



# The relationship between Customer Relationship Management (CRM) and performance in the hotel industry

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## Abstract

The aim of the study was to establish the levels of customer relationship management (CRM) practices among hotels in the City of Tshwane (COT), South Africa. It also aimed at establishing the relationship between the practice of CRM and performance. A cross sectional, quantitative approach was used in the study. A structured questionnaire was administered to all the 106 hotels in the COT municipality and 41 responses were received and used in the study. The practice of CRM among the hotels in the City of Tshwane was found to be high. A positive and significant correlation was found between CRM and performance. The study recommends that hotel management should continuously embark on various CRM practices in order to improve performance. Literature confirms that hotel competitiveness is dependent on the application of CRM. The results are based on a small sample of hotels, confined to a single municipality in South Africa, and the results may not be universally applicable to different localities. Future research could be extended to a wider population of South African hotels and comparative studies with other international destinations could also be done. No known studies to measure the practice of CRM had been done on local hotels. A hybrid performance construct, comprising of customer loyalty, sales turn over, market share and profitability was validated and used in the study. The study confirms that CRM leads to better performance.

**Key words:** customer loyalty, market share, CRM, customer satisfaction, performance

## Introduction

Customer relationship management (CRM) has become one of the emerging tools essential for organizational success and from the year 2006 to 2010, it was rated the second best effective management tool after strategic planning (Darrel, 2010). Since the time of this observation, CRM has become even more relevant today due to increased competition as the world recovers from the recent economic down turn. In today's competitive world, CRM is one of the most important strategies to achieve competitive advantage (Eid and El-Gohary, 2014; Vallabh *et al.*, 2015). Building closer bonds with customers and managing them for continued business inflows has become a desired competitive tool for many firms (Roberts-Phelps, 2001), especially at a time of declining customer loyalty (Özgener, and İraz, 2006). Fan (2011) states that while information technology offers companies a wide range of alternatives to improve customer service, CRM technologies are the most popular



among these technologies. Min and Hockey (2002) also credits CRM for the increase in customer loyalty and profitability in the hotel industry.

Most studies conducted in South Africa on CRM were based on industries such as mobile communication, retail and banking (Du Plessis *et al.*, 2005; Rootman *et al.*, 2013). One research based on the hotel industry conducted by Hamid *et al.*, (2011) focused more on E-CRM, with the core aim being to find customers' perceptions on various hotels' websites. This current study is more encompassing, taking into account all the aspects of CRM. It also studies CRM from the hotels' side and not the customer's perception as was done in previous studies. To the researchers' knowledge, no such CRM encompassing studies has been done on South African hotels. This is a gap which needed to be filled given the critical role the hotel industry plays in the economic development of South Africa. A study by Vallabh *et al.*, 2015 set to establish the readiness of small enterprises in the hotel industry to successfully establish CRM. And, although many organisations establish CRM, many find its application difficult (Nguyen *et al.*, 2012). Given this difficulty in application, it is therefore imperative to find out the levels of adoption of CRM by City of Tshwane based hotels. The sample included all types and sizes of hotels in the city.

Although the importance of CRM in today's organisational competitiveness is not in doubt, the extent to which it is practiced, and its possible effects on performance in the South African hotel industry is unknown hence the need for this research. The study chose to measure performance using a hybrid construct, which include, customer loyalty, market share and profitability. The hotel's ability to provide customized services likely results in customer satisfaction, which in turn, increases the company's bottom line. The need to improve hotels' profitability is critical all over the world as the industry is slowly recovering from the 2008 financial down turn. The extent of the practice of CRM in the hotel industry in South Africa is also established. The relationship between the practice of CRM and performance in the COT is also established. A literature review is presented first, then the methodology. The study's findings are then analysed and recommendations made before concluding.

## Literature Review

Customer relationship management (CRM) is a process of managing customer relations in an organised way with the core aim of ensuring that each individual customer always have a positive moment of truth (Ahmad and Jawabreh, 2012). CRM is an attitude and mind-set which involves the value that one places on a business and its relationship with customers (Roberts-Phelps, 2001). It enables businesses to understand their customer groups and to respond quickly and at times, instantly to shifting customer desires (Darrel, 2010). And as pointed out by Darrel (2010), the use of CRM as a management tool by hotel management has high benefits. Since current customer satisfaction has an effect on future behaviour, an understanding of what increases satisfaction is paramount (Jani and Han 2013). As such, customer intentions, is an area that continues to receive significant research interest (Han and Ryu, 2006). The importance of CRM is discussed first and the relationship between it and performance is then analysed.

## CRM Dimensions

CRM dimensions have not been widely researched by many scholars and it is considered a new scholarly area with only a few studies in the banking sector and call centres (Abdullateef *et al.*, 2010). The range of information on this concept is therefore quite limited. CRM consists of four broad behavioural dimensions, key customer orientation, CRM organization, knowledge management and technology -based CRM (Sin *et al.*, 2006). It is essential that all



of these dimensions work systematically in an organization to guarantee its improved performance (Sin *et al.*, 2006). In this regard, Abdullateef *et al.*, (2010)'s, investigation on the impact of CRM dimensions on call-centres in Malaysia identified customer-orientation as one of the most important dimensions of CRM). Furthermore, several researches highlight the important effects of conducting studies on CRM dimensions in the hotel sector (e.g. Mohammed, 2011).

**The CRM dimensions are discussed next**

### ***Customer Orientation***

It is important in the first instance to confirm that the main purpose behind customer-oriented behaviours is to increase customer's long-lasting satisfaction and create customer-loyalty. Sigala (2004) found out that customer orientation was 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 since it enhances their performance (Sin *et al.*, 2006).

As in other service oriented organizations, the delivery of service in a hotel occurs when there is interaction between service providers and the service encounter (Sigala, 2005). In a hospitality product, consumption and delivery happens at the same time such that the determinant of a good product lies mostly on the individual involved in delivering the product. The quality of an experience created during such an encounter will add value towards customer satisfaction as well as determine the extent the experience lasts in a consumer's mind. Therefore in order to enhance service experience, hoteliers need to focus on customer interaction, ensuring that the best service is always rendered to the consumer. Customer orientation can be achieved through a positive relationship between customer and service provider. Research asserts that customer orientation leads to increased organizational performance (Hermans, 2009). This could be because it helps the organization to understand customers, (Sigala 2004). And as indicated by Mohammed (2012), there is a relationship between customer orientation and marketing planning capabilities. Marketing-planning capabilities provide for the successful implementations of marketing actions or innovations (Sigala, 2004).

### ***CRM Organization***

In order to ensure that service employees always maintain customer-oriented behaviours, organizations have to develop an appropriate working environment. This includes providing staff with modern tools and technology, customer-satisfaction tracking and complaints management systems, inspirational leadership, and appropriate rewards systems (Hamid *et al.*, 2011). CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer-oriented approach, unless the project completely integrates employees (Sin *et al.*, 2006). In addition, CRM success also requires an effective service concept as well as suitable operational procedures. All the organization's resources have to be harnessed in order to implement CRM successfully and in turn, improve organizational performance (Hamid *et al.*, 2011). CRM organization within the firm 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 (Sigala, 2004).

### ***Knowledge Management***

Information about customers can be gathered through interactions with them or from different touch points within the organization itself (Sigala, 2004). Managing knowledge



effectively can help an organization to successfully build better customer relations that can result in a positive impact on organizational performance (Abdullatif *et al.*, 2010; Sin *et al.*, 2006; Fan, 2011). Hence, Abdullatif *et al.*, (2010), recommend investigating the impact of knowledge management dimension on hotel industry in future research. This is highly recommended given that there is limited research that explains the role of knowledge management in the hospitality context (Biggam, 2008). Fan (2011) indicates that customer knowledge management is firmly associated with marketing capabilities, and it greatly enables organizations to take strategic decisions to improve performance. For knowledge management to be successful in the hospitality industry, hotels must display a behaviour that reflects customer interaction as a learning culture and also create opportunity to accumulate new information regarding its guests.

### **Technology Based CRM**

According to Mohammed (2012) CRM strategy will end in failure if the information technology is not used properly. The suitable use of technology in marketing in the hotel industry is important to get the right information from the right people at the right time, so that the right decisions regarding services can be made (Biggam, 2008). In line with this view, Hermans (2009) found out that CRM technology dimension is firmly related to hotel performance. This is because new technologies are considered the core drivers for change (Sigala, 2004). And a number of these studies have revealed that many customer-centric strategies cannot achieve their goals without the help of information technology (Abdullateef *et al.*, 2010; Sigala, 2005; Sin *et al.*, 2006). Consequently, CRM based technology enables organizations to plan and implement successful marketing actions for retaining customers and making the organisations more profitable (Roberts *et al.*, 2005). As indicated by Biggam, (2008), CRM technology improves marketing capabilities by providing valuable information about customers, which in turn help both managers and employees to achieve specific marketing goals much more effectively.

The CRM construct is made up of 23 items which cover the 4 broad dimensions discussed. Each of the 4 dimensions is represented by at least 5 questions. Customer orientation has an extra 2 questions and the organisation, the extra third question.

There are a number of different types of hotels in the City of Tshwane (CoT), ranging from boutiques, Bed and breakfast (BBs), graded and ungraded hotels. The grades of the hotels is also different as well as the periods they have been operating. It is these factors that the study assumes will result in different levels in the application levels of CRM. Besides these factors, literature shows that the application of CRM is not easy. Literature search in this study could not find a study which shows levels of CRM practice among the South African hotels. The study's primary aim is therefore to find out the levels of CRM practice among hotels in the CoT.

### **Performance**

The performance elements which CRM is expected to influence positively are; customer loyalty, profitability, market share, sales turn over, return on investment and profitability. Hermans (2009) points out that there is a link between loyalty and financial results. Loyalty is viewed as a product of customer satisfaction. The continuous levels of satisfaction would later translate to better financial rewards for the organisation.

Performance measurement metrics can be classified into different categories: financial versus non-financial, one-dimensional versus multi-criteria, output and outcome measures, tangible versus intangible indicators (Sigala, 2004). Managers primarily rely on quantitative performance metrics such as revenue, market coverage, sales, profitability, share of new



customers, frequency of visit etc., but they increasingly include qualitative indicators such as customer satisfaction, retention or brand familiarity (Hermans 2009). Financial indicators have been criticized as being unsuitable for strategic decisions (Hamid *et al.*, 2011). They also have proven to be inadequate for assessing investments of which benefits will be intangible, indirect or strategic. Hamid *et al.*, (2011) and Mohammed (2012) state that experts on CRM acknowledge the usefulness of cross-functional frameworks, like the Balanced Score Card approach, but further suggests using four categories of metrics to measure CRM performance such as strategic, customer, operational and output metrics. In this study, we adopt a hybrid performance measure, based on the above analysis and this includes a nine-question performance construct of customer loyalty, market share, sales turn over and profitability. The different variables which make up the construct “performance” are discussed next. These are assumed to be dependent on the practice of CRM.

### **Customer Loyalty**

Over the years various researches dealing with CRM, service quality and customer loyalty within the hotel industry found that CRM leads to a high level of customer loyalty (Amoako *et al.*, 2012). Chaudhuri and Shainesh (2010); Rootman *et al.*, (2011), point out that as long as there is commitment to quality service and customer satisfaction, CRM will always be the panacea to customer defection woes. Loyalty improves retention rates and reduces customer defection. Customer loyalty will therefore most likely increase as a result of CRM. As pointed out by Wong (2010), for organizations to effectively manage customer relationships, they have to implement customer centric practices and strategies, and have to adopt tools and techniques that enable them to build strong, long lasting relationships with customers. Customer retention generally results in increased sales turn over (Omar and Moh, 2010; Van Tonder and Roberts-Lombard, 2016). This will be a result of the confidence they show in the firm’s products and services. The other performance measure is sales turn over.

### **Sales turnover**

Efficiently dealing with all the customers and providing them with what they need increases customer satisfaction (Duplessis *et al.*, 2005). Satisfied customers are more likely to always return and are less price-sensitive. They buy larger stocks and always recommend others to follow suit. This increases the chance of getting more business which ultimately enhances turnover. Thus, sales turnover tends to increase as a result of CRM.

CRM techniques are also used to increase the overall sales level in the business (Roberts-Phelps, 2001; Min and Min, 2011). Essentially, treating customers well adds to the value of the business’ products and services. Loyal customers will then attract others through word of mouth and this will automatically lead to higher sales turnover (Jan and Han 2013). An increase in sales or sales turn over does not necessarily lead to improved profitability, since profitability is a function of production and operating costs. However, CRM is assumed to lower or minimise the cost of doing business. The relationship between CRM and profitability is discussed next.

### **Profitability**

According to Du Plessis *et al.*, (2005), CRM tools contain all the details of a customer; hence it is very easy to track a customer and determine which one can be more profitable compared to others. In a CRM system, differences in customers can be identified and the organisation can then focus more and concentrate on each and every customer in a unique way. This is easily and efficiently done by an integrated CRM system. Mohammed (2012) notes that the relationship between CRM and profitability, can be viewed from an



organizational intelligence, customer intelligence and supplier intelligence perspective in that CRM helps understand the views of customers, suppliers and organizations leading to the identification of various cost savings points. Some of these savings are in the form of reduced use of time to manage customers' transactions; time needed to assemble and consolidate sales forecasts and increased lead generation capacity as a result of customer loyalty.

### **Market Share**

Increased market share will certainly be another benefit of CRM. With CRM in practice, customers are expected to defect from other organisations and flock to a specific organisation that has higher customer service. The new customers will be pooled in by the various CRM practices leading to continuous increases in the number of customers that buy from the organisation.

As posited by Roberts-Phelps (2001), CRM techniques are also used to increase the overall market share of a business. Essentially, treating customers well adds to the value of the business' products and services. If the business impresses customers, it tends to attract more people, increasing its pool of customers. Loyal customers will then attract others through word of mouth hence increasing an organization's market share (Hu *et al.*, 2009). The study therefore hypothesizes that there is both a positive and significant correlation between the practice of CRM and customer performance in the hotel industry (Hypothesis 1). The study uses a performance measure comprising 9 elements that include customer loyalty, sales turnover, profitability and market share. The study assumes that the higher the level of CRM, the higher the level of performance. A Pearson's correlation matrix is used to measure this hypothesis.

### **Importance of CRM**

Studies by Beldona *et al.*, (2006); Amoako *et al.*, (2012), found that CRM leads to better performance in the hotel industry. This will be possible due to the nature of CRM which espouses the following key success elements of any business: the drive for improved service quality and customer satisfaction, binding the customer to the organisation through continued customer satisfaction, the use of technology to enhance satisfaction and thorough continued communication between the two parties. Continuous assessments of service quality have become a key element in ensuring service provision success (Swar, 2012; Van Tonder *et al.*, 2016).

As stated by Dominici and Guzzo (2010) service quality is the key tool in the battle to achieve competitive advantage. This assertion is supported by Chaudhuri and Shainesh (2010) and Amoako *et al.*, (2012) who believe that service quality is the solution of all customer related problems and that as long as quality of service is great, customers will be satisfied. Customer satisfaction in the hotel industry is the utmost operational goal for managers (O'Neill and Matilla, 2010; Jan and Han, 2013). Thus, from a customer satisfaction point of view, CRM plays a crucial role in ensuring that organizations understand customer needs and provide tailor made services. In addition, Fan (2011) explains that CRM is more important than ever for the service industry because it is the glue that binds the customer and the organization. It is Fan (2011)'s view, that CRM is made possible by the integration of various information technology software and systems and that such systems are the ones that make the whole process a reality. In the sensitive hospitality industry, effective communication is critical because it empowers consumers to specify the type of services that they need from the company leading to building long term relationship and most importantly, loyalty (Hamid *et al.*, 2011). Long term relationships are a cornerstone of



CRM. Considering the sensitivity of the hotel industry, an understanding of CRM in the industry will help improve the relationship between hotels and their guests. The higher the levels of CRM practice in an organisation, the higher the expected performance, (hypothesis 2).

### **Research Methodology**

The study was conducted in the City of Tshwane (COT) metropolitan area, South Africa and a cross sectional approach used. There are 106 hotels in the COT metropolitan area. A self-administered questionnaire was sent by e-mail to a representative of each hotel, who was either the client services manager or marketing manager. These two positions were chosen on the basis that the respondent was in a managerial position, interacted with hotel guests and would be knowledgeable on the hotel's practice of various CRM tools. This individual would also be knowledgeable about the hotel performance. From a total population of 106 hotels, only 46 responses (46 hotels) were received and these were used in the analysis. The unit of study was the hotel.

The questionnaire was divided into three sections:

The first section collected demographic data such as the type of hotel, its years in operation, star grading, type of clientele served, major products and services and the standard room rates.

The second section sought to find the level at which CRM was practised in a particular hotel. The types of questions were designed to determine the intensity at which CRM is practised within the hotel. There were twenty-three (23) questions in this section which included those seeking to find whether the hotel maintains a customer database (organisation), customer orientation, knowledge management and two-way communication with clients. A five (5) point Likert scale ranging from strongly disagree, to strongly agree, was used to measure the practice of CRM.

The third and last section of the questionnaire sought to establish the performance of the hotel as a result of its practice of CRM. Hotel performance was measured by nine (9) questions. The questions sought to establish whether there was a change in the hotel performance as a result of the application of CRM. A five (5) point Likert scale ranging from strongly disagree, to strongly agree was used to measure each of the performance elements; customer loyalty, profitability, changes in market share, and sales.

It should be pointed out that performance of a hotel can be attributed to a host of other factors (e.g. market, competitor, economics and so on), but the respondents were specifically asked to attribute the performance rankings to the practice of CRM. It is difficult to scientifically attribute performance results to a single operational activity or strategy such as CRM, and this design weakness in the study is acknowledged.

The response from the 46 hotels is analysed next.

### **Results**

The study's constructs were tested for reliability and the results are presented first. The findings of the study's hypothesis are then presented and discussed there-after.



### Construct reliability

The two constructs used in the study, CRM and performance were subjected to a reliability test and the results are shown in Table 1. The result shows high reliability levels at Cronbach's alpha levels of 0.802 (CRM level) and 0.834 (performance).

**Table 1.** Reliability test; CRM levels and CRM-Performance

| Constructs      | Reliability Statistics |            |
|-----------------|------------------------|------------|
|                 | Cronbach's Alpha       | N of Items |
| CRM-levels      | 0.802                  | 23         |
| CRM-Performance | 0.834                  | 9          |

### Levels of CRM

The primary aim of the study was to establish the levels of CRM practice among the hotels in the CoT. The level was found to be very high as shown by a mean of 4.28 as shown in Table 2 (where this was measured by a Licket scale of 1 (low) to 5 (very high)). The mean for CRP performance is also high, 4.15 as reflected in the same, Table 2. The practice of CRM seems to be a standard practice among the hotels. This is so despite the literature observation that CRM is difficult to practise. However, the result just shows levels of practice and not how well or efficiently it is practiced. There might be need therefore, to measure the input-output relationships.

**Table 2.** Levels of CRM and performance in CoT hotels

|                 | Mean | Std. Deviation | N  |
|-----------------|------|----------------|----|
| CRM-levels      | 4.15 | .613           | 41 |
| CRM Performance | 4.28 | .354           | 41 |

### CRM-Performance relationship

Two hypotheses were postulated. The first hypothesis stated that, there was a significant positive relationship between CRM and performance (Hypothesis 1). It is expected that the more the CRM practice, the better the performance of the hotel. The hypothesis was analysed using Pearson's correlation Co-efficient Test. Results show that there is a positive and significant correlation between CRM and performance as shown by a p-value of 0.000 < 0.05 as shown in Table 3. Hypothesis (HO1) is therefore accepted.

**Table 3.** Pearson correlation between CRM and performance

|                     |                     | Mean_CRMPerformance | Mean_CRMLevels |
|---------------------|---------------------|---------------------|----------------|
| Pearson Correlation | Mean_CRMPerformance | 1.000               | .716           |
|                     | Mean_CRMLevels      | .716                | 1.000          |
| Sig. (1-tailed)     | Mean_CRMPerformance |                     | .000           |
|                     | Mean_CRMLevels      | .000                |                |
| N                   | Mean_CRMPerformance | 39                  | 39             |
|                     | Mean_CRMLevels      | 39                  | 39             |



The study's findings are in line with literature. Amoako *et al.*, (2012) for example found that as customers feel valued, they bond with the organisation for a long-term relationship. The customers would also, more often take initiatives, which increase the bonding relationship. CRM is a strategy whose underlying principle is customer centricism, valuing customers. Loyalty will most likely translate into more sales and profitability (Mohammed, 2012; Jan and Han, 2013; Van Tonder and Roberts-Lombard, 2016). Customers feel valued and appreciated when they continuously receive updates on product and services from a specific organisation. As pointed out by Vallabh *et al.*, there is a need to properly prepare for CRM. The modern customer demands to be personally valued such that hotels that do not implement CRM in their marketing strategy struggled to yield better performance and always operate on a downward trend.

The study sought to find out if there was a difference in the performance of hotels with different levels of CRM practice. This would in essence confirm if levels of performance were dependant on levels of the application or practice of CRM. This was tested using a one-way ANOVA. The second hypothesis (HO2) stated that there was no significant difference between the means for CRM levels and performance. The results as shown in Table 4, show that there is a statistically significant difference between the means of CRM levels and CRM performance as shown by  $p = 0.00 < 0.05$ . Hypothesis 2 is therefore rejected since a significant difference exists.

**Table 4.** Performance and CRM Levels Anova

| Model      | Sum of Squares | Df | Mean Square | F      | Sig. |
|------------|----------------|----|-------------|--------|------|
| Regression | 7.363          | 1  | 7.363       | 39.031 | .000 |
| Residual   | 6.980          | 37 | .189        |        |      |
| Total      | 14.344         | 38 |             |        |      |

The result implies that the practice of CRM has a significant effect on the performance of the hotels. Though the performance of a hotel can depend on many other external factors, the study shows that CRM as a strategy works, since performance is significantly dependant on it. The result is in line with literature, e.g. Ozgener and Iraz (2006) who recommend CRM as a competitive strategy that enhances performance.

### Recommendations

The study results show that there is a high level of CRM practice among the hotels in the City of Tshwane, South Africa. It also shows that CRM is positively and significantly related to performance and this is confirmed by the high recorded high performance levels within the sample studied. The practice of CRM in the hotel industry is therefore highly recommended as a competitive strategy. All the different facets of CRM should be optimally implemented despite the implementation difficulties identified by authors such as Miri-Nargesi *et al.*, (2011) and Nguyen *et al.*, (2012).

Milovic (2012) states that CRM is now viewed as a way to run a hotel, rather than, just as a tool to implement. From this statement, a tool is implemented on a "when needed basis". Customer loyalty and profitability will only be visible during the time that the tool is in place. However, when CRM comes in as a way of running a hotel, as found in this study, there will be continuous enjoyment of the performance elements. It is therefore recommended that



organisations should view CRM as a day-to-day strategy fully incorporated into the business rather than treating it as a simple tool only implemented on a “when needed” basis. CRM should not only have an external focus (customers) but should be built into the internal operations of the hotel.

CRM is more important than ever, for the service industry such as lodging, the tourism industry and associated ancillary services that cater for travellers while away from home (Fan, 2012). Hotels are often eager to look for effective and efficient activities that can identify, select, acquire, develop, and keep increasing loyal and profitable customers. The benefits of retaining customers have led companies to search for means of profiling their customers individually and tracking their retention and defection behaviours. Such benefits can only be tangible where CRM is pivotal, hence the need to implement it. As the hotel product is becoming generic in nature, the hotel industry can no longer rely on the traditional marketing strategies to retain customers, but tools like CRM should be adopted to enhance competitiveness. The tool enables management to provide customised services to ensure an increase in customer loyalty, sales turnover and profitability as shown in this study

Customer relationship management is one of the key tools to fight cut-throat competition and enable a hotel to stand out as a superior brand. It is encouraging to find that there is a high level of CRM practice in the CoT hotels, given the benefits to be derived from this philosophy as shown in literature. The study recommends a continued high level of application of CRM among the hotels. CRM should be integrated into the business strategy.

## **Conclusion**

CRM is a strategy that is difficult to imitate or replicate. Though CRM is a strategy undertaken by most hotels, it should vary on how one specific hotel implements it therefore making it unique from one organisation to the other. Performance would also depend on other factors such as the type of hotel (e.g., boutique or standard), experience and other factors such as whether the hotel is part of an international chain or not.

One of the study’s limitations was the inclusion of only marketing and front office personnel as a data source. The respondents might have felt that highlighting the drawbacks of CRM on their hotel might portray a bad impression on them. Therefore, the findings might have been better improved by including personnel from other departments such as reservations, food and beverages. The number of sources from the same hotel could have been contacted in order to have a more representative data.

It can be concluded however, that CRM would be and should be the underlying hotel strategy. The study was based on the hotels in CoT, South Africa. Consumer behaviour varies from country to country being influenced by aspects such as income level, cultural background and customer preference among other factors. Results may not be generalised to other areas such as non-urban settings or other different geographical areas. The other weakness was that the measurement of CRM levels and the entity’s performance was based on the perception of those interviewed with no hard performance data used. Though such hard data is often difficult to access, its usage would provide better performance measures and obviously more reliable results. Such an approach is recommended in future studies if such data can be accessed.

This study was focussed on the CoT hotels only. There is a wide variance on customer behaviour from one continent to the other, one country to another and one city to the other. CRM views, implementation and applicability also vary. Thus, CoT may only reveal CRM finding that may be applicable only to the cities in the African continent or cities in South



Africa if not CoT itself. Conducting a similar study in other geographical areas might yield findings that can be better applied universally. CRM incorporation and practice varies from one industry to the other. This study was only based on the hotel industry. Though the findings may be applied to other service industries, for example hospitality, gaming and banking, research in the application of CRM in other industries such as manufacturing which produce tangible products may also be necessary.

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