# CHAPTER-III

## REVIEW OF LITERATURE

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CHAPTER-III
REVIEW OF LITERATURE

This chapter presents the review of literature supporting the research work undertaken for the evaluation of CRM and exploring factors’ effectiveness on star hotels. The literature review focuses on evaluation of CRM and effective factors of CRM practices. It is presented in five sections. The first section highlights the studies on CRM related studies in the world, the second section highlights practices of CRM, the third section highlights the factor’s effectiveness on CRM practices, the fourth section highlights the barriers of CRM practices, and the fifth section highlights CRM related studies in India.

3.1 INTRODUCTION

Customer relationship management (CRM) has become a way of life in all spheres of human life. Innovative methods and technologies are adapted for the purpose of enhancing the effectiveness of CRM in modern society. Tourism has rapidly expanded as a prominent income generating activity. The hospitality industry cannot achieve commendable progress in the absence of planned, deliberate and sustainable CRM. This industry primarily includes hotels and restaurants. Broadly speaking, hospitality not only includes hotel sectors and restaurants but also relates to other kind of institutes that offers shelter, food, or both, to people away from their homes. Hotel sector as one part of the hospitality industry has evolved from the very modest beginning of families and landowners who opened their homes to travellers, to the high rise of properties, which fetch rich dividends economically. In other words, the hotel industry is a large and highly diverse industry that includes a wide range of property styles, uses and qualities according to Chon and Sparrowe, (2000). In this chapter, studies pertaining to practice of CRM strategies and technologies in hotel industry and other modern organizations at international, Middle Eastern, national and regional levels are presented.

3.2 CRM RELATED STUDIES IN THE WORLD

Francese and Renaghan (1990) emphasize scholars have advocated that CRM as a business strategy, which facilitates maximum customer satisfaction, loyalty and
retention in a highly competitive hospitality industry. It is also a prominent means of tourism promotion and hospitality management since it reduces costs and increases the values of interaction to consequently maximize the profits. The hospitality industry is perfect for the appliance of CRM principles. Customer relationship management as a business strategy with selecting and managing the most valuable guest relationship, one to one marketing plans (with offering personalize services) and giving value-added services for making guest satisfaction, loyalty and retention could be the best strategy for hotel companies to differentiate themselves from their competitors.

Barclay (1991) stated that in order to survive, any organization creates for itself a series of functionally specialized entities. These entities are characterized by a number of distinct skills, resources and capabilities, operating interdependently and being able to achieve their own goals and participate in fulfilling the organization's ultimate goal. In order to facilitate the understanding of the concept of inter-functional teams, some clarifications are needed regarding the presentation of endogenous and exogenous factors that generated the necessity of their presence in a current organizational context. One factor that favoured the development of good working relationships between functional structures of an organization was oddly perhaps even the conflict. This interdepartmental conflict refers to the tension between departments, whose source is the incompatibility of actual or desired responses on certain aspects of organizational life.

Jones and Ioannou (1993) investigated the role of customer relationship management with reference to the modern hotel industry in The United Kingdom and noted that scientific measurement of guest satisfaction played a major role in the improvement of delivery system in the hospitality management sector. The scholars suggested that innovative, creative and constructive methods of customer relationship management would boost the progress of hospitality management sector in The United Kingdom.

Booth (1994) analyzed the role of customers in the process of business promotion and noted that dissatisfied customers would pose serious threats to the business prospects in modern society. The scholar suggested that customers should not be taken for granted by the modern community of service providers. The study
also provided certain useful guidelines for the systematic practice of CRM in modern society.

Main (1995) evaluated the relationship between information technology and hospitality management in modern society and noted that the hotel industry adopted new communication technologies to facilitate better connectivity between the service providers and customers in modern society. The scholar suggested that application of new communication technologies would boost the status of customer relationship management in modern society.

Goffee and Jones (1996) stated that, successfully implementing and maintaining a well-structured organizational culture can be of great benefit for any organization. The key is to treat all employees equally, and then each individual will adapt to the concept and identify with it. The level of morale can be increased through employees enjoying their work environment more.

Olsen (1996) analyzed the global hospitality industry, which has grown commendably as a prominent sector of development in the new millennium and noted that customer relationship management emerged as a prominent component of the contemporary hospitality management sector. The scholar suggested that the success of hospitality sector primarily depended on trustworthy, customer friendly and competitive delivery system and business promotion communication activities.

Pondy (1966) believes that in routine situations when procedures are well defined and the environment is stable, the causes of conflict are not correlated with the interests and objectives of the organization but are related to “personality, autonomy, status and functional interdependence”.

Pritchard and Howard (1997) evaluated the typology of service patronage with reference to hospitality management sector and noted that customer relationship management constituted the major source of business promotion in the hospitality sector. The scholars suggested that hospitality managers should provide timely and adequate services to the travellers in order to enter into their good books and enlist their active participation in the process of hospitality management.

Bowen and Shoemaker (1998) examined the relationship between customer loyalty and customer satisfaction and noted that modern hotels were concerned about
expansion of business operations on the basis of systematic customer relationship management activities. The scholars have suggested that hotels should develop a suitable database in order to cultivate healthy and positive customer relations in the competitive hotel industry.

Bowen and Shoemaker (1998) studied the relationship between customer loyalty and hospitality management and noted that a strategic commitment on the part of the service providers constituted the basis for the progress of hospitality sector in modern society. The scholars have suggested that customer loyalty could be enriched on the basis of the availability of timely, adequate and judicious customer oriented services in the hospitality management sector.

Gilbert and Horsnell (1998) assessed the relationship between customer satisfaction measurement practice and hospitality management in The United Kingdom hotels and noted that service providers systematically measured customer satisfaction through tested parameters. The scholars have suggested that customer satisfaction should be measured scientifically in order to minimize the weaknesses and threats and maximize the strengths and opportunities in regard to customer relationship management and business promotion approaches.

Gilbert and Horsnell (1998) investigated the role of customer relationship management in the hospitality sector and identified a set of the best practice criteria, which benefitted the hotels and restaurants in modern society. The results of this study provided hotel professionals with an assessment of current methods of measuring and managing customer satisfaction in modern hotels.

Griffin (1998) investigated how hotels are utilizing information through data warehouses. Most of the hotels use information for support of strategic market analysis including, targeting new customers, fine tuning loyalty programmes, sales analysis and conducting trend analysis. It concluded that the hotels ability to collect, process, and access large amounts of data could help companies build a competitive advantage.

Horwath International (1998) analyzed the global hotel industry in terms of investment, infrastructure development, basic needs, income generation and other aspects. The study suggested that hospitality industry could be strengthened on the
basis of systematic understanding of the needs of customers and fulfillment of the changing aspirations of customers.

Muqbil (1998) evaluated the various hospitality trends for the tourism and hospitality industry and noted that the practice of customer relationship management is a prominent means of tourism promotion and hospitality management in modern society. The study also suggested that hospitality industry should be developed on the basis of availability of customer friendly services, adoption of progressive CRM practices and application of new technologies.

Abbey (1999) analyzed the relationship between hospitality sales and marketing and noted that the hospitality industry has emerged as a prominent economic activity in modern society. The scholar suggested that hospitality management should be undertaken on the basis of sound practices of customer relationship management.

Brown et al. (1999) observe enterprise-wide CRM can be all encompassing, consisting of people, processes and technology. Successful companies view the path to CRM as an evolution and are willing to make mistakes, learn from them, and regroup to get closer to the goal of business promotion. CRM is important for business renaissance as is clear from the afore made discussion. It is thus equally important to run the CRM output and directions regularly through a credible intellectual asset (e.g. business school, university, and research lab.). The interaction may be in the form of an independent validation of the CRM processes, model building or hypotheses development. Whatever be the form, CRM practitioners do need a ‘sounding board’ to have their CRM processes audited.

Shoemaker and Lewis (1999) studied the role of customer loyalty in the management of hospitality industry and noted that the future of hospitality marketing could be brightened on the basis of adequate customer friendly services and facilities. The scholars suggested that the hospitality industry could be strengthened on the basis of proper infrastructure development, supportive services and persuasive communication campaigns.

Tepeci (1999) evaluated brand management with reference to modern hospitality industry and noted that corporate reputation management was undertaken
on the basis of sound business practices and marketing communication techniques in modern society. The scholar suggested that application of healthy business practices and creative marketing communication techniques would fetch rich dividends in the competitive business environment.

Vans (1999) analyzed the networking for growth and digital business with reference to local urban tourism in modern society and noted that adoption of information and communication technologies in the tourism sector facilitated better connectivity, transparency, accountability and progress in modern society. The scholar suggested that adoption of information technologies would enhance the status of customer relationship management in modern society.

Werthner and Klein (1999) investigated the relationship between information technology and tourism promotion in modern society and noted that application of advanced information technologies have brought about commendable interactivity between the hotel industry and customers on round the clock basis. The scholars have suggested that customer friendly services in general and customer oriented marketing communication facilities in particular would boost the progress of tourism industry.

Wong et al. (1999) examined the customer behavioural intentions in the hospitality industry in Australia and noted that Australia emerged as a prominent tourism destination because of tourism promotion activities and customer friendly delivery of goods and services. The scholars suggested that customer research should be carried out by the managers of the hospitality industry in order to enhance the quality of service and credibility of customer communications in modern society.

Chon and Sparrowe (2000) assessed the role of customer relationship management in the process of hospitality business in modern society and noted that CRM emerged as a welcome trend in the hospitality sector. The scholars suggested that adoption of advanced tools and practices of customer relationship management would contribute significantly toward the success of hotel industry in modern society.

Chon and Sparrowe (2000) stated that Tourism has expanded to such an extent that it is now claimed to be the world's largest industry and provider of jobs and brings in huge revenue for countries and will expand rapidly.
Christou (2000) evaluated the guest loyalty likelihood in relation to hotels’ corporate image and reputation in Europe and noted that hospitality management was conducted on the basis of systematic approaches to customer relationship management in the study areas. The scholar suggested that CRM should become an important component of hospitality management with reference to hotel industry in modern society.

Cline and Rach (2000) analyzed the nature, scope and significance of hospitality in the new millennium and noted that hospitality industry grew commendably all over the world because of increase in the economic status of the people and inter-cultural relationship between people across the globe. The scholars suggested that hospitality management foundations should be strengthened on the basis of systematic practice of customer relationship management.

Dev and Olsen (2000) evaluated the marketing challenges in the new millennium and noted that effective customer relationship management successfully met the marketing challenges and persuaded the customers to make use of the goods and services produced by the advertisers. The scholars suggested that modern organizations including hotels should adopt state of the art principles and practices of customer relationship management in order to survive the testing times in the field of modern economy.

Dyché (2000) stated that to be able to have a total customer view as in the words of “a single version of truth”, all data must be stored in a centralized cross-functional data where both current and past information moves in and out. The sources for data warehouse can be those from within the company itself, customers and a third party. Data warehouse, which makes it possible for companies to be able to extract knowledge about customers in a constant manner, reduces the need for traditional marketing research tools such as customer survey and focus groups.

Go and Govers (2000) evaluated the integrated quality management for tourist destinations with reference to achieving competitiveness in a European environment and noted that modern customers demand high quality, security, comfort and allied services from the hotel industry. The scholars have suggested that the hotel industry should provide a highly congenial atmosphere and cater to the needs and demands of new generation customers who are highly conscious of their rights and privileges.
Heung and Qu (2000) analyzed the airport-restaurant service quality in Hong Kong with reference to the application of service quality and noted that customer relationship management was practiced in the airport restaurant in order to enhance better rapport development between the service providers and consumers. The scholars suggested that gifted and trained personnel should be utilized for the purpose of customer relationship management in the hospitality management and tourism promotion sectors.

Imrie and Fyall (2000) analyzed customer retention and loyalty in the independent mid-market hotel sector from The United Kingdom perspective and noted that highly secured, modernized and accountable hospitality management made all the difference in the modern hotel industry. The scholars suggested adoption of healthy and fair business practices in general and application of advanced tools of customer relationship management in particular would enrich the status of the hotel industry in The United Kingdom.

Kandampully and Suhartanto (2000) studied the role of customer satisfaction and image with reference to modern hotel industry and noted that the practice of customer relationship management is a prominent business tool over a period of time in the hotel industry. The scholars suggested that the hotel industry should develop basic infrastructure, improve civic amenities, provide secure environment and promote customer satisfaction in the present age of competitive hotel business.

Kotler (2000) assured that the most important consideration to attain high customer loyalty is for firms to deliver high customer value. He continued to stress that it has been the practice by firms to devote much attention and effort to attracting new customers rather than retaining existing ones, adding that traditionally firms emphasize more on making sales rather building relationships, on pre-selling and selling rather than caring for customers afterwards.

Kotler (2000) defined satisfaction as a person’s feeling of pleasure or disappointment resulting from comparing a products’ perceived performance (or outcome) in relation to his or her expectations. When customers become satisfied about the value that is offered and sometimes his or her expectation is met and exceeded, many benefits for a firm can be generated. Positive word of mouth coming from existing and satisfied customers sometimes can translate into more new
customers coming to the firm. Also, satisfied current customers often buy more products more frequently and are less likely to defect to competitors than are dissatisfied customers. Firms that have a high degree of customer satisfaction also seem to have the capacity to shield off competition, particularly price competition.

Kriegl (2000) evaluated the process of international hospitality management and noted that international hospitality management has become a prominent source of international trade over a period of time. The scholar also noted the factors, which were responsible for the growth and development of international hospitality management. The scholar suggested that prevention of terrorism; promotion of inter-cultural relations, adoption of healthy practices and conduction of sound customer relationship management activities would boost international hospitality management.

Lefebure and Venturi (2000) stated that customer retention is a very important aspect in CRM since the acquisition of new customers is much more expensive than retaining the existing ones.

Palmer et al. (2000) conducted a structural analysis of hotel sector loyalty programmes and noted that customers’ loyalty was enhanced through customer-oriented services in the hotel industry. The scholars suggested that healthy, secured and friendly environment should be created through effective customer relationship management practices in order to achieve better success in the hospitality industry.

Peppard (2000) suggests that technological advances in global networks, convergence and improved interactivity, are key and critical to e-business and CRM growth. The core functionality of a CRM product is the ability to maintain a single, cohesive view of the customer for the customer-facing functions of sales, services and marketing.

Adams (2001) analyzed the role of CRM in hotel industry and noted that effective customer relationship practices brought about adequate revenues from loyal guests. The scholar suggested that adequate facilities, timely care and management of human relations should be ensured in order to multiply revenue from the customers in the hotel industry.

Dickinson (2001) investigated the nature and scope of CRM-enhanced revenue management in the hospitality industry and noted that systematic practice of
customer relationship management enhanced the income generating opportunities in the hospitality sector. The scholar suggested that adequate investment should be made in the field of customer relationship management in order to enhance the income generating opportunities in the hospitality industry.

Fu and Parks (2001) assessed the role of CRM in the enhancement of restaurant service quality and customer loyalty among the elderly and noted that elderly customers were treated with great concern and care by the contemporary hotel industry. The scholars suggested that proper food, health care, security arrangement and specific customer care services should be made available to the elderly customers on humanitarian grounds.

Gamble et al. (2001) studied the relationship between tourism promotion and customer relationship management and noted that the goal of tourism promotion could not be achieved in the absence of systematic CRM programmes. The scholars suggested that the management should take the subject experts and professionals into confidence and implement the CRM programmes, which would attract the attention of the customers and facilitate their active cooperation.

Greenberg (2001) stated that the staff is required to be familiar with and to comprehend CRM and organizational strategies and visions and also be informed of the customer-oriented service values and the consequences of building and maintaining good relationship between customers and organization.

Hofstede (2001) stated that culture plays an important role in determining how product/service consumption is evaluated and the resulting complaining behaviour when dissatisfaction occurs. Culture is a term that has many definitions in academia; it introduces culture as “the collective programming of the mind that distinguishes the members of one group or category of people from another”. Moreover, he has developed the theory of using five different dimensions in order to analyze differences between cultures.

Inge (2001) investigated the scope and significance of CRM in modern society and noted that the hospitality industry increasingly utilized the tools and techniques of CRM. The scholar has suggested a suitable model for the enhancement of the utility and practical relevance of CRM with reference to the hotel industry.
Park et al. (2001) defines service quality and service value as a customer’s overall impression of the relative efficiency of the organization and its services. Service value can be defined as customers overall assessment of the utility of a product based on perceptions of what is received and what is given. Wirtz and Johnston (2003) discuss that delivering excellent service is both inconspicuous and elusive. Customers know when they have received it and when they have not. Service, both poor and excellent, has a strong emotional impact on customers, creating profound feelings about the organization, its employees and its services, and affecting their loyalty to it.

Pechlaner and Raich (2001) assessed the role of information technology in the information process for cultural products and services in tourist destinations and noted that cultural aspects of tourism promotion were highlighted in the customer relationship management activities. The scholars suggested that the culture, history, legacy and other aspects of contemporary civilization should be appropriately highlighted in the CRM programmes of hospitality industry.

Riley et al. (2001) evaluated the process approaches in loyalty research with reference to tourism promotion and noted that modern hotels provided customer oriented services in order to retain customer loyalty. The scholars suggested that hotels should develop certain mechanisms such as complaint box, suggestion system, grievance redress mechanism and so on in order to minimize the threats to tourism promotion and maximize customer satisfaction in the competitive tourism industry.

Sadri and Lees (2001) examine that finding a clear definition of organizational culture is challenging, as it is highly dependent on the industry of the organization as well as events that might have an influence on the organization and the location. They even suggest that the implementation of an organization can create competitive advantage amongst other organizations.

Atilgan et al. (2003) assessed the role of mapping service quality in the tourism industry and noted that customer relationship management assumed great significance from the tourism promotion point of view in modern society. The scholars suggested that tourism industry and hospitality industry should develop new consciousness and deliver customer centric goods and services in order to enhance their credibility and increase income-generating opportunities.
Bouncken (2002) examined the role of knowledge management for quality improvements in hotels and noted that modern hotels maintained sound database on the customers in order to understand their needs and cater to their services. The scholar suggested that modern hotels should develop sound database for effective implementation of customer relationship management activities, which benefit them in several ways.

Brunjes and Roderick (2002) state that the intellectual assets help the CRM practitioners in three important ways. First, they ensure that CRM practitioners have a strategy first and only then buy the CRM software and not the other way round. The second benefit of the corporate and academic interface is that it helps the CRM practitioners to pick an integrated CRM approach and not just ‘few bits and pieces strewn here or there’. In the latter case, CRM suffers due to lack of synergy. The third and final payoff from the linkage is that the CRM practitioners can share their practice ideas and challenges with a full army of the young and fresh minds at the graduate business schools and multiply the output.

Dyché (2002) pointed out that if the data is not fully integrated the view of the customer relationships is based on a fraction of the customer’s real interactions with the company, which then leads to false and un-holistic view of the customer. Examples of customer data can be said to include all sales, promotions and customer service activities, information relating to billing and account status, customer interaction, back orders, product shipment, product returns, claims history, and internal operating cost, coupled with transaction details can enhance the understanding of customers and their purchasing patterns.

Dyché (2002) states that in order to provide a complete customer profile, “a single version of truth”, and all data must be stored in a centralized cross-functional database. Large organizations routinely collect vast amounts of personal information about their customers through the transactions they conduct. Organizations such as financial institutions, healthcare providers, travel agencies, retailers, automotive manufacturers, and communication companies, among others, collect this data to use in a variety of ways and for several reasons: a) for targeted marketing based on individual preferences, b) to analyze customers for profitability, and c) to evaluate their own service levels.
Ekinci (2002) carried out a comprehensive review of theoretical debates on the measurement of service quality with reference to hospitality management in modern society and noted that the process of hospitality management had improved over a period of time on the basis of systematic customer relationship management. The scholar also identified certain implications for hospitality management research and suggested appropriate measures for the advancement of customer relationship management in modern organizations.

Haley and Watson (2002) studied the fundamentals of customer relationship management in the process of hospitality management and noted that the hospitality industry adopted CRM practices and technologies in order to widen their operational base and achieve better success in income generation. The scholars suggested that modern organizations should follow healthy practices and facilitate meaningful hospitality management through systematic customer relationship activities.

Jones (2002) investigated the hospitality operations carried out by the various organizations in The United Kingdom and noted that the hospitality industry was developed on the basis of systematic understanding of marketing environment, customer needs, expert views and scientific experimentations in England. The scholar suggested that customers should be encouraged to participate actively in the decision making process, image building process and other institution building activities.

Kimes (2002) stated that segmentation strategy is important to an organization and can be effectively applied in the hotel industry as they have many segments of customers to be served.

Paraskevas and Buhalis (2002) assessed the hosted application provision for small and medium sized tourism enterprises and noted that advanced information and communication technologies were increasingly used by the organizations in the tourism sector. The scholars suggested that development of tourist destinations, creation of infrastructural facilities, fulfillment of basic needs, organization of customer relationship management activities would bring about prosperity in the tourism sector.

Sigala and Christou (2002) examined the transformative power of e-commerce on hotel brands and noted that cross-cultural challenges and business challenges
affected the hospitality management sector in modern society. The scholars suggested that modern hospitality managers and professionals should evaluate the customer profile, design customer-oriented hospitality management and implement customer-centered relationship management activities in order to achieve optimum business success.

Christou and Kassianidis (2003) analyzed the role of online communication in the process of tourism promotion and noted that modern consumers have developed positive perception about online communication channels and adopted them for the purchase of travel products in modern society. The scholar suggested that digitalization of customer relationship management activities would promote tourism industry on the basis of constant connectivity and interaction between the service providers and customers.

Collins and Buhalis (2003) investigated the nature and scope of destination management systems utilization in England and noted that advanced information and communication technologies were used as prominent tools of tourism promotion. The scholars suggested that adoption of information technologies would enhance the status of customer relationship management and promote the goals of tourism in modern society.

Engstrom et al. (2003) studied the relationship between the intellectual capital and development of hotel industry and noted that hotel industry achieved remarkable success on the basis of advancement of customer-oriented knowledge system, customer-oriented delivery of services and customer-friendly practices of customer relationship management in modern society. The scholars suggested that hotel industry should give more prominence to the development of intellectual capital rather than financial capital in order to demonstrate its concern for the customers and other sections of the society.

Jung (2003) associates the conflict to the situations regarding the manifestation of power and believes that this is manifested mainly in the context in which the targets are avoided.

Kelley et al. (2003) stated that the research findings have underlined the fact that modern organizations should make CRM an enterprising mission since CRM
efforts within an organization are often championed by one functional area probably the marketing or information technology department. Their studies have also revealed that the greater the level of integration among all functional areas, the better the experience the firm has to serve its customers.

Kotler et al. (2003) analyzed the role of relationship marketing in hospitality and tourism sectors and noted that relationship marketing has paved the way for systematic advancement of customer relationship management in modern society in the hospitality sector. The scholars suggested that hospitality industrialists should develop direct rapport with the customers and deliver customer-friendly services in order to achieve the goal of business promotion.

Liz and Mannicom (2003) assessed the role of CRM in the enhancement of customer loyalty and noted that customer loyalty was enhanced consciously by the modern organizations on the basis of customer-oriented services and effective CRM strategies. The scholars suggested that modern organizations should carry out systematic market surveys, understand the needs of the customers, design customer–friendly services and glorify the features of goods and services through CRM packages and operations.

Lund (2003) stated that it is not only national culture which could have an impact on the workforce but also the implementation of an organizational culture that can enhance employees’ commitment as well as performance. Furthermore he stated that the function of organizational and corporate culture has an impact on employees’ satisfaction and performance as well as commitment.

Magnini et al. (2003) investigated the relationship between data mining and hotel firms in modern society and noted that development of suitable database on the customers had facilitated the delivery of customer-friendly services in modern society. The scholars suggested that adoption of new technologies would improve the database and provide the latest information about customer relationship management activities.

Nemati et al. (2003) evaluated the role of data integration in the process of customer relationship management and noted that the practice of CRM was perfected on the basis of data base development and data integration activities carried out by the
modern organizations. The scholars suggested that modern organizations should deliver the goods and services on the basis of customer centered data base development and delivery of customer oriented goods and services.

Noone et al. (2003) examined the relationship between the integration of CRM and revenue management from the hotel perspective in The United States of America and noted that the modern hotel industry has gained considerably through systematic CRM programmes. The scholars suggested that modern organizations should develop customer database, produce customer-friendly services and glorify customer-oriented services in the marketing communication campaigns in order to achieve the goal of business management and improve their profile and popularity.

Paraskevas (2003) investigated the role of customer relationship management in the hospitality management sector and noted that service providers primarily relied upon customer relationship management programmes in order to enhance the scope of interaction between the service providers and customers in modern society. The scholar suggested that advertisers should not experience any kind of dichotomy of high promises - low response while managing business affairs.

Pechlaner and Tschurtschenthaler (2003) examined the tourism policy, tourism organizations and change management in Alpine regions and destinations, from a European perspective. The scholars noted that tourism had become an important component of national development in Europe. The scholars suggested that tourism promotion activities should be conducted on the basis of systematic practice of customer relationship management.

Piccoli et al. (2003) evaluated the role of customer relationship management in the American lodging industry and noted that contemporary lodging industry achieved great success on the basis of customer oriented services and need based customer relationship management activities in American society. The scholars suggested that American lodging industry should develop suitable knowledge management system and customer relationship management in order to achieve the goal of business promotion.

Sharp (2003) stated that getting positive, measurable business results from these activities do not come from simply gathering information and storing it. Many
CRM strategies have failed to achieve objectives because of difficulties in developing a strong understanding of who customers are and what they really want, and applying this knowledge to establish customer relationship strategies and processes.

Sigala (2003) analyzed the role of information and communication technologies productivity impact on the UK hotel sector and noted that application of information technologies facilitated all round and all time rapport development between the service providers and customers in the hotel sector. The scholar suggested that hotel industry should basically understand the demographic features of the customers and provides need-based services in order to achieve the goal of business promotion.

Sigala (2003) assessed the need for developing and benchmarking Internet marketing strategies in the hotel sector in Greece and noted that Internet emerged as the most appropriate tool and technology in the process of customer relationship management. The scholar suggested that Internet should be used judiciously as a prominent medium of customer relationship management in order to prevent certain inconveniences and disturbances.

Antony and Antony (2004) evaluated the service quality in a UK hotel chain and noted that the hotel industry has made remarkable progress on the basis of customer-friendly services and marketing communication strategies. The scholars suggested that the hotel industry could achieve the goal of marketing on the basis of systematic implementation of customer friendly services and customer relationship management programmes.

Juwaheer (2004) studied the international tourists’ perceptions of hotel operations by using a modified service quality approach and noted that modern hotels primarily focused on the implementation of CRM strategies that intended to seek, gather and store relevant information, which facilitated better customer treatment and satisfaction in the hospitality management sector.

Marković (2004) assessed the service quality in Croatian hotel industry on the basis of a multivariate statistical analysis and noted that modern hotels attached great significance to the practice of customer relationship management. The scholar suggested that a meaningful combination of hardware, software and marketing
communication capabilities should be ensured in modern organizations in order to manage customer relationship management in an organized and successful way.

Payne and Frow (2004) investigated the role of multi-channel integration in customer relationship management and noted that contemporary hotels experienced inadequate IT infrastructure, trained manpower, CRM strategies and scientific evaluation of CRM practices especially in the developing countries. The scholars have suggested that infrastructure development; manpower development, software development and strategies development would enrich the process of customer relationship management.

Rigby and Ledingham (2004) evaluated the status, problems and challenges of CRM in modern organizations and noted that CRM had become an important organizational function in modern society. The scholars suggested that the practice of CRM should be perfected on the basis of scientific evaluation in order to improve its effectiveness in modern organizations.

Green and Stager (2005) concluded that there are 3 primary benefits of market segmentation. They are: easier marketing, finding niches, and efficiency. Segmentation enables an organization to selectively target “good” business. Breaking down markets from one group to several subgroups based on common needs is one of the most powerful tools in marketing strategy.

Jones and McCleary (2005) studied the role of customer relationship management in international hospitality industry and noted that systematic efforts were made by the management to cope with the changing needs and demands of modern customers. The scholars suggested that the hospitality industry should be strengthened on the basis of systematic customer-friendly delivery of goods and services and effective marketing communication activities.

Lee et al. (2005) investigated the relationship between customer relationship management and hospitality management and noted that systematic practice of customer relations enhanced the status of hospitality management in modern society. The scholars suggested that hospitality management should be complemented on the basis of customer-centric delivery of service and systematic practice of customer relationship management.
Marković (2005) evaluated the role of customer relationship management in the tourism sector on the basis of a case study of Croatia and noted that the practice of customer relationship management has become an important component of tourism promotion in modern society. The scholar suggested that the goal of tourism promotion should be achieved on the basis of systematic application of sound practices of customer relationship management and technologies.

Payne and Frow (2005) studied the role of customer relationship management in modern hotel industry and noted that the hotel industry had exploited the medium of CRM to a considerable extent in order to build sustainable interaction between the service providers and customers. The scholar has suggested certain measures for the achievement of excellence through customer relationship management in modern organizations.

Sigala (2005) examined the impact of customer relationship management on service quality in the hotel industry and noted that modern hotels rightly identified the customers who were currently most profitable and continued their retention efforts. The scholar suggested that situational analysis should be carried out by the experts concerned in order to enhance the business status of hotel industry.

Sigala (2005) studied the need for integrating customer relationship management in hotel operations and noted that modern organizations followed integrated approaches to CRM. The scholar suggested that modern hotel industry owners should enhance profitability and guest satisfaction by focusing on CRM strategies that aim to seek, gather and store the right information, validate and share it throughout the entire organization and then use it throughout all organizational levels for creating personalized unique guests’ experiences.

Beldona et al. (2006) investigated the relationship between a centralized information system and hospitality industry and noted that modern hospitality managers gave priority to knowledge management in order to enhance customer relationship management and business promotion opportunities. The scholars suggested that modern managements should carry out scientific evaluation of hospitality management and customer relationship management programmes in order to increase the strengths and opportunities in the challenging business environment.
Daft (2006) stated that employees ‘make or break’ an organizational strategy. Besides the above-mentioned skills, they have to be willing to cooperate. As mentioned, skills and attitude contribute to a person’s behaviour. It is necessary to have employees with the right attitude to collaborate with a strategy or project. He mentions four reasons why employees would refuse to cooperate in a change process; self-interest, lack of understanding and trust, uncertainty, and different assessments and goals. To stimulate collaboration he suggests communication and education, participation, negotiation, coercion and top management support. Thus, besides the right skills, the employees need supporting attitudes, which together determine employee behaviour.

Dickinson (2006) investigated the trends and developments which transformed the modern lodging industry and noted that customer relationship management was a combination of people, technologies, strategies and operations which was designed to manage the industry’s relationship with customers. The scholar suggested that modern hotels should conduct interactive, personalized and relevant customer relationship management by using traditional and modern means and methods.

Hippner (2006) examined the customer retention and defined it as repeated transactions of a customer with a given company. The fact that customers buy repeatedly without the company undertaking any acquisition endeavor has three important advantages regarding a company: security effect, growth effect, and rent-ability effect.

Rodríguez-Díaz and Espino-Rodríguez (2006) assessed the role of customer relationship management in the hotel industry and noted that modern hotels developed relational capabilities in order to enhance customer satisfaction. The scholars suggested that the hotel industry should develop suitable customer relationship management package, which involves continuous bi-directional communication and integration.

Yuksel et al. (2006) conducted a cross-national analysis of hotel customers’ attitudes toward complaining and their complaining behaviour and noted that the law enforcement authorities prescribed certain standards for healthy and positive
maintenance of hotels in modern society. The scholars suggested that modern hotels should develop suitable mechanism for the understanding of the problems experienced by the customers and facilitate quick redress of their grievances in order to enhance customer satisfaction.

González et al. (2007) studied the role of customer relationship management in the process of tourism promotion and noted significant association between perceived service quality and customer satisfaction. The scholar suggested that organizational leaders should integrate the CRM into everything a company does in modern society in order to satisfy the needs of the customers on a regular basis.

Holjevac et al. (2007) examined the role of customer relationship management in the process of hospitality management and noted that the modern hotel industry tried to keep a close relationship with its customers. The scholars suggested that the leaders of the hotel industry should be encouraged to introduce appropriate marketing philosophy as a major plank in their strategy to meet the competition.

Mumel and Snoj (2007) made a comparative analysis of hotel guests’ satisfaction in Croatia and Slovenia and found statistically significant association between the practice of customer relationship management and tourism promotion in the study areas. The scholars observed that the focus in recent research was shifted from studying drivers of customer satisfaction to examining drivers of customer behaviour such as repurchase habits. The scholars suggested that the administrators of tourism industry should explore new possibilities of increasing touch points such as e-mail, website visits, news groups, chat groups and webcasts.

Nickson (2007) stated that training and development could be seen as a key instrument in the implementation of HRM practices and policies. Successful hotels always include staff training as their important development strategy.

Sotoudeh (2007) evaluated the role of customer relationship management in the tourism industry of Iran and noted that tourism industry chiefly focused on customer satisfaction, loyalty and retention. The scholar suggested that hotel owners and managers should personalize marketing messages with information that is relevant to the needs of the customers.
Ada et al. (2008) investigated the role of customer relationship management in hospitality industry with reference to Hong Kong and noted that the study area became a prominent destination for tourism promotion and hotel industry had exploited the tool of CRM in order to enhance the marketing strategies and income generating opportunities. The scholars suggested that hotel industry should resolve the internal and external problems quickly and effectively.

Chi and Qu (2008) examined the structural relationships of destination image, tourist satisfaction and destination loyalty on the basis of an integrated approach and noted that tourism promotion was undertaken on the basis of systematic practice of customer relationship management which was based on customer-centric approach to delivery of goods and services. The scholars suggested that development of customer database should be transformed into corporate knowledge, which facilitates better attitude formation among the customers towards tourism industry and hospitality management.

Lo et al. (2008) examined the role of customer relationship management in the hospitality industry with reference to Hong Kong and noted that the hotel organizations adopted the principles and practices of customer relationship management in the study areas. The scholars suggested that ideal marketing mix should be used in order to improve the quality of services in Hong Kong hotels.

Namkung and Jang (2008) evaluated the role of customer relationship management in the process of hospitality management and noted that CRM was practiced in the hotels in order to improve the quality of services rendered by the service providers. The scholars suggested that the hotel authorities and hospitality managers should introduce a wide range of products, which benefit the customers in a competitive business environment.

Kasim et al. (2009) evaluated the customer relationship management strategy, customer performance measures and performance in the hotel industry and noted that modern hotels adopted strategic CRM, which facilitated winning and retaining customers. The scholars suggested that prescribed standards should be followed for the effective management of hotels and practice of systematic CRM.
Anderson (2010) observed that the key to success in obtaining true senior management commitment is to present a full picture and obtain priorities. The best path to achieve success is as follows: present in terms of results, focus on the pragmatic, and specify what support is needed.

Haraketi (2011) stated that technology has created a massive change in the hotel industry, the days when there was no reliable way to guarantee an arrival date - guests arrived, if there was a room, they stayed - are well and truly gone. Today guests book their rooms with their iPads months in advance. As things go there is no escape from the digital revolution; hotels must consider these changes for their long-term strategy. With this revolution comes a multitude of new channels - Websites, Blogs, mini-websites, reviews websites, social media, iPads, iPhones and so forth.

Currie (2013) observed that matching a competitive price is a tactic used by marketers to take the issue of price off the table. A company that may be stronger competitively on other features and benefits uses this tactic. Price matching puts a competitor on the defensive. A business that undercuts prices often does so from a difficult position against a strong competitor. It may be the only way to compete so as lose money on the price, but make up for it on the volume sold.

Currie (2013) stated product pricing must conform to industry and category levels. However, depending on quality, features and benefits, and even a unique selling proposition manufactured through advertising, a product can price itself at the higher range of category pricing. Consumer demand can influence competitors pricing. When demand is high, prices are raised and all businesses benefit. This is the ideal macro-pricing situation for a business, whatever the industry. Competitors in such a situation can relax and concentrate on other aspects of marketing programmes. When demand is low, pricing levels fall to attract buyers. Competition heats up for the smaller available demand and pricing tactics get pulled out of the marketing toolbox.

Demand Media (2013) stated that any business benefits from good customer relations, whether a large corporation or a mom and pop shop. Customer relations or customer service, refers to the way a business communicates and interacts with the public to gain and retain customers. It is necessary for a business to cultivate good customer relations to attract and keep a loyal base of customers. Some companies hire consultants to advise them how to develop stellar customer relations.
Duggan (2013) stated that customer service representatives need strong communications skills to handle client orders, problems and inquiries. When recruiting or considering potential customer service reps, hiring managers also seek expertise in troubleshooting and analysis. When conducting interviews, hiring managers should describe the work environment, growth opportunities and compensation packages.

### 3.3 PRACTICES OF CRM

Greger and Withiam (1991) examined the practice of CRM with reference to the hotel industry and noted that travelling public should be treated well by the modern hotel industry in order to enhance business success in a competitive hotel industry. The scholars also provided specific suggestions for the improvement of customer relationship management with reference to the hotel industry and hospitality management.

Morris (1994) studied the process of CRM in modern society and noted that the practice of CRM assumed profound significance in the modern business world. The scholar suggested that customer-friendly goods and services and effective marketing communication strategies would facilitate business promotion in modern society.

Andaleeb (1996) studied the relationship between customer satisfaction and business promotion and noted that the role of trust and dependence made all the difference in the practice of CRM. The scholar suggested that modern business houses should live up to the expectations of the customers who are a decisive force in the process of business promotion.

Barnes (2001) studied the nature and scope of customer relationship management and noted that the practice of CRM was a critical factor and an essential building block for both marketing success and customer satisfaction in modern society. The scholar suggested that management should give attention to creating and adding value for customers in order to achieve the goal of business promotion.

Almquist, et al. (2002) analyzed the role of CRM in income generation in the modern business organizations and noted that the practice of CRM facilitated greater
business transactions and income generation in modern society. The scholars suggested that adequate investment in the customer relationship management activities would enhance the business status of modern organizations.

Buttle (2002) studied the scope of CRM in modern business world and noted that the practice of CRM figured on the top of the agenda of modern organizations. The scholar suggested that customer oriented delivery of goods and services should be properly highlighted in the marketing promotion communication activities including advertising.

Day and Bulte (2002) investigated the nature and scope of CRM and noted the consequences for competitive advantage and performance. The scholars suggested that the practice of CRM should be subjected to suitable changes and modifications in order to produce goods and services and persuade the customers to make use of the goods and services.

Kotler (2002) assessed the process of customer relationship management in modern organizations and noted that the practice of CRM had become an all-pervasive organizational activity in modern society. The scholar suggested that modern organizations should learn to live with the customers and practice customer relationship management on the basis of scientific evaluation and up gradation.

Le (2002) investigated the seven-breakthrough customer relationship management strategies, which have facilitated commendable advancement in the practice of CRM across the globe. The scholar observed that customer relationship management had become an important organizational activity, which bridges the communication gap between the sellers and buyers. The scholar suggested that the process of customer relationship management should be perfected on the basis of scientific analysis and research suggestions and guidelines.

Ahn et al. (2003) analyzed the role of customer relationship management in modern society and noted that the practice of CRM had considerable impact on the customers who mattered most in the contemporary business world. The scholars suggested that customers should be persuaded to make use of the goods and services on the basis of a sound delivery system and persuasive communication strategies in modern society.
Chen and Popovich (2003) studied the salient features of customer relationship management namely people, process and technology and noted that the practice of CRM had assumed profound significance in modern companies. The scholars suggested that organizational leaders should draw suitable lessons from other success stories and role models in order to improve the status of CRM in modern society.

Nemati and Moosa (2003) evaluated the role of data integration in the process of customer relationship management and noted that the practice of CRM was perfected on the basis of data base development and data integration activities carried out by the modern organizations. The scholars suggested that modern organizations should deliver the goods and services on the basis of customer centered data base development and delivery of customer oriented goods and services.

Richard (2003) conducted an exploratory study on customer relationship management in New Zealand and noted that the practice of CRM had become a regular feature of organizational management in the study area. The scholar suggested that the service providers should primarily take into account the practical needs of the customers and provide user-friendly goods and services.

DeSisto (2005) examined the relationship between customer relationship management and software development and noted that the practice of CRM was enriched by the development of appropriate software in modern organizations. The scholar suggested that modern organizations should join the cyber world in order to multiply customer relations and enhance customer satisfaction.

Lee and Dubinsky (2005) investigated the relationship between customer relationship management and hospitality management and noted that systematic practice of customer relations enhanced the status of hospitality management in modern society. The scholars suggested that hospitality management should be complemented on the basis of customer-centric delivery of service and systematic practice of customer relationship management.

Chalmeta (2006) examined the methodology for CRM and noted that the practice of CRM was based on tested and tried methodologies in the modern business environment. The scholar suggested that application of advanced methodologies would boost the scope of CRM in competitive business environment.
3.4 FACTORS’ EFFECTIVENESS ON CRM PRACTICES

Daveport and Short (1990) stated that Information Technology for a very long period of time has been seen and recognized as an enabler to make firms radically re-engine their business process if they want to achieve dramatic efficiency and important in performance. CRM is also synonymous to information technology and in most cases the core of it.

Babakus and Boller (1992) investigated the factors associated with the practice of CRM and pointed out that service institutions did not practice CRM in accordance with the needs and demands of customers. The study revealed that the customers should determine what aspects of the service are the most beneficial rather than the service provider dictating these aspects.

Anton (1996) evaluated the process of CRM and identified various factors, which constituted business success in modern society. The scholar suggested that customers have a right to healthy and constructive delivery of goods and services in the age of corporate social responsibility. The study also provided several insights into the practice of CRM in the modern competitive business environment.

Gundersen et al. (1996) investigated the factors associated with CRM with reference to business travellers in modern society and noted that the modern hotel industry gave prominence to hotel guest satisfaction in order to enhance customer loyalty and multiply the business prospects in the hotel industry. The scholars suggested certain innovative methods for the betterment of CRM in the modern hotel industry.

Hart (1997) stated that building organizational/operational flexibility is a factor influencing CRM practice.

Orenstein and Leung (1997) point out the growth of Sales Force Automation (SFA) as a factor influencing CRM in the hospitality industry in recent years which has led to virtually every hotel salesperson having a computer at his or her desk in order to perform his or her sales responsibilities. Simply providing a computer and software is not going to miraculously increase sales volume or productivity.
Parthasarathy and Sohi (1997) stated that Sales Force Automation is the factor influencing CRM and noted that it has two stages; the first stage is at the organizational level and the second stage is at the individual salesperson level.

Newell (2000) examined Data warehousing, Knowledge management and Portals on the web as factors. Piccoli, et al. (2003) stated that Information technology, building long-term relationship, higher profitability and significant investment in technology are the factors influencing CRM.

Siguaw et al. (2000) assessed that information technology is a factor influencing CRM in The U.S. hotel industry and noted that the modern hotel industry primarily depended on effective customer relationship practices and competitive business endeavors. The scholars suggested application of new technologies and adoption of healthy practices.

Tiwana (2001) stated that a coordinated management of strategies and operational business process, ICT, leadership, change, cultural and measurement strategies are the factors influencing CRM.

Ryals and Knox (2001) pointed out that data management system, organizational culture, an effective internal communication strategy, closer customer relationship, determining future purchasing behaviour, detailed customer profiles (data warehousing), full commitment and support of the board and senior management are the factors influencing CRM practice.

Alford (2001) stated that people, customer management and detailed measurement are the factors influencing CRM.

Barney et al. (2001) stated that employee skills is the factor related to the capabilities of employees with regard to their job tasks, which have to contribute to the strategy. Two elements of strategic human resource management are employee skills and employee behaviour. These aspects are argued to affect sustainable competitive advantage. With regard to CRM within an international organization’s subsidiary, this is expected to be mainly about the skills at the operational level, although the local management teams are involved in the strategic development as well.
Paraskevas (2001) analyzed the role of information technology in the hospitality management sector and noted that information technologies facilitated greater connectivity, interaction, participation and patronage of customers in the hospitality sector as a factor influencing CRM. The scholar also suggested certain measures for the affordable IT answer for small and medium sized hospitality businesses with reference to entrepreneurship in the tourism sector.

Stone et al. (2001) examined the building of a key working culture, establishing agreement for cooperation, building teamwork consisting of people of various disciplines who take different roles, integrative cooperation, and efficient communication, all of which require participation of personnel at all levels from administrators to operators as the factors influencing CRM practice.

Laudon and Laudon (2002) stated that nowadays the factors such as information technology and communication are used as the tool for organizational communication, knowledge management, and strategies.

McClelland (2002) pointed out that staff training is a factor influencing CRM being a significant part as well as the key function of Human Resource Management and Development; it is the crucial path of motivating employees and increasing productivity in the business.

Rigby and Schefter (2002) assessed the factors which impeded the practice of CRM in modern society and noted that an indifferent attitude of the management, ill equipped workforce, non-implementation of need based programmes and absence of effective customer relationship management strategies caused setbacks to the business in general and corporate reputation management in particular.

Brotherton (2003) studied the factors associated with the growth and development of the international hospitality industry and noted that the structure, characteristics and services played a major role in establishing mutually beneficial relationship between the service providers and customers. The scholar suggested that systematic practice of CRM would boost the status of the hospitality industry across the globe.

Chen and Popovich (2003) emphasize that IT assists and supports business process reengineering, thus facilitating work practice changes and adapting innovative
ways that link a company with its customers, suppliers and other stakeholders. They argued that CRM application is capable of leveraging innovations in technology to gather and analyze customer data patterns, interpret customer behaviour, develop predictive models, respond with timely and effective customized communications, and deliver product and service value to every individual customer.

Chen and Popvich, (2003) stated that data warehouse as a factor influencing CRM practices is considered an important aspect because of its ability to transform consolidated customer data into customer intelligence, which then provides a basis for understanding the behaviour of the customer so that the right decision on how to service the customer is made. They further explained that data warehouses extract, clean, transform and manage a huge amount of data from different systems, which allows it to create a historical record of all its customer interactions.

Karakostas et al. (2003) evaluated the factors influencing CRM practices as follows: attracting new customers, predicting customer buying behaviour, competitive advantage, customer satisfaction, customer retention, acquisition of new customers, building long-term relationships, effective management of information and knowledge, product and service innovation, websites tailored to customer need, providing a single and consolidated view of customers, calculating the value of the customer, establishing a strategy for a multi-channel based communication with the customer, designing and developing personalized transaction.

Simns (2003) demonstrates that the success of CRM initiative relies on involving staff in designing it at an early stage, rather than simply imposing it on them, employees who interface with customers need to be empowered to address customer concerns promptly.

Combe (2004) stated that knowledge of CRM is the factor dealt with people, or the organization administrators who are involved in drawing up the policies and in driving CRM to success. It is required for administrators to have management capacity; that is, they should know CRM and understand it well. They are expected to establish visions and to lead the organization through representing CRM in an efficient manner, to take responsibility for the development of CRM strategies and to propel implementation through some securities supporting CRM including resources, working environment, time and technology. The administrators should have the
capacity to mitigate the problems making them achieve the goals they expected.

Greenberg (2004) stated that one of the factors influencing CRM practices is data warehouse interpreted as an enterprise-wide, cross-functional repository of data, which is organized around subjects that have collected many sources and merged centrally into a coherent body over time.

IBM Business Consulting Services (2004) examined the various factors, which affected CRM practice. These factors include: capabilities and risk assessment, change management, programme governance, and organizational alignment. This report also mentioned that geographic regions had clear differences in focus. There may be common success factors that underpin CRM practice but there are different ways in which projects are approached.

Roh et al. (2005) pointed out the process fit (customer integration process, linkage to sales channels, personalized marketing support process, after sales service process); customer information quality (integrity of customer information sources, usefulness of customer information, support of customer scoring and segmentation information, forecasting potential purchasing power); system support (investing in the system infrastructure for CRM, open networking system for sales-force); efficiency; customer satisfaction (increase of friendly interaction with customers, enhancing brand value, decrease of customer complaints, increase of overall customer satisfaction level); profitability (increase of new customers, increase of reselling/up selling, decrease of customers’ churn, increase of overall profitability) as factors’ effectiveness of CRM practices.

Ferrel and Hartline (2005) observe that human resources is factor for an effective CRM and as such firms must manage its relationships with their employees if they have any hope of fully serving customer needs and that this is especially important in firms where employees are the eye of the customers. If you don’t take care of the employees, they cannot take care of the customers. Employees need to be happy and absolutely enthralled to be there. ‘If they are not happy, we will not have satisfied customers in the long run. We must have passion for customers, if we don’t; we are in the wrong business.’
Ozgener and Iraz (2005) evaluated that communication-distribution infrastructure (distribution channels’ effectiveness, database and data warehousing and data mining, sales force automation, utilizing travel agencies and tour operators, designing CRM oriented web sites); business dynamics (business image, business activity quality, intent of gaining competitive advantage); customer relations (staff training and behaviour, idea of customer retention, long-term customer relations, acquainting customers with utilizing products and services); innovation and quality (globalization and recent advances in information technology, idea of gaining new customers, product and service quality) are the factors influencing CRM practice.

Daft (2006) stated that strategic factors of CRM execution is related to the enablers and barriers that have to do with decisions and activities that determine the position and direction of the organization. This is an important category for CRM that means to create a competitive advantage for the organization in the holistic and strategic perspective. An organization’s strategy is the basis for its competitive advantage. When these factors are not attuned during the CRM project it becomes difficult, or even impossible to make other CRM related changes; organizational changes should be made in order to contribute to the organization’s strategy.

Lin (2006) investigated the factors associated with the practice of CRM in the present business environment. The study reported that as the business world has shifted from product focus to customer focus, managers have found that the enhancement of existing customer relations brings the benefit of profitable and sustainable revenue growth. According to the study CRM enables a business to understand better the stated, and especially the implied, requirements of its customers.

Mendoza et al. (2006) stated as far as CRM administration is concerned, it could be said that organizational culture and communication are the most difficult factors to achieve since the administrators need to change attitudes and make the personnel accept new concepts in CRM.

Sabherwal et al. (2006) pointed out that management commitment is the factor to support CRM practices through generating an organizational environment that acknowledges CRM as an important element of business strategy and by involving in activities that demonstrate their commitment to CRM practices.
Daft (2006) examined that CRM practices related enablers are the factors related to the project itself. These enablers have to do with the practices of the project and change management. CRM practices can be made successful by making changes in leadership, structural design, human resources and information and control systems. A strategy’s success depends on the practices of thoughts into action thereby using managerial, administrative and persuasive abilities. When the manager carries out the plans himself, employees are more committed to contribute as well.

Roberts (2007) stated organizational design is the factor concerned with the development of the organization to support the followed strategy. These actors are the components that shape and structure the organization to contribute to successful CRM practice. The organization should be structured in the way it fits in the environment the organization operates in, i.e. economic, political, legal, regulatory, social and technological environment. Organizational design is an ongoing process to align the environment, the strategy and the organization, which are constantly changing and evolving.

Sommerville (2007) investigated how staff training enhances the capabilities of employees and strengthens their competitive advantage. Effective training improves the personal character and professional abilities. Not only employees, but also management and organization would benefit from staff training. Customers and guests benefit as well, because of the received quality products and services. Training could be enormously demanding and should be in-depth; lack of training or poor training brings out high employee turnover and the delivery of substandard products and services.

Jones (2008) suggests that success of Sales Force Automation as a factor influencing CRM depends upon previous computer experience, management support and ease of system use, and investigates adoption of SFA among seven international hotel chains through the distribution of an (unrelated) survey to their US and Asian sales people and analysis of the chosen response mechanisms - either via email attachment, online or fax/post.

Stephen and Burgess (2008) worked on critical success factors on CRM practice and used a structure as follows: 1- Context: knowledge management capabilities, willingness to share data, willingness to change processes, technological
readiness. 2- Supporters: top management support. 3- Project organization: communication of CRM strategy, culture change capability, process change capability, and systems integration capability.

Train (2009) pointed out that staff training, as a factor influencing CRM is the key task to help everyone in the company to be more united. An enterprise could hire experienced employees or train employees to be skilled. When the company trains their own staff, by providing and forming a harmonious atmosphere, accurate work specification and the passion of work, team spirit will be built between employees and management team within the process. Training of work tasks is one of the main aspects of staff training, including principles at work, professional knowledge and skills, by offering employees these essentials, staff training helps personal abilities match with business requirements.

Yang (2010) stated in modern hotel business, it is all about competence in people, and especially the employees’ qualities. The level of service quality depends on the qualities of employees. The qualities are about knowledge, skills and thoughts, which lead to a hotel’s survival and development. Therefore, staff training is essential in many ways; it increases productivity while employees are armed with professional knowledge, experienced skills and valid thoughts; staff training also motivates and inspires workers by providing employees all needed information in work as well as help them to recognize how important their jobs are.

Yang (2010) suggested that with the development of technology and the whole business environment, employees need to be more skilled and qualified. Even if you are a good employee today, you could be out of the line some other day if you do not keep studying. A company needs organized staff training if it wants to be competitive among others.

Srivastava (2012) examined the impact of Globalization as a factor influencing CRM as follows: exposure to different cultures, larger market, boost in the economy, technology advancement, promotion of creativity, more job opportunities, boost in the travel industry, and variety of international services/cuisines.

Anderson (2013) stated that Information Technology (IT) as a factor influencing CRM practice is important in hospitality because hotels need a good
system to manage their inventory, budget, rates, and status of all rooms reservations, as well as managing the guest’s charges. Hotels generally use computers to accomplish this somewhat daunting task. Managing a large hotel by hand is very difficult, tedious, and time consuming, but may be needed in certain circumstances. Computers store all of this important information in databases, which dramatically simplify the bookkeeping process.

3.5 BARRIERS OF CRM PRACTICES

Xander (1999) examined the barriers of CRM practices: failure identifies and focuses on specific business problems, lack of active senior management (non-IT) sponsorship, poor user acceptance, which can occur for a variety of reasons such as unclear benefits (i.e. CRM is a tool for management, but does not help a rap sell more effectively) and usability issues, and trying to automate a poorly defined process. About 50 percent of CRM projects have these significant problems today.

Ryals and Knox (2001) stated the barriers of CRM practice as follows: absence of strong sponsorship, a lack of cultural readiness, inadequate supporting budgets, an absence of complementary customer management skills, and business needs not being adequately translated into IT strategy barriers.

Raman and Pashupati (2004) investigated the barriers to customer relationship management in modern society and noted that modern organizations adopted innovative business practices, marketing strategies and CRM approaches in order to satisfy the changing needs and demands of the customers. The scholars suggested that personalizing marketing messages with information resources and services that are tailor made would result in more premium – driven loyalty for modern organizations.

Daffodil (2005) stated that the main barriers to improving customer management and CRM in an organization are lack of investment, lack of resources, the need for better IT systems and system integration capability, time pressure and the need for culture change and senior management support.

Ozgener and Iraz (2005) pointed out inadequate supporting budgets, lack of senior management commitment to CRM, poor communication, an absence of complementary customer management skills, inefficiencies in business process, lack
of end-user input at service stage, lack of standardization, inter-departmental conflicts, lack of cultural readiness as the barriers of CRM practice.

Sotoudeh (2007) investigated the barriers of CRM in the tourism industry of Iran as follows: inadequate supporting budgets, lack of senior management commitment to CRM, poor communication, an absence of complementary customer management skills, inefficiencies in business process, lack of end-user input at service stage, lack of standardization, inter-departmental conflicts and lack of cultural readiness hindering the progress of tourism industry. The scholar suggested that a holistic approach to customer relationship management would make lot of difference in modern society.

3.6 CRM RELATED STUDIES IN INDIA

Zeithaml (1988) evaluated the role of hotel guest comment cards in the process of customer relationship management and noted that guest comment cards enable the modern hotels to understand the extent of customer satisfaction over the facilities and services made available to them by the service providers. The scholars suggested that scientific measurement of customer satisfaction would facilitate better delivery of goods and services in modern hotels.

Deshponde et al. (1993) assessed the relationship between the corporate cultures, customer orientation and innovativeness in the modern business sector and noted that cultivation of customer-friendly service patterns and hospitality management techniques would facilitate the progress of modern business houses. The scholars suggested that customer relationship management should be undertaken on the basis of systematic market survey, delivery of customer-oriented services and creative advertising campaigns.

Sheth (1995) analyzed the role of customer relationship management in the improvement of marketing productivity in modern organizations and noted that modern firms adopted relationship-marketing strategies, which benefitted them financially. The scholars suggested that modern organizations should develop customer relationship management as an important tool of marketing promotion.

Raj and Bajwa (1997) studied the factors relating to the adoption of executive information systems (EIS), which facilitated better customer relationship management
and business promotion in modern society. The scholars provided a package of EIS for collaborative and decision support systems in modern organizations.

Singh (1997) examined the growth, development and status of the hospitality industry in the world and noted that customer relationship management had become an important tool of business promotion in hospitality sector. The scholar has also provided the global perspective on the hospitality industry.

Sheth (1998) evaluated the role of customer relationship management in the process of finance management and noted that slowing growth rates, intensifying competition and technological developments make businesses look for ways to reduce costs and improve their effectiveness. The scholar suggested that application of information technologies would boost the status of customer relationship management in the Indian financial sector.

Gunasekaran and Love (1999) investigated the current and future directions of multimedia technology in business and noted that the practice of customer relationship management had become an important instrument of business promotion in modern organizations. The scholars suggested that improvement in the service quality and customer complaint handling should be ensured in order to enhance customer loyalty in modern society.

Shankar et al. (1998) assessed the impact of Internet marketing on price sensitivity and price competition and noted that Internet had become an important means of customer relationship management in India. The scholars suggested that scientific application of the practice of CRM would enhance greater interactivity between the service providers and customers in modern society.

Bharadwaj (2000) examined the role of new information technologies in the process of customer relationship management and noted that new technologies had abundant capability to reach out to various customers and enhance the firm’s business performance. The scholar suggested that modern organizations should enhance customer’s satisfaction primarily on the basis of enhancement of quality and CRM strategies.

Dev and Olsen (2000) studied the basic and applied aspects of marketing management in modern society and noted that modern business organizations
primarily depended on systematic practice of customer relationship management in order to successfully meet the marketing challenges of the new millennium. The scholars suggested that customer relationship management practices should be perfected on the basis of scientific evaluation.

Agrawal (2001) analyzed the various stages of development of customer relationship management in India and noted that modern organizations understood the most profitable means of increasing meaningful interaction between the service providers and consumers of service. The scholar suggested that adoption of defensive strategy, which aims at protecting and retaining existing customers, should be ensured in the competitive business environment.

Chaudhuri and Shainesh (2001) evaluated the role of new information and communication technologies in the process of customer relationship management and noted that contemporary CRM involved the integration of technology and business process in order to satisfy the changing needs of modern customers. The scholar suggested that development of appropriate business-specific and customer–centric CRM practices would facilitate the goal of business promotion.

Gupta et al. (2001) assessed the role of customer relationship management in the process of business promotion in modern organizations and noted that the practice of customer relationship management was integrated into the process of organizational management. The scholars suggested that data warehouse, websites, Internet and other new channels of customer relationship management should be utilized in order to facilitate better connectivity between the service providers and customers.

Karimi et al. (2001) studied the impact of information technology management practices on customer service and noted that sweeping changes in the contemporary business environment led modern organizations to develop customer-centric delivery system and follow customer-friendly business transactions. The scholars suggested that modern organizations should adopt innovative technologies and multiply market opportunities in the age of competitiveness.

Mittal and Kamakura (2001) investigated the salient features of customer relationship management namely customer satisfaction, repurchase intent and
repurchase behaviour and noted that modern organizations had become customer
friendly and increased the scope of interaction between the organizations and
customers. The scholars suggested that customization of services would benefit
modern service providers.

Parvatiyar and Sheth (2001) examined the role of customer relationship
management in Indian society and noted that modern organizations systematically
assessed the effects of service quality, service value and customer satisfaction. The
scholars suggested that marketing professionals should assess the determinants of
customer satisfaction on service quality and enhance the scope of business promotion
in modern society.

Raghunath and Shields (2001) evaluated the role of electronic customer
relationship management in the Indian hotel industry and noted that recent trends and
developments in the hotel industry motivated the management to meet the business
competition on the basis of customer – centric service patterns and creative
approaches to customer relationship management. The scholars suggested that
adoption of cost reduction methods and new information technologies would facilitate
business promotion.

Subramanian and Gopalakrishna (2001) assessed the market orientation-
performance relationship in the context of a developing economy and noted that
modern organizations followed a holistic approach to customer relationship
management in order to enhance better interaction between the service providers and
customers. The scholars suggested that modern organizations should concentrate more
on developing trust between the service providers and customers in order to minimize
the chances of the termination of customer relationship on account of intense business
competition.

Bose (2002) investigated the role of customer relationship management in the
process of industrial management and noted that modern information technologies
enhanced the status of Management Information System that brought about
commendable improvement in the status of business. The scholar suggested that
application of information technologies and adoption of advanced CRM strategies
would enrich customer relations and enhance business promotion in modern society.
Sathish et al. (2002) studied the status of customer relationship management and noted that modern companies identified the most profitable consumers and adopted CRM practices to retain the loyalty and enhance the degree of profitability. The scholars suggested that modern organizations should adopt customer-centric business philosophy and culture in order to improve the effectiveness of marketing, sales and service processes.

Singh (2002) analyzed the role of electronic customer relationship management in modern organizations and noted that electronic means of CRM strengthened the relationship between the supplier and the customers. The scholar suggested that e-mail responses should be widely used along with application of information technologies in order to improve the status of business promotion and customer relationship management.

Agrawal (2003) assessed the role of customer relationship management in the processes of business promotion and corporate reputation management and noted that modern organizations saved lot of time and energy by developing suitable technological infrastructural facilities for the systematic management of CRM activities. The scholar suggested that modern organizations should scientifically assess customer satisfaction, retention and longevity in order to successfully manage the competition from the rivals and improve business transactions.

Babu (2003) analyzed the role of business intelligence in the process of customer relationship management and noted that modern organizations developed customer database in order to deliver customer-centric services and enhance CRM practices. The scholar suggested that modern organizations should develop appropriate infrastructure, manpower, technology and strategy in order to achieve the goal of business promotion through systematic practice of CRM in Indian society.

Bose and Sugumaran (2003) investigated the application of knowledge management technology in customer relationship management and noted that modern organizations primarily generated authentic data through customer research and marketing survey in order to provide customer-centric services and enhance customer satisfaction in the modern business world. The scholars suggested that organizational leaders should promote research culture and facilitate adoption of best practices in business promotion and marketing management areas.
Bose and Sugumaran (2003) studied the role of information technologies in the process of customer relationship management and noted that application of information technologies provided a new dimension to the practice of CRM in Indian society. The scholar suggested that development of ideal marketing mix would go a long way in strengthening the foundations of CRM and organizational development.

Padmanabhan and Tuzhilin (2003) evaluated the relationship between data mining and CRM and noted that modern organizations consciously practiced the CRM through systematic data mining in order to stay closer to their customers, increase market share and counter competition successfully. The scholars suggested that modern organizations should develop CRM approaches on the basis of technological applications and creative marketing communication strategies.

Ramana et al. (2003) examined the role of customer relationship management in corporate success and noted that modern corporate houses primarily depended on market survey, customer research, customer data base development, application of communication technologies and adoption of CRM strategies in order to widen their rapport with the customers. The scholars suggested that modern organizations should provide fast and accurate answers to customers, save cost and increase customer satisfaction.

Srivastava and Kale (2003) stated the need for the elusiveness of relationship marketing theory in consumer markets in modern society and noted that modern companies systematically measured customer retention and explored new possibilities of expanding customer base in a competitive business environment. The scholars suggested that modern organizations should examine the variables on customer retention and enhance the degree of interaction between the service providers and customers.

Raman and Pashupati (2004) investigated the barriers to CRM in modern society and noted that modern organizations adopted innovative business practices, marketing strategies and CRM approaches in order to satisfy the changing needs and demands of the customers. The scholars suggested that personalizing marketing messages with information resources and services that are tailor made would result in more premium – driven loyalty for modern organizations.
Srivastava (2004) evaluated the role of customer relationship marketing in the process of business promotion and noted that modern organizations including hotels followed ideal marketing mix in order to improve the quality of service and enhance customer’s satisfaction. The scholar suggested that modern organizations should introduce wide range of products on the basis of reasonable price structure in order to enhance customer satisfaction and loyalty.

Sudhir (2004) assessed the status, strengths and limitations of customer relationship management in modern society and noted that modern organizations scientifically developed marketing tools and adopted advanced practice of customer relationship management in order to promote the goal of business promotion. The scholar suggested that modern organizations should improve service quality and customer relations on the basis of a sound delivery system and healthy business practices.

Venkatesan and Kumar (2004) analyzed the salient features of customer relationship management and noted that modern organizations understood the relationship between quality of service and customer satisfaction. The scholars suggested a customer lifetime value framework for customer selection and resource allocation strategy, which benefit modern organizations.

Jayachandran et al. (2005) studied the role of relational information processes and technology use in customer relationship management in Indian society and noted that modern organizations understood the value of convenience, economy, efficiency, interaction and satisfaction in a competitive business environment. The scholars suggested that modern CRM practices should primarily focus on customer satisfaction, loyalty and retention.

Rao (2005) examined the status of customer relationship management in India and noted that modern organizations rightly perceived that CRM was a trusted strategy to build long-lasting relationships with their customers and increase their profits. The scholars suggested that organizational leaders should adopt the principles, practices and technologies in consultation with experts in order to improve the status of CRM and achieve the goal of business promotion.

Srinivasan and Moorman (2005) evaluated the role of customer relationship
management in modern retail organizations and noted that strategic firm commitments and rewards for CRM in online retailing were understood by the organizational leaders. The scholars suggested that application of customer-focused production; distribution and marketing strategies would facilitate better rapport development between the service providers and customers in modern Indian society.

Kumar and Reinartz (2006) analyzed the relationship between customer relationship management and customer database development and noted that modern organizations developed customer database on the basis of systematic investigations and adopted scientific principles and practices of CRM. The scholars suggested that constant evaluation of the attitude of the customers, up gradation of customer knowledge system and application of advanced technologies would facilitate better organizational management in Indian society.

Kumar et al. (2006) investigated the role of customer relationship management in modern organizations and noted that customers had become a force to reckon with under the changed business circumstances. The scholars suggested that customers should be enabled to air their views and seek better services in an age of competitiveness through systematic practice of CRM.

Raman et al. (2006) assessed the role of organizational capabilities in successful implementation of customer relationship management and noted that modern organizations accorded high priority for the conduction of marketing survey and adopted better marketing communication strategies in order to enhance customer satisfaction. The scholars suggested that modern organizations should facilitate constant dialogue between the specialists and professionals in order to enhance the status of CRM.

Shainesh and Mohan (2007) studied the status of customer relationship management in India and noted that a sizable financial institution had obtained critical business information about their relationships with individual customers. The scholars suggested that customer knowledge could be developed and used to initiate customization of the service for customers based on their needs.

Kamath et al. (2008) examined the role of customer relationship management in the tourism sector in India and noted that modern hotels realized the importance of
quality of service and customer satisfaction. The scholars suggested that modern Indian hotel sector should create sustainable competitive advantage through customer centric services and marketing communication strategies.

3.7 SUMMARY

The hotel industry is facing a series of challenges in the age of economic liberalization. Customer relationship management has become an all-pervasive phenomenon, which facilitates better rapport development. Hotel industry also needs systematic application of the principles and practices of CRM, which enables modern organizations to improve the service quality and win over the customers. The review of literature facilitates better understanding of the past studies, methods of research, variables of the study and other aspects of conducting investigation on the role of CRM in the management of hospitality in the present times. Few researchers have assessed the role of CRM in hotel management abroad while couple of investigations was carried out in India on the role of CRM in hospitality management. Adequate scientific evaluations are not made on the role of CRM in star hotels with reference to the state of Karnataka. The major deficiency observed in their works is the lack of emphasis on scientific evaluation of the effectiveness of CRM practices in star hotel management as a whole.

Few researchers in the world and India have evaluated the impact of CRM practices on the management of hotel industry in general. There are a couple of empirical studies, which are distantly related, with the main theme of the present study conducted in India. Hence, the present study assumes profound significance from the point of view of research and development in the field of hotel industry.