and time (Sekaran & Bougie, 2010). The elements in the present study are classified hotel facilities in Kenya Coast according to the list of Tourism Regulatory Authority released in July 2016. The Coast region of Kenya is bounded by Indian Ocean to the East, Garissa County and Isiolo County in the North, Kajiado County, Kitui County and Makueni County in the West and Republic of Tanzania in the South. Kenya's Coast area which is the study's geographical framework comprises of five Counties: namely; Kwale County, Mombasa County, Taita Taveta County, and Kilifi County. Kwale County hosts Diani Beach which main economic activity is tourism and categorized as a Coastal beach. According to Tourism Regulatory Authority, there are 36 classified hotel facilities in Diani (Appendix x). These facilities are categorized into vacation hotels, town hotels, lodges, tented camps, and villas, cottages and apartments (Republic of Kenya, 2016).

According to Economic Survey 2016, hospitality facilities are categorized into area where they are found. This categorization results into ten zones. These zones are: Coastal-Beach, other coastal, coastal hinterland, Nairobi-high class, other Nairobi, Central, Maasai land, western and northern Nyanza basin. Kingi (2013) stated that 63 per cent of tourism activities take place in 82 Coastal- beach-Region (Appendix X). This percentage indicates that tourism activities are skewed in favour of Coast –beach region of Kenya (Republic of Kenya, 2015). With the 63% of the tourism activities taking place in Coast region of Kenya, means that the remaining 37% takes place in other regions of Kenya put together. This fact alludes to aptness of this study in two ways. One is the justification as to why this study has been done in Diani region of Kenya and not any other region within Kenya. Two the possibility to make the results of this study generalised entire population of classified hospitality facilities in Kenya can also be justified.

The classified hotel facilities were 4 and 3 stars rated which had attained meaningful service levels according to Statistical Abstract (GoK, 2012) with ten functional departments each. These departments are human resources department, information technology department, food production department, security department, sales and marketing department, finance and accounting department, front office department, house-keeping department and procurement department. Since CRM is behavioural concept which entails contact with customers three major departments being; front office, marketing and food and beverage were involved in the study. Conventionally (Minazzi, 2010) hotel classification systems promote best practices and quality awareness by service providers, and more importantly, guarantees guest satisfaction and experience during their stay at a destination. It primarily serves to facilitate prospective travellers' choice of reliable and dependable hotels offering safe food and

accommodation services (UNWTO, 2015). The type of rating system a destination may choose to adopt plays a critical role in its marketing strategy. Therefore, staff working in front office, food, and beverage service and marketing departments from the human resource records of these hotels were administered with a questionnaire.

Table 3.1 Target Population

Hotel Classification	No. of Hotels	Departments No. of Employees			TOTAL
		Front Office	Food and Beverage service	Marketing	
★★★★ Star rated	10	50	90	10	150
★★★ Star rated	26	100	175	20	295
TOTAL	36	150	265	30	445

Source: Statistical Abstract (GoK), 2018

3.4 Sampling Technique

Cross-sectional sampling was used to determine the hotels from which the target population would be identified. A simple random sample of the 4 and 3 star-rated hotels was used to select five hotels from each category identified which was representative enough for study. Purposive sampling was also be used to select the three departments in the hotels which had the required information that was in conformity with the objectives of this study as they have direct contact with the customers and they can practice CRM dimensions. In addition, simple random sampling was used to select the employees from the front office, marketing and food and beverage departments' who were administered with the questionnaire.

3.4.1 Sample Size

The sample size of the study was 443 according to Mugenda and Mugenda; 2003. These were operational staff working in these three departments (front office, food and beverage service and marketing) of hotels in Diani beach, Kenya who have direct contact with the customers and they can practice CRM dimensions.

3.4.2 Sample Size Determination

If there is no estimate available of the proportion in the target population assumed to have characteristics of interest, 50% should be used as recommended by Fisher *et al.* If the proportion of a target population with a certain characteristic is .50, the z-statistic is 1.96, and we desire accuracy at the 0.5 level then sample size is:

$$n = \frac{(1.96)^2 (.50) (.50)}{(.50)^2}$$

$$= 384$$

Hence Mugenda and Mugenda recommend the following formula for substitution:

$$nf = \frac{n}{1 + n/N}$$

According to the above formula: nf= desired sample size when the population is less than 10,000, n= desired sample (384) N= estimate of the size

$$\text{Thus, } nf = \frac{384}{1 + 384/445}$$

$$= 443$$

The sample size was achieved as shown in table 3.2 below.

Table 3.2 Sampling Frame

Hotels	No. of Hotels	Service staff	Target population		Sample size
4**** _(star) hotels	5	30	150	384/385*150=	149
3**** _(star) hotels	5	59	295	384/385*295=	294
TOTAL			445		443

Source: Authors own compilation, 2017

3.5 Data Collection

3.5.1 Data Types and Sources

The study used both primary and secondary data sources. Primary data was obtained from employees of front office, food and beverage service and marketing departments of Diani beach hotels Kenya. On the other hand, secondary data was obtained through documentary analysis by examining journals, publications, and past studies by scholars and authors. This information was compared with responses gathered from primary data sources to derive meaningful interpretation of findings hence it helped in drawing reliable conclusions.

3.5.2 Data Collection Instruments

Questionnaires were administered to collect the required data for the study. The questions were specifically designed to measure CRM practices of firms in relation to the four behavioural components of CRM, that is, Key Customer Focus, CRM Organisation, Knowledge Management, and Technology based CRM as proposed by Sin, Tse, and Yim (2004). It was made up of six sections. The first sections collected data on the profile of respondents. The rest of the five sections contained a (5) five-point scale questionnaire items, with the second section collecting information on the

key customer focus practices of the hotels. The third section collected data on customer knowledge management practices of the hotels with the fourth section collecting data on effects of technology-based management and fifth section collected data on competitiveness indicators affected by CRM dimensions.

3.6 Pilot Study

The questionnaires were pre-tested on a pilot set of 20 respondent managers and employees for comprehension, logic, and relevance. Respondents in the pre-test were drawn from Luxury hotels, Retreat hotels, Resort/bungalows, and Boutique hotels, which are similar to those in the actual survey in terms of background characteristics, familiarity with the topic of research, attitudes, and behaviours of interest but they didn't form the sample in the definite study. The pilot study population was picked from hotels in Ukunda for ease of accessibility and because it has majority of the hotels. Sigmund *et al.*, (2009) recommend that the questionnaire pre-tests were done by personal interviews in order to observe the respondents' reactions and attitudes. All aspects of the questionnaire were pre-tested including question content, wording, sequence, form and layout, question difficulty and instructions. The feedback obtained was used to revise the questionnaire before administering it to the study respondents.

3.7 Reliability Test

The reliability of the study measure was assessed by computing Cronbach's Alpha coefficient for all items in the questionnaire and the overall assessment given (Sekaran and Bougie, 2010). The Cronbach's alpha coefficient ranges between zero and one with higher alpha coefficient values being more reliable. A questionnaire with a good internal consistency should have high alpha coefficients. It contained

items to measure all the constructs using 5-point Likert scale and open-ended questions for different opinions. A reliability analysis was carried out on the perceived task values scale comprising items found in each objective by use of Cronbach's alpha.

A reliability analysis was carried out on the perceived task values scale comprising items found in each objective. Cronbach's alpha showed the questionnaire to reach acceptable reliability for key customer focus, organisation management, knowledge management, technology-based and competitive strategies at $\alpha = 0.744$, $\alpha = 0.867$, $\alpha = 0.823$, $\alpha = 0.699$ and $\alpha = 0.822$ respectively. The Cronbach's alpha coefficient ranges between zero and one with higher alpha coefficient values being more reliable. Most items appeared to be worthy of retention, resulting in a decrease in the alpha if deleted.

Table 3.3: Reliability Analysis

Objectives	Objectives	Cronbach's Alpha	N of Items
1.	Key customer focus	0.744	9
2.	Organisation management	0.867	11
3.	Knowledge management	0.823	11
4.	Technology-based	0.699	12
5.	Competitive strategies	0.822	11

Source: Authors own compilation, 2017

3.8 Data Collection Procedures

Data Collection Procedures Authority to collect data was sought from Moi University School of Tourism, Hospitality and Events Management as well as the various Hotels which were identified for data collection. The researcher made use of the research assistants whom she had trained before so that they could carry out the data collection exercise. Visits, phone calls and emails were used to establish the contact persons, to deliver the questionnaires, to make follow up and to get the questionnaires back.

In cases marketing department which was not fully fledged for a particular function, the officer in charge of that particular function was entrusted to fill the questionnaire. Thus, employees occupying managerial or supervisory positions were selected since they were considered to have knowledge required to fill the questionnaire. To facilitate the distribution to the respondents, the questionnaire was sent to each of the 3 of managers identified department. The researcher or the research assistant after introducing himself/herself would request the contacts of the person to whom the questionnaires were left with; mobile phone numbers or email addresses were preferred. The filling of the questionnaires was supposed to take a maximum of two (2) weeks. An aggressive follow up was made so as to maximize the response rate while minimizing the non-response rate. A first phase of follow-ups was made after the expiry of this period while the second phase of follow-ups was done after the expiry of third week. After the third week, those facilities which had not filled the questionnaire and which are not far, a physical visit was made since facilities are within same area. A visit was made after an appointment was made through a phone call with the contact person.

In this study, 55 out of 60 questions are Likert scales type of questions. This represents more than 85 per cent of the total questions. The five remaining questions, two were open-ended questions and the remaining three multiple types of question. Likert Scale is more of an opinion assessment questions and therefore respondents in the same classified hotel facility may differ in their assessment of the variables in the study. Thus, averaging the corresponding answers classified hotel facility's the informants received a higher estimate of the true score for that facility (Van Bruggen *et al.*, 2002).

3.9 Data Analysis

Descriptive statistics (mean, standard deviations, and percentages) was employed to analyse the collected data, which was presented in tables. Multiple regression analysis was also carried out to see if there is any significant relationship in the orientation of the hotels towards the four behavioural practices of CRM used in the study as well as among the four classes of hotels since it explains causal relationships between variables as per the formula below (Mugenda, 2003).

3.10 Relationships between Study Variables

Univariate analysis is the process of describing or analysing a single variable at a time. This was done through Descriptive figures used to sum up the data gathered from the respondents. The responses and the subsequent data were on the questions asked based on the independent variable and dependent variable. The questions on independent variable were based on the CRM dimensions and they included questions on customer key focus, CRM organization, KM, CRM technology. The questions on dependent variable were based on organizational competitiveness. The descriptive statistics also sometimes called “inductive statistics” used in this study included frequency, central tendency, and dispersion of data relating to how respondents reacted to the items in the questionnaire. Tabular presentations were also used as a means of obtaining visual summary for the variables. The frequency simply showed the number of times an item in the questionnaire had been scored, and percentage frequencies were derived from the frequencies. The frequencies and percentage frequencies were then presented in form of frequency distribution tables. The independent (CRM dimensions) and dependent (competitiveness.) variables were presented in descriptive statistics such as maximum, minimum mean and standard

deviation. All variables presented in this form had been measured on a scale of 5. The diagnosis on the suitability of the data to be used on regression analysis was done.

Inferential statistics help to establish how various variables relate among themselves. In this study, the sample size (n) is equal to 443. This satisfies the central limit theorem which by far is the most important theorem in statistical inferences” (Kothari, 2009). The study sought to establish the underlying relationships between variables and to what degree independent variables had an effect on dependent variables. The study employed reliability analysis to assess internal consistency among the variables of study and multiple regression analysis was carried out to see if there is any significant relationship in the orientation of the hotels towards the four behavioural practices of CRM.

3.10.1 Multiple Linear Regression

Multiple linear regression (MLR) allows the analysis on the level of contribution of several independent variables on the dependent variable and the magnitude of the contributions. The dependent variable was competitiveness while the independent variables key customer focus, organisation management, knowledge management and technology-based.

3.10.2. Model Summary

A regression model was built with competitiveness (Y) as the dependent variable against the independent variables which are key customer focus (X_1), organisation management (X_2), knowledge management(X_3), and technology-based (X_4). The summary of the model equation is shown below.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where:

Y = Dependent variable competitiveness

α = Y-intercept (a constant term)

$\beta_1, \beta_2, \dots, \beta_n$ = Slope parameters (partial coefficients) X_1 = key customer focus, X_2 = organisation management, X_3 = knowledge management, X_4 = technology-based, ϵ = Residual (error term)

The beta (β) values coefficients for the model indicates the level of contribution of the individual variable to model. The beta values indicate the extent the values of the dependent variable changes when the independent variable was to increase by a factor of one when the other variables were held at a constant. The reverse of the statement is also true. A positive coefficient indicates that when the value of the independent variable increases, the dependent variable also increases while the reverse is also true.

3.11 Ethical Considerations

Permission was sought and obtained from Moi University department of Hotel and Hospitality. Privacy and confidentiality of all the study participants was observed and informed consent from the study subjects sought. The purpose of the research was explained to them and that they were free to participate or not to participate. The participants were explained of benefits of participation. The privacy and confidentiality of the respondents was guaranteed by allowing the employees to remain anonymous. In addition, the information gathered from the respondents was be used for analyses only.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Overview

The purpose of the analysis was on the effects of customer relationship management (CRM) dimensions: key customer focus, organisation management, knowledge management, technology based on competitiveness of Diani Hotels. This chapter presents research findings by focusing on; descriptive statistics, data analysis and suggestions by the respondents based on the specific objectives of the study. Using concise and inferential statistics, data on the CRM dimensions and results were analysed.

4.2 Response Rate and Reliability of the Instruments

The response rate is calculated by dividing the number of completed questionnaires by the number of predicted questionnaires from all the qualified respondents (Churchill et al., 2009). The reliability of the instruments is an indicator of questionnaire accuracy.

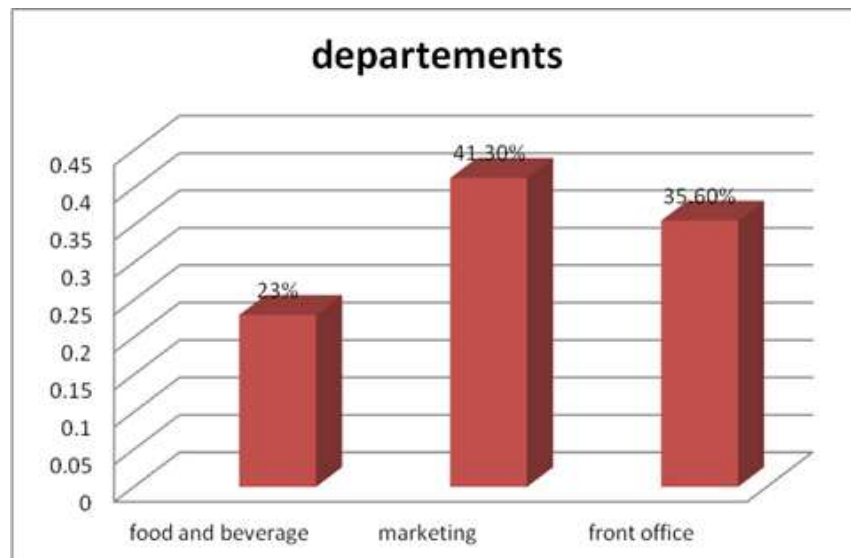
4.2.1 Response Rate

The population goal for the study was respondents occupying managerial or supervisory positions at 36 classified hospitality facilities. As such, a total of 443 questionnaires were issued out of which 440 were duly filled and returned by the 36 classified hotel facilities. In terms of the returned questionnaires out of the issued ones, the response rate in percentage translates to 98.87 % as shown on Table 4.1. A 50 per cent response rate is acceptable; 60 per cent is decent, while 70 per cent and above are considered very decent, according to (Mugenda & 127 Mugenda, 2003). In this study, a response rate of 98.87 percent was achieved, and is not only adequate but

good for the study (Kothari, 2009; Mugenda, 2008; Mugenda & Mugenda, 2003). One of the strategies used in order to achieve such a response rate was pre-notification of the managers by the human resource department and also guaranteeing the respondents of confidentiality.

Respondents represented a group where (55%) were male, and the remaining forty five percent (45%) were female who had Tertiary level of education with 64.5% of the respondents acknowledging to having attained college level education while 35.5% of the respondents having degree and postgraduate education levels. The staff section levels distribution of the respondents indicated that 28.6% of the respondents were managerial staff, 44.3% respondents were supervisors and the remaining 27% were support staff. As illustrated in figure 4.2 below 23 % of the respondents were from food and beverage department, 41.3% respondents were from marketing department and remaining 35.6% were from the front office department.

Figure 4.1: Departments of the Respondents



Source: Authors own compilation (2017)

4.2 Customer Relationship Management Behavioural Dimensions in Diani

The respondents were asked about customer relationship management behavioural dimensions they were aware of within the hotel industry that had an effect on competitiveness and the response was; key customer focus, organisation management, knowledge management and technology-based CRM as indicated on the table 4.1.below.

Table 4.1: Response on Awareness of CRM Behavioural Dimensions

CRM Dimensions	Dimension Behaviours	Percentage
Key customer focus	Customer needs	35.7
	Customization	30.5
	Special programmes	33.9
Organisation management	Organisational goals	37.5
	Training programmes	33.2
	Experts and resources	29.3
Knowledge management	Knowledge development	50.3
	Knowledge application	49.7
Technology-based	Touch points	56.4
	Databases	43.6

Source: Authors own compilation, (2017)

4.2.1 Key customer Focus Practices and Competitiveness

Table 4.2: Key Customer Focus Behavioural Dimension

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Statistics	
						M	SD
Talk to customers	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.99	0.187
Personalized products and services	99.5%	0.5 %	0.00%	0.00%	0.00%	4.96	0.674
Customer needs	99.5%	0.5 %	0.00%	0.00%	0.00%	4.99	0.187
Interacting with customers	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.99	0.187
Special programmes	99.5%	0.5 %	0.00%	0.00%	0.00%	4.96	0.187
Numerous transactions	99.5%	0.5 %	0.00%	0.00%	0.00%	4.99	0.187
Distinguish customers	99.5%	0.5 %	0.00%	0.00%	0.00%	4.99	0.187
Different needs	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.96	0.674
Customer needs information	99.5%	0.5 %	0.00%	0.00%	0.00%	4.99	0.187

Source: Authors own compilation, (2017)

The researcher further investigated the relationship between the Key customer focus practices and competitiveness of Diani Hotels. As to whether personalized products and services affects competitiveness 0.00 % respondents disagreed while 0.5 % agreed and 99.5 % strongly agreed yielding a mean of 4.99 with 0.067 as the standard deviation.

The question of customer needs affecting competitiveness was also responded to, and 0.0 % strongly disagreed, 0.0 % disagreed, 0.0 % were not sure while 0.5 % of the participants agreed, and 99.5 % strongly agreed yielding a mean of 4.99 and a standard deviation of 0.067.

Providing special programmers improve interrelationship with the customers enhances the hotels competitiveness. This was not disagreed 0.0 % of the participants while 0.5 % agreed and 99.5 % strongly with a mean of 4.99 and a standard deviation of 0.067. Also, interacting with customers has led the hotels to gain competitiveness. A cumulative percentage of 0.0 % remained neutral and did not disagree while a cumulative percentage of 3.6 % were in agreement and a cumulative percentage of 96.4 % were in strong agreement leading to an average of 4.96 with a standard deviation of 0.187.

When asked if practice of catering for customers different needs lead to competitiveness a 0.0 % were not in agreement 0.5 % were in agreement and a cumulative of 99.5 % were in strong agreement giving a mean of 4.99 and a standard deviation of 0.067. On the issue of collecting information on customer needs to improve hotel competitiveness, 0.0 % were not in agreement while a cumulative 3.6 % were in agreement and a cumulative of 96.4 % strongly agreed. These led to a mean of 4.96 and yield a standard deviation of 0.187.

The researcher also sought if numerous transactions with customers affect competitiveness. 0.00 % were not in agreement, while a cumulative percentage of 0.5 % agreed and cumulative percentage of 99.5 % were in strong agreement with an average mean of 4.99 and a standard deviation of 0.067 as summarized in table 4.2 above.

4.2.2 Effects Organization Management on Competitiveness

The researcher further investigated the relationship between organization management practices and competitiveness as to whether sales and marketing enhances competitiveness 0.00 % disagreed 0.5% agreed and 99.5 % strongly agreed giving a mean of 4.99 and a standard deviation of 0.067. On the issue of whether modifying services leads to competitiveness a cumulative 0.0 % did not agree while a cumulative 3.6 % were in agreement and a cumulative 96.4 % were in strong agreement that led to a mean of 4.96 and a standard deviation of 0.067.

On the organization encouraging staff 0.0 % disagreed, 0.5 % agreed and 99.5 % strongly agreed hence a mean of 4.99 and a standard deviation of 0.067. In reference to the organization using several techniques 0.0 % were in disagreement, while 0.5 % agreed and 99.5 % strongly agreed leading to a mean of 4.99 and a standard deviation of 0.067. The hotels practices of evaluating and rewarding its employees the participants answered as follows: none disagreed, 3.6 % were in agreement and 96.4 % were in strongly agreement that led to a mean of 4.96 and standard deviation of 0.187. On whether the hotels had set clear goals a cumulative 0.0 % did not agree, 0.5 % agreed and 99.5 % strongly agreed giving a mean of 4.99 and standard deviation of 0.067.

In reference to hotels use of CRM structures none disagreed, 0.5 % agreed and 99.5 % strongly agreed leading to a mean of 4.99 and standard deviation of 0.067. The question of having flexible structures was also responded to with 0.00% disagreeing remaining neutral, 0.5 % agreeing and 99.5 % in strong agreement giving a mean of 4.99 and standard deviation of 0.067. On the organization having cross functional teams to cater to customer needs none disagreed, 0.5 % agreed and 99.5 % strongly agreed giving a mean of 4.99 and standard deviation of 0.067. Finally, on the organization being continuously improved and coordinated 3.6 % were in agreement and a total of 96.4 % were in strong agreement giving a mean of 4.96 and standard deviation of 0.187.

Table 4.3: Organisation Management Behavioural Dimension

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Statistics	
						M	SD
Train employees	96.4 %	3.6 %	0.00 %	0.00 %	0.00 %	4.99	0.187
Sales and marketing	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.96	0.067
Modify services	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.99	0.187
Encourage staff	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.96	0.067
Several techniques	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.96	0.067
Evaluate and reward	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.99	0.187
Clear goals	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.96	0.067
CRM structures	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.99	0.187
Flexible structures	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Cross functional teams	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.96	0.067
Continuously improved and coordinated	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.99	0.187

Source: Authors own compilation (2017)

4.2.3 Effects Knowledge Management CRM on Competitiveness

In conducting this study, the researcher sought to find out the knowledge management practices that affects competitiveness of hotels in Diani. The summaries of the findings from the respondents are presented in Table 4.4.

On the question whether the hotels had enough employees 3.6 % agreed and 96.4 % were in strong agreement leading to an average of 4.96 with a standard deviation of 0.187. In reference to employees having the right knowledge to help customers nobody disagreed, 0.5 % agreed and 99.5 % were in total agreement that led to an

average of 4.99 with a standard deviation of 0.067. In analyzing customer information 0.0 % disagreed, 3.6 % agreed and 96.4 % strongly agreed leading to an average of 4.96 with a standard deviation of 0.187.

In regard to knowledge sharing by the employees none disagreed, while 0.5 % agreed and 99.5 % strongly agreed leading to an average of 4.99 with a standard deviation of 0.067. On whether the employees had knowledge accessibility 0.0 did not agree, 3.6 % agreed and 96.4 % strongly agreed leading to an average of 4.96 with a standard deviation of 0.187. On the issue of information being gathered at interaction points none of the participants agreed, 0.5 % were in agreement and 99.5 % were in total agreement leading to an average of 4.99 with a standard deviation of 0.067.

Proceeding establishing customer view 0.5 % agreed and 99.5 % strongly agreed leading to an average of 4.99 with a standard deviation of 0.067. On the use of market, intelligence for portfolios 3.6 % agreed ad a 96.4 % strongly agreed leading to an average of 4.96 with a standard deviation of 0.187. Finally, diverse ways of customer knowledge a cumulative 0.0 % were in disagreement, 0.5 % were in agreement and 99.5 % in total agreement leading to an average of 4.99 with a standard deviation of 0.067. Table 4.4 shows that the summary of knowledge management practices findings that affect competitiveness.

Table 4.4: Knowledge Management Behavioural Dimension

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Statistics	
						M	SD
Employees are trained	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Enough employees	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.96	0.187
Helping customers	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Communication channels	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Analysis of customer information	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.96	0.187
Knowledge sharing	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Knowledge accessibility	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.96	0.187
Information gathered at interactions	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Establishing customers view	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Market intelligence for portfolios	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.96	0.187
Diverse customer knowledge	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067

Source: Authors own compilation, (2017)

4.2.4 Technology- Based CRM Practices on Competitiveness

In conducting this study, the researcher also sought to find out the relationship of technology-based practices that affects competitiveness of hotels in Diani. The summaries of the findings from the respondents are presented in Table 4.5.

On the question of gathering comprehensive customer information 0.00 % were in disagreement, 3.6 % were in agreement and 96.4 % were in strong agreement leading to an average of 4.96 with a standard deviation of 0.187. At the point of contact 0.5 % were not sure, 0.5 % agreed and 99.1 % strongly agreed with an average mean of 4.97 and 0.34 standard deviation, in reference to having the right soft wares and hardware's at the point of contact, 0.00% disagreed, 0.5 % were in agreement and 99.5 % were in total agreement leading to an average of 4.99 with a standard deviation of 0.187. In utilizing technology 0.00 % disagreed, 0.5 % were neutral, 3.6 % agreed and 95.9 % strongly agreed giving an average of 4.94 with a standard deviation of 0.38. In regard to use of technology for cross referencing a cumulative 0.00 % disagreed, 0.5 % agreed and 99.5 % strongly agreed leading to an average of 4.99 with a standard deviation of 0.067.

On use of technology to enhance portfolios 0.00 % disagreed, 0.00 % were not sure, 3.6 % agreed and 96.4 % strongly agreed leading to an average of 4.96 with a standard deviation of 0.187. On the issue of the ability to collect and analyze data a 0.00% were in disagreement, 0.00% of the participants held no opinion, 0.5 % were in agreement and 99.5 % were in total agreement leading to an average of 4.99 with a standard deviation of 0.067. The question on application development prediction model 0.00% disagreed, 0.00 % held no opinion, 0.5 % agreed and 99.5 % strongly agreed leading to an average of 4.99 with a standard deviation of 0.067. On the application responding timely 0.00.8 % disagreed, 0.00 % were neutral, 3.6 % agreed

ad a 96.4 % strongly agreed leading to an average of 4.96 with a standard deviation of 0.187.

On whether the application was efficient on delivery 0.00% were not decided, 0.5 % were in agreement and 99.5 % in total agreement leading to an average of 4.99 with a standard deviation of 0.067. In regard to technology improving communication 0.00% were not decided, 3.6 % in agreement and 96.4 % in strong agreement leading to an average of 4.96 with a standard deviation of 0.187. Finally, on use of technology aid cross referencing none were in agreement, 0.5 % were in agreement and 99.5 % in total agreement leading to an average of 4.99 with a standard deviation of 0.067. Table 4.5 shows that the summary of technology –based practices findings that affect competitiveness.

Table 4.5: Technology-based Behavioural Dimension

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Statistics	
						M	SD
Comprehensive database	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.96	0.187
Customer information at point of contact	99.1 %	0.5 %	0.5%	0.00%	0.00%	4.97	0.034
Right software and hardware	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Technology personnel	95.9 %	3.6 %	0.5%	0.00%	0.00%	4.94	0.382
Technology for cross referencing	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Technology enhances portfolios	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.96	0.187
Ability to correct and analyse data	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Application development prediction model	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Applications respond timely	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.96	0.187
Application delivers efficiently	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Technology improves communication	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.96	0.187
Technology identifies trends	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067

Source: Authors own compilation, (2017)

4.3 Competitiveness

The researcher further investigated the relationship between the competitiveness strategies and CRM practices at Diani Hotels. As to whether the organization addresses unique customer base 0.5 % agreed and 99.5 % strongly agreed giving a mean of 4.99 and standard deviation of 0.067. The question of creating new products and services was also responded to with 0.00 % disagreeing, 0.00 % were not sure while 3.6 % of the participants agreed, and 96.4 % strongly agreed giving a mean of 4.96 and standard deviation of 0.187.

In regard to whether the hotel brand was widely known 0.005.7 % disagreed, this was neither disagreed nor agreed by none of the participants while 3.6 % agreed and 96.4 % strongly leading to a mean of 4.96 and standard deviation of 0.187. Also, on offering products and services at lower prices as a competitive strategy was responded to with a cumulative percentage of 0.5 % being in agreement and a cumulative percentage of 99.5 % being in strong agreement and a mean of 4.99 and standard deviation of 0.067.

When asked if the hotel got profits from as a result of low costs a cumulative of 0.00 % were not in agreement with the statement, a cumulative of 0.5 % were agreement and a cumulative of 99.5 % was in strong agreement giving a mean of 4.99 and standard deviation of 0.067. On the issue of focusing on particular customers as a competitiveness strategy was responded by a cumulative of 0.003.9 % not agreement, 0.00% were not decided while a cumulative 3.6 % were in agreement and a cumulative of 96.4 % in strong agreement giving a mean of 4.96 and standard deviation of 0.187.

Another strategy that the hotels used for the competitiveness was enhancing levels of service quality with a total of 16.6 0.00% not being sure, a cumulative percentage of 0.5 % agreeing and cumulative percentage of 99.5 % being in strong agreement giving a mean of 4.99 and standard deviation of 0.067. The question of focusing on customer satisfaction as a competitive strategy was responded by 3.6 % agreeing and 96.4 % in strong agreement giving a mean of 4.96 and standard deviation of 0.187. In reference to maintaining a competitive position 0.00 % disagreed, 0.00 % held no opinion, 0.5 % agreed and 99.5 % strongly agreed with a mean of 4.99 and standard deviation of 0.187. Finally, on whether the hotels used unique selling points as a strategy was responded to by 0.00% disagreeing, while 0.5 % agreed and 99.5 % strongly agreed and a mean of 4.99 and standard deviation of 0.067 was achieved.

This resulted from the need to enhance a greater focus on attaining new customers and retaining old customers, therefore the need to have more people with right knowledge working with current customers using technology to create a long-term profitable relationship indicated in table 4.6 below.

Table 4.6: Competitiveness Strategies

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Statistics	
						M	SD
Unique products and services	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.96	0.067
Unique customer needs	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.99	0.187
Create new products and services	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.96	0.067
Brand widely known	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.99	0.187
Products and services at lower prices	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.96	0.067
Profits from low costs	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.96	0.067
Focus on particular customers	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.99	0.187
Enhance levels of service quality	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.96	0.067
Focus on customer satisfaction	96.4 %	3.6 %	0.00%	0.00%	0.00%	4.99	0.187
Maintain competitive position	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067
Unique selling points	99.5 %	0.5 %	0.00%	0.00%	0.00%	4.99	0.067

Source: Authors own compilation, (2017)

4.4 Reliability Analysis

A reliability analysis was carried out on the perceived task values scale comprising items found in each objective. Cronbach's alpha showed the questionnaire to reach acceptable reliability for key customer focus, organisation management, knowledge management, technology-based and competitive strategies at $\alpha = 0.744$, $\alpha = 0.867$, $\alpha = 0.823$, $\alpha = 0.699$ and $\alpha = 0.822$ respectively. The Cronbach's alpha coefficient ranges between zero and one with higher alpha coefficient values being more reliable. Most items appeared to be worthy of retention, resulting in a decrease in the alpha if deleted.

Table 4.7: Reliability Analysis

Objectives	Objectives	Cronbach's Alpha	N of Items
1.	Key customer focus	0.744	9
2.	Organisation management	0.867	11
3.	Knowledge management	0.823	11
4.	Technology-based	0.699	12
5.	Competitive strategies	0.822	11

Source: Authors own compilation, (2017)

4.5 Inferential Statistics

4.5.1 Multiple Linear Regression

Multiple linear regression (MLR) allows the analysis on the level of contribution of several independent variables on the dependent variable and the magnitude of the contributions. The dependent variable was competitiveness while the independent variables key customer focus, organisation management, knowledge management and technology-based.

4.5.2. Model Summary

A regression model was built with competitiveness (Y) as the dependent variable against the independent variables which are key customer focus (X_1), organisation management (X_2), knowledge management (X_3), and technology-based (X_4). The summary of the model equation is shown below.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where:

Y = competitiveness

α = Y-intercept (a constant term)

Therefore, the regression model for the study can therefore be written as follows using values from Table 4.6 below.

$$Y = 0.997 X_1 + 0.992 X_2 + 0.993 X_3 + 0.895 X_4 + \epsilon,$$

Where,

X_1 = key customer focus

X_2 = organisation management

X_3 = knowledge management

X_4 = technology-based

ϵ = Error term

A positive coefficient indicates that when the value of the independent variable increases, the dependent variable also increases while the reverse is also true. For example, if key customer focus was to increase by a value of 1 while the other variables are held at a constant, competitiveness would increase by 99.7 %.

Table 4.8: Summary of the Model

	R	Adjusted R Square	Std. Error of the Estimate
Key customer focus	.997	.994	.006
Organisation management	.992	.983	.009
Knowledge management	.993	.987	.008
Technology-based	.895	.801	.033

Source: Authors own compilation, 2017

In the present model, and from the analysis, Key Customer Focus, Organisation Management, Knowledge Management and Technology-based significantly predict competitiveness ($p < 0.001$ and $p = 0.994, 0.983, 0.987, 0.802$). The slope of Key Customer Focus, the slope of Organisation, the slope of knowledge and the slope of technology-based at (99.4%, 98.3%, 98.7% and 80.2%), it means that for every unit increase in CRM dimensional behaviour, the competitiveness strategies increase.

4.6 Bivariate Correlations

Inferential statistics help to establish how various variables relate among themselves. In this study, the sample size (n) is equal to 443. This satisfies the central limit theorem which “by far is the most important theorem in statistical inferences” (Kothari, 2009). The study sought to establish the underlying relationships between variables and to what degree independent variables had an effect on dependent variables. Multiple regression analysis were used to accomplish this purpose. As and Imon (2016) Correlation analysis is used to find the relationship between two or more sets of variables. It also tells the direction as well as how much relationship exist between these variables. In this study the Karl Pearson's coefficient of correlation was used. Table 4.14 is a correlation matrix that gives the correlation results of the linear relationships between different pairs of variables in the study.

Table 4.9: Correlation Matrix

Objectives	Pearson Correlation Matrix	Y	X₁	X₂	X₃	X₄
Key Customer Focus	Pearson Correlation Sig.(2-tailed)	0.547 **. 0.000	1			
Organization Management	Pearson Correlation Sig.(2-tailed)	0.543 **. 0.000	0.766 **. 0.000	1		
Knowledge Management	Pearson Correlation Sig.(2-tailed)	0.545 **. 0.000	0.696 **. 0.000	0.611 **. 0.000	1	
Technology-Based Management	Pearson Correlation Sig.(2-tailed)	0.528 **. 0.000	0.769 **. 0.000	0.746 **. 0.000	0.755 **. 0.000	1
	N	443	443	443	443	443

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

Source: Authors own compilation, (2017)

The correlation matrix Table 4.9 shows that each of the four dimensions of CRM has a positive and Key Customer Focus ($r=.547^{**}$, $P<.001$), CRM organization ($r=.543^{**}$, $p<.001$), knowledge management ($r=.545^{**}$, $p<.001$) and CRM-based technology ($r=.528^{**}$, $P<.001$).

The findings indicated that Customer Orientation (X₁), has the greatest inter-correlation with, followed by Knowledge Management (X₃) then CRM Organization (X₂) and the least CRM based on technology(X₄). All four dimensions of CRM, however, have a major effect on the competitiveness of hotels in Diani.

Key Customer Focus (X₁) has a positive and significant relationship with other three dimensions of CRM. Its relationship with CRM Organization ($r=.766$, $p<.001$) with Knowledge Management ($r=.696$, $p<.001$); and with Technology-Based CRM

($r=.769$, $p<.001$). The correlation between CRM organization (X2) and knowledge management (X3) is positive and significant ($r=.611$, $p<.001$); similarly, the inter-correlation between CRM organization and CRM related technology is positive and significant ($r=.746$, $p<.001$). Eventually, there is also a strong and important relationship between information management (X3) and technology-based CRM ($r=.755$, $p<.001$).

The bivariate correlation results confirm that the two predictor variables have a correlation of not more than 0.8. Otherwise, a correlation of greater than 0.8 would be an indication of the presence of Multicollinearity; a state which would make regression coefficients untenable (Churchill *et al.*, 2009).

4.7 Hypothesis Testing

The null hypotheses were tested using Pearson's rho correlation coefficient to test the level of significant relationship obtained at 95% confidence level.

H₀₁. There is no significant relationship between key customer focus as a CRM dimension on competitiveness of hotels in Diani, Kenya.

Since the indicators of key customer focus were significant in the correlation (0.002, $p<0.001$), I rejected the null hypothesis and conclude that there is a significant relationship between key customer focus dimension and competitiveness in selected hotels in Diani.

H₀₂. There is no significant relationship between organisation management as a CRM dimension on competitiveness of hotels in Diani, Kenya.

As indicated, organisation management has a significant relationship with competitiveness (0.004, $p<0.001$). Thus, I rejected H₀₂ and conclude that there is a

significant correlation between organisation management dimension and competitiveness of hotels in Diani.

H₀₃. There is no significant relationship between knowledge management as a CRM dimension on competitiveness of hotels in Diani, Kenya.

Results from the analysis indicated knowledge management had a significant relationship with competitiveness (0.003, $p < 0.001$). Hence, I rejected H₀₃ and conclude that there is a significant correlation between knowledge management dimension and competitiveness of hotels in Diani, Kenya.

H₀₄. There is no significant relationship between technologies-based management as a CRM dimension on competitiveness of hotels in Diani, Kenya.

Since the indicators of technology-based were significant (0.047, $p < 0.001$), I reject the null hypothesis four and concluded that there is a significant relationship between technology-based dimension and competitiveness in selected hotels in Diani.

Table 4.10: Summary Table of Hypothesis Testing

Independent variables	sample no.	p-value	Hypothesis	results	hypothesis adopted
Key customer focus	443	0.002	H ₀₁	reject	H ₁
Organisation management	443	0.004	H ₀₂	reject	H ₂
Knowledge management	443	0.003	H ₀₃	reject	H ₃
Technology-based	443	0.047	H ₀₄	reject	H ₄

Source: Authors own compilation, (2017)

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Overview

This chapter summarizes the findings and draws conclusions. It also makes recommendations from the results achieved and observations during the study. Details provided in subsections of this chapter.

5.2 Summary of findings

This study was pegged on four objectives. The first objective was on effects of Key Customer Dimension on Competitiveness of hotels in Diani. The second objective was sought on effects of Organisation Management Dimension on Competitiveness of hotels in Diani. The third objective was to establish the effects of knowledge management Dimension on Competitiveness of hotels in Diani. Finally, the fourth objective was on effects of Technology based Dimension on Competitiveness of hotels in Diani. Majority of the respondents agreed to have practiced the four behavioural dimensions of CRM. The hotels also agreed that they focused on specific markets where they provided the best service and highly differentiated their products which significantly gave them an edge in cost leadership to remain competitive.

5.2.1 To examine the effect of key customer focus as a CRM dimension on competitiveness of hotels in Diani, Kenya.

Key customer Focus which is a business philosophy aims at establishing who the firm's target customers are, and their needs and wants to foresee and satisfy those needs and wants. As a philosophy, key customer Focus also acknowledges the presence of competition in the marketplace and the firm's objective of profit

realization. The bivariate correlation between key customer Focus and competitiveness was positive and significant ($r=0.547$ $p<.001$). The univariate linear regression indicated that 99.4 percent of the variations in competitiveness of the hotel facilities in Diani are explained by key customer Focus. Hypothesis testing revealed a non-zero beta ($\beta_1=0.002$; $p<.001$); This resulted in the rejection of the null hypothesis in favour of alternatives that key customer Focus has a positive significant influence on competitiveness of hotels in Diani.

From the research most respondents agreed that Key customer focus as a variant of Customer Relationship Management (CRM) has major positive influence on competitiveness in terms of its relevance in increasing the level of differentiation, cost leadership and focus in hotel industry. It occurs not only when you simply interact with the customer, but when you treat the customer as a unique client with individual needs that need to be met, thereby helping in having unique customer base, unique pricings for these unique customers and focusing only on the unique customer needs and wants in the hotel industry. This is as a result of enabling well-coordinated and managed ways of relating with the customers (Pekovic and Rolland 2016). Through the collection of important information about customers they can be made loyal as the organisation can serve them better (sheriff *et al.*, 2007). One of the advantages of practicing key customer focus is its ability to fine tune relationships and this makes satisfaction a reality if all involved people of an organization gauge their actions against customer's needs (Greenberg, 2007). According to (Winer 2001), customers are faced with increasing array of products and services therefore they are expecting more from firms in terms of customized offerings, attractive packages, value for money, ease of access and transparency in dealings. CRM aims to reach out to customers to meet their individual needs and exceed their expectations.

5.2.2 To find out the effects of organization management as a CRM dimension on competitiveness of hotels in Diani, Kenya.

Customer Relationship Management Organization practices relates to aligning the whole firm to Customer Relationship Management. This includes organizational structure and commitment of resources; both human and non-human. Employee selection, training and development, appropriate incentive system to reward employees are key requisites to CRM organization. Satisfied and motivated employees translate to better service to customers. The coefficient correlation(r) from the bivariate analysis between CRM Organization and Performance showed a positive and significant association between the two variables ($r=0.543$, $p < .001$). As an explanatory variable, CRM Organization explains 98.3% of the variation in competitiveness of hotels in Diani. In hypothesis testing, the univariate model output indicated a non-zero beta ($\beta_1=0.004$, $p < .001$). These results showed that CRM organization has a positive and significant impact on competitiveness of hotels in Diani.

Hassan (2018) Organisation management act as a driving motivation employee to engage in long-term relationships with customers. Such benefits are expected to play important role in differentiation, focus and cost leadership. Which involve curving organisational goals towards customer relationship, in this case staff will have to be trained and use expertise to achieve this goal. From the results this is apparent because 95 percent of the respondents strongly agreed and 0.5 percent of the respondents agreed that under sales and marketing, modifying services, staff encouragement, use of several techniques, evaluating and rewarding, setting clear goals and CRM structures were important in effecting and influencing competitiveness. This allows the organisation to follow the development and trends of

their customers closely to understand the market (Wailgum, 2007). According to Greenberg (2007) the culture of an organisation is very important but it needs to be changed so that it aligns well with objectives of creating customer relationships. Britt (2003) True CRM normally involves changing internal processes, organizational structures, compensation incentives and employees' skills and behaviours. It's imperative that the culture matches and establishes these objectives.

5.2.3 To investigate effects of knowledge management practices as a CRM dimension that hotels in Diani, Kenya apply to gain competitiveness.

Study found that Knowledge Management influences competitiveness positively and significantly. Bivariate empirical findings showed that the relationship between information management and performance has the highest correlation coefficient ($r=0.545$ $p < .001$) relative to other CRM dimensions and competitiveness associations. This association between Knowledge Management and competitiveness of hotels in Diani is also significant ($\beta_1=0.003$, $p < .001$). Knowledge management thus has a positive and significant impact on the competitiveness of hotels in Diani.

Managing knowledge successfully can really help the organizations to have accomplishment in building better customer relationship. In addition, as from the response of the employees during the study where 96.4 percent strongly agreed and 3.6 percent agreed that enough employees, helping customers, knowledge sharing and analysis of customer information, knowledge accessibility, information gathered at interactions, establishing customer views, market intelligence for portfolios and diverse ways for customer knowledge had an effect on overall competitiveness. Keeping all the involved salespeople updated to everything that happens with customers is essential so that the information is not locked in with an individual person and it is through a positive interaction experience among the organisation

employees. Most of the customer interactions are through multiple interactions with employees of different departments communicating with each other on customer needs (peppers and Rogers 2010). Lyu *et al.*, (2001) is CRM Information. Customer information is key to CRM. It must be acquired, stored, analysed, distributed and applied throughout the enterprise and potentially to its business partners in a timely manner.

5.2.4 To examine effects of technology- based practices as a CRM dimension on competitiveness of hotels in Diani, Kenya.

Technology-Based-CRM is a technology component of the CRM; which includes both software and hardware. The technology is applicable in customer acquisition, retention and overall achievement of Mutual benefits for the organization, as well as customers. The finding demonstrated that CRM based on technology is a good performance predictor in classified accommodation facilities in Kenya's Coast region. Correlation coefficient of Technology-Based CRM and performance is both positive and significant ($r=0.528$ $p<.001$). The coefficient of determination (R^2) in Univariate linear regression model indicates that the Technology Based-CRM explains 80.2 % of the variance in competitiveness of hotels in Diani. Checking the hypothesis H_0 competitiveness of hotels in Diani: $\beta_1=0$ vs. H_A : $\beta_1 \neq 0$, rejecting the null hypothesis and accepting the alternative hypothesis from ($\beta_1=0.047$, $p<0.001$). Thus, conclusion was that Technology Based-CRM Has a strong and important impact on competitiveness of hotels in Diani.

The quality of technology-based interaction as a dimension of CRM has overwhelming positive influence on competitiveness. From the study 99.5 percent of the respondents were in strong agreement that customer information point of contact, having technology personnel, ability to collect and analyse data, application

development model, applications responding timely and delivering efficiently were important in effecting and influencing competitiveness. All these CRM activities are optimized by use of technology, gathering and storing the customer information into the organisation database, which allows easy access to customer portfolios at the different touch points. This shows that technology-based dimensions were very effective on hotel competitiveness. Zeng *et al.*, (2013) suggests that through smart IT systems satisfaction can be increased by instant responses to customer inquiries. Technology and database functions will continue to improve, but companies will have to become more effective in analysing customer behaviour and information. Wilson (2005) stated that the CRM software is used to support these processes; information about customers and customer interactions can be entered, stored and accessed by employees in different company departments. The primary goal of CRM according to Gary and Greg (2002) is to improve. Firms must continue to build company and brand communities to encourage communication and increase loyalty levels among current and potential customers (Reinartz 2006). Actual CRM systems are meant to move knowledge from employees to the organisation and not otherwise. According to David and Malone (2002), CRM is not just about technology, but the technology enables the necessary analytical insight and operational interaction. Some consistency in the underlying hardware, software, networking and telephony infrastructure is also required to aid integration, skills management and commercial management. Therefore, through smart computer systems information can be moved on as it arrives to meet demand quicker.

5.3 Competitiveness

From the results 99.5 percent strongly agreed that unique customer needs, creation of new products and services, profits from low costs and focusing on customer satisfaction competitiveness strategies were affected and influenced by CRM behavioural dimensions. 0.5 percent of the respondents also agreed that the hotel brand being widely known, having products and services at lower prices, focusing on particular customers enhancing levels of service quality and maintaining a competitive position in competitiveness strategies were viewed as being influenced by CRM behavioural dimensions. Hence, when an organisation undertakes these dimensions, it stands out among its competitors and it's able to offer differentiated products and services to its customers. It will also attract more customers and gain an edge in reducing costs enabling it to focus on achieving its objectives related to customer relationship. Customer relation management (CRM) has become an important competitive weapon in the hotel industry due these dimensions. The most important aspect of CRM is that it integrates well into the business strategies and it doesn't create problems but instead simplifies the relationship and customers will have a better experience and a feeling that the organisation is more organized and well-structured towards them (Hughes, 2009). According to Britt (2003), not only gauge the level of success, but also provide the feedback mechanism for continuous development of strategy and tactics. When an implementation is effective, people, processes and technology work in synergy to increase profitability and market share (Winer 2001). From the results of research, it was established that the goal of CRM practices is to manage all aspects of customer interactions in a manner that enables firms to maximize profitability from any customer

5.4 Conclusion from the Study

To enhance customer satisfaction implementing Customer Relationship Management (CRM) practices that aim to seek, gather and store the right information, validate and share it throughout all organizational levels for creating personalized, relationship and unique guest's experiences. Customer direction can be attained through a positive affiliation between customer and service provider customer orientation leads to an increase in organizational performance. In order to improve service of employees in customer-oriented behaviours, organizations have to develop a suitable working atmosphere for service in work by providing staff with the current tools and technology, customer-satisfaction chasing and complaints management systems, inspiring leadership and having an applicable rewards system. As a result of the previous supportive working circumstances, organizations can ensure the required customer-oriented behaviours for their employees. The successful use of CRM relies on the contribution of the employees in the organization. Which means that the organization employees have to be included in order to implement CRM successfully and to improve the organization's performance.

5.5 Recommendations on Research Findings

Based on research findings it is suggested that adoption on CRM dimensions can lead to an improved competitive strategy in classified hotel facilities. The four dimensions of CRM are key Customer Support, CRM organization Structure, knowledge Management and CRM technology-based Applications.

- i. The study found the key Customer focus had a significant impact on the organization's competitiveness. Thus, the study recommends that the management of classified hotel facilities should promote customer centric culture; a culture in which employees have a pre- disposition towards meeting the customer needs. Further, the study recommends the following specific areas of Customer Orientation that should be addressed keenly.
- ii. As for CRM organization, the study has found that it has a positive and statistically significant influence on competitiveness. Study recommends that management of classified hospitality facilities should pay great attention to CRM Organization. The concrete areas in CRM
- iii. Further, the findings of the study have revealed that Knowledge Management predict competitiveness of organization significantly. Therefore, the study recommends that the management should acquire customer knowledge, share and disseminate it throughout the organization in order to meet customer needs more effectively Effective use of customer knowledge is the prerequisite for effective customer orientation. Other specific concrete areas of Knowledge Management that the management of classified accommodation facilities need to pay attention to include: Comprehensive understanding of customer needs, and especially of key customers, through knowledge-learning and

Encouraging two-way communication so as to allow knowledge transfer between the accommodation facility and its customers and vice versa.

- iv. Concerning the Technology Based CRM, the results found that it has an important and optimistic impact on competitiveness. This finding demonstrates that if the management of classified hotel facilities can invest in technology related to CRM, then they can be sure of reaping the benefits.

5.6 Suggestions for Further Studies

Although this study produced meaningful results, it was also subject to certain limitations which in turn provide avenues for further research. Inclusion of more factors in the study and expanding industrial and geographical scope are some of the areas that are worth considering.

- i. The study explored customer relationship management behavioural dimensions in the hotel industry in Diani, Kenya, however, this comprises of only a segment within the large hospitality industry which includes tours, travel, cruise ship lodges among others. It will be interesting to see the CRM practices in these other segments and probably see how they compare in order to have a clear scope of CRM practices in hospitality industry and tourism industry.
- ii. The selection of factors included in the conceptual framework is not exhaustive. Certainly, other factors could provide additional insights of influence of CRM on the success of organizations. For instance, inclusion of more organizational factors like size. Factors such as the type of management can be considered in future studies. In hospitality industry, some facilities are

managed owners, others are managed by contracted experts and still others are managed through franchising.

- iii. Increasing the scope of the study geographically will enhance validity and generalizability. The current study only covered classified hotel facilities in Kenya Coast area. However, a study covering the all the classified accommodation facilities in Kenya will achieve the objective of validity and generalizability more effectively.
- iv. Since CRM concept has to do with how the firm relates with customers as it meets their needs, a study which gathers data from the perspective of the customer as well as the firm. Obtained data from customers and the managers will be more informative and will reduce the biases that may be evident from a single perspective.
- v. The researcher further recommends that study should be done on other factors that may affect the relationship between CRM dimensions and hotel performance, such as external environmental factors and hotel attributes.

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APPENDICES

Appendix 1 : Questionnaire

Dear Respondent

I am a master's student at Moi University undertaking a Master's degree in Hotel and Hospitality Management. This questionnaire is a research tool designed to assess *'CRM dimensions and its effects on competitiveness of hotels in Diani; Kenya.* Assistance towards achieving this objective will be highly appreciated. The information provided will be used for academic purposes only and treated with utmost confidentiality.

Thank you for your cooperation.

Yours sincerely,

Hilda. Njiru

SBE/PGH/018/12

Moi University, Kenya

SECTION A; Personal Information (please tick as appropriate)

1. Gender

Male

Female

2. Level of education

Primary level

Secondary level

Tertiary level

Others (specify)

3. Department

Food and beverage

Marketing

Front office

4. Job title.....

SECTION B: The effects of key customer focus (CRM dimensions) on hotel competitiveness.

5. A) which key customer dimensions are you aware

.....

B) Please, indicate your level of agreement on how the following key customer dimensions affect hotel competitiveness.

1	2	3	4	5	
Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree	
Please Tick(✓)					
				1	2
				3	4
				5	
1.We talk with individual customers to know what to offer them					
2.The organization provides personalized products and services					
3.The organization find out what customers’ needs are					
4.We often interact with customers throughout their stay in the hotel					
5. We use special programs to meet the discovered needs.					
6.The hotel distinguishes and sees customers as individuals with different needs and wants					
7.The hotel conducts customer needs assessments					
8. We engage in numerous transactions with diverse customers in terms of their needs and expectations					
9. We implement customer needs information					

SECTION C: The effects of organisation management (CRM dimensions on hotel competitiveness.

6 (A) which organisation management dimensions are you aware of

.....

B) Please, indicate your level of agreement on how the following types of organisation management CRM dimensions affect hotel competitiveness.

1	2	3	4	5					
Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree					
Please Tick(✓)					1	2	3	4	5
1.The organization trains employees to gain skills to handle customers									
2.The organization uses sales and marketing skills to enhance customer relationships									
3.The goal of the organisation is to modify its services to meet customers' needs									
4.The organisation encourages the staff to meet customers expectation									
5.The organisation provides several techniques to interact with customers e.g. social media, database									
6.The hotel evaluate and rewards customer performance in customer relations									
7.The hotel has clear goals on customer relationship management									
8.The hotel has a CRM oriented organizational structure									
9.The organizational structure is flexible and when necessary reconstructed to generate customer-centric values									
11.The organisation functions are continuously improved and coordinated to provide a stream of value-rich actions and customer outcomes									
12.The organisation uses cross-functional teams that satisfies customer needs and enhance customer relationships									

SECTION D: The effects of knowledge management (CRM dimensions) on hotel competitiveness.

7. A) which knowledge management dimensions are applied in this organisation

.....

.....

.....

.....

.....

B) Please, indicate your level of agreement on how the following types of knowledge management CRM dimensions affect hotel competitiveness.

1	2	3	4	5					
Strongly Disagree	Disagree	Neither agree nor Disagree	Agree	Strongly Agree					
Please Tick(✓)					1	2	3	4	5
1.Employee performance is measured on successfully serving the customer									
2.The organization has enough employees to serve the customers									
3.Employees are willing to help customers									
4.Organization has channels to facilitate communication between customers and employees									
5.Customer needs are uncovered through the analysis of customer information									
6.Customer knowledge generated is shared and disseminated throughout the organization									
7.Customer knowledge is made accessible to address customer's current and anticipated needs									
8.Information about customers is gathered through interactions across all functional areas of the hotel									
9.Customer view is established, maintained and continuously updated									
10.Knowledge management provides the hotel with market intelligence that can be used to build and maintain portfolios of customer relationships									

SECTION E: The effects of technology –based management (CRM dimensions) on hotel competitiveness.

8 (A) which technology-based management dimensions are you aware of that are applied in this organisation?

.....

B) Please, indicate your level of agreement on how the following types of technology –based management CRM dimensions affect hotel competitiveness

1	2	3	4	5						
Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree						
Please Tick(✓)					1	2	3	4	5	
1. The hotel maintains a comprehensive database of our customers.										
2. Individual customer information is available at every point of contact.										
3. The organization has the right software and hardware to serve our customers.										
4. The organization has personnel to support utilization of computer technology in building customer relationships.										
5. The CRM technology provided aids cross-referencing of customers' needs in various departments.										
6. Technology is used in the CRM process to enhance portfolio of customer relationships										
7. CRM applications used provide an ability to collect and analyse data on customer patterns										
9. The CRM applications used by the hotel are able to develop prediction models										
10. The CRM applications used by the hotel are able to respond with timely and effective customized communications.										
11. The CRM applications used by the hotel are able to efficiently deliver personalized value offerings to individual customers										
12. CRM technology improves communication and sales presentations for the hotel to customize its product configuration										
13. CRM technology aids cross-referencing of customers in various sections to identify trends of customer buying behaviour.										

SECTION F; Competitive strategies

9. (A) which competitive strategies used by the organisation are you aware of.

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.....

B) Please indicate your level of agreement that the following competitiveness indicators are affected by of CRM dimensions

1	2	3	4	5					
Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree					
Please Tick(✓)					1	2	3	4	5
1.The hotel offers unique products and services to customers									
2.The hotel has a unique customer base it serves									
3.The hotel creates new products and services									
4.The hotel brand is widely known because of its unique products and services									
5.The hotel offers its products and services at a lower price									
6.The hotel is able to make its profits from lower costs									
7.The hotel focuses on particular customers with particular needs and demands									
8.The hotel enhances its level of service quality									
9.The hotel focuses on gaining customer satisfaction									
10.The hotel maintains its position in the competitor's environment									

Appendix II : Classified Hotel Facilities in Kwale County of Kenya

	Classification of hotels	Star Rating
1	Leopards Beach Resort and Spa Kwale	4
2	Swahili Beach Resort Kwale	4
3	Leisure Lodge Beach & Golf Resort Kwale	4
4	Baobab Beach Resort & Spa Kwale	4
5	Indian Ocean Beach Resort Kwale	3
6	Diani Sea Resort Kwale	3
7	Saruni Ocean Beach Resort Kwale	3
8	Papillion Lagoon Reef Hotel Kwale	3
9	Msambweni Beach House and Private Villa	3
10	Morning Star Apartments Kwale	3
11	Afrochic Beach Resort	5
12	Diani Reef Beach Resort and Spa	5
13	The Sands at Nomad	5
14	The Maji Beach Boutique Hotel	5
15	Soleil Resort and Rooms	3
16	Jacaranda Indian Ocean Beach Resort	4
17	Southern Palms Beach Resort	4
18	Pinewood Beach Resort and Spa	4
19	Water Lovers Beach Resort	4
20	Hotel Sunrise	4
21	Sunset Villa Resort	3
22	Eleven Pearl Boutique and Spa	3
23	Seaclusion Diani	3
24	Pride Inn Hotel	3
25	Lotfa Resort	3
26	Diani Star Villa	3
27	Villa Mashariki	3
28	Aqua Resort	3
29	Kusini Beach Cottages	3

Appendix III : Map of Kwale Beach Region

