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## **DIGITALIZING THE CUSTOMER SERVICE THROUGH CRM**

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### **Abstract:**

Administering knowledge effectively can prominently help an organization to have success in building improved customer relationship, resulting in progressive impact around organization performance. In the hospitality sector, the current and emerging tools of CRM play a greater role in the future. The service providers in hospitality will increasingly employ CRM tools to improve conventional programs to make them more effective in attracting guests, and more productive in terms of profitability. CRM is typically associated with loyalty, which is limited, because of purchase frequency and profitability that can lead to different business outcomes. The study focuses on CRM that will be ideally suited to the hotel industry, especially when implementing it successfully and effectively, taking into our account that hotels receive a lot of data about customers. The study concludes that customer domain information can be gathered through interactions with them or from different touch points within the organization itself, and the criterion for deciding whether CRM is successful or not, is to effectively transform customer information into employee knowledge and their skill development.

### **Key words:**

Skill Development, Customer Relationship Management, Knowledge Management, hospitality sector, customer's information

**Introduction:**

The fact that CRM brings lasting benefits to organizations, as a whole, some of them gain profits from implementing through skill development; CRM brings benefits to the organizations that generate a lot of information about customers and converts it into employee knowledge. It is evident that such ambitious aims can only be achieved through implementing CRM, which will result in establishing fruitful relationship between organizations and their customers. The study focuses on the process of identifying employee skill gaps, and mounting and honing these skills.

It is important because skills determine the employee ability to execute your plans with success. Suffice it to say that hotel industry, like any business sector has to be highly competitive to be able to do well in the business environment, therefore, it is of dynamic importance for it to encourage interactive patterns of continuous re-purchase and to retain customers last longer.

The concept of CRM can be defined in different ways. It also means different things to different people; depending on the working environment. However, to enrich the literature about CRM, this study will define it as a strategic approach that enables

organizations to use internal resources, such as technology, people, and process to manage the relationship with customers for the whole of their lives cycles, in order to create a competitive advantage and improve an organization's performance.

Accordingly, CRM will be ideally suited to the hotel industry, especially when implementing it successfully and effectively, taking into our account that hotels receive a lot of data about customers. Such data can be transformed into useful knowledge about customers.

It is a proven fact that the multi- dimensions concept of CRM can be considered relatively new, because of the only few studies, which are made on the CRM dimensions of some service sectors such as banking and contact centers, thus the range of information on this concept is quite limited. To drive the point home, it can be said that CRM consists of four broad behavioral dimensions.

It is important in the first instance to confirm that the main purpose behind customer - oriented behaviors is to increase customer long-lasting satisfaction and to create customer-loyalty. Therefore, studies have demonstrated that good customer -oriented behaviors, in an organization, definitely

ensures a tremendously positive impact on its performance. Similarly, customer orientation is a crucial factor in the successful implementation of CRM.

Moreover, current researches have revealed that service firms, like hotels, require a better understanding of customer orientation and its great importance to such firms and their performance. As in the service oriented organization, the delivery of service in a hotel occurs when there is interaction between service providers and the service encounter. Hence in order to enhance service experience, hoteliers need to focus on customer interaction.

Customer oriented can be achieved through a positive relationship between customer and service provider. Research has supported that customer orientation leads to increase organizational performance. Furthermore customer orientation is also one of the market beneficial sources, it helps organization to understand customer, and hence it helps in delivering an appropriate plan to satisfy customer needs.

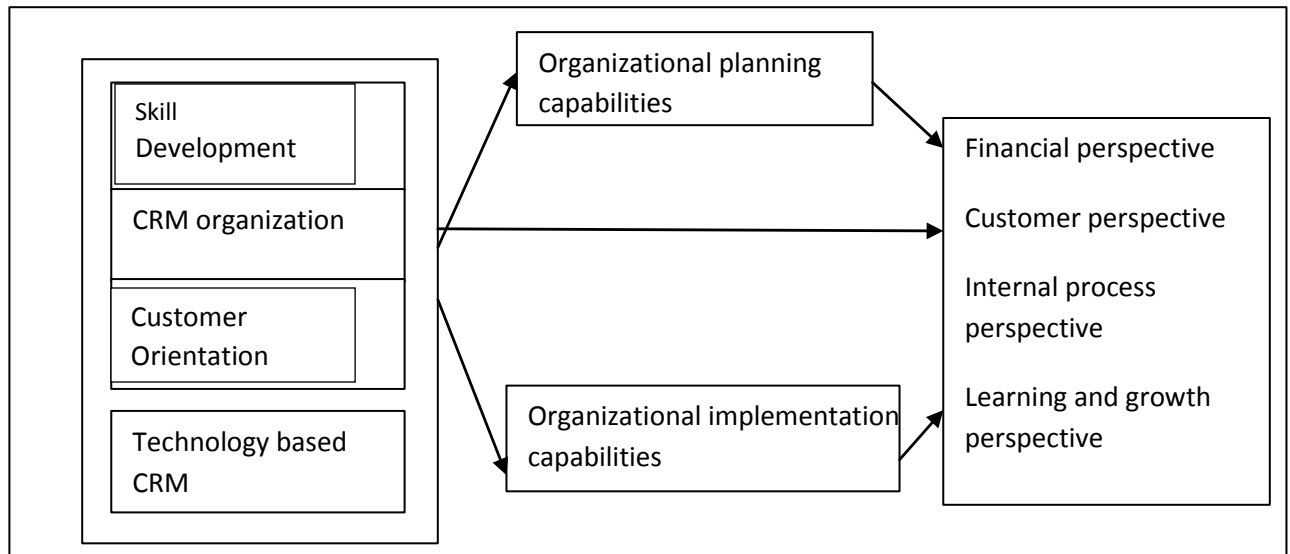
Thus, a hotel's ample knowledge of customers will enable it to recognize one of a kind characteristic of target markets and to develop suitable strategies for it. It can be stated that the knowledge of customers'

perception and utility of products, can be utilized for the development and implementation of an appropriate and effective marketing program.

### **Conceptual Model of the relationship among CRM dimensions**

The proposed model of this study conceptualizes the relationship among CRM dimensions, marketing planning and marketing implementation capabilities, and hotel performance. The relationship is based on the resource based view that suggests that the performance of the firm is influenced by its internal resources and capabilities; a firm obtains better performance by making more effective use of its resources than competitors.

This model involves four dimensions of CRM which include customer orientation, CRM organization, knowledge management, and technology based CRM. This model is built on previous studies, while the relationship between variables in this model is based on RBV theory which proposes that organizations having valuable resources can successfully implement business strategy to create competitive advantage and consequently improve organization performance.



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First and foremost, to enhance service employees to conduct customer-oriented behaviors, organizations have to develop an appropriate working environment for service in work, for instance, providing staff with the modern tools, and technology, customer-satisfaction tracking and complaints management systems, inspirational leadership, and appropriate rewards systems.

The researchers also argue that CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer-oriented approach, unless the project is completely integrated by enhanced skill developed activities for the employees. As a result of the previous supportive working conditions, organizations can ensure the required customer-oriented behaviors of their employees.

Further, as a confirmation for this point stress that CRM success does not only require technological quality or systems, but it also requires an effective service concept as well as suitable operation procedures. Thus, the success of CRM implementation relies on the active involvement of the employees in the organization itself.

Therefore, we can say that CRM organization has to be an essential means through which firms effect fundamental changes in the way they organize their actual business processes for employees and customers.

Inevitably, all the organization resources, such as marketing capabilities, policies, culture, and organization structure have to be integrated in order to implement CRM

successfully and, in turn, to improve organizations performance. Previous studies also declare the positive impact of CRM organization on customer retention, financial and marketing performance.

Moreover, CRM organization may influence future marketing decisions, such as brand differentiation, price, communication, and distribution. In this regard, it has also been reported that many hotel chains cleverly and flexibly quote their room prices according to the customer data that were collected previously.

It goes without saying that Knowledge about customers plays a vital role in CRM, taking into our consideration the fact that the main purpose behind collecting data about customers is to get a clear image about them from different perspectives. Therefore, organizations can authenticate such data to be able to establish and develop beneficial relationship with their customers.

### **Catering to Valuable Guests**

Not all frequent guests are alike, and some are much more valuable than others in terms of profitability. Organizational implementation capability is the process that transforms plans into actions; thus, employee capabilities play a vital role to improve organizational performance through

transforming marketing strategy plan to actions of catering the hotel guests.

Implementation capabilities positively affect organizational performance. It is believed that, knowledge management is one of the main factors that influence effectiveness in hotel organization that leads to improved hotel performance. Consequently, numerous studies have found a significant positive relationship between marketing implementation capabilities and organization performance.

### **Customer Data Yields Benefits**

A well-grounded CRM program should be built on generating high-quality consumer information for designing promotion activities. In line with these results, customer data are found to have a direct significant positive influence on organizational performance in manufacturing and service firms. If the hotels or resorts don't have a good data strategy, they won't have a good marketing strategy. There is a gold mine of data out there. They just need to use the available tools to manage it.

Once the data is developed, hospitality managers can then translate information on customer background and requirements to improve "customer experience" with better

discounts or in-hotel benefits such as a free mini-bar or free dry cleaning. They can also consider expanding rewards beyond hotel-related items to general merchandise programs.

Similarly, contends that implementation of marketing capabilities play a mediating role on the relationship between organizational memory e.g. customer orientation, procedures, and expertise and marketing effectiveness in the organization.

### **New Directions**

For 75 percent of loyalty program members, enrollment in a rewards programs failed to result in increased spending because of lack of empirical evidence demonstrating positive effects of loyalty programs and a lack of strategic focus and measurable outcomes associated with such programs.

The suitable use of technology in organizations is one of the greatest opportunities in hotel industry, because of the fact that it is important to get the right information from the right people at the right time, so that the right decisions can be made and /or the services can be rendered.

CRM technology dimension is firmly related to hotel performance, because hotels need to use information technology for improving their performance, in this regard, new technologies are considered as the core drivers for change.

Furthermore, several studies, made about the impact of skill development on organization performance report similar findings about the positive role of information technology in CRM strategy.

### **Managerial Implications:**

- The major hotel chains have been wooing travelers for years with CRM tools focused mainly on loyalty or rewards programs.
- Ninety-three percent of respondents in the market survey conducted, suggested that hotels wanted improvements in their loyalty programs, such as fewer restrictions on benefits.
- The study suggested some loyalty programs and a lack of strategic focus and measurable outcomes associated with such programs must be implemented.
- The key study was to identify frequent customers who book

premium high-profit accommodations and who patronize other profit generating resources such as hotel restaurants, room services, and gift shops.

- The CRM programs help hotels and resorts determine which customers patronize the same hospitality brand on a regular basis.
- Enhancing the use of CRM tools, especially the capability to capture and manage the immense amount of available data to learn much more about customer behavior and then skill development programs appropriately.
- Twenty of 22 respondents intend to increase their use of their brand Web sites more than 17 of 21 respondents said they plan to use property-level Web sites more.
- Despite the frustrations they may have with either volume or revenue production, it appears that few hotel e-business and distribution professionals intend to drop any of the channels they are currently using.
- More than one third of respondents don't think the value added bonus is ever really as great as the program wants them to believe.

## **Conclusion:**

This study has provided a theoretical model to show the firm relationship between CRM dimensions, organizational capabilities and hotel performance. For CRM vendors, that could be good news, as hotels and resorts enhance their use of CRM tools to improve loyalty programs and to counter the effects of the recession. CRM tools including Web sites, better links with online travel agents, or OTAs, and social media will still attract a significant amount of attention. It contributes enormously to the body of knowledge, as it provides a comprehensive framework that is used for explaining the impact of the CRM four dimensions on hotel performance. In the hospitality sector, the current and emerging tools of CRM should play a greater role in the future. Hospitality providers will increasingly employ CRM tools to improve conventional rewards programs to make them more effective in attracting guests, and more productive in terms of profitability. The study also uniquely extends the body of knowledge by explaining the theoretical possibilities of the mediating role of organizational capabilities, such as planning and implementation in the relationship between CRM dimensions and hotel performance.

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