Prioritization of Effective Factors on CRM Implementation in Parsian International Hotels Company in Tehran

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ABSTRACT: The purpose of this study was to explore the impacts of: knowledge management, senior managers, staff, technology, consensus, service customization, and integration, as the factors effecting Customer Relationship Management (CRM) implementation in Parsian International Hotels.
In this study the population consisted of Parsian Hotels managers and experts. Due to their small number (n=53), census method of data gathering was used, that is, all individuals in the population were included in the study. To collect data a questionnaire was designed and its content validity was approved through confirmation of advisor and supervisor professors involved in this research and also considering Parsian Hotels senior managers' views. The reliability of the questionnaire was examined and approved using Kronbach Alpha (α = 0.84). After determining the validity and reliability of the questionnaire, it was administered to the participants who were selected through census method.
The data was analyzed by SPSS software, and tested employing Kolmogorov-Smirnov, T-student techniques, and Friedman test. The results revealed a direct and significant relationship between CRM and 7 variables, and showed significant differences among the influence of various factors. Based on the results, the staff factor and the technology factor were the most and the least effective factors on CRM implementation, respectively.

Keywords: *Customer relationship management, Knowledge management, Senior Managers, Staff, Technology, Consensus, Service customization, Integration*

INTRODUCTION

In today business world the concept of customer relationship management has become a focal issue. Despite the fact that in the past customer service was at a very low level of priority for organizations, nowadays, organizations consider their customers as the heart of organizational activities, and redesign their marketing and business strategies based on this concept (Gebert et al., 2003).

Customer Relationship Management is a more sensitive issue in service organizations such as bank, transportation, healthcare, insurance, hotel, etc. Since the customer is a part of service in servicing process, the strategies should be designed regarding an approach towards personalizing services for individual customers by cultivating a one-to-one relationship and generating new opportunities with the help of re-engineering inner processes based on customer-orientation approach as well as use of technology (Ngai, 2005).

In the hospitality industry, "customer" is

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considered as an asset. In this regard, customer-orientation and customer satisfaction are the most important objectives of the hotels. It is obvious that meeting the needs of customers is not an easy task and requires planning and research. It is managers' concern to reach these goals as failure in providing costumers with suitable and effective services may not only lead to losing the current customers but also prevents the attraction of new ones because of the negative advertising of the unsatisfied customers. Despite the importance and emphasis on CRM, the function of this concept remains obscured. (Mason, 1990)

Apart from the efforts which have been carried out on public issues, there has been little focus on the areas affected by the nature of the services industry and the ensuing interactions. (Mason, 1993). Hence, the main purpose of this research is to prioritize effective factors on CRM system implementation in Parsian International Hotels in Tehran.

Statement of the Problem

The main challenge for the companies is to recognize their customers. Even those companies with access to comprehensive consume resources have a limited vision of their customers. Considering the current situation of large chain hotels in Iran makes it clear that these organizations have to know how to use CRM systems for a comprehensive study on the potential customers to identify and preserve the existing customers or find new ways to attract new ones. The result of this research is the key to resolve these problems.

Literature Review
Customer Relationship Management

Many researchers have noted that there is a lack of rigorous and precise definition for CRM in relevant literature so far (Sheth and Parvatiyar, 2001). Some others believe that CRM has been changed to a jargon term that is used just for expressing and reflecting various subjects and ideas (Nevin, 1995).

Interest in and attention to CRM issues first appeared and grew in 1990s. Before 1997, not many organizations and educational institutions concentrated on CRM issues. Impact Studies demonstrated significant impact of a small increase in customer retention rate on

profitability of the organization. This study, for the first time, informed the marketing communities of the need for customer relationship management. It emphasized that CRM enables organizations to provide special products to individual customers.

Customer Relationship Management can be defined as follows:

A set of business practices to identify, verify, acquire, develop and maintain sustainable profitability and customer loyalty through providing appropriate products and services, in due time, by proper channels and with a reasonable cost (Galbreath and Rogers, 1999).

It is said that customer relationship management practices should ultimately be measured in terms of customer behavior as it is the main source of identifying desired values for current customers in any company (Mazaheri, 2006).

In another research Ocker and Mudambi (2002) reviewed the factors of development and Customer Relationship Management, in terms of intellectual, social, and technology indicators. By the means of benchmarking other factors, including senior managers' support, organizational culture and training, were presented as key factors of successful implementation of CRM system (Ocker and Mudambi, 2002).

Table 1 gives a summary of the previous researches in customer relationship management.

Knowledge Management

Knowledge management includes a wide range of activities to manage exchange, create or enhance intellectual capital in macro level. Knowledge management is a wise design of procedures, tools, structures, etc. to increase, renovate, share and improve ways of using knowledge, which is demonstrated in three elements of intellectual capital including the structural, social, and human elements (Khademi Gerashi, 2008).

A successful Customer Relationship Management requires a wise and appropriate knowledge of management processes. Being a strategic resource and key capability, knowledge is of a great importance in any given company. It is to this end that the leading organizations have to put knowledge management issues on their agenda nowadays. Collecting, storing, and

Table 1: Literature review in CRM studies

Researcher	Approach towards	Results
Massey, 2001	offering a model for installation of CRM system- IBM Co. case study	The model emphasizes on analyzing data for customer support besides collecting data on exchanges.
Ocker and Mudambi, 2002	Reviewing the factors of Customer Relationship development and management, in terms of intellectual, social, and technology indicators	By the means of benchmarking other factors, including senior managers' support, organizational culture and training, were presented as key factors of successful implementation of CRM system.
Zamanali, 2004	preparing a model for CRM, Homa Airlines Co. case study	By extracting and evaluating common components between existing models in three areas of technology, processes and human issues. The final revised model was presented.
Mazaheri, 2006	Assessing the effects of customers' expected value on CRM-Jahanafrooz Co. case study	It is the quality of the product that results in customer loyalty and satisfaction.
Keramati, 2007	admitting and implementing CRM	There is a low percentage of using CRM in Iranian industries.
ZEGARDI, 2007	recognizing the effective elements of CRM installation in service industries- case study: Iran hotel industry	It identifies factors in an organization including: knowledge management, staffs, general director, technology, service personalization and system integrity and focuses on customer relationship management as a powerful tool for succeeding in hotel industry.
Pooshineh, 2008	providing a framework for CRM	A set of elements including: strategy, processes, people, special technology, indicators and continuous improvement were discussed and it concluded that by successful implementation of this system and having long term programs, many resources can be reached.

distributing knowledge in CRM processes requires using knowledge management techniques. In this respect, knowledge management is defined as a process for managing knowledge to satisfy existing needs, identify, exploit and gain knowledge resources as well as developing new opportunities. "Customer Knowledge Management" means management and transfer of knowledge collected from the interaction points with customer that is required for efficient and effective support of the processes (Salomann et al., 2005).

Creating, distributing, and using knowledge is considered as the key steps of knowledge management process. Knowledge management systems support collecting, distributing and using less structured information like Documents (explicit knowledge) and tacit knowledge of staff. This knowledge is specially needed in processes in which using CRM is for satisfying customers' needs (Geib, 2005).

Senior Manager

Senior managers play a significant role in integrating customer knowledge in the organizations as key factors that outline organizational behavior and generate a leading or preventive environment for customer knowledge creation processes; senior managers can bring success to the company in this regard. Besides, by clarifying the goal of the organization, the senior managers can make staffs to try reaching this goal (Campbell, 2003).

A senior manager has to provide a clear and significant perspective for staffs about CRM activities and goals. He also should be held responsible for and attempt to improve level of educational and organizational learning programs qualitatively and quantitatively, increase staffs' skills and knowledge, create motivation and commitment in employees, as well as reducing their resistance (Chen and Popovich, 2003).

Webster (1988) claims that the senior manager of an organization should consider the customer-orientation approach to integrate marketing activities and customer-orientation approach in the strategic planning processes of the company.

Service Customization

Main concentration of CRM is on 2 major areas:

To Create a closer and deeper relationship with customers, and to increase organizational capability to coordinate its behavior with individual customers based on customer needs, or what organization knows about his/her requirements and interests. This is because existing customers are always more profitable than new ones, and selling more products to existing customers is less costly. Coordinating the products and services with consumers' needs and expectations results in attracting more customers.Consequently, attracting new customers is much more costly. Indeed, the main goal of CRM is to maximize the value of customer life cycle for the organization (Payne and Frow, 2004).

The recent marketing procedures are approaching towards providing unique services that is why acquiring large volumes of customers' information and details has become a pivotal requirement. In order to predict the probability of purchase repetition, or buying additional products and individual marketing programs, the organization has to collect customer's information based on their interactions with the organization (Peppard, 2000).

Integration

Accessibility of information is essential for creating a unique interaction with customers. Useful information can be distributed internally or externally. Internal Information Transfer is defined as distribution of information through the organization with the goal of improving customer support and decision support. On the other hand, External information Transfer is aimed at increasing Customer interaction processes, and consequently improving services (Saloman et al., 2005).

In order to have an efficient strategy, organizations have to integrate Management of communication channels including: Call centers, direct communications, Internet, TV, etc. This means that collected data on customers has to be spread out throughout the company. Moreover, channels integration is done in order to create a comprehensive, integrated and quick vision of the customers via all communication channels with him/her (Geib, 2003).

Staff

In the last two decades the majority of the scientific articles on this subject have dealt with programming strategic sources while regarding staffs as partners in gaining organizational success. Personnel should be considered the valuable possessions and internal customers for the organizations to gain competitive advantage and goals. Such an internal market needs knowledge, training, development and motivation for achieving the organizational goals. The staff must be expert enough and totally aware of their duties, and they have to be able to manage the data and behave the customers based on the information gathered about them. (Ngai, 2005)

The basis of strategic human resource planning is that customers' satisfaction is dependent on fulfilling the personnel's needs. One of the most crucial goals in service industry is the quality of the personnel's affairs and

functions, and the influence of such a quality on the service quality, attracting and satisfying customers, and consequently gaining competitive advantage. Therefore, creating motivation in staffs who attempt to give better services with better quality that lead to the customers' satisfaction and attraction is of great importance. (Sigala, 2005).

Information Technology

Detailed and exact data of customers is truly needed for CRM to perform accurately, and technology plays a noteworthy role in organizations' wisdom in successful implementation of CRM. Technology enables organizations to gather significant customers' data and analyze them for better CRM implementation (Sin, 2005).

Technologies used in CRM provide a possibility and an ability to collect, store, maintain and distribute customers' information throughout the organization. Use of state of the art technologies also enables organizations to analyze customers' data for identifying their buying patterns and behavior, to develop predicting models, improve responsiveness, create an influential and exclusive relationship with customers, and to provide more qualified services. Organizations can have a comprehensive perspective of their future relationship by making use of technology in optimizing their connections with customers (Chen and Popovich, 2003).

Using communication and information technology provides the organizations a way to communicate individually with their customers via websites, call centers, and kiosks. On the other hand, it is a great help in identifying the proper ways for publishing and accessing information in organizations (Sigala, 2006).

Consensus

Consensus and partnership in business and industry areas have been created in order to mentally associate personnel in not only directing but also owning the industry. Therefore, they can consolidate the industrial and commercial basis in an environment evacuated from any mental states of frustration and alienation. Associating in directing the industry has caused the personnel to get highly motivated and encouraged to try their best in achieving goals by regarding the organizational goals among their own aims that increases the level of their performance. Consensus and personnel's partnership in directing industrial and commercial units have been accompanied with a lot of prosperities. Numerous surveys verify that extending partnership can result in quality improvement and also, develop the ability of acceptance and adaptation with changes. (Khanzehi, 2008).

Conceptual Framework

The key variables in this study are a compound consisting of knowledge management, senior manager, service customization, integration, staff, information technology, and consensus and the Dependent variable is installation of customer service management system. Both these variables are illustrated in figure 1.

Research Question

To what extent do independent variables (knowledge management, senior manager, service customization, integration, staff, information technology, and consensus) affect implementation of CRM systems and how to prioritize these factors?

RESEARCH METHOD

A descriptive-correlation method has been used in this study. The statistical population included managers and experts working in Parsian hotels group in Tehran. Due to their small number, sampling was done by the means of census method and referring to all individuals in the population (53 persons). A questionnaire served as the instrument of collecting data . The content validity showed the instrument's validity. The reliability of the questionnaire was approved considering the Kronbach α index (%0.84). To choose an appropriate method for testing the hypothesis, the Kolmogorov-Smirnov Test was initially used, and then, regarding the results of this test, student-T Test and Friedman Test were used.
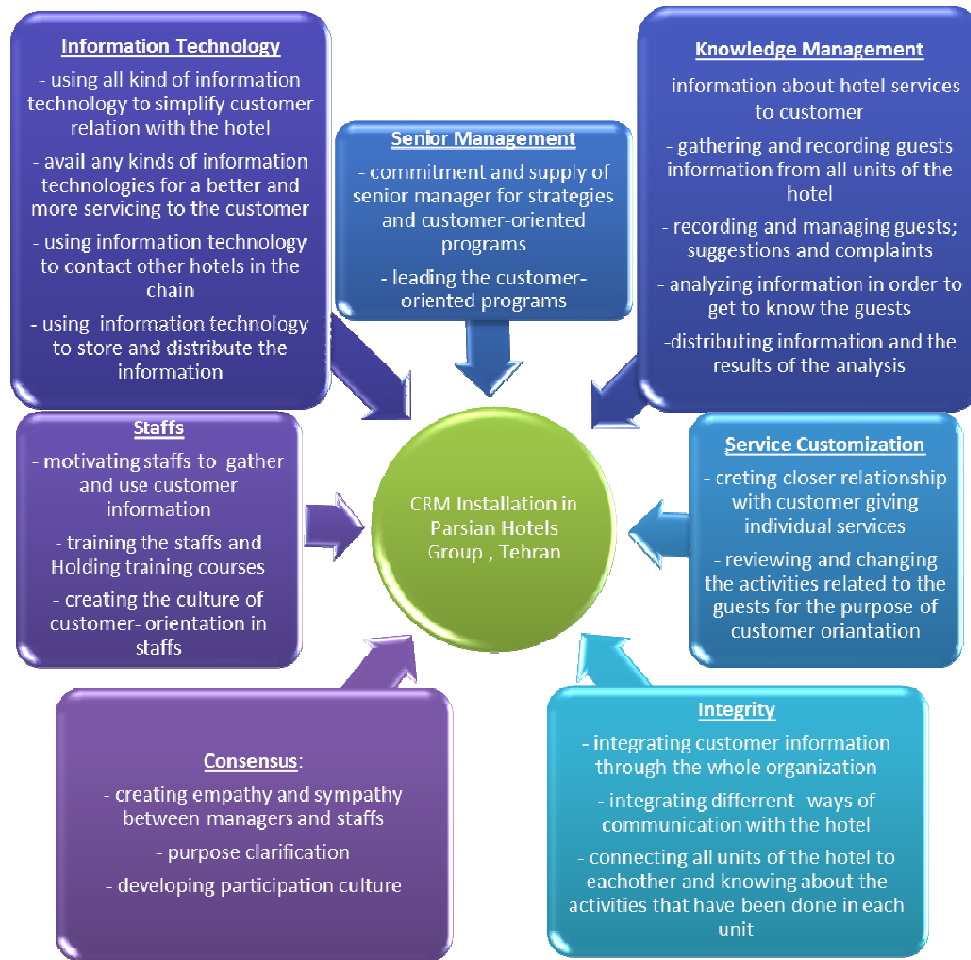
Figure 1: Conceptual model, illustrating effective elements on CRM system implementation (Omidvarian, 2006).

RESULTS AND DISCUSSION

Omidvarian's study (2007) outlines the 6 important factors of Customer Relationship: knowledge management, technology, system integration in organizations, service customization, staff, and senior manager. Regarding the concept and subject of the research, these factors were used for the hotel industry. After reviews and examinations, all 6 factors were determined as effective factors in the industry.

In this research all mentioned factors, plus consensus, were considered. As table 2 indicates, all independent variables have a significant effect on implementation of CRM in Parsian Hotels Group in Tehran.

Table 2: The results of testing hypotheses

Factors	Knowledge management	Senior manager	service customization	Integration	Staff	Information Technology	consensus
T-Student statistics	7.73	22.89	19.82	16.04	23.98	20.13	20.07
Degrees of independence	49	49	49	49	49	40	49
The likelihood	0.000	0.000	0.000	0.000	0.000	0.000	0.000
The mean difference	0.73	1.16	1.31	1.29	1.52	1.12	1.37
Low limit	1.26	1.05	1.18	1.13	1.39	1.00	1.24
High limit		1.26	1.45	1.46	1.65	1.23	1.51
considering 95%confidence interval for the variation from 3							

Figure 2 demonstrates prioritization of the factors regarding Fried Man test. It clarifies that three factors including staff, consensus, and integration has the highest impact, and the technology factor owns the lowest level of effect on CRM implementation in Parsian Hotels Group.
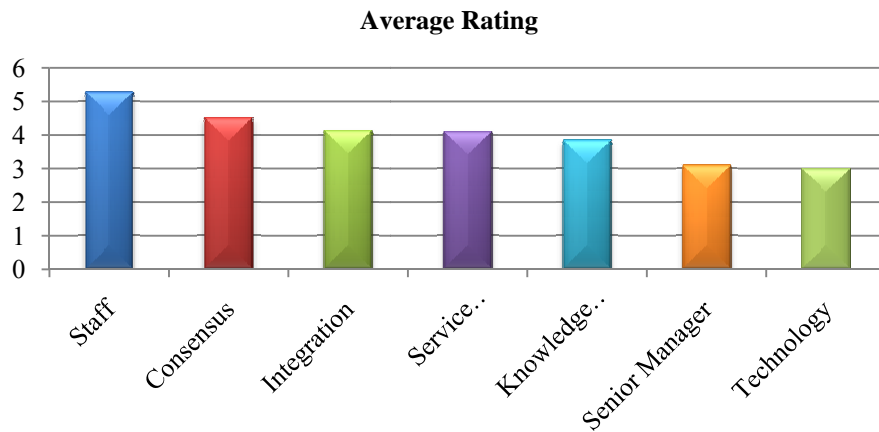
Average Rating

Figure 2: Prioritization of the factors regarding Fried Man test

CONCLUSION

The research findings indicate the impacts of the effective factors underpinnings namely: knowledge management, senior managers, staffs, technology, consensus, service customization, and integration on CRM implementation in Parsian International Hotels Group. Considering the results of analyzing factors prioritization, staff indicator has the most and technology indicator has the least impact on CRM

implementation; while consensus factor was determined as the second effective factor on CRM implementation.

The hypothesis of the research which considered elements including: knowledge management, senior manager, service customization, integrity, staff, information technology, and consensus as effective elements on CRM implementation in Parsian International Hotels Company in Tehran was admitted and accepted.

The results of analyzing the variances in order to compare factors' averages indicated a significant difference between the average of senior manager, staff, and knowledge management in comparison with other factors. Finally, the results concluded in putting the senior manager factor, with the highest average, in the first place, and the service customization in the last place in prioritization process. These results are completely different from what the current research has gained.

The results of current study show a significant difference between the average of staff and consensus factors and other indicators. Staff factor owns the highest average and stands in the first level of importance. This means that staffs, as the key contact points with hotels' customers, can play a considerable role in successful CRM implementation and creating customer loyalty in hotels. By considering staffs as the key factor, the current study will be distinguished from the previous research which considered senior manager as the key factor.

The analysis of consensus factor showed that it was the second effective factor after staff indicator, which can be taken as a vital innovational element.

Suggestions for effective implementation of CRM in hotels

Referring to the results of data analysis, 3 factors including staff, consensus, and integration are the most important factors in successful implementation of CRM.

Staff is considered as the key element in successful implementation of CRM. Hotels in Iran need to educate and train their staffs regarding customer orientation approach, create a cooperative environment among them, align them with company's objectives, and also apply appropriate evaluation and rewarding systems in order to motivate staffs to collect customers' information.

Regarding the results, the following items are suggested in order to create strong relationship between the hotel and its customers resulting in customer loyalty:

1- Staff:
- ✓ Hold training classes and sessions
- ✓ Create appropriate environment for expressing ideas
- ✓ Evaluate and reward staffs
- ✓ Plan motivating strategies

2- Consensus:
- ✓ Form Brain Storm groups in order to achieve the best ways of service improvement through collecting all employees ideas
- ✓ Simplify the organizational chart so that staff will be able to communicate and express their ideas more easily.
- ✓ Create the sense of empathy and partnership by the help of senior managers
- ✓ Ask your staff's ideas about policies and strategies
- ✓ Encourage innovation through rewarding

3- Integration:
- ✓ Encourage group works and integrate all the processes in the organization through creating logical relations among all parts of the company.
- ✓ Reconsider business processes and change scattered systems to integrated ones.
- ✓ Inform staff about the responsibilities and business procedures of other parts of the hotel and their communication channels.
- ✓ Develop internal and external information transfer channels.
- ✓ Spread out the information throughout the company with the help of information technology

4- Service customization
- ✓ form loyal groups and create email address for individuals
- ✓ inform loyal groups members of new and existing services of the hotel
- ✓ send cards on special occasions to loyal customers

✓ set the rooms according to customers' interest and idea
✓ choose the most appropriate communication channel according to each customer's value for the hotel

5- Knowledge management
✓ Create customers database
✓ Analyze customers' data
✓ Use customers database in various parts of the hotel

6- Senior manager
✓ Hire experienced senior managers
✓ Create an appropriate behavioral pattern based on senior manager's behavior

7- Technology
✓ Develop technological infrastructures in order to fulfill customers' needs such as on-line reservation.
✓ To speed up the procedure of decision making and doing the activities, make use of on-line communication technologies among hotels
✓ In order to collect, store and analyze customers' views, use relative technological infrastructures.
✓ Form an Information Technology Group in order to be informed of new technologies
✓ Use new organizational software and programs to increase accessibility and store more customer data
✓ Create a personal channel with each of your customers through state of the art technologies.

Overall, considering the significant role of Information Technology in CRM, it is better to make use of some software in order to integrate customer information, optimize customer services quality, up-date information needed for senior managers. On the other hand, service training courses can be also applied to enhance staffs' knowledge. It is worth mentioning that all issues mentioned above are applied in Parsian Int'l Hotels Company.

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