

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF COMMERCE  
PhD PROGRAMME**

**A STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT  
(CRM) OF HOTELS IN YANGON**

**KHINE MAR HLAING  
JUNE, 2014**

**TO MY PARENTS**

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(CRM) OF HOTELS IN YANGON**

Submitted in Partial Fulfillment of the Requirement for the  
Degree of Doctor of Philosophy (PhD) of the Department of Commerce,  
Yangon University of Economics, Myanmar

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JUNE, 2014

YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF COMMERCE  
PhD PROGRAMME

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## CERTIFICATION

I hereby certify that the content of this thesis is wholly my own work unless otherwise referenced or acknowledged. Information from sources is referenced with original comments and ideas from the writer him/herself.

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## ABSTRACT

Customer relationship management (CRM) is a widely applicable business strategy for managing a company's interaction with customers, clients and sales prospects. In fact, due to the competitive environment, CRM is crucial and has become a niche for firm performance. However, there is limited research that reveals the relationship between CRM dimensions and hotel performance. This study concerns CRM strategies conducted by 3-star and above hotels in Yangon. The main purposes of the study are to examine the correlations of CRM four dimensions and customer satisfaction, and CRM four dimensions and customer retention. The study also aims to analyse the relationship between customer satisfaction and retention, customer satisfaction and hotel performance, and retention and performance of hotels in Yangon.

This study is based on the CRM four dimensions: customer orientation, organizing around CRM, managing customer knowledge, and IT dimension for analysing CRM of Myanmar hotels. The study found that the usage levels of CRM strategies are different according to ownership types of hotels: FDI and domestic hotels. It is found that customer satisfaction on physical decoration is the highest level in FDI hotels while customer satisfaction on various services is the highest level in domestic hotels. Satisfaction on providing special services is lowest level in both types of hotels.

The study also found that all CRM dimensions are positively correlated with customer satisfaction in both types of hotels. "Customer orientation" and "Organizing CRM" dimensions are directly correlated with customer satisfaction and "Managing customer knowledge" and "IT" dimensions are weakly correlated with customer satisfaction in FDI hotels. In domestic hotels, "Managing customer knowledge", and "IT" dimensions are directly correlated with customer satisfaction, but "Customer orientation" and "Organizing around CRM" are weakly correlated with customer satisfaction.

It is found that all CRM dimensions except IT dimension are almost not correlated with customer retention but "IT dimension" is negatively correlated with customer retention. Other dimensions are positively correlated with customer retention in FDI hotels. In domestic hotels, all CRM dimensions except "Organizing dimension" are positively correlated with customer retention but "Organizing dimension" is negatively correlated with customer retention. "Customer orientation" and "IT" dimensions are

weakly correlated with customer retention while “Managing customer knowledge” dimension is directly correlated with customer retention.

The study found that there are positive correlation of customer satisfaction and customer retention in both FDI and domestic hotels in Yangon. It also found that customer satisfaction and retention are positively correlated with hotel performance in both types of hotels. It also found that customer satisfaction and retention are directly correlated with hotel performance in domestic hotels while there is weak relationship between customer satisfaction and hotel performance, and also customer retention and hotel performance in FDI hotels.

To successfully implement CRM, Myanmar hotels are required to apply the combination of CRM four dimensions: customer orientation, organizing, managing customer knowledge, and IT dimension in implementation of CRM.

## **ACKNOWLEDGEMENTS**

First and foremost, I would like to express my deep gratitude and thanks to Professor Dr Khin Naing Oo, Rector, Yangon University of Economics, for her kind permission to submit this thesis. And also, I would like to offer special thanks to Professor Dr Tun Aung, Pro-Rector, Yangon University of Economics, for his precious time and valuable guidance throughout the period of doing the PhD thesis. I would like to express my special thanks to our board of examiners, PhD programme for their valuable advices and verification to certify this thesis.

Firstly, I would like to give special thanks to Professor Dr Sandar Oo, Director General, Central Bank of Myanmar for all her guidance, advice, precious time, and encouragement as well as valuable comments. And also, I would like to offer my sincerest gratitude to my supervisor Professor Daw Yee Yee Than, Head of the Department, Department of Commerce for her valuable guidance and enthusiasm throughout the course of this work. She has shared her valuable knowledge and constantly encouraged me to accomplish this PhD thesis.

My particular acknowledgements go to the following people for their time, help and commitment. The personal contribution of them was much more than I have ever expected. In no particular order, I am thankful to Professor Dr Moe Moe Khaing, Professor and Head, Department of Management Studies, and all the respondents for providing data and their participation.

I would like to take this opportunity to extend my gratitude to all my colleagues in the Department of Management Studies for their warm support which enabled me to complete this PhD course and have a wonderful time along the way.

Finally, I would like to thank my family, my friends and all the members who helped me directly or indirectly for providing data, information, sharing knowledge, their great care, sympathy and patience to me.

**Khine Mar Hlaing**

**4 PhD, Za-1**

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## **LIST OF ABBREVIATIONS**

AEC	= ASEAN Economic Community
ASEAN	= Association of South East Asia Nations
BOT	= Build, Operate, and Transfer
CRM	= Customer Relationship Management
EDP	= Electronic Data Processing
F & B	= Food and Beverages
FDI	= Foreign Direct Investment
FIT	= Free Individual Traveller
GDP	= Gross Domestic Product
GRO	= Guest Relationship Officer
HTC	= Hotel and Tourist Corporation
IT	= Information Technology
JV	= Joint Venture
MHA	= Myanmar Hotelier Association
MHTS	= Myanmar Hotels and Tourism Services
MMC	= Myanmar Marketing Committee
MTPB	= Myanmar Tourism Promotion Board
MTT	= Myanmar Travel and Tours
PMS	= Performance Management System
RM	= Relationship Marketing
SFA	= Sales Force Automation
SLA	= Service Level Agreement
SLORC	= State Law and Order Restoration Council
SOP	= Standard Operating Procedures
TCC	= Total Customer Cost
TCV	= Total Customer Value
UMTA	= Union of Myanmar Travel Association

## CHAPTER 1

### INTRODUCTION

As nations are developing, the prices of goods and services are lower and goods are more uniform in quality, but the relationship between the customers and the marketers becomes nameless and faceless. The personal relationship between marketers and customers was a thing of the past. In the past, the customers focused on the products in making buying decision with their logical or rational thinking: buying decisions are based on product designs, quality, features, functions, prices and others. Nowadays, the customers favour the brand of products with their emotional thinking and feeling for their prestige: based on good relationship. As a result, customers become fickle, moving to the suppliers who provided the desired object at reasonable cost or with the most attractive features.

On the other hand, customer satisfaction is concerned with not only physical goods but also relationship. The above mentioned relationship between marketers and customers becomes weaker than before. Therefore, it is needed to encourage the relationship between marketers and customers, and also marketers and suppliers. Business managers, especially service providers, are urgently required to understand the relationship with their customers and also with their suppliers.

Several years ago, the rise of Customer Relationship Management (CRM) could be seen as an important business strategy. CRM is not a new concept. Its objective is to return to the world of individualised marketing. The concept itself is relatively simple. All customers are not alike in that needs, tastes, and preferences of one person are different from those of another person. Therefore, it is very important to focus on each customer individually rather than market as a whole or firms as a segment. In this one-to-one approach, information about a customer (e.g., previous purchases, needs, wants, desires and preferences) is analysed to frame offers that are more likely to be accepted. This approach is more effective with the assistances of advanced information technology.

Firms identify customer satisfaction as a main ingredient of business success. Customer satisfaction is a person's feeling of pleasure or disappointment that result from

comparing a product's perceived performance (or outcome) to his or her expectations. Although customer oriented firms seek to create high customer satisfaction, that is not its ultimate goal. In market competition, many scholars identify the major indicator of competitiveness as the ability to retain existing customers and obtain more. The global and worldwide service organizations such as banks, airlines, telecom firms and hotels are pioneers of the customer acquisition and retention strategies. These service organizations were the first practitioners of customer relationship activities. The banks establish customer relationship or customer service units to deal with key customers; the airlines design frequent programme to reward loyal customers; the telecom service firms design customized service for heavy users and the hotels introduce personal user service for regular customers.

In today's marketing literature, the practices of maintaining a long-term relationship with customers are identified as relationship marketing and more recently customer relationship management (CRM). Relationship marketing aims to build mutually satisfying long term relationship with key customers in order to earn and retain their business. The marketing practitioners identified as CRM is an emerging marketing domain especially for firms in highly competitive business environment. However, scholars view it as a new marketing discipline focused on managing long-term profitable relationship with customers by giving the best customers value.

CRM is considered as the most important benchmark of competitive advantage and has a positive impact on organizational performance.<sup>1</sup> According to Mehta, Sharma and Mehta (2010), the success of an enterprise principally depends on the effectiveness of its CRM. The issue of CRM has become a serious marketing consideration because of several factors among which are, continuous complexity of the customer, globalisation of firms, fierce competition, low cost of retaining customers and the success of the firms that have practiced CRM. Gruen (1997) noted that the average firms spend six times on acquiring customers rather than on retention of customers.

Gordon (2002) observed that a good fraction of firms that practice CRM achieve designed goal, while as others fail in the practices of CRM because of lack of knowledge on how to establish and manage CRM. He noted that CRM implementation failure is due to the

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<sup>1</sup> Sin, Tse and Yim, 2004

lack of laid down CRM practices, procedures, and guidelines to follow. In service firms of various countries, a couple of studies have been conducted on the practices of CRM.

CRM is an abbreviation of Customer Relationship Management, not Customer Relationship Marketing. Management has a broader concept than marketing because it covers marketing management, operations management, financial management, human resource management, service management, sales management, and research and development management. Thus, CRM requires organizational and business level approaches which are customer oriented business transactions rather than a simple marketing strategy.

Today, businesses are facing an aggressive competition and they are making efforts to survive in a competitive and uncertain market place. Small domestic firms compete with incoming international firms in their home countries. As a result, these firms are facing with very intense competition as well as high bargaining power of customers. Marketers have realized that managing customer relationship is a very important factor for their success. Customer relationship management (CRM) is a strategy that can help business managers to build long-lasting relationships with their customers and increase the organization's profits through the right management system and the application of customer-focused strategies.

The objective of CRM (customer relationship management) is to recognize and treat each and every customer individually. It is very essential for CRM in service sectors especially hospitality industry and also for any business to know how to differentiate customer treatment according to individual preference. To differentiate customer treatment, companies use personalized service and customized products which make some customers feel special and others simply appreciate good behaviour. Personalization and customization don't mean maintaining not only customer loyalty, and also encouraging to the higher volume of purchases.

Getting closer to customers and effectively responding to their needs is a great way to enhance their loyalty and encourage deeper business relationship. The task of getting and retaining existing customers requires greater skills and special efforts. The business needs to ensure that the providing services are actually wanted by customers, and the customers want to do transactions in 'their' way, not to be forced to do it in the enterprise's way. Most companies reconsider their marketing strategies based on customer-focused and believe that

organizing customer relationship activities as well as managing customer knowledge activities can enhance their success in providing services to the customer.

To become successful entrepreneurs, it is necessary that all business managers regardless of their specialism needed to understand thoroughly and systematically as well as to apply the appropriate customer relationship management practices. Therefore, the study examined customer relationship management practices of hotels and also analysed the relationship between customer relationship management strategies and customer satisfaction, customer satisfaction and retention, and then customer satisfaction, retention and performances of hotels in Yangon, Myanmar.

### **1.1. Rationale of the Study**

Hotels and tourism sector can be identified as a lucrative earner of foreign exchange for respective countries. According to World Tourism Organization (WTO), more than 935 millions of people visited various places all over the world in 2010. In terms of revenue, world travel and tourism earned over USD 700 billions in 2010. Travel and tourism businesses rapidly develop year by year except the periods which face with many disasters. As a service based industry and as such partly responsible for service sector growth and contribute to National Gross Domestic Product (GDP) by directly and indirectly. By the early 2000's it was estimated that services had already accounted for between 70% and 85% of the Gross Domestic Product (GDP) of developed economies, and 52% of the GDP of developing economies<sup>2</sup>. Indeed, the hotel and tourism industry has grown phenomenally since 2001; this has been driven by both leisure and business demand.<sup>3</sup>

Myanmar has been carefully transformed into the market economy step by step since 1989. Therefore, a lot of investment opportunities have emerged. Tourism development is considered not only as a commercial industry, profit making business but also as a mean for understanding and building up a good image of nation. Tourism industry is one of the economic pillars and largest sources of foreign revenue in Myanmar. The visit Myanmar year

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<sup>2</sup> Johnston and Michel, 2008 & Hill, 2007

<sup>3</sup> Kloppers, 2005

1996, confirmed the Myanmar government determination to tap the potential of the tourism industry. According to Myanmar tourism statistics, the number of foreign tourists who visited Myanmar increased from about 820,000 in 2011 to nearly 1 million in 2012. In terms of revenue, this industry earned USD 319 millions in 2011 and USD 534 millions in 2012. Therefore, the numbers of foreign visitors and the income from tourism are increasing overtime in Myanmar. Nowadays, Ministry of Hotels and Tourism is cooperating with entrepreneurs to strive for the development of Myanmar Tourism.

The emergence of new government and the changing of political, economic and social situation have attracted international community, therefore, more and more tourists from various countries have arrived Myanmar. As reforming politic and economy may affect the Myanmar traditional culture, the number of foreign tourists who are interested in the Myanmar traditional culture, is also increasing in the Myanmar transitional economy.

As the economy of Myanmar has been changing step by step since 1989, the hospitality industry, especially hotel sector needs to be entrusted as a significant role in the development of Myanmar economy. Myanmar develops its tourism infrastructure, so that the number of hotels grow steadily, in the most popular areas: Bagan-Nyaung U, Taunggyi-Inlay, Nay Pyi Taw, Mandalay, and Yangon.

Since the number of (international) tourists visiting Myanmar is increasing, Myanmar hoteliers need to offer better hotel facilities and services to guests. Therefore Myanmar's Ministry of Hotels and Tourism identified the star rating in eight cities in September, 2012. The Ministry will continue monitoring the services of these hotels and the star status may upgrade or degrade in the future in accordance with their facilities and services.

According to Myanmar Ministry of Hotels and Tourism (September, 2012), there are 89 hotels in Yangon which are registered in Ministry of Hotels and Tourism and have more than 20 rooms. Among them, 58 domestic hotels are identified as star hotels by Ministry of Hotels and Tourism in Yangon. In Yangon, 15 Foreign Direct Investment (FDI) hotels are operated. Therefore, totally 73 star hotels are located in Yangon. Nowadays, 13 FDI hotels and 11 domestic hotels, totally 24 hotels are operating in Yangon Hotel Zone as 3-star and above hotels. Most of the hotels, motels and guesthouses are located in Yangon with different

types of ownership such as Build, Operate, and Transfer (BOT), Joint Venture (JV), sole proprietorship and Foreign Direct Investment (FDI).

The aims of hospitality industry are to increase the customer occupancy rates and revenue by improving customer experience. To achieve these aims, hotel managers need to have deep knowledge of customers' needs, behaviour, and preferences and be aware of the ways in which the services delivered to create value for the customers and then stimulate their retention and loyalty. Therefore, Sigala (2005) presented that Customer Relationship Management (CRM) becomes a strategic imperative for attracting and maintaining customers in the hotel industry.

Nowadays, the hotel industry is facing an increasingly competitive market or oligopoly market (That is: existing few suppliers) in Myanmar in relation to incoming foreign visitors. So far, 11 zones have been created in popular tourist regions in 2012, while over 50 hotels are expected to open across the country over the next two years.

Nor Aziahabu Kasim (2009) discovered that there is a positive relationship between CRM strategies, customer performance measures and performance in Malaysia hotels industry. D. J. Petzer, T. F. J. Steyn and P. G. Mostert (2009) found that "there are no significant differences which could be found between the perceived importance of customer retention activities by hotels' responsible persons and the size of the hotel in South Africa".

Jessica Mascareigne (2009) found that "the creation of customer satisfaction, firms' abilities to convey confidence and to deliver quality service, and creation of switching barriers are the main strategies employed by the firms for retaining customers in Malaysia service industry".

Abdul Alem Mohammed, and Basri bin Rashid provided the conceptual frame for hotels industry which explored the effects of CRM four dimensions on customer satisfaction, and retention and this lead to sales growth in Malaysia hotel industry. Fredrick Hong-kit Yim, Rolph E, and Srinivasan Swaminathan also reported the relationship between CRM dimensions and customer satisfaction, and also customer retention, customer satisfaction, retention and hotel performance by using the four dimensions of CRM in Hongkong Hotel Industry. They found that focusing key customers, organizing around CRM, and managing customer knowledge dimensions of CRM activities significantly affected on customer

satisfaction and IT dimension of CRM is not directly affected on customer satisfaction in Hongkong hotels industry.

A number of researchers have reported on the effects of CRM strategies on customer satisfaction and retention towards hotel industry in some developing countries. They have explored the different frameworks of CRM in hotel industry for different countries. However, researches have not been conducted on CRM strategies, customer satisfaction and retention, and performance for hotel industry in Myanmar.

Myanmar hotel industry is facing with many challenges; limited knowledge of CRM, lack of CRM experience, and most of hoteliers seem to have lack of knowledge in influencing factors for customers' retention completely, the dimensions of CRM, the benefits of CRM, effective ways of customer acquiring and retaining. The study provides the effects of CRM on customer satisfaction and retention, and also suggests the appropriate CRM strategies for hotel industry in Myanmar. The study also intends to improve the knowledge of CRM and to perceive the importance of relationship practices for customer satisfaction and retention.

## **1.2. Objectives of the Study**

The main objective of the study is to explore the Customer Relationship Management (CRM) strategies on customer satisfaction and retention which can result in good performance of Myanmar hotel industry.

The specific objectives of the study are as follows:

- (1) To figure out the relationship between the customer relationship management (CRM) dimensions and customer satisfaction of hotels in Yangon
- (2) To find out the relationship between the customer relationship management (CRM) dimensions and customer retention of hotels in Yangon
- (3) To examine the relationship between customer satisfaction and customer retention of hotels in Yangon

- (4) To investigate the relationship between customer satisfaction and performance of hotels in Yangon
- (5) To analyse the relationship between customer retention and performance of hotels in Yangon

To achieve these objectives, it is required to examine the CRM strategies which can enhance performance of hotels located at Yangon and to figure out the relationships between CRM strategies and customer satisfaction, customer satisfaction and retention, customer satisfaction and hotels performance, and also retention and hotels performance. To be successful, organizations always need to relook the needs and wants of their customers. That is, they need to continuously emphasize the importance of customer satisfaction, retention and loyalty. In other words, hoteliers must concentrate on customer satisfaction and retention through effective CRM dimensions to become successful managers and enhance their hotels' performance.

### **1.3 Design and Methods of the Study**

In this study, hotel operations managers and general managers are regarded as the most valid source of CRM dimensions conducted by hotels in Yangon. Exploratory research method is conducted in this study. For data collection, survey technique is undertaken by using two sets of questionnaires: one for hotel managers and another for customers.

The tools used in these questionnaires to capture the evaluative data are Likert Scale of attitude scales, list type questions, quantity type questions and open ended questions. The questionnaire for manager is divided into two main sections: section one and section two.

Section one consists of two parts (Part A and B). Part A is for profile of hotels and profiles of respondents, and part B is concerned with CRM strategies conducted by hotels. Section one is intended to find out the year of operations, number of employees, number of rooms, average occupancy rates, and CRM strategies conducted by hotels.

The second section (Section Two) consists of methods for measurement of customer satisfaction, and hotels performance relative to competitors. This section also consists of two parts (part A and B). Part A is for evaluation of satisfaction by managers and part B is

concerned with hotel performance relative to competitors evaluated by hotels managers. Section two is intended to analyse hotel performance.

Questionnaire for customer is divided into three main parts: profile of respondents (customers), customer satisfactions, and customer retention. First part of this section is intended to observe the demographic profile of respondents (hotels guests) and second part and final part are intended to analyse the satisfaction level and retention from customer point of view. Customer satisfaction and customer retention are evaluated by five points Likert scale questions.

Primary data on CRM strategies of hotels are collected by face to face in-depth interview with General Managers, (or) Assistant General Managers, (or) Operations Managers (or) similar senior manager level in selected hotels. These senior level respondents are highly knowledgeable about CRM implementation and practices within their hotels as indicated by their ability to answer all questions completely.

CRM strategies are examined by four dimensions of CRM: customer orientation, organizing around CRM, managing customer knowledge, and incorporating CRM based technology. These dimensions are examined by five point Likert scale: 6 items for customers orientation, 6 items for organizing around CRM, 3 items for managing customer knowledge, and 9 items for IT dimension. Therefore, CRM strategies are analysed by altogether 24 items in this study. Hotels performances are measured by five point Likert scale on managers' evaluation of hotels performance relative to competitors.

Hotel performance is measured by the respondents evaluation of his or her hotel's current performance relative to major competitors on a five point scale ranging from "extremely poor" to "extremely good". As advocated by Narver and Slater (1990), relative performance compared with its competitors was used to control for performance among different firms.

Secondary data are gathered from the sources of international journals, relevant text books, newspapers, pamphlets, and internet articles concerning the Customer Relationship Management. Other secondary sources are previous researches on customer satisfaction, customer retention, hotels performance and CRM strategies.

#### 1.4 Scope and Limitation of the Study

The study focuses on hotels in Yangon. The number of hotels in each star rate and total number in eight cities which are already identified star rating is illustrated in Table ( 1. 1).

**Table (1.1) Numbers of Star Hotels in Specific Hotel Zone**

No	Hotel Zone	5-Star	4-Star	3-Star	2-Star	1-Star	Total
1	Domestic Hotel in Yangon	-	-	11	20	27	58
	FDI in Yangon	5	6	2	1	1	15
2	Mandalay	-	2	8	25	19	54
3	Naw Pyi Taw	-	-	13	7	1	21
4	Pyin Oo Lwin	-	-	4	3	6	13
5	Bagan	-	1	10	7	4	22
6	Taunggyi	-	2	8	8	13	31
7	Magway	-	-	-	2	2	4
8	Taungoo	-	1	-	-	2	3
	Total	5	12	56	73	75	221

Source- Ministry of Hotels and Tourism (September, 2012)

According to Table (1.1), there are 221 star hotels in 8 cities in Myanmar with the rooms' capacity of 13,063 in September, 2012. Among them 73 star hotels are located in

Yangon. This study only focuses on the 3-star and above hotels including FDI hotels in above mentioned Table (1.1). Therefore, numbers of population to analyse CRM activities of hotels are 24 hotels which are identified as 3-star and above hotels: 15 FDI and 9 domestic hotels.

The study selected 15 out of 24 hotels which are identified as 3-star and above hotels located in Yangon to examine CRM strategies. This study uses in-depth interview with one responsible person in each 3-star and above hotel and collects the CRM practices data from a representative sample of 15 hotels (3-star and above hotels) in Yangon zone (represent the 62.5% of three star and above hotels in Yangon).

As only 3-star and above hotels develop and activate their own websites and customer database, and these hotels are operating with great customer care practices. They are trying to follow the Standard Operating Procedures (SOP) of international hotels. Creating a Customer Database is a necessary first step to a complete CRM implementation and also the foundation for any customer relationship management activity. Therefore, the study, “Customer Relationship Management of hotels in Yangon”, only focused on CRM of 3-star and above hotels in Yangon.

Customer satisfactions and retention data is collected from 10 customers in each selected hotel (total 150 customers) which are selected by using simple random sampling method. Customers satisfaction and customer retention data is collected from the guests who stay more than two nights in the respective 3-star and above hotel, because customers can thoroughly evaluate the CRM strategies of hotels, if they stay in hotel at least for two nights. All primary data is collected during the period of 2012 and 2013.

The study is only focused on customer relationship management (CRM) of hotels in Yangon. To explore the CRM practice of hotels, the study selects 15 out of 24 hotels (3-star and above hotels) in Yangon. The selected hotels consist of 9 out of 13 FDI hotels and 6 out of 11 domestic hotels in Yangon.

The study applies both secondary data and primary data by using two set of questionnaires. CRM practices data is collected from responsible persons of selected 9 FDI hotels and 6 domestic 3- star and above hotels. Therefore, CRM practices of 2- star and below hotels are not included in the scope of this study. Customer satisfaction data is

collected from 10 guests in each hotel who stay at least for two nights at the respective hotel. Therefore, the customer satisfaction levels are represented as those of totally only 150 customers. Customer satisfaction on other business practices is not included in this study.

### **1.5. Organization of the Study**

There are five chapters in this study. Chapter one is introduction which included rationale of the study, objectives of the study, study design and methodology, scope and limitations of the study and organization of the thesis. Literature reviews and conceptual framework are reported in chapter two while as historical background of Myanmar hotel industry, current situation of Myanmar hotel industry, and CRM strategies conducted by hotels in Yangon are presented in chapter three as reviews on CRM strategies of hotels in Yangon. Analysis on the CRM strategies, association among CRM strategies, customer satisfaction and customer retention, and performance of hotels located in Yangon are presented in chapter four, and finally, chapter five reported the conclusion of the thesis with findings and discussions, suggestions and recommendations, and need for further study.

## CHAPTER 2

### LITERATURE REVIEWS

Customer satisfaction is a key success factor of every venture. Every enterprise views the satisfaction of its customers as the very reason for its existence. However, the satisfaction of customers is a function of the relationship that exists between the customer and the firm. The customers satisfaction derived from a relationship depends on how well the relationship is managed and on the benefit of the relationship to the customer.<sup>4</sup>

Effective and efficient CRM creates competitive advantage and improves the performance of firms.<sup>5</sup> Scholars of marketing, management and IT professionals, and practitioners in these fields make numerous references to the impact of customer relationship management on business orientation and performance.<sup>6</sup> CRM practices increased revenues, profits, and customer service. The ultimate reason for CRM strategies is greater profitability by reducing customer acquisition costs, increasing repeated purchases, and charging relatively higher prices<sup>7</sup>.

Most marketers focus on attracting customers from its target segments using the tools and techniques developed for mass marketing in the industrial era. In the information era, this is proving to be highly ineffective in most competitive markets. Because of slowing growth rates, intensifying competition and technological developments, businesses look for ways to reduce costs and improve their effectiveness.

According to Richard et al. (2007), the rapid growth of CRM can be attributed to (a) fierce business competition for valuable customers, (b) economics of customer retention (i.e life-time value) and (c) technology advances. In the same vein, Thompson (2005) found evidence that some of the reasons for the use of CRM in organizations are: increased customer satisfaction: reduced costs of sales, service and marketing; increased sales revenues; reduced costs of other operations; increased profit per customer; and increased

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<sup>4</sup> Parvatiyar, Biog and Wathnee 1998

<sup>5</sup> Sin, Tse and Yim, 2004

<sup>6</sup> Richard et al., Payne & Frow, 2004

<sup>7</sup> Winer 2001, Sun, 2006

customer retention. Given these important benefits of CRM, more and more firms are adopting CRM strategies, tools, programs and technologies to ensure business success.<sup>8</sup>

## **2.1. Definitions and the Concept of CRM**

Traditional marketing strategies focus on the four Ps (price, product, promotion, and place) to increase market shares. The main concern is to increase the volume of transactions between seller and buyer.<sup>9</sup> Volume of transactions is considered as a good measure of the performance of marketing strategies and tactics.

CRM is a business strategy that goes beyond increasing transaction volume. Its objectives are to increase profitability, revenue, customer satisfaction and retention. To achieve CRM objectives, a companywide set of tools, technologies, and procedures promote the relationship with the customer to increase sales.<sup>10</sup> Thus, CRM is primarily a strategic business process issue rather than a technical issue.

Many writers identified Customer Relationship Management (CRM) from different point of view. Bob Thompson (2002) described that CRM is a business strategy to select and manage the relationship with most valuable customer. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales, and service processes.

Jeffrey Peel (2002) defined that CRM is about understanding the nature of the exchange between customer and supplier and managing it appropriately. The exchange contains not only monetary considerations between supplier and customer but also communication. Buttle, 2000 identified that CRM is “the development and maintenance of mutually beneficial long-term relationships with strategically significant customers”

Plakoyiannaki and Tzokas, 2001 described that CRM is “an IT enhanced value process, which identifies, develops, integrates and focuses the various competencies of the firm to the ‘voice’ of the customer in order to deliver long-term superior customer value, at a profit to well identified existing and potential customers”.

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<sup>8</sup> Parvatiyar and Sheth, 2001

<sup>9</sup> Wyner, 1999

<sup>10</sup> Sweeney Group, 2000

CRM defines as a company-wide business strategy embracing all client-facing departments and even beyond people, processes, and technology work in synergy to increase profitability, occupancy rate and reduce operational costs.

Overall goals of CRM is to find, attract, and win new clients, nurture and retain those the company already has, entice (persuade) former clients back into the fold, and reduce the costs of marketing and client service. CRM is a new perspective of marketing which emerged from the incident of three marketing paradigms - the relationship marketing paradigm of Berry (1983), the one-to-one marketing theory of Peppers and Rogers (1993) and Reichheld (1996) and customer lifetime value theory of Hart 2006. These three perspectives form the foundation of CRM together and then they are integral parts of the CRM process.

The behavioural component model of Sin, Tse and Yim (2004) is based on the view that CRM is —a comprehensive strategy and process that enables an organization to identify, acquire, retain, and nurture profitable customers by building and maintaining long-term relationships with them. More recently, Yim, Anderson and Swaminathan (2005) identified three marketing concepts: customer orientation, relationship marketing and database marketing as the antecedent of the idea of CRM.

The essence of CRM thinking originates from three concepts in marketing management: (1) customer orientation, (2) relationship marketing, and (3) database marketing. With the advancement of information and communication technology (ICT), these three marketing concepts have come together in the paradigm of CRM.<sup>11</sup> It is more difficult for customers to reach with mass advertising, CRM emerges to target customer segments on a one-to-one basis more accurately.

Kotler and Armstrong (2004) define CRM as “the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction”. This definition seems to include the broad-based essence of marketing wherein value and satisfaction are prominent. Zikmund, Mc Leod, and Gilbert (2003) provide a more technology-oriented perspective by defining CRM as “a business strategy that uses information technology to provide an enterprise with a comprehensive, reliable, and

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<sup>11</sup> Langerak and Verhoef 2003

integrated view of its customer base so that all processes and customer interactions help maintain and expand mutually beneficial relationships”.

Sun (2006) observed that the rapid development of Information technology has transformed the paradigm and perspective of CRM. In the past, CRM is no longer the special consideration of the service sector. Again, CRM is no longer handled as a separate marketing activity aimed at increasing customer satisfaction. The development in IT have made it possible for all kinds of firms irrespective of their activities, to exploring service led growth as a promising means of differentiation.<sup>12</sup>

In this era of advanced IT, CRM activities are integrated into every step of the marketing process to handle product inquiry, telemarketing, advertising, sales, transaction, service, and survey. In addition, Sun noted that, with the advancement in IT, CRM has shifted from static relationship to dynamic "learning relationship," from mass-marketing to customer-centric marketing, and from reactive service to proactive relationship building.

Yim, Anderson and Swaminathan (2005) indicated the foundation of the paradigm of CRM with the belief of CRM can be developed and managed in an organization like any other important asset of the organization. It is an unquestionable fact that CRM is gradually becoming the most important paradigm of marketing. Yet CRM as a marketing discipline is still in the book of debates regarding its meaning, conceptual frame work, guidelines for implementation and evaluation. CRM scholars have observed that the meaning of CRM (what is and what is not CRM) is ambiguous.<sup>13</sup>

Nevin (1995) described CRM as a very active term which is used by various professionals to express different themes and perspectives. At different levels of management, CRM may be used to express different perspectives. For instance, at the tactical level of management CRM may be equated to database marketing or electronic marketing; at the strategic level, CRM may be interpreted as customer retention or partnering with customers.<sup>14</sup>

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<sup>12</sup> Sawhney et al. 2004 as in Sun, 2006

<sup>13</sup> Parvatiyar and Sheth, 2001

<sup>14</sup> Peppers and Rogers 1995, Parvatiyar and Sheth, 2001

At the theoretical level, it may be seen as an emerging research paradigm in marketing most often loosely equated to existing perspectives. CRM is quite a distinct paradigm of marketing despite the fact that it has significant common thematic characteristics with earlier marketing perspectives such as relationship marketing, one-to-one marketing and customer lifetime value theory.

Relationship marketing is said to be more emotionally and behaviourally centred on variables such as bonding, trust and empathy whiles CRM focuses more on managerial strategies directed towards establishing, maintaining and enhancing customer relationships.<sup>15</sup> According to Gummesson (2002), relationship marketing is more comprehensive and it encompasses more than customer-seller relationship. Morgan and Hunt (1994) indicated that relationship marketing include the building of relationship with stakeholders such as suppliers, employees, government as well as society. However CRM is more dedicated to building relationship with key customer.<sup>16</sup>

According to Sin, Tse and Yim (2004), the common thematic characteristics of CRM and relationship marketing revolve around three perspectives. These are:

- (1) They both focus on individual customer-seller relationship.
- (2) They are both long-term oriented.
- (3) They both have the aim of benefiting customers and sellers.

In other words, both CRM and relationship marketing can be regarded as the core marketing strategies. Despite these common features of CRM and relationship marketing, the difference between them is not far fetching. Royals and Payne (2001) observed that while relationship marketing is strategic in nature; CRM is more tactical in practice.

According to Parvatiyar and Sheth (2001), one of the unique features of CRM is customer selectivity. All customers are not equally profitable to the organization.<sup>17</sup> Thus, effective and efficient CRM must involve customer selection. Long-term relationship should be built with only customers who are more profitable enough to ensure win-win situation in

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<sup>15</sup> Yau et al 2000

<sup>16</sup> Tuominen et al, 2004

<sup>17</sup> Storebacka, 2000

the CRM process. Parvatiyar and Sheth (2001) defined CRM as a comprehensive process of acquiring, retaining and partnering with selected customers to create value for the firm and the customer. According to the definition of CRM by Mehta, Sharma and Mehta (2010), the value CRM will create for the firm is nothing but a competitive advantage. They defined CRM as a business strategy aimed at gaining a long-term competitive advantage by delivering customer value and extracting business value simultaneously.

In similar perspective, Sin, Tse and Yim (2004) define CRM as a comprehensive strategy and process that enables an organization to identify (select), acquire, retain and nurture profitable customers by building long-term relationship with them. The definition of Sin et al (2004) is a summary of the former two definitions because it presents CRM as both a strategy and a process.

Zablah et al. (2004) proposed that CRM is an ongoing process that involves the development and leveraging of market intelligence for the purpose of building and maintaining a profit-maximizing portfolio of customer relationships. Jain, and Dhar, (2007) defined CRM as a customer centric strategic business process, aimed at establishing, nurturing, enhancing and terminating relationship with customers, at a profit, so that the objectives of both the partners involved are met through mutual exchange and fulfilment of promises.

The definition of CRM is not concrete and it continues to differ from one author to another. Zablah et al. (2004) analyzed the definitions of CRM in the literature and classified the perspectives of the definitions into five. These five classifications of CRM include CRM as a process, CRM as strategy, CRM as a philosophy, CRM as a capability, and CRM as a technological tool. Hart (2006) indicated that some authors (e.g. Rigby et al., 2002) combine two or more of these. The process perspective is described as the only perspective that recognizes and acknowledges CRM lifecycle.<sup>18</sup>

In another context, CRM is regarded as a strategy, a business process, hardware, software or an integrated approach, which blend skills, functions and technology together for building lifetime bonds with customers.<sup>19</sup> CRM is fundamentally cross functional customer

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<sup>18</sup> Reinartz et al., 2004 as in Hart, 2006

<sup>19</sup> Jain, and Dhar, 2007

focused business strategy.<sup>20</sup> Kellen (2002) defined CRM as a business strategy aimed at gaining long term competitive advantage by delivering customer value and extracting business value simultaneously. First and foremost, CRM as an ancient business philosophy places highest value on customer services and proposes organization wide customer centric approach.

Gronroos (1994) and Morgan and Hunt (1994) have defined CRM as a set of activities directed towards establishing, developing and enhancing customer relationship for mutual exchange and fulfillment of promises. As a strategy, CRM is said to aim at establishing long-term committed, trusting and cooperative relationship with customers, characterized by openness, genuine concern for delivery of high quality services, responsiveness to customer suggestions, fair dealings and willingness to sacrifice short-term advantage for long-term gains.<sup>21</sup> CRM has been considered as a core business process to create and deliver customized solutions on one-to-one basis with personal touch.

Tse and Yim (2004) view of CRM is a comprehensive strategy and process that enables an organization to identify, acquire, retain, and nurture profitable customers by building and maintaining long-term relationships with them, and Jain and Dhar (2007) view of CRM is a customer centric strategic business process, aimed at establishing, nurturing, enhancing and terminating relationship with customers, at a profit, so that the objectives of both the partners involved that are met through mutual exchange and fulfilment of promises, are very encompassing and thus reflects the conceptualization of CRM.

### **2.1.1 The key drivers of CRM**

According to Arnett and Badrinarayan (2005) there are three key drivers of CRM:

- 1. Trust-** one party should have confidence in the other party's reliability and integrity in situation of exchange.
- 2. Relationship commitment-** an enduring desire to maintain a valued relationship.
- 3. Communication-** formal or informal sharing of meaningful and timely information between firms.

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<sup>20</sup> Jain, and Dhar, 2007

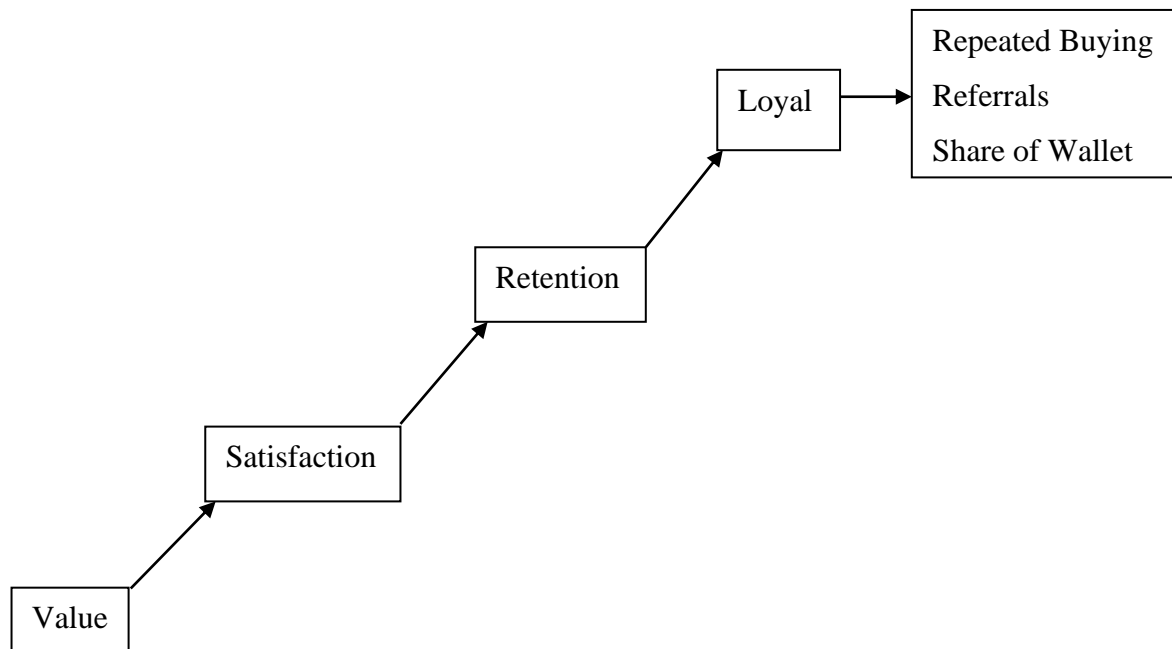
<sup>21</sup> Bennett, 1996

The basic premise of CRM is to turn prospects into customers, customers into loyal customers, and then loyal customers into partners by offering superior value. The major determinants of CRM are trust and value. Trust means the willingness to rely on the ability, integrity, and motivation of one party to serve the needs of the other parties as agreed upon implicitly and explicitly. Value is the ability of a selling organisation to satisfy the needs of the customer at a comparatively lower cost or higher benefit than that offered by competitors and measured in monetary, temporal, functional and psychological terms.

### 2.1.2 Customer value

Kotler (2005) explains customer value as the difference between total customer value and total customer costs. Total Customer Value (TCV) consists of product value, services value, personnel value, and image value. Total Customer Costs (TCC) includes monetary costs, time cost, energy cost, and psychic cost. The core function of CRM is the value creation process and building long term relationship with customers.

**Figure (2.1) Value Creation to Loyalty**



Source- Secrets of Customer Relationship Management by James G. Barnes, Pg 34.

As shown in Figure (2.1), adding value can be as simple as improving services with convenience and access. It can also include employee training, thus staff members have better abilities to answer customer questions and make recommendations for products and services that will satisfy the customer. By increasing the value that customers perceives in each interaction with the company (even if it does not end in the sales), satisfaction level can be increased, and then it leads to customer retention rate. As customers feel better about their perceived value, the firm can retain its customer and then it leads to become loyal customers, this loyalty leads to repeat buying, referrals, and increased share of wallet. Therefore, firms can attract, maintain, and grow loyal customers by creating customers value.

## **2.2 The Four Dimensions of CRM Implementation**

CRM is mainly based on the belief that establishing a sustainable relationship with customers is the cornerstone for obtaining loyal customers who are much more profitable than non-loyal ones.<sup>22</sup> The successful implementation of CRM strategy will be of great benefit to the organizations, as such organizations can reap the benefit of increasing sales through better market segmentation, customizing products and services, obtaining higher quality products, gaining access to information and employee satisfaction, and above all, ensuring long-lasting customer-retention and loyalty.<sup>23</sup>

Other numerous definitions of CRM are mentioned above -ranging from very narrow interpretations to very broad ones- having no two being the same. Lack of consensus on the meaning of CRM not only impedes academic discourse on the subject, but also adds to business practitioner skepticism and indecisiveness in establishing CRM systems. In view of the wide variance among CRM definitions, Yim (2002) attempts to provide more conceptual clarity of CRM by synthesizing the relevant marketing management, and IT literature to identify four key areas necessary for successful CRM implementation: (1) strategy, (2) people, (3) processes, and (4) technology<sup>24</sup> Despite the fact that each of these

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<sup>22</sup> Dowling, 2002

<sup>23</sup> Ozgener and Iraz, 2006; Stockdale, 2007; Alomtairi, 2009; Verma and Chandhuri, 2009

<sup>24</sup>Crosby and Johnson 2001; Fox and Stead 2001; Ryals and Knox 2001

components, by itself, is relatively straightforward; it is only when all four work in unison that a superior customer relationship capability is developed.<sup>25</sup>

CRM implementations usually involve four specific ongoing strategies: (1) focusing on customers (customer orientation),<sup>26</sup> (2) organizing around CRM,<sup>27</sup> (3) managing customer knowledge,<sup>28</sup> and (4) incorporating CRM-based technology.<sup>29</sup>

### **2.2.1 Focusing on Customers (Customer Orientation)**

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. Similarly, King and Burgess (2008) reach the conclusion that customer orientation is a crucial factor in the successful implementation of CRM.

Moreover, many researchers have revealed that service firms, like hotels, require a better understanding of customer orientation and its great importance to such firms and their performance.<sup>30</sup> 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.<sup>31</sup> 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 providers. Research has supported that customer orientation leads to increase organizational performance.<sup>32</sup> 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.<sup>33</sup> Furthermore, several studies revealed that there is a relationship between customer orientation and marketing planning

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<sup>25</sup> Day 2003; Kotler and Armstrong 2004

<sup>26</sup> Srivastava, Shervani, and Fahey 1999; Vandermerwe 2004

<sup>27</sup> Homburg, Workman, and Jensen 2000; Langerak and Verhoef 2003

<sup>28</sup> Stefanou, Sarmaniotis, and Stafyla 2003

<sup>29</sup> Bhaskar 2004; Chen and Ching 2004

<sup>30</sup> Kim et al., 2006; McNaughton et al., 2002; Sin et al., 2005

<sup>31</sup> Ki Lee et al., 2006

<sup>32</sup> Asikhia, 2010; Liu et al., 2003; Zhou et al, 2009

<sup>33</sup> Liu et al., 2003

capabilities.<sup>34</sup> Besides this, the beneficial influence of customer orientation strategy on marketing planning capabilities, this strategy also influences the successful implementations of marketing actions or innovations.<sup>35</sup> The ultimate goal of focusing on key customers is to achieve deep customer relationships through which the seller organization becomes indispensable to its most profitable customers.<sup>36</sup>

### **2.2.2 Organizing Around CRM**

With a strong focus on key customers deeply embedded throughout its CRM system, the entire company should be organized around cultivating these valuable relationships. The organizational structure needs to be flexible and, if necessary, reconstructed to generate customer-centric values and improve coordination of customer-focused, cross-functional teams.<sup>37</sup> For CRM success, there also must be an organization wide commitment of resources. With concerted efforts by all organizational functions to continuously provide a stream of value rich actions and customer outcomes, and the company and its sales force are assured that they can satisfy customers' needs and enhance customer relationships.<sup>38</sup>

First and foremost, to enhance services, employees to conduct customer-oriented behaviors, organizations have to develop an appropriate working environment for services in work, for instance, providing staff with the modern tools, and technology, customer-satisfaction tracking and complaints management systems, inspirational leadership, and appropriate reward systems. As a result of the previous supportive working conditions, organizations can ensure the required customer oriented behaviors of their employees.<sup>39</sup>

Sin et al., 2005; Yim et al., 2005 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 them. Further, as a confirmation for this point Ku (2010) stress that CRM success does not only require technological quality or

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<sup>34</sup> Morgan, Vorhies, and Mason, 2009; Pulendran and Speed, 1996

<sup>35</sup> Slater and Narver, 1998

<sup>36</sup> Vandermerwe 2004

<sup>37</sup> Brown 2000; Homburg, Workman, and Jensen 2000; Sheth and Sisodia 2002

<sup>38</sup> Ahmed and Rafiq 2003, Gro Énroos 1990

<sup>39</sup> Mechinda and Patterson, 2011

systems, but it also requires an effective service concept as well as suitable operating procedures. Thus, the success of CRM implementation relies on the active involvement of the employees in the organization itself.<sup>40</sup> Therefore, it can be said 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.<sup>41</sup>

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. Moreover, Richards and Jones (2008) argue that 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.<sup>42</sup>

### **2.2.3 Managing Customer Knowledge**

Since CRM is strongly related to knowledge management, successful CRM is predicated on effectively transforming customer information to customer knowledge.<sup>43</sup> Specifically, to enhance customer profitability, information about customers should be gathered through interactions or touch points across all functions or areas of the firm, so that a 360-degree customer view is established, maintained, and continually updated.<sup>44</sup> Customer knowledge thereby generated needs to be shared and disseminated throughout the organization to address customers' current and anticipated needs.<sup>45</sup> Salespeople are equipped with a wealth of valuable customer knowledge to meticulously adjust marketing offers to fit the idiosyncratic needs of each customer.<sup>46</sup>

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<sup>40</sup> Boulding, Staelin, Ehret, and Johnston, 2005; Payne, 2006; Tamilarasan, 2011

<sup>41</sup> Sin et al 2005; Yim et al., 2005

<sup>42</sup> Nunes and Dréze, 2006

<sup>43</sup> Freeland 2003; Peppard 2000; Plessis and Boon 2004; Stefanou, Sarmaniotis, and Stafyla 2003; Stringfellow, Nie, and Bowen 2004

<sup>44</sup> Fox and Stead 2001

<sup>45</sup> Peppard 2000; Ryals and Knox 2001

<sup>46</sup> Armstrong and Kotler 2003

#### **2.2.4 Incorporating CRM-Based Technology (IT Dimension)**

Many CRM-oriented activities, such as customer centric, knowledge management, cannot be optimized without leveraging the latest technology. Indeed, most CRM applications take great advantage of technology innovations with their ability to collect and analyze data on customer patterns, develop prediction models, respond with timely and effective customized communications, and efficiently deliver personalized value offerings to individual customer.<sup>47</sup> With the development of sophisticated information management tools (such as database marketing, data warehousing, and data mining), companies are striving to seamlessly incorporate the latest technology into their CRM systems. In particular, salespeople frequently depend on continually updated software programs to better respond to their customers and build enduring customer relationships.<sup>48</sup>

CRM technology helps companies and their sales people to collect, analyze, and distribute information for enhanced prospecting, improved communication and sales presentations, and tailored product configurations. It also facilitates cross-referencing of customers within divisions of a company for greater sales opportunities.<sup>49</sup> Among the major outcomes sought by incorporating CRM-based technology can enhance the customer satisfaction, higher customer retention, and more profitable long-term customer relationships.<sup>50</sup>

In summary, successful CRM implementations depend on combining the four abovementioned dimensions-focusing on key customers, organizing around CRM, managing customer knowledge, and incorporating CRM-based technology- into an effective overall CRM strategy. Deficiencies in any of these areas can render the firm's CRM endeavors attenuated or even ineffectual.

According to the classification of Meta Research Company, generally there are three types of CRM technology in different frameworks which are connected together and each

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<sup>47</sup> Peppard 2000; Vrechopoulos 2004

<sup>48</sup> Kotler 2004

<sup>49</sup> Widmier, Jackson, and McCabe 2002

<sup>50</sup> Butler 2000

can interact with each other, and can prepare the necessary integration and co-ordination required to implement CRM of an organization.<sup>51</sup>

1. *Operational CRM* provides automated support to "front office" business processes (sales, marketing and service). Each interaction with a customer is generally added to a customer's history, and staff can retrieve information on customers from the database as necessary.
2. *Analytical CRM* analyses data (gathered as part of operational CRM, or from other sources) in an attempt to identify means to enhance a company's relationship with its clients.
3. *Collaborative CRM* is an approach to customer relationship management in which the various departments of a company, such as sales, technical support, and marketing, share any information they collect from interactions with customers.

### **2.3 Customer Satisfaction**

Customer satisfaction is a vital CRM variable that must not evade for empirical scrutiny. Indeed, customer satisfaction is central to successful application of the marketing concept. Many company mission statements and marketing plans are designed around the goal of increasing customer satisfaction.<sup>52</sup> Customer satisfaction can be defined as “the extent to which a product’s perceived performance in delivering value matches a buyer’s expectations”.<sup>53</sup>

In implementing CRM, a firm seeks to establish and maintain a long-term relationship with customers based on increasing full customer satisfaction as opposed to transaction specific customer satisfaction.<sup>54</sup> More specifically, successful CRM implementation requires a dedicated company-wide focus on key customers in one-to-one marketing efforts to fully understand and satisfy their needs and wants on an ongoing basis.<sup>55</sup>

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<sup>51</sup> Greenberg, 2002

<sup>52</sup> Fournier and Mick 1999

<sup>53</sup> Armstrong and Kotler 2003

<sup>54</sup> Garbarino and Johnson 1999; Reinartz and Kumar 2002

<sup>55</sup> Sheth, Sisodia, and Sharma 2000

The seller's entire organizational structure should be centered on customers, often with customer-focused teams designed to create fully satisfying customer experiences.<sup>56</sup> By making creative use of the customer knowledge acquired and by leveraging CRM based technology, an organization can provide customized offerings to its valued customers, which should boost customer satisfaction.<sup>57</sup> Successful CRM activities must cultivate customer satisfaction (e.g., Stefanou, Sarmaniotis, and Stafyla 2003) by continuously adapting to the evolving needs and wants of customers.

The aim of CRM is to retain the repeated customers by offering superior value. The key determinant of customer retention is customer satisfaction. Kotler (2000) defined satisfaction as: "a person's feelings of pleasure or disappointment, resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations".

Hoyer and Mac Innis (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight. According to Hansemark and Albinsson (2004), "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfilment of some need, goal or desire".

According to Hansemark and Albinsson (2004), "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfilment of some need, goal or desire". Customer loyalty, according to Anderson and Jacobsen (2000) "is actually the result of an organisation creating a benefit for a customer so that they will maintain or increase their purchases from the organisation.

## **2.4 Customer Retention**

One of the primary goals of CRM is customer retention or customer loyalty.<sup>58</sup> Continuous advances in IT are enabling organizations to more efficiently and effectively

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<sup>56</sup> Sheth and Sisodia 2002 & Ahmed and Rafiq 2003

<sup>57</sup> Anderson and Srinivasan 2003; Johnson and Selnes 2004

<sup>58</sup> Anderson and Srinivasan 2003; Aspinall, Nancarrow, and Stone 2001; Verhoef 2003

direct their CRM efforts at retaining customers.<sup>59</sup> By making skillful use of customer knowledge gathered over a series of interactions or touch points and applying CRM based technology, companies can more effectively respond to the changing needs of customers with customized offerings. This personalization of products and services serves to further lock customers into long-term relationships by adding to customer switching costs.<sup>60</sup>

Furthermore, by organizing their CRM operations around customer groups, companies can assign direct accountability, keep abreast of changing customer expectations for different segments, and obtain early warnings from customers who may be on the verge of leaving. With this CRM knowledge network, timely remedial actions can be taken to address the specific problems or expectations of discontent customers, thereby increasing the retention rate. Providing monetary and recognition incentives to motivate a CRM-orientation can help keep salespeople focused on customer satisfaction and customer loyalty. All in all, a variety of CRM activities can work together to enhance customer retention.<sup>61</sup>

In several models of customer retention, satisfaction has been explored as a key determinant in customers' decisions to continue or terminate a business relationship. In fact, Reichheld (1996) finds that satisfaction measures account for up to 40 percent of the variance in models of customer retention. High levels of customer satisfaction generally are considered essential to customer retention. Kotler expresses it succinctly: "The higher the customer satisfaction, the higher the retention".<sup>62</sup>

The costs of attracting new customers are much higher than the costs of keeping the present customers through an increased level of loyalty. The American Marketing Association (AMA) estimated that customer acquisition costs for new one may be five or six times more than customer retaining costs for the existing one. Customer retention strategies are becoming increasingly important. But paradoxically, both types of strategy - market share and customer satisfaction strategies - are often used under the same market conditions for capturing market share through the attraction.<sup>63</sup>

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<sup>59</sup> Butler 2000

<sup>60</sup> Burnham, Frels, and Mahajan 2003; Vandermerew 2004

<sup>61</sup> Johnson 2004 & Pfeifer and Farris 2004

<sup>62</sup> Armstrong and Kotler 2003

<sup>63</sup> Fornell, 1992

According to Hoyer and MacInnis (2001), customer retention is “the practice of working to satisfy customers with the intention”. Zineldin (2000) said that retention can be defined as “a commitment to continue to do business or exchange with a particular company on an ongoing basis”. Oliver (1997) said that customer loyalty (retention) refers to “a deeply held commitment to re-buy or re-patronise a preferred product or service consistently in the future despite situational influences and marketing efforts having the potential to cause switching behaviour”. True customer loyalty is created when the customer becomes an advocate for the organisation, without incentive.

According to Hoyer and MacInnis (2001), customer retention is “the practice of working to satisfy customers with the intention of developing long-term relationships with them”. Zineldin (2000) said that retention can be defined as “a commitment to continue to do business or exchange with a particular company on an ongoing basis”. Many researchers have looked into the importance of customer satisfaction from various perspectives.

To measure customer retention, therefore, a number of factors need to be taken into account. These include the customer retention rate over time, the customer retention rate by market segment in terms of the different services or products offered, and share earned of the customer’s wallet. Payne (2000) defines customer retention rate as ‘the percentage of customers at the beginning of the period who still remain customers at the end of the period’. According to Anderson and Jacobsen (2000) customer loyalty is “actually the result of an organisation creating a value for a customer so that they will maintain or increase their purchases from the organisation”.

Measuring the customer retention rate is seen as the initial step in improving loyalty to, and the profitability of, a service organization, yet many organizations do not understand the importance of improving customer retention rates, and the impact of these on profitability.<sup>64</sup> The customer retention rate must be measured and managed and can be calculated in two ways: a crude customer retention rate, and a weighted one.<sup>65</sup> A crude customer retention rate measures the total percentage of customers the organization retains, based on the decline or escalation of customers over a specific period of time. The weighted

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<sup>64</sup> Payne, 2000 & Clark, 1997

<sup>65</sup> De Souza, 1992

retention rate is calculated by weighting customers according to the volume of their purchases.

## **2.5 Reasons for Adopting CRM: The Business Drivers**

Competition for customers is intense. From a purely economic point of view, firms learned that it is less costly to retain a customer than to find a new one. By Pareto's Principle, it is assumed that 20% of a company's customers generate 80% of its profits. In industrial sales, it takes an average of 8 to 10 physical calls in person to sell a new customer, 2 to 3 calls to sell an existing customer. It is 5 to 10 times more expensive to acquire a new customer than obtain repeat business from an existing customer.

A typical dissatisfied customer tells 8 to 10 people about his or her experience. Although often repeated, sources for many of these numbers could not be found. A 5% increase in retaining existing customers translates into 25% or more increase in profitability. In the past, the prime approach to attracting new customers was through media and mail advertising about what the firm has to offer. This advertising approach is scattershot, reaching many people including current customers and people who would never become customers.

Another driver is the change introduced by electronic commerce. Rather than the customer dealing with a salesperson either in a brick and mortar location or on the phone, in electronic commerce the customer remains in front of their computers at home or in the office. Thus, firms do not have the luxury of someone with sales skills to convince the customers. Whereas normally it takes effort for about 2000 customers from a competitor, in electronic commerce firms face an environment in which competitors are only a few clicks for attracting by the same effort.

Increasing occupancy rates and revenue by improving customer experience is the aim of modern hospitality organizations. To achieve these results, hotel managers need to have deep knowledge of customers' needs, behaviour, and preferences and be aware of the ways in which the services delivered create value for the customers and then stimulate their retention and loyalty.

## 2.6 CRM Practices in Hotels

The hotels and hospitality industry has successfully used CRM to develop more fruitful customer relationship. CRM initiatives in hotels have been most noteworthy in the following areas.

- (1) **Enhanced customer services-** Customers that really present to the hotel are pampered every bit to ensure continued loyalty and retention. Hoteliers should provide services like airport pickup and drop service, complementary use of various amenities.
- (2) **Features that facilitate greater work fulfilment-** Most travellers miss the work related feature which are used to at the office and at home and therefore hotels are going to provide services that will enable the travellers to avail the best of the offerings such as, high speed internet connectivity, satellite conferencing, and Wi-Fi connectivity
- (3) **Access to consolidated data-** The transactional data arising out of the various transactions taking place across the various properties of the hotels chain need to be consolidated and analysed to give indicators regarding the customers. The data can also help to generate single customer views. Therefore, hotel business should have the property management system which integrates various hotel functions like the guest check-in, billing, room occupancy and revenue applications at the various individual hotels, the chain owned around the world.
- (4) **Focus on loyal customers-** Hotels are giving emphasis to customer retention initiatives rather than only focusing on customer acquisition. For example, loyal schemes are being offered for frequent guests.
- (5) **Multi-channels-** Hotels have also invested in multiple channel for enabling customers to gain easy access information. Therefore, they have set up web-site that can be used for making reservation or other transactions. Travel agents have been signed up to sell the hotel services to their clients. The customers can also call up salespeople of the hotel and undertake transaction on phone.
- (6) **Strategic partnership for higher customer need fulfillment** – In order to ensure that the customer is offered all the services that they seek thereby providing a total solution, hotels have created strategic partnership with various service providers. At a very basic

level, they have tie-ups with credit card companies to enable customers to make payment through the credit cards, and also tie-up with car rental companies to enable customers go for sightseeing tour or business trip in luxury buses. Hotels need to tie-up with tourism company and airlines to enable customers for travelling arrangement. Hotels need to tie-up with a wide variety of specialty services providers to ensure that customers who book for wedding reception<sup>66</sup>.

In the past, approaches to relationship marketing in the hotel industry focused largely on transactional devices such as frequent user programmes, gifts for repeat customers, and free stays for meeting planners to encourage them to use the hotel and its facilities. The challenges of all supplier organizations are to optimize communications between parties to ensure profitable long-term relationships. CRM is a key focus for many organizations now as a shift away from customer acquisition toward customer retention and churn reduction strategies dictates a need for best practice CRM processes.

People undertake trips for holiday and leisure purposes, to visit their friends and relatives, for religious purposes, in order to receive health care, or for business purposes.<sup>67</sup> In many instances these people need to stay over for one or more nights and end up booking a room in a hotel. This could result in one off transaction, but in many instances the opportunity exists to lure guests back to the hotel and retain them as customers.<sup>68</sup>

Palmer (2001) enumerates the components of relationship marketing focus on customer retention; long term orientation; tracing identifiable buyers; distinguishing different levels of relationship between the buyers and the sellers, high levels of customer dedication, and service quality. These components are responsible for every employee in an organization.

Gilbert et al. (1999) argue that relationship marketing is highly suitable for the hotel industry: hotels already possess a lot of information about customers gleaned from the guest registration process. Payne (2000) defines customer retention rate as ‘the percentage of customers at the beginning of the period who still remain customers at the end of the period’.

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<sup>66</sup> Customer Relationship Management, A Strategic Approach to Marketing by Kaushik Mukerjee, 2007, page 163

<sup>67</sup> South African Tourism, 2001

<sup>68</sup> Appiah-Adu et al. 2000

Payne warns, however, that other more complex definitions might be more appropriate in instances where customers make use of more than one business simultaneously.

Loyalty usually implies satisfaction, but satisfaction is not loyalty. In a hotel, a guest may be satisfied by his/her stay because the services purchased have met his/her expectations, but this does not imply that he/she will repeat the experience and/or recommend it to friends and relatives.<sup>69</sup> Apart from transient travellers, who do not generally return to the area where the property is located, some people choose different hotels according to the purpose of trip (e.g., whether they travel on business or with their family), others look for novelty and like to sample different properties in the same area, others are price sensitive and shop for the best deal. Finally, some guests do not develop loyalty simply because they are not encouraged to return.

Although keeping guests satisfied is important, loyal customers bring more value than satisfied customers. They generally show the lower price sensitivity over time, tend to resist changing service providers, identify themselves with the brand, and maintain a strong preference for the service purchased against competitors. This allows the hotel to reduce marketing costs and to significantly increase occupancy rate and profitability.

To stimulate loyalty, hotel managers need to have a clear understanding of guests' value drivers and be aware of the ways in which their business contributes or fails to contribute to the creation of such value. These drivers may be different according to purpose of trip (e.g., leisure vs. business), kind of travel party (a single tourist vs. a family), culture (e.g., a Japanese vs. an European guest), socio demographic characteristics, revenue, etc.

## **2.7 Organization and CRM**

The process of defining an effective CRM strategy must consider the reality of the organizational environment. As organizations intensify their focus on their core competencies, it is extremely important that they examine the entire value chain when defining a CRM strategy, as the strategy will only be as effective as the weakest link in the chain.

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<sup>69</sup> Bowen & Shoemaker, 1998; Shoemaker & Lewis, 1999

A multidimensional thought process is also necessary when discussing CRM within the content of organizational and channel structure and forces. There is a business dimension, a technological, and a human dimension: a change to one will impact the others.

The organization must approach CRM realistically. Areas mentioned to address, evaluate, and change where appropriate may not be easily corrected. Market forces combined with organizational resources may dictate a step-by-step approach to address changes. Table shows parameters around specific areas of potential change and the different stages for each area. How an organization chooses to approach each stage is unique to their environment. A stage in one category may require that another category be at a certain stage level.

**Table (2.1) CRM Component Stages**

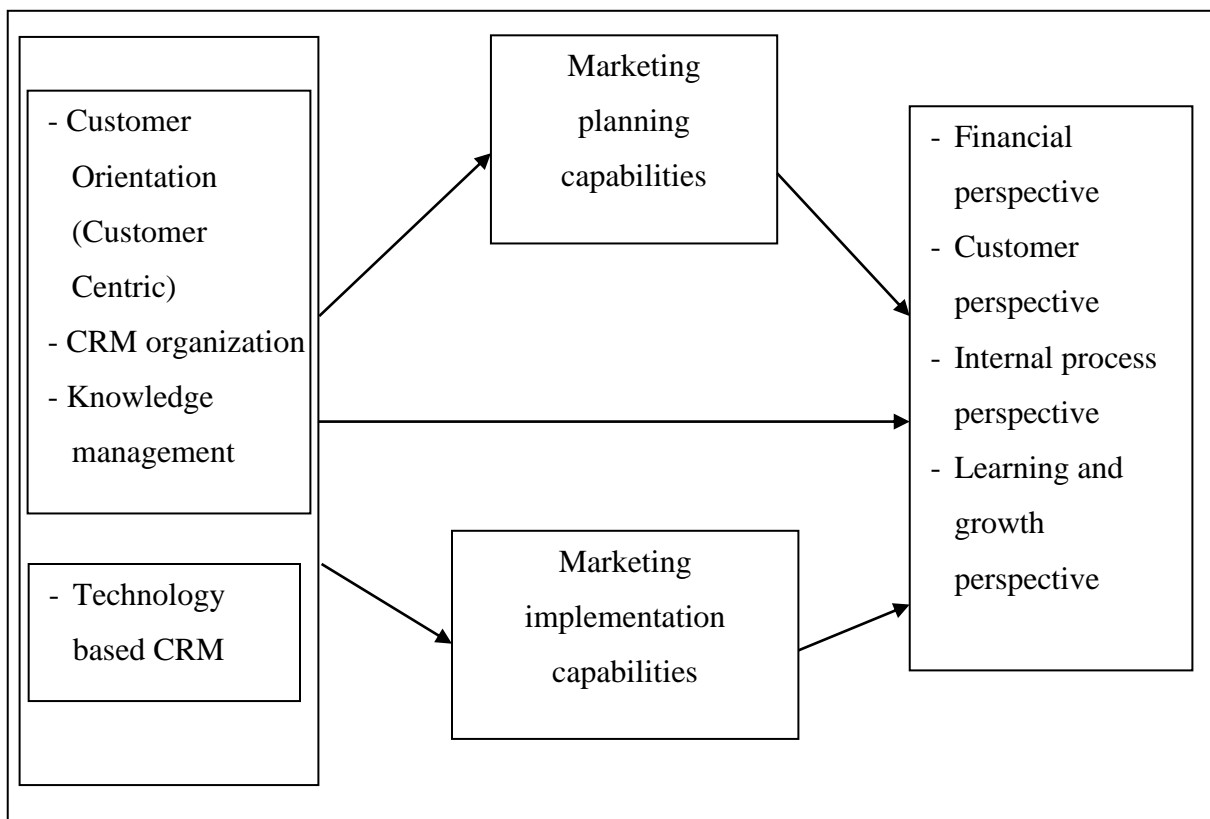
<b>Category</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Stage 4</b>
<b>CRM planning</b>	Limited budget	Annual planning with required budget	Planning incorporated into corporate strategy	Value chain inclusion in corporate CRM planning
<b>Market research</b>	None	Focus groups, surveys	Batch transaction analysis	Integrated analysis, including real time activities
<b>CRM orientation</b>	Mass market	Segment	Customization by segment	Customization by individual
<b>CRM channel management</b>	None	Basic internal SLAS tied to CRM strategy	Basic external SLAs tied to CRM strategy	Integrated CRM strategy tied to end customer value proposition
<b>Communication</b>	Disparate	Coordinated internally	Coordinated internally and with external partners	Channel integrated dialogue with end customer
<b>Marketing organization</b>	Sales orientation	Sales and marketing	Complete organization coordination across all functions	Value chain member integration
<b>CRM methodology training</b>	None	Sales and marketing	Cross organizational	Value chain coordination
<b>Employee recognition</b>	None tied to CRM	Informal based on “atta boys”	Formal based on predefined metrics	Tied directly to internal and external customer satisfaction and loyalty
<b>Customer relationship</b>	None	Efficient complaint handling	Hard standards for customer interaction	Empowerment with soft standards
<b>Technology</b>	Basic and disparate	Internal customer state- of-the- art	External customer state-of-the-art	Value chain integration

Source- Principle of Customer Relationship Management by Baran, Galka, Strunk, Page 152-153

## 2.8 Review on CRM Models

In 2012, Abdul Alem Mohammed and Basri bin Rashid proved that the relationship among CRM dimensions, marketing planning and marketing implementation capabilities, and hotel performance in Malaysia. 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 illustrated in Figure (2.2).

**Figure (2.2) Model of the Influence of CRM Dimensions on Hotel Performance**

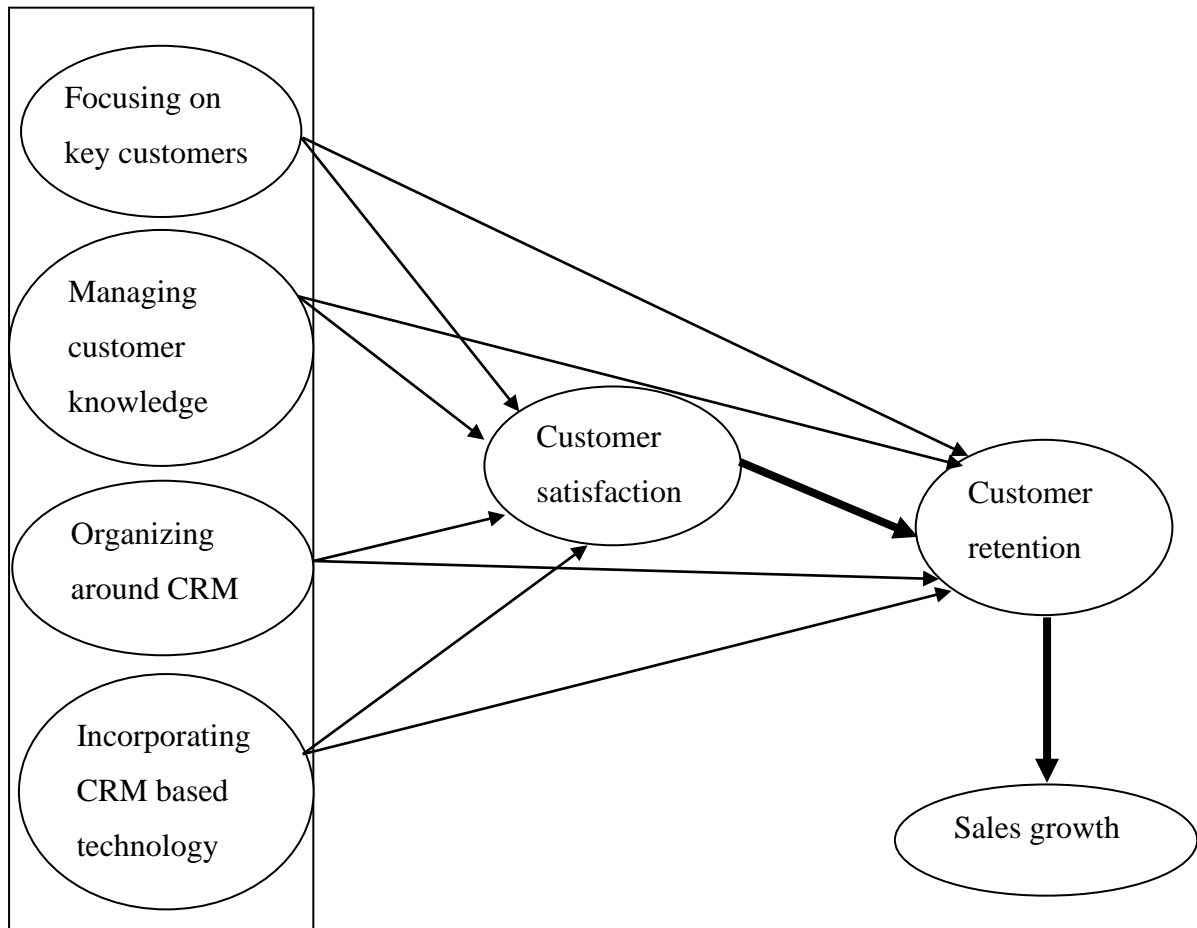


Source- Abdul Aiem Mohammed and Basri bin Rashid, 2012

This model involves four dimensions of CRM which include customer orientation, CRM organization, knowledge management, and technology based CRM. In this conceptual model, customer orientation, CRM organization, and knowledge management are identified as management dimension of CRM, and technology based CRM as IT dimension. This conceptual model provided the comprehensive frame work for measuring the impact of CRM on hotel performance by resource based view in Malaysia Hotel Industry in 2012.

The study reported another researcher's model of CRM performance which is showing the effects of CRM performance dimensions on customer satisfaction, retention, and sales growth from marketing point of view based on analysis of the CRM literature and in-depth interview with sales and marketing managers in Hong Kong hotel industry. [Frederick Hong-kit Yim, Rolph E. Anderson, and Srinivasan Swaminathan (2004)] The CRM performance dimensions usually involved four specific ongoing activities: focusing on key customers, managing customer knowledge, organizing around CRM, and incorporating CRM based technology. That model is depicted with Figure (2.3).

**Figure (2.3) Model for Effect of CRM Practices Dimensions on Customer Satisfaction, Retention, and Sales Growth**



Source- Frederick Hong-kit Yim, Rolph E. Anderson, and Srinivasan Swaminathan 2004

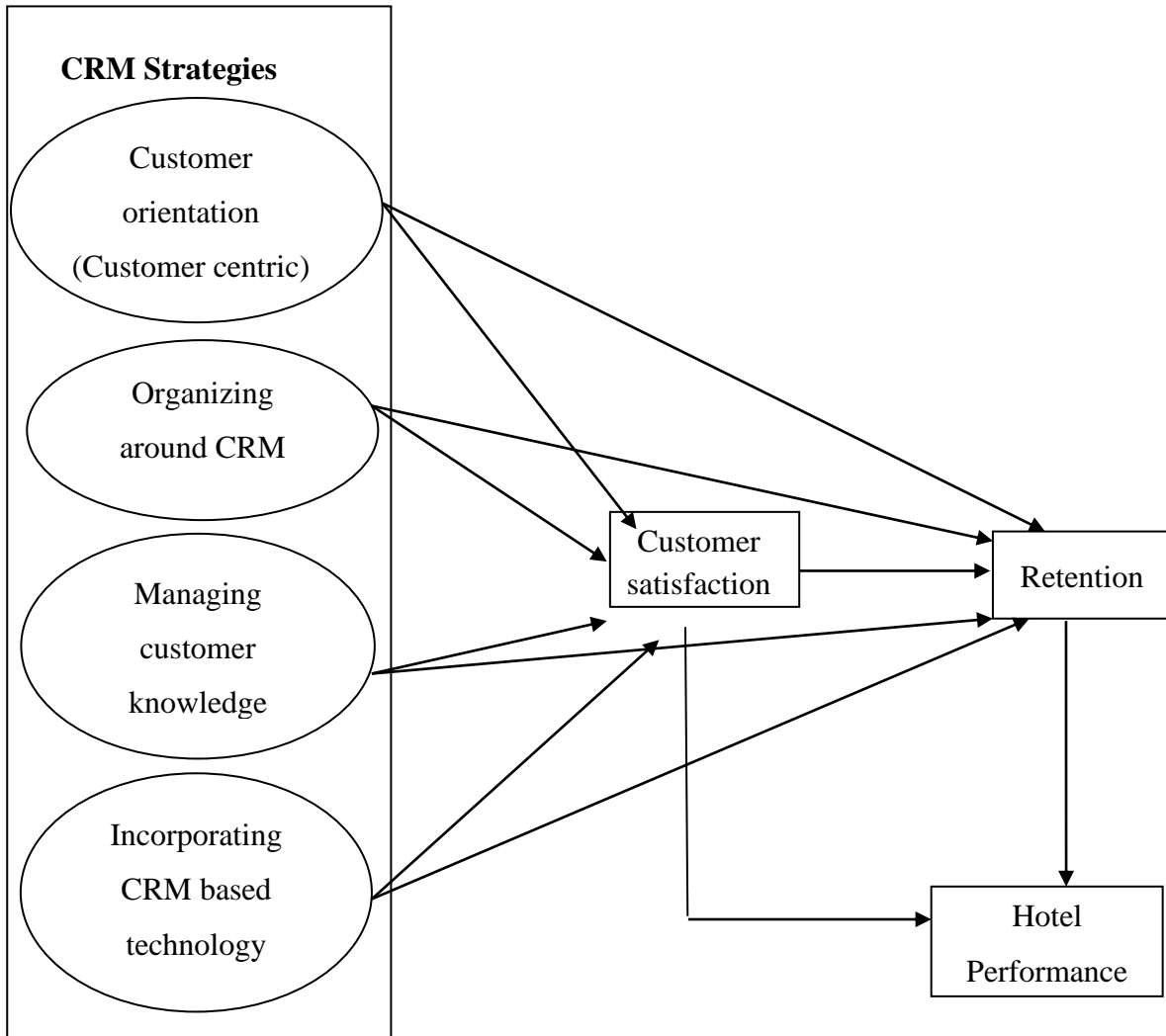
This model mentioned the evaluation of the hotel performance from marketing point of view by CRM four dimensions: focusing on key customers, managing customer knowledge, organizing around CRM, and incorporating CRM based technology. The four dimensions of CRM were measured by 20, six point Likert scale items. These CRM strategies measurement items comprised 5 items for focusing on key customers, 3 items for managing knowledge, 5 items for organizing around CRM, and 5 items for incorporating CRM based technology. Business performance activities were measured by the manager's evaluation of his or her company's current performance in the market relative to competitors on a six point Likert scale.

## **2.9 Conceptual Framework of the Study**

The conceptual framework of this study is developed by considering the literature reviews on customer relationship management, the variables which should take into account in implementing CRM, and the previous research findings. The conceptual model for this study intends to examine the relationship between CRM strategies and customer satisfaction, retention and performance of hotels in Myanmar hotel industry.

The conceptual framework based on the above mentioned two models of previous researchers: Model of Influence of CRM Dimension on Hotels Performance and Model for the Effect of CRM Performance Dimensions on Customer Satisfaction, Customer Retention, and Sales Growth. These previous researchers' model evaluated the hotel performance by using CRM four dimensions. The former model examined the performance from Resource Based View (RBV) while as the later model evaluated the effect of CRM performance from sales and marketing view. The conceptual frame intends to examine the relationship between CRM strategies and customer satisfaction, retention and hotel performance from marketing point of view in this study. The conceptual frame of this study is illustrated in Figure (2.4).

**Figure 2.4 Conceptual Framework of the Study**



Source - Own Compilation

In this study, CRM strategies of four dimensions are examined by 24 five point Likert scale items. (See Appendix A) These items comprises 6 items for measuring customers centric, 6 items for organizing around CRM dimension, 3 items for managing knowledge, and 9 items for incorporating CRM based technology. Today most executives assume a mistake that CRM is a software tool which will manage customer relationship by itself.

Rigby (2005) points out that “CRM is the bundling of customer strategy and processes, supported by the relevant software, for the purpose of improving customer loyalty and, eventually, corporate profitability.” According to the conceptual framework, CRM

strategies of four dimensions effect on customer satisfaction, customer retention, and finally on hotel performance in Myanmar's hotels industry.

Hotel performance are measured by increase in sales revenue, occupancy rate, room yield, percentage of repeat customers, rating from customer survey, and growth of existing customers and new customers. These performances are measured by the general managers' evaluation of his or her hotel current performance relative to competitors on a five point Likert-scale: 5-extremely good, 4-good, 3- poor, 2-slightly poor, and 1-extremely poor.

Doyle (2000) suggested that management can gain customer satisfaction and customer retention by delivering superior value to customers. Senior executives have to make the strategic marketing decisions that contribute to the economic added value to the firm by adopting Value Based Marketing (VBM). It means that the companies have to develop customer focused strategies based on offering value to customer which, in turn, enhance company performance and so increase shareholders value.<sup>70</sup>

For the purposes of this study, customer relationship management can be defined as "a business process that use information technology to provide an organization with comprehensive, reliable, and integrated view of its customer base so that all process and customer interactions help maintain and expand mutually beneficial relationships". Organizations required to identify and nurture or retain the key customers by delivering superior value to customers in developing and implementing effective CRM strategies.

In order to persuade customers from those of competitors, it needs to develop competitive advantage and then needs to retain it. By adopting the CRM strategies organizations can achieve superior performance than their competitors. By building long term relationship with their existng customers and developing relationship with new customers, organizations can achieve sustainable competitive advantages. This study intends to examine the relationship between CRM activities and hotel performance through customer satisfaction and retention and then contribute the appropriate CRM practices that can develop and enhance competitive advantage for Myanmar hotel industry.

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<sup>70</sup> Piercy, 2002

## CHAPTER 3

### REVIEWS ON CRM STRATEGIES OF HOTELS IN YANGON

The origin of hotels comes from the word INN in England. During the 16<sup>th</sup> century, the purpose of an INN is to provide shelter for a while and meals. According to the demand for the longer stay, hotel businesses were stemmed as the service provided by the family business. In 1979 hotel business became popular worldwide, starting from the United States. Nowadays, many researchers conduct their studies in hotel business as an interesting field. And then it had spread to the developing countries like Myanmar.

In Myanmar, many researchers conducted thesis paper, articles, and research papers in particular fields but the research papers on customer relationship management strategies of Myanmar hotels industry are very few. Therefore, this study conducted on CRM of Myanmar hotels with the major aim of exploring the CRM implementation frame work for Myanmar hotel industry. In this chapter, the profile of Myanmar hotel industry, current situation of Myanmar hotel industry, CRM strategies of hotels in Yangon are reported.

#### **3.1 Hotel Industry in Myanmar**

In this section, the profile of Myanmar Hotel Industry together with historical background of Myanmar hotel industry, and current situation of Myanmar Hotel Industry are reported.

##### **3.1.1 Historical Background of Myanmar Hotel Industry**

Until 1960, there was relatively little hotel business in Myanmar. The accommodation requirements for travellers and visitors were fulfilled by monasteries and Zayats (rest-houses). Besides they could arrange their accommodation requirement by the residences of friends and relatives without payment for accommodation (Free of Charges). These behaviours could be seen as traditional courtesy and social-habit. The first hotel of Myanmar, the Strand

was established in 1901<sup>71</sup>. During the colonial period, the Strand was one of the most luxurious hotels in the British Empire exclusively targeted for Europeans. The Sarkies Brothers sold the Strand to Rangoon restaurateur Peter Bugalar Aratoon and Ae Amovsie in 1925. In 1941, the hotel was accommodated for Japanese troops during World War II. In the following years, the Strand's ownership was transferred to the Imperial Hotel in Tokyo.

After the Second World War, four Hotels namely Kanbawza Hotel, Green Hotel, Burma Railways Hotel, and Orient Hotel: were founded. In 1945, the Burmese became part of the hotel's patrons (supporters). After Myanmar achieved independence in 1948, the hotel sector was neglected by post-colonial governments. Before 1962 there are two different types of Travel and Tourism business in Myanmar: Public own business and Private own business. However, there was only few Private own business before 1962.

In 1962, Inya Lake Hotel was founded. The Strand Hotel had developed its branch in Ngapali Beach and Taunggyi City. In 1962, the Strand was bought by the Burma Economic Development Corporation, which poorly maintained the hotel. In 1965, Trade Corporation No-20 was founded and Hotel and Tourism Business was led by the government. In that period most of the hotel businesses are operated by the public sector in accordance with planned economy.

After 1960, Myanmar economic system changed its course into a planned economy. During that period, across-the border trade grew up and operated as a black-market economy. Social values of people, about at that time, also began to change. Thus, people needed to undertake businesses to get along with that change.

In 1965, Ministry of Trade approved a law which is an order for forming of Hotel and Tourism Corporation. Hotel and Tourism Businesses which were led by the government, were renamed as Myanmar Hotel and Tourism Business in November, 1988. The Strand was sold to Bernard Pe Win in 1989, a Myanmar businessman, who formed an alliance with Adrian Zecha and a group of investors who formed the Strand Hotel International. It has been renovated extensively, and is now owned and operated by General Hotel Management Team of Strand international hotel.

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<sup>71</sup> Myanmar Hotel and Tourism

In 1990, Myanmar Travel and Tourism Law was enacted in accordance with the transforming economy of the country; and the procedures related with Order for licensing of hotels and lodging house business, Order for tourist guide and Order for Travel Agent, Order for travel and Tour business and Order for licensing Travel and Tourist were declared.

In order to achieve the objectives of the Hotel Industry and to build up the development in Hotel and Tourism, on September 24, 1992, Ministry of Hotel and Tourism was formed and tour business, hotel business and tour guide service which give license to tour guide and travel agent business were allowed by the government.

The Strand reopened in 1995 equipped with all-suite rooms, as a top-of-the range boutique hotel. It is decorated with teak and marble floors, mahogany furniture, and canopied beds complement original pieces, like period bathroom fixtures. But unlike from other grand ancient hotels in the region, the Strand's restoration remained true to its architectural past, and it has no new wing, and no swimming pool and tennis courts.

Moreover, there was a general movement, notably in movies and literary circles to educate people to realize the hardships, mainly economic, imposed upon the hosts. This gave a push to establish lodgings and guest-houses to fulfil the needs of travellers and traders. These guest-houses were the fore-runners of hotel business among the locals. This also brought to the attention of local few hotels, which then existed. Side by side with them, there have been a few state-run hotels, which catered to the needs of businessmen particularly and guests from abroad.

The situation is changed with the coming of the State Law and Order Reconsolidation Council (SLORC). In 1989, market oriented economic policy is adopted by the country called for economic reforms in various sectors of the economy. In restructuring its economy, many rules and regulations concerned with hotel industry have been amended or removed while new laws are promulgated to develop market economy, promote private sector and attract foreign direct investment.

The Myanmar Travel and Tours (MTT) is the main earner for the Ministry. It has opened duty free shops, set up hotels and arranged for the provision of necessary services at various tourist sites within the country. The Myanmar Travels and Tours (MTT) is one of its sub departments and it operates as a tour agency.

Myanmar Tourism Law was promulgated in June, 1990 and revised and enacted as Myanmar Hotels and Tourism Law in 1993. The law is related to licensing of hotel and tourism business. Private sector participation has increased significantly due to promulgation of this law. The Myanmar Tourism Promotion Board (MTPB) was formed as a mechanism to promote Myanmar on the international tourist map. The MTPB is chaired by the Director General of the Department of Hotel and Tourism. Besides this, officials from both public and private tourism organizations are included as members.

The Myanmar Marketing Committee (MMC) for tourism industry was formed by hoteliers, tour companies, airlines, car rental agencies and cruise ship owners in Myanmar. The MMC conducts familiarization trip for overseas tour agents and travel writers. It also organizes Myanmar tour companies to participate at various international travel shows and road shows.

The Union of Myanmar Travel Association (UMTA) was formed in 2002 under the directive of the Ministry of Hotels and Tourism. The principal tasks of the association are to organize various travel and tour companies under one umbrella and work for the development of the travel and tour business in the country. It also undertakes various Human Resources Development (HRD) programs for capacity building of tourism professionals of the UMTA.

### **3.1.2 Current Situation of Myanmar Hotel Industry**

Myanmar has been transformed its economic system from centrally planned economy into market oriented economy since 1989. There have been many changing processes in Myanmar hotel industry after 1989 in accordance with its economy. As Myanmar has begun to practise market oriented economy, most of the business become transparent, the government has invited FDI (Foreign Direct Investment). It was found that government had given strong encouragement and assistance to hotel industry. Gradually, hotel industry increased its number from a small industry with 19 hotels and guests houses with a total room capacity of 790 in 1988. In 1992-93, there were 46 state-owned hotels with 1,523 rooms and 19 private-owned hotels with 724 rooms which made altogether 65 hotels with 2,247 rooms for the whole industry.

Moreover, Myanmar introduced the year 1996 as Visit Myanmar Year for foreigners who visited Myanmar, with the aims to generate foreign currency, to attract Foreign Direct Investment (FDI), and to gain the awareness towards Myanmar as tourist attraction and impetus for the development of the country's tourism infrastructure. In 1996, Myanmar Government promoted the hotels and tourism industry by visit Myanmar year. At the same time, private sector businesses are encouraged in accordance with market economy. After 1996, the numbers of private owned hotels increased dramatically. In 2003-2004, at 14 States and Divisions, there were 32 stated owned hotels with 1,766 rooms and 115 private-owned hotels with 15,467 rooms which made altogether 147 hotels with 17,233 rooms for the whole industry.

The effect of this changing process in hotel industry increase demand in a wide range of hotel services, facilities and amenities. Moreover, another promoting change is that Myanmar has become a member of ASEAN. Therefore every sector including Myanmar hotel industry is needed to be changed to meet the ASEAN standard. The hotelier should emphasize rendering adequate various services, amenities and facilities. Since 1989, Myanmar has practiced Market Oriented Economy, as the consequences of market oriented policy; there is an increase in the numbers of tourist arrival which include business men, tourists for leisure purpose, tour packages, international standard tourist and FIT (Free Individual Travellers).

In 2007-2008, there are 619 hotels, motels, and guest houses with the room capacity of 19,961 in the whole Myanmar. In 2009-2010, there were 631 hotels and the total room capacity is 20,942 rooms for the whole industry. In the famous cities where many visitors and travellers mostly visited, there were 172 hotels with 7,305 rooms in Yangon, 69 hotels with 2,912 rooms in Mandalay, 74 hotels with 1,953 rooms in Bagan and 43 hotels with 944 rooms in Inlay also called Nyaung Shwe. But there are no hotels, inns and guests house at Chin State.

According to Myanmar tourism statistics, there are 731 hotels, motels and guest houses in the whole industry in 2011. In 2012, Myanmar's hotels are identified as star rating; 1-star to 5-star under the control of Ministry of Hotels and Tourism. As Myanmar Ministry of Hotels and Tourism rates hotels in some specific area, 221 star hotels with the room capacity of 13,063 are evolved at eight cities in the whole Myanmar in 2013. In Myanmar, there are

totally 824 hotels with room capacity of 29,844 in 2013. The destinations which are regularly visited by visitors are Yangon, Mandalay, Bagan, Nyaung Shwe/ Inlay and Ngapali. In Yangon, 208 hotels with 9,110 rooms are being operated. In Mandalay 83 hotels with 3,522 rooms, 76 hotels with 233 rooms in Bagan, 42 hotels with 1,140 rooms in Nyaung Shwe/ Inlay, 19 hotels with 683 rooms in Nagpali and 40 hotels with 2,537 rooms in Nay Pyi Taw are available.

Although the number of hotel and room capacity rapidly increases, Myanmar hotel industry cannot fulfill its demand. Thus, the prices of hotel rooms are increased inappropriately. The ministry posed maximum room prices for hotels especially hotels located in very popular areas. Consequences of this action are not effective for handling this situation. According to the market economy, the determinants of prices are demand and supply. If the quantities of demand and quantities of supply are equal, the prices are stable at equilibrium price. More and more visitors focus on rooms availability and they cannot be allowed to choose the hotels in accordance with their preferences and feelings.

As the bargaining power of suppliers is high, imposing maximum price by ministry is ineffective. Demand is dramatically increased and supply cannot be extended immediately to meet this demand. Most of the hotels especially FDI renovated their reserve areas which are not used for accommodation. On the other hand, noise of renovation affected on privacy of hotel customers. As bargaining power of customers is lower than before, visitors cannot choose most suitable hotels. Although Myanmar hotels provide appropriate service in accordance with their star rating, rooms prices are unexpectedly increased by three times. Most of the guests are business men, therefore hotels should provide work related facilities such as Wi-Fi connectivity, high speed internet, and other facilities of telecommunication. Most of the Myanmar hotels provide these facilities, but customer complaints concerned with internet connection and electricity are being faced.

Nowadays, Myanmar Ministry of Hotel and Tourism is trying to expand the number of hotels and its room capacity. Firstly the ministry requested the hotel business that residents and office units which are occupied hotels' room space must be removed. Therefore, hotels' room capacity is increased in the year 2013, but it is not matched with increasing demand. Many international star hotels are constructing in Myanmar especially Yangon, commercial city, and Nay Pyi Taw, capital, to meet increasing demand along with Sea Game, and AEC.

On the other hand, Myanmar hotels appointed managerial staff who accomplished business related post graduate diploma or master degree to implement the customer relationship management practices successfully. In the recent years, Myanmar hotels including FDI hotels promote and enhance their service by applying managerial concepts incorporated with high information technology. It can be said that these hotels are more emphasized on customer relationship management strategies to accomplish their stated goals.

### **3.2 Selected Hotels in Yangon**

In this section, selected hotels are described in terms of their profiles, profiles of responsible persons, and their CRM strategies.

There are 24 hotels (3- star and above hotels) in Yangon. Sample size of this study is 15 out of 24 hotels (62.5% of population). The profiles of selected hotels are reported to provide the analysis on CRM strategies of selected hotels in this section. According to Myanmar Ministry of Hotels and Tourism Statistics, there are 758 hotels with the room capacity of 26,587 in September, 2012 throughout the whole Myanmar. Among them 221 hotels are identified as star hotels in eight cities by Ministry of Hotels and Tourism. In Yangon, the majority of star hotels, 73 star hotels are located. There are 24 hotels out of 73 which are identified as 3-star and above hotels in Yangon Zone.

In this study, 15 hotels (3-star and above hotels): 9 FDI hotels and 6 domestic hotels are selected for analysing CRM strategies. About 60% of selected hotels are FDI hotels and the remaining 40% are domestic hotels. Hotels are selected by using simple random sampling method. The study selects 9 FDI hotels out of 13, and 6 domestic hotels out of 11 for analysing CRM strategies conducted by Myanmar hotels in Yangon. Therefore the sample size of this study is 15 hotels from two types of ownership: FDI and domestic or private owned. The sample size of this study is represented 62.5% of total population. The sample size is 69% of FDI hotels, and 55% of domestics hotels are represented in each ownership type respectively. These selected hotel profiles in terms of their star rating, years of operations, numbers of rooms, numbers of employees, and average occupancy rates (2013) are reported in this study. (See Appendix B)

In terms of years of operations, about 56% of the selected FDI hotels and about 50% of domestic hotels have been operating for more than sixteen years in Myanmar. Thus, most of the selected hotels have been operating for a long time in Myanmar. About 33% of selected FDI and domestic hotels have been operated in Myanmar for between 10 years and 15 years.

According to number of employees, about 33.5% of selected FDI hotels appointed between 101 and 200 employees and more than 400 employees. Between 101 and 200 employees are appointed at 66% of selected domestic hotels. In this study, majority of FDI hotels appointed over 400 employees. Majority of domestic hotels appointed between 101 and 200 employees. Therefore, the study focused on 3-star and above hotels which appointed over 100 employees. (See Appendix B)

In accordance with rooms capacity, about 11% of selected FDI hotels and 83% of selected domestic hotels arranged below 100 rooms. Remaining 17% of domestic hotels accommodated between 201 and 300 rooms. About 45% of selected FDI hotels arranged 300 and above rooms capacity in 2013. Most of the selected FDI hotels arranged above 300 rooms and most of the selected domestic hotels arranged below 100 rooms. (See Appendix B)

According to the average occupancy rate (2013), about 33% of FDI hotels gained occupancy rate between 71% and 80% of rooms capacity. About 67% of the FDI hotels gained above 81% average occupancy rate. About 66% of domestic hotels gained between 71% and 80% average occupancy rate and only 17% of those hotels gained the average occupancy rate of 81% and above in year 2013. It can be said that most of the selected hotels gained above 71% average occupancy rate in 2013 in Myanmar hotel industry. Majority of FDI hotels achieved over 80% occupancy rate in year 2013 and majority of domestic hotels achieved between 71% and 80% occupancy rate in year 2013. (See Appendix B)

Therefore, the study focused on 3-star and above hotels which have been operating for above fifteen years, appointed above 100 employees, and gained above 70% average occupancy rate in year 2013. Most of the FDI hotels arranged above 100 rooms and most of the domestic hotels arranged below 100 rooms. (See Appendix B)

### **3.3 Profile of Respondents in Selected Hotels**

It is reported that the profile of respondents (hotels' general managers) in terms of gender, first bachelor degree they hold and master or post graduate degree they hold regardless of university conferred and country, years of experience in hotel industry, years of service in current position and number of hospitality industry related training courses attended. In this study, one responsible person in each hotel totally 15 respondents are selected for collecting current CRM practices conducted by 3-star and above hotels in Yangon.

According to the survey, 67 % of selected hotel managers are female and 33% are male in both FDI and domestic hotels. It can be said that more Myanmar women are contributed in hotel industry than before, because of changing culture and attitude towards hotel businesses of Myanmar people.

In FDI hotels, only 22% of respondents accomplished business related bachelor degree while other 78% of respondents accomplished non business related. However, all of the respondents accomplished business related master or post graduated degree. In domestic hotels, only 17% of respondents got business related bachelor degree and other 83% of respondents accomplished non business related bachelor degree. About 67% of respondents gained business related master or post graduated degree although most of their bachelor degree are not business related. (See Appendix B)

In FDI hotels, all of the respondents have 5 years and above experience in hotel industry. Among them about 78% have 10 years and above experiences in related industry. 45% out of 78% of respondents have between 10 years and 14 years experiences in hotel industry. Thus, majority of respondents in FDI hotels have more than 10 years in hotel industry. In domestic hotels, all of the respondents have more than 5 years experiences in hotel industry. Among them about 66% have more than 15 years experiences in hotel industry. Therefore, majority of respondents in domestic hotels have over 15 years experiences in hotel industry. (See Appendix B)

In FDI hotels, about 45% of respondents experienced between 1 and 4 years of services in current senior level position. Remaining 55% have over 5 years experiences in current senior level position. Among them about 33% have more than 10 years experiences

in current senior level position. In domestic hotels, only 17% of respondents have between 1 and 4 years experiences in current senior level position. Remaining 83% of respondents have between 5 and 9 year experiences in current position. (See Appendix B)

All of the respondents have accomplished more than 5 training courses which are related with hospitality industry not only local training but also abroad training in FDI hotels. Among them, 78% of respondents have already accomplished over 10 related training courses. In domestic hotels, about 67% of respondents have already accomplished more than 5 training courses. Majority of respondents accomplished more than 5 related training courses in this study. (See Appendix B)

These factors provide accuracy of collected data, therefore profile of respondents are described in Appendix B. In summary, primary data related to customer relationship management of hotels, is collected from business related master or post graduated degree holders, who have over 10 years experience in hotel industry and over 5 years experience in manager position, and who are successfully accomplished over 10 related training courses in this study.

### **3.4 CRM Strategies Conducted by Hotels in Yangon**

The study reported that the CRM strategies conducted by Myanmar hotels in Yangon in terms of customer orientation dimension, organizing around CRM dimension, managing customer knowledge dimension and IT dimension of CRM. In this study, one responsible person in each hotel, totally 15 responsible persons are selected and in-depth interview for collecting the CRM strategies data.

As service oriented organizations, the delivery of services in a hotel occurs when there is interaction between service providers and customers. Hence in order to enhance service experiences, hoteliers need to focus on customer interaction as customer orientated strategies. This customer orientation leads to increase organizational performance.<sup>72</sup> Therefore, the study explores CRM strategies for customer orientation strategies conducted by Myanmar hotels, are shown in Table (3.1).

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<sup>72</sup> Asikhia, 2010; Liu et al., 2003; Zhou et al, 2009

**Table (3.1) CRM Strategies of Customer Orientation Dimension  
(Customer Centric Dimension)**

Sr No	CRM Strategies of Customer Orientation Dimension	FDI Hotels		Domestic Hotels		Total	
		Frequency	%	Frequency	%	Frequency	%
1	Customized service - regular	-	-	-	-	-	-
	- special	9	100	5	83	14	93
2	Building partnership with key customers	7	78	2	33	9	60
3	Participating all staff in working together to offer customised services	9	100	6	100	15	100
4	Finding needs of customers by requesting reviewing customers' feedback	9	100	6	100	15	100
5	Treating all customers with great care	9	100	4	67	13	87
6	Establishing customer centric performance standard and then monitoring at every customer touch point	7	78	2	33	9	60

Source – Survey Data, 2013

As shown in Table (3.1), all selected hotels provide customized services by individual special request. However, customized services of FDI hotels are different from those of domestic hotels in Yangon. According to surveyed results, all FDI hotels provide airport pickup customized service in accordance with special request by guest. If the guest requests airport pickup service, it is needed to describe which types of car is wanted to be offered in FDI hotels.

The guests who requested airport pickup are charged for airport transportation based on the types of car. In Micasa Hotel, airport pick-up service for long stay customers is free of

charges (FOC) and others pay pick-up charges depend on their requests. Because of both residential rooms and hotel rooms are included in Micasa Hotel, many long stay customers are accommodated. On the other hand, only 83% of domestic hotels provide airport pick up service with suitable charges, but guests can not choose types of car and remaining 17% cannot provide airport service. If the guests are facing with emergency case such as health problem during stay in hotel, both types of hotels provide emergency services in terms of their requests. In some cases, in house services and doctor on call services are provided in all selected hotels in Yangon.

All selected FDI hotels seek the needs of key customers by requesting and reviewing customer feedbacks regularly and treat all customers with great care in accordance with the results of feedback reviewing. It can be said that, all of the selected FDI hotels, use customer feedback to improve their services. In domestic hotels, only 67% of selected hotels can treat all guests with great care although these hotels request and review customer feedback regularly. It can be said that Myanmar domestic hotels cannot fully apply customer feedbacks for improving their services.

According to survey results, only 78% of FDI hotels build partnership with individual key customers by establishing customer centric performance and then monitoring at every customer touch point. Remaining 22% of FDI hotels cannot apply these strategies. In domestic hotels, only 33% of selected hotels conduct these strategies but others cannot conduct.

The success of CRM implementation relies on the active involvement of the employees from all departments in the organization. Therefore, organizing CRM dimension is an essential strategies through effective fundamental changes for the firm's employees and customers. All organization resources are needed to be integrated in order to implement CRM successfully and, in turn, to improve organization performance. Therefore, the study reported the CRM organizing strategies conducted by Myanmar hotels in Table (3.2).

**Table (3.2) CRM Strategies of Organizing Dimension**

Sr No	CRM Strategies of Organizing Dimension	FDI Hotels		Domestic Hotels		Total	
		Frequency	%	Frequency	%	Frequency	%
1	Establishing clear business goals related to customer acquisition, development, retention and reactivation	8	89	4	67	12	80
2	Designating responsible persons for developing and increasing the value of customer portfolio.	8	89	4	67	12	80
3	Preparing marketing plan which includes different budgets for customer recruitment, maintenance and development.	8	89	4	67	12	80
4	Measuring and monitoring customers' satisfaction levels	8	89	5	83	13	87
5	Using customers' feedback to improve product and services.	8	89	3	50	11	73
6	Appointing sales and marketing experts and other resources to managing customer relationship	8	89	4	67	12	80

Source- Survey data, 2013

According to Table (3.2), most of the selected FDI hotels (89%) appointed Guest Relationship Officer (GRO) for establishing clear goals to acquire new customers and maintain existing customers. All these hotels established guest relationship department under the control of front office department to perform activities for building customer relationship. But, only 67% of selected domestic hotels appointed designated persons responsible for developing clear goals related to customer acquisition, maintaining, and reactivation. These persons are assigned tasks under the control of front office. And remaining domestic hotels

do not appoint Guest Relationship Officers (GRO) but guest relationship activities are performed by the customer service staff of front office department.

Most of the FDI hotels (89%) organized sales and marketing experts and other resources for managing customer relationship, use customer feedback by measuring and monitoring customer satisfaction level overtimes. But, only 67% of domestic hotels can apply these above mentioned strategies and 83% of selected domestic hotels measure and monitor customer satisfaction level regularly by collecting customer satisfaction data. Most of the selected FDI hotels collect customer satisfaction data by requesting feedback through email after staying in these hotels and retrieving into trip advicer website. Most of the domestic hotels collect those data by requesting with appropriate forms during their stay and sometime retrieving trip advisor website. It can be concluded that organizing CRM strategies are conducted in FDI hotels and domestic hotels by different ways.

Once customer information is gathered by interacting with customers at different touch points within the organization, such information is needed to transform effectively into customer knowledge. Managing this customer knowledge effectively can greatly help an organization to achieve success in building better customer relationship, resulting in a positive impact on organization's performance.<sup>73</sup> Therefore, the study reported the CRM strategies for managing customer knowledge dimension conducted by Myanmar hotels in Table (3.3).

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<sup>73</sup> (Sin et al 2005; Yim et L., 2005)

**Table (3.3) CRM Strategies of Managing Customer Knowledge Dimension**

Sr No	CRM Strategies for Managing Customer Knowledge	FDI Hotels		Domestic Hotels		Total	
		Frequency	%	Frequency	%	Frequency	%
1	Employees performance is measured and rewarded based on meeting customer needs and successfully servicing them.	8	89	4	67	12	80
2	Provide channel to enable ongoing two way communication between key customers and hotel staff.	7	78	4	67	11	73
3	Training to understand the needs of key customers exactly.	8	89	4	67	12	80

Source-Survey Data, 2013

According to Table (3.3), most of FDI hotels (89% of selected FDI hotels) train their staff to understand the needs of the customer exactly and staff performance are measured and rewarded based on meeting customer needs and successfully servicing them. About 78% of selected FDI hotels provide two ways communication between customers and hotel staff for managing customer knowledge. In these hotels, staff are allowed to interact with customers, to request complaints and to resolve these complaints by their skills and customer knowledge. If a customer complaint cannot resolve by individual staff, he or she would meet with immediate superior or his or her team members for discussing this problem. And then they explore possible alternatives for this problem and select suitable ways for overcoming this problem by brainstorming method.

But, only 67% of selected domestic hotels practise these strategies to understand and manage customer knowledge and remaining 33% cannot exercise. In domestic hotels, customer complaints are resolved by owner or designated hotel manager without requesting other persons' opinion on this facing problem. Therefore, the startegies for managing customer knowledge, are soley depended on the skills and knowledge of owner or designated

manager, not on group discussion or the results of brainstorming in domestic hotels. It can be concluded that, FDI hotels are more thoroughly managed customer knowledge by group efforts than domestic hotels.

As most of the FDI hotels are branch of international chain hotels, all of the staff are trained by on-the-job training and also off-the-job training. Staff are allowed to attend the seminars, workshop and/or lecture especially at the orientation period. Most of the seminars are arranged by principle of chain hotels in other countries. Therefore, most of the FDI staff have not only local experiences but also foreign exposure as well as thoroughly understand about international customers. This customer knowledge facilitates the success of CRM implementation and it leads to increase hotel performance.

In FDI hotels, clearly established performance standard for each job, actual performance are measured with these standard, and then corrective actions are taken where necessary. In some cases, staff is rewarded if he or she provided valuable services, which can fully satisfy their customers. Therefore, managing customer knowledge activities of FDI hotels are better than those of domestic hotels.

In domestic hotels, owners or designated managers attend the abroad seminars, workshops, and related training, and then they share their knowledge to their hotel staff. In some cases, they arrange seminars by hiring external experts for hotel staff especially front office staff. Some domestic hotels recruit skillful and experienced persons from external labour market. And then existing staff are trained along with these skilled persons by using on-the-job training method. Although domestic hotels enhance their staff's customer knowledge to understand the customer needs exactly, many barriers like language barrier, are faced in managing customer knowledge.

The success of relationship management is heavily depended on collecting and analysing customer information, as such information is used for developing highly personalised offerings.<sup>74</sup> Dutu and Halmajan (2011) stated that CRM strategies will be failed, if information technology (IT) is not used properly. As hotel industry has the greatest opportunities to use suitable IT, it can support the right information for the right people at the right time, so that the right decision can be made and/or the services can be rendered. In

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<sup>74</sup> Sigala, 2005

support with that view, Kasim and Minai (2009) find out that IT dimension of CRM practice is firmly related to hotel performance, because hotels need to use IT for improving performance. Therefore, this study analysed whether IT dimension is one of the core drivers of CRM implementation or not in Myanmar hotel industry.

CRM intends not only to attract new customers but also to retain existing one. Hotels are more emphasized on customer retention rather than only focusing on customer acquisition. Many hotels are providing loyalty schemes for frequent guest to retain existing customers. To successfully apply the customer orientation strategies, hotels are needed to provide multichannel transactions by networking with related organizations with the help of IT dimension strategies. Therefore, this study explores that the IT dimension of CRM practices conducted by Myanmar hotels are illustrated in Table (3.4).

**Table (3.4) CRM Strategies of IT Dimension**

Sr No	CRM strategies for IT dimension	FDI Hotels		Domestic Hotels		Total	
		Frequency	%	Frequency	%	Frequency	%
1	Maintaining the comprehensive customer database	9	100	5	83	14	93
2	Arranging right hardware and software to serve all customers	9	100	6	100	15	100
3	Employing data warehouse for customer management.	9	100	4	67	13	87
4	Using data mining to understand customers' behaviour	9	100	2	33	11	73
5	Appointing the right technical personnel to provide technical support for the utilization of computer technology in building customer relationship	8	89	2	33	10	67
6	Available individual customer information at every point of contact	9	100	4	67	13	87
7	Establishing and applying the loyalty program for frequent guest	8	89	4	67	12	80
8	Haing alliance with related organization (eg. tour agent, car rental, air line, currency exchange, and insurance companies)	9	100	6	100	15	100
9	Allow all guest transaction on telephone, online reservation through owned website	9	100	6	100	15	100

Source- Survey data, 2013

According to Table (3.4), all of the selected FDI hotels maintain customer data by comprehensive database, analyse these data by applying right hardware and suitable software. These analysed data is stored by employing data warehousing for customer management and required data are retrieved from data warehouse when needed. Selected FDI hotels review their database regularly. It can be said that all FDI hotels apply data mining to understand customer behaviour as well as the individual customer information are available at every point of contact. But only 83% of selected domestic hotels apply database and review regularly, only 67% also use data warehousing and only 33% apply data mining.

The study found that all selected hotels provide work supporting services such as high speed internet connectivity, and Wi-Fi connectivity for all guests and also develop their own website. It is found that satellite conferencing, video conferencing, and business centre services cannot be available in all domestic hotels. But only 22% of selected FDI hotels provide satellite conferencing service, business centre services and video conferencing service. These features can support the business guests to communicate with their business partners in many parts of the world. As a result, hotels can gain customer satisfaction and retention by improving these work related features. This customer retention can lead to competitive advantages.

According to the responses of hotel responsible persons, only 89% of selected FDI hotels appointed the right technical personnel to provide technical support for the utilization of computer technology in building customer relationship. Most of the FDI hotels appointed Electronic Data Processing team (EDP) for maintaining customer data. But only 33% of selected domestic hotels employed such technical personnel, remaining domestic hotels do not appoint.

Although, all of selected hotels: both FDI and domestic use IT software for improving their performance, the efficiency of this software are different. Availability of individual customer information at every point of contact is highly depended on the quality of using software and skills of the assigned technical personnel. As IT software conducted by two ownership types of Myanmar hotels are different, all FDI hotels are available individual customer information at every customer touch point and only 67% of domestic hotels are available such information.

About 89% of selected FDI hotels apply loyalty programme for frequent guests. But only 67% of selected domestic hotels apply the loyalty programme for frequent guests. It is found that all selected domestic hotels cannot provide loyalty programme for frequent guests. Establishing loyalty programme is one of the basic CRM strategies for profitable customers. Myanmar hotels are seeking their profitable customers by classifying their customers in terms of frequency and sales amount per time (it is also called numbers of rooms per night).

Most of this programme categorized their customers based on two dimensions: sales volume and frequency of sales within given time frame. Loyal customers are identified as members of golden cycle. Golden cycle members are included in the different tier. Customers are divided into four or five tiers depend on their sales volume and frequency of purchase. Hotels' services which are allowed to the loyal customers are different in accordance with the type of tier. If loyal customers consumed the services allowed by hotels, their level of tier may be decreased but these customers are loyal customers for the respective hotel.

Hotels have also invested in multiple channels for enabling customers to easily access information. Therefore, they have developed owned web-site that can be used for making reservation or other transactions. Travel agents have been signed up to sell the hotel services to their clients. The customers can also call up salespersons of the hotels and undertake transaction on telephone. The study found that, all of the selected FDI hotels allow to the guest making transactions over the telephone and online reservation by using their own website. All selected domestic hotels can undertake transactions by using telephone but only 67% of domestic hotels allow online reservations through their own websites.

According to Kaushik Mukerjee, 2007, hotels have created strategic partnership with various service providers, to offer completed solution to the customer who are seeking there by providing a total solution. At a very basic level, they have tie-ups with credit card companies to enable customers to make payment through the credit cards, and also tie-up with car rental companies to enable customers go for sightseeing tour or business trip in luxury buses. Hotels need to tie-up with a wide variety of specialty services providers to ensure that customers who book for wedding reception. Hotels need to build strategic

networks with tourism companies in order to provide completed services for most of the foreigners to visit and observe the whole country.

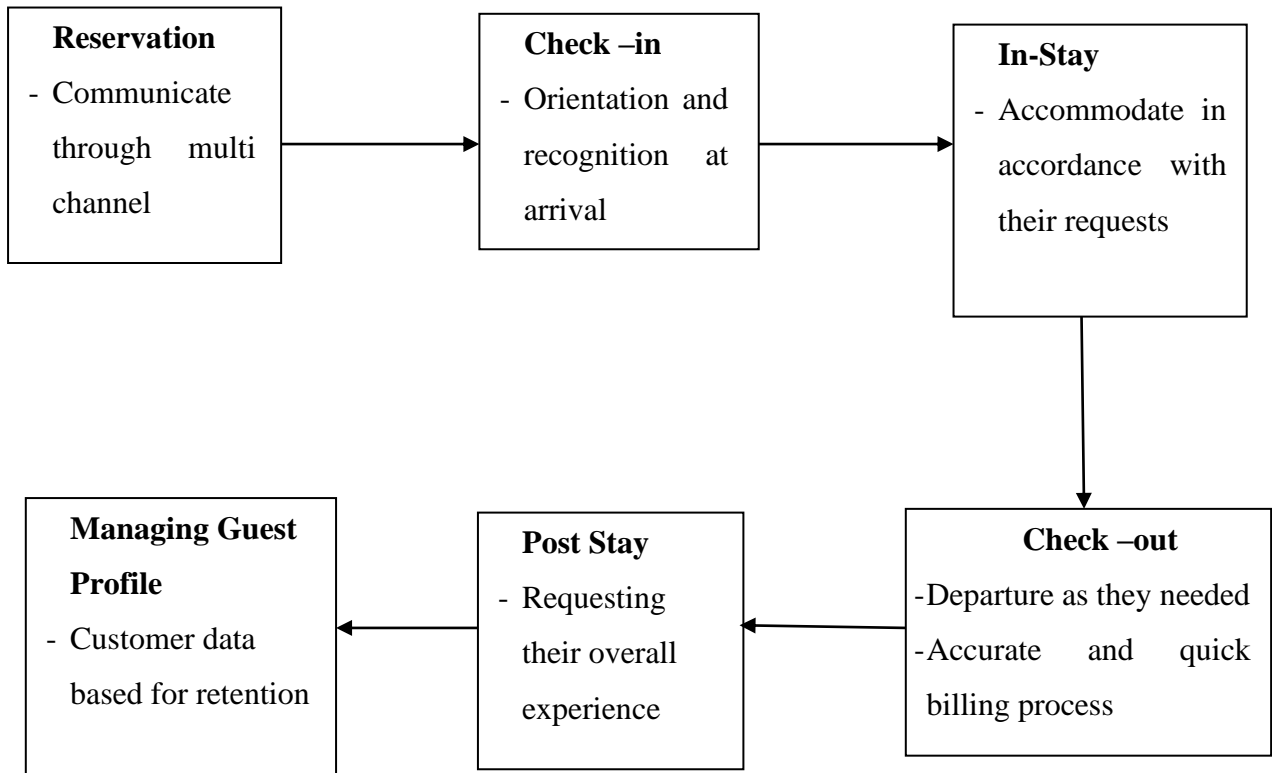
According to the survey results, all Myanmar hotels build strategic networks with tourism companies and online brokers to provide complete solution. All of the FDI hotels can build partnership with credit card companies, tourism companies, car rental companies, and airlines for higher customer fulfilment. But all of the selected domestic hotels cannot build partnering with credit cards companies and car rental companies. Although some of the selected FDI hotels tied with airlines, insurance companies, and currency exchange counter as strategic partners, all selected domestic hotels do not tie with these strategic partners. Nowadays, all FDI hotels and some domestic hotels start to build networks with online travel agents all over the world.

### **3.5. Overview on CRM Strategies of Myanmar Hotel Industry**

To be successfully implemented CRM strategies in hotel industry, the transactional data taking place across the various properties of the hotels chain are required to be consolidated and analysed by giving indicators. These data can also help to generate single customer views. Therefore, hotel business should have the property management system which integrates various hotel functions like the guest check-in, billing, room occupancy and revenue applications at the various individual hotels, the chain owned around the world. Therefore, overview on the CRM practices of Myanmar hotels are reported in this section by dividing six stages of customer sales cycle. These stages are reservation stage, check-in stage, in-stay stage, check-out stage, post stay stage, and managing guest profile stage.

In this study, activities flow of CRM strategies in each stage of customer sales cycle for Myanmar hotel industry is illustrated in Figure (3.1).

**Figure (3.1) Overview on the Activities Flow of CRM Practices in Customer Sales Cycle of Myanmar Hotel Industry**



Source- Own Compilation

According to Figure (3.1) activities flow of Myanmar hotels related to CRM are divided into six stages: reservation stage, check-in stage, staying in hotels, check-out, post stay, and managing guest profile. Detail activities flow in each stage are reported.

### 3.5.1 Reservation Stage

In reservation stage, travellers are in the information gathering stage thus hotel needs to communicate with its guests through multi channels. All of the selected hotels develop their own website to access right information for their customers. Guests can get online reservation by using hotels’ website not only direct contact but also through travel agents. Nowadays, most of the hotel received reservation through online travel agents. Both FDI hotels and domestic hotels allow their potential guests for making transaction through

telephone. Online reservation is allowed to potential guests in all FDI hotels but cannot be allowed in some selected domestic hotels.

Some travellers do not directly request to hotels, but through tour agent. Some travellers are FIT (Free Individual Travellers). Therefore, most of the guests reserve for accommodation by three ways in Myanmar hotels. Most of the hotels established reservation team under the control of sales department. This reservation team is responsible for arrangement of travellers' requisition. This team contact with the front office and check whether potential travellers' requisitions are accepted or not. And they reply confirmation mail and welcome letter to the travellers who requested for hotel services through online reservation, when their requisitions are accepted. If travellers request through tour agent, reservation team reply confirmation mail to this tour agent.

If guests want to change or cancel their reservation, they need to inform at least one week before their arrival date. Payments for cancelled reservation are solely depended on the policy of hotels in both ownership types of hotels. Generally, guests who cancelled their reservation within one week will pay fees for one room night in both FDI and domestic hotels. Excess money out of guest's payment may be refunded by hotels.

Most of the hotels clearly identified their products by brochures, fact sheet, guide book, media advertising, accessible email and their own website. Myanmar hotels also offer booking service that will enable the customers to choose their own date of check-in and check-out as well as the availability of rooms. Their owned website provide the information about the service such as types of rooms, spas, swimming pools, golf playing sessions, dinner bookings etc.

### **3.5.2 Check-in Stage**

All selected hotels arrange to gather the customer information at all customer touch points. But IT software and related hardware currently applied are differed from FDI hotels and domestic hotels. When the guests arrive to the hotels, they are treated with welcoming drink and invitation cards, and then request guest profile without hesitation in both FDI and domestic hotels. Guest relation officers arrange accommodation and escort the guest to their requested rooms. Recording methods for the requested guest profile of FDI hotels are different from those of domestic hotels.

In FDI hotels, guest profiles are scanned from online reservation or check-in forms filled by guests and then transmit this information to related work teams through intranet. Applying software is reconciled with SOP (Standard Operating Procedures) and prepared by cooperating with both IT professional and hotel specialists who have many experiences in hospitality industry. If this type of IT software is installed in hotel operation system, hotel staff especially IT operators are trained by not only IT professionals but also hospitality specialists.

Although the initial investment costs of this software is high, all data entries do not make manually and the relevant data which is required for daily operations, is scanned and transmitted through internet and intranet from the starting point of reservation to end point. Therefore, operations errors (eg, spelling error of guest names) are decreased, operations is run smoothly, and provide quick response. It leads to reduce the customer waiting time and also bills are accurate and timely issued. All information related the visited guests are available at all customer touch points.

In domestic hotels, all guest data entries are made manually by the front office department and then this information is transmitted to relevant department via telephone or fax machine without intranet. Although IT software is applied in hotel operations, this software is prepared by IT domestic professionals who have no or little experience in hospitality industry. Therefore, hotel operations are facing with many barriers in domestic hotels. When a guest arrives at the hotel, he or she is treated with welcoming drink and/or inviting card, arrange the accommodation, and escort the guest to their requested rooms by the front office staff. The front office department accommodates the incoming guests at the rooms which have been cleaned by housekeeping department. The rooms are decorated with traditional facility designs which will be attractive to the foreigners. Guests will gain unique feeling when he or she enters into the room of Myanmar hotels.

### **3.5.3 In-Stay Stage (Occupying Stage)**

After the front office department has arranged the visiting guest in accordance with their requests, room services are provided by cooperating with housekeeping and food and beverage department. If the guests take and have some drinks and other foods from foods and

beverages department, record the charges for those foods by F & B (Foods and Beverages) and then inform the front office by room number. If the guests take and have from the refrigerator located at room, housekeeping staff daily check the refrigerators and then inform to F&B staff to record with the room number. Room services are available at 24 hours and special services are provided in accordance with the guest requests.

In FDI hotels, guest profile is disseminated to all departments by front office through effective IT software. Therefore, accommodation and room services are provided accurately and timely in accordance with preferences of guests, hobbies, and desires during the stay in the hotels. During their stay at the hotels, Myanmar hotels offer the personalised services according to the guest's special requests. If the guests are facing with emergency case such as health problem during the stay in the hotel, both types of hotels provide emergency services in term of their requests. In some cases, in house services and doctor on call services are provided in all selected FDI hotels in Yangon. But all of the selected domestic hotels are still trying to provide these services like FDI.

For the guests, especially, business men, all selected hotels provide services such as high speed internet connectivity, and Wi-Fi connectivity. It is found that satellite conferencing, video conferencing, and business centre services cannot be available in all domestic hotels. But only 22% of selected FDI hotels provide satellite conferencing, and business centre services and only 33% of FDI hotels provide video conferencing service. These features can support the business guests for making communication with their business partners in many parts of the world. As a result, hotels can gain customer satisfaction and retention by improving these work related features. This customer retention can lead to competitive advantages.

#### **3.5.4 Check-out Stage**

Myanmar hotel managers always try to respond the guest complaints by giving additional services, by allowing complementary usage of hotels amenities, and by giving discount if necessary, until they get the guest satisfaction. Most of the hotels develop the flat organization structure and build strong communication network within the hotel. According to this organization structure, all the staff are working as the team members by helping each

other to fulfil the guest expectation. When the guests check out, hotels pay gift cards to the guests and request the suggestions by using appropriate methods.

In selected FDI hotels, customer data are mainly collected by using guest comment cards and online (e-mail) feedback. Guest comment books and customer survey forms are also used for customer data collection in most FDI hotels. But guest comment cards are used in domestic hotels for data collection. Most of the selected domestic hotels mainly use guest comment book and survey forms. But, a little online (e-mail) feedback is used in domestic hotels for customer data collection. Collected data are stored, analysed, and maintained by appropriate software and hardware in all hotels.

### **3.5.5 Post Stay Stage**

In this stage, hotels send the appreciation letters and suggestion request letters to the guests via e-mails. FDI hotels always pay attention to the guest suggestion and follows up the necessary actions according to the guest complaints. Most of the Myanmar hotels appointed the Guest Relationship Officers (GRO) for handling and resolving the guest requests and complaints. Guest complaints are resolved quickly and send thank you letters to the guests who suggest for improving the hotel performance. If guest's pain point is great and serious for the guest, hotel responsible persons apologize to this person and in some cases a few portion of the hotel charges which have been paid may be refunded to the guests.

### **3.5.6 Managing Guest Profiles**

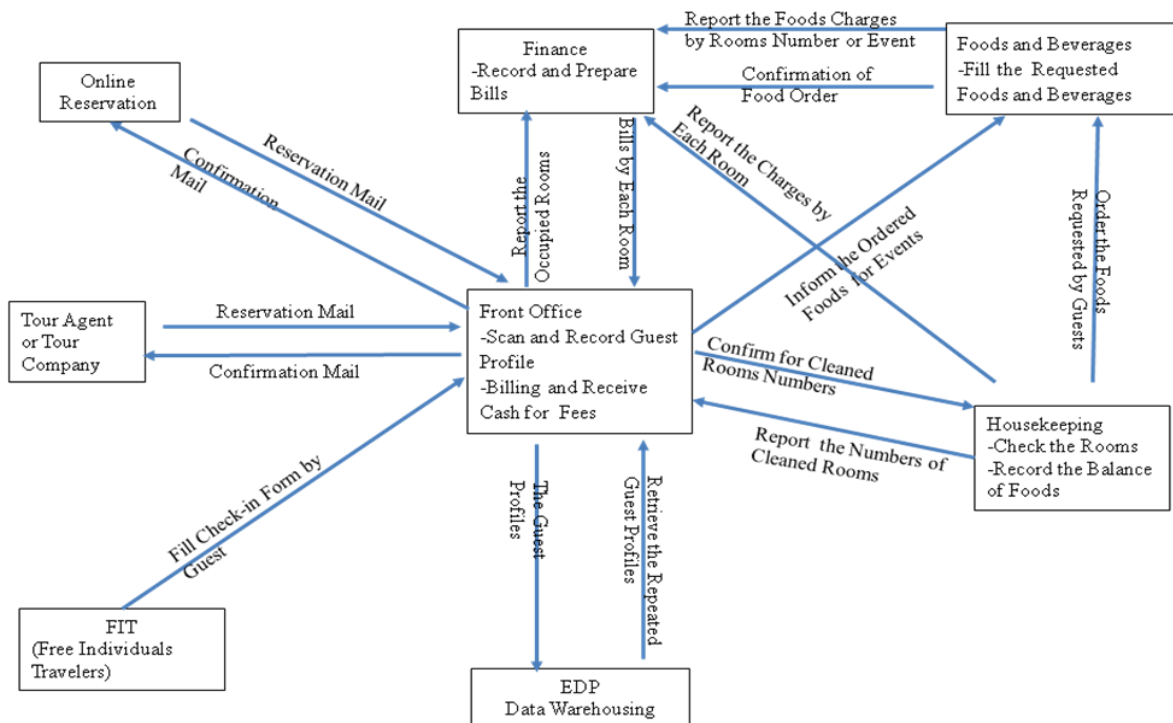
The front office department scan and record the profiles of reservation and visiting guests, when reservations are received. The front office staff make data entry for these customer profiles into the established system by manually or automatically and transmit the information through intranet to relevant departments in FDI hotels. But the front office transmits this information to relevant teams by telephone and through fax machine in domestic hotels. This transmitted information is stored by EDP (Electronic Data Processing) teams under the control of the front office department. EDP teams are responsible for developing data base, data warehouse and disseminate accurately and timely the requested

information when necessary. If the guest is repeated customer, the front office staff can know as soon as they scan and transmit the profiles of guests to EDP automatically. So that, it can be distinguished either the incoming guest is existing customer or new customer.

Guests are categorized in accordance with sales volume and frequency of sales, and then special services are provided to frequent guests in accordance with their amount of spend in each visit and frequency of visit in the hotel. Most of the FDI hotels have loyalty programme for frequent guests, but most of domestic hotels are preparing to establish this loyalty programme. In FDI hotels, required information for this loyalty programme is retrieved from EDP teams. Therefore, EDP teams support to the whole system from IT perspective and manage the profiles of guest who have stayed in the hotels.

From thorough investigation of overview on CRM strategies in each stage of customer sales cycle in Myanmar hotels, the study summarizes the information flow in implementing CRM strategies. The information flow in hotel operations through customer sales cycle for Myanmar hotels is illustrated and reported by Figure (3.2).

**Figure (3.2) Information Flow of Operations in Myanmar Hotels Industry**



Source- Own Compilation

Figure (3.2) shows the information flow in hotels operations for Myanmar hotels: FDI and domestic hotels. According to the Figure, all of the guests are allowed to reserve for accommodation in Myanmar hotels by three ways. Guests can send reservation mails not only directly to the hotels through hotel own website but also through tour agent and can walk to the hotel as a free individual traveller. The information flow of FDI hotels is nearly the same as that of the domestic hotels. Since application software of FDI hotels differs from those of the domestic hotels, all information is flowed through intranet automatically in FDI hotels. But the domestic hotels transmit the related information manually; cooperated with human effort and computers. In both ownership types of hotels, the front office department serves as the information centre. If hotels charges (price) are changed, sales and marketing directors will inform to relevant department through intranet in FDI hotels. But hotel prices are checked and changed by night audits daily and informed to the relevant department over the telephone in domestic hotels.

## **CHAPTER 4**

### **ANALYSIS ON CRM STRATEGIES OF HOTELS IN YANGON**

Hotel industry is the very lucrative earner of a country and very beneficial business for entrepreneurs. It is a customer-oriented service industry or hospitality industry. Therefore, most of the hotels have developed customer-satisfaction oriented strategies and relationship strategy with customer. Most of the hotels mainly focused on their key customer in accordance with the nature of business. Moreover, managers and employees are needed to continuously communicate with customers in hospitality industry. Therefore, good personal contact between customers and managers as well as between customers and employees is very important for the hotel business. In order to develop and enhance good customer relationship management between customers and hotel people (service provider), service takes the form of an intermediary to get good customer relationship.

Hotel industry is more suitable for implementing customer relationship management strategies than others. All the guests are not alike in their needs. Needs, tastes and preferences of a person differ from those of another person. Therefore, hoteliers are needed to provide individualized services in accordance with the nature of the business. The basic concept of customer relationship management is closely related to one-on-one marketing practices to meet the customer needs. It can be said that customer relationship management strategies are harmonized with hotel industry.

Effective customer relationship management strategies can support for improving hotel services and also customer satisfaction. The aim of modern hospitality industry is to increase occupancy rates and revenue by improving customer experience. To achieve these results, hotel managers need to have a wide range of knowledge of customers' needs, behaviour, and preferences and to be aware of the ways which create value for the customers and then stimulate their retention and loyalty. Therefore, the study reported that the numerous positive impacts of CRM on customer satisfaction, retention and then hotels' performance in Yangon.

In this chapter, the usage level of customer relationship management dimensions of hotels located at Yangon, the relationship between CRM dimensions and customer satisfaction, CRM dimensions and retention, customer satisfaction and retention, customer satisfaction and hotel performance, and retention and hotel performance are examined.

#### **4.1 Analysis on CRM Dimensions of Hotels in Yangon**

The study analyses CRM dimensions conducted by the hotels in Yangon by examining the usage level of these strategies from the perspective of CRM in four dimensions. The overall reliability of scale is assessed by Cronbach's Alpha, the most commonly used mean of estimating reliability. If the Cronbach's Alpha values of each dimension are equal to or above the suggested threshold of 0.70, it will be considered adequate for confirming a satisfactory level of reliability in research studies.

This study intends to determine whether the means for two sets of score are different or not. It is assessed whether the usage level of each CRM dimension in FDI hotels and domestic hotels are different or not by using two independent group t-test. The two independent group t-test is appropriate when participants of one condition are different from participants of another condition.

Descriptive statistics such as means and standard deviation is used to describe the usage level of CRM strategies, customer satisfaction level, retention level, and hotel performance. The study analyses CRM strategies of Myanmar hotel industry by four dimensions: customer orientation, organizing around CRM, managing customer knowledge, and CRM based technology. Among them customer orientation, organizing around CRM, managing customer knowledge dimension are comprised in management dimension of CRM and incorporating CRM based technology means IT dimension of CRM. Therefore, the main dimensions of CRM are Management Dimension and IT Dimension.

The questionnaire items for analysis on CRM dimensions in Myanmar hotel industry is stated in Appendix C. In this study, customer orientation (customer centric) dimension includes six questionnaire items. Organizing around CRM dimension encompasses six items. Managing customer knowledge dimension includes three items and nine items are included

in IT dimension. Therefore, CRM strategies conducted by Myanmar hotels are analysed by totally 24 questionnaire items in this study. To collect information about CRM strategies of Myanmar hotels, the study selected 9 FDI hotels and 6 Domestic hotels totally 15 hotels which are identified as 3-star and above hotels by Ministry of Hotels and Tourism. The twenty-four items identified by Frederick Hong-kit Yim, Rolph E. Anderson, and Srinivasan Swaminathan (2004) are applied to examine Customer Relationship Management of Myanmar hotels in this study. (See Appendix C)

To test for reliability of these scale items, Cronbache’s alpha is calculated for each of the four dimensions of the CRM strategies. The results of Cronbach’s alphas are shown in Table (4.1).

**Table (4.1) Scale Items of CRM Four Dimensions**

CRM Dimensions	Number of items	Cronbach’s alpha of previous testing	Cronbach’s alpha of current testing	Question types
Customer orientation (Customer Centric)	6	0.8524	0.816	Interval (Likert type 5 points scale is applied)
Organizing around CRM	6	0.8971	0.920	
Managing customer knowledge	3	0.7103	0.687	
Incorporating CRM based technology	9	0.8326	0.870	

Source – Own Calculation

As shown in Table (4.1), since all Chronbach’s alpha value of CRM four dimensions are greater than and nearly 0.7 in this study, scale items were considered one-dimensional and were combined in a scale.

The usage level of CRM 24 items is collected by interviewing with general managers or similar level senior managers with Likert type 5 points scale questionnaire form. These

senior level respondents have completed knowledge about CRM implementation and practices within their hotels. The respondents are required to indicate the usage level of CRM strategies from a minimum score of 1 to indicate “not use at all” to a maximum score of 5 to reflect “greatly used”. Customer orientation dimension of CRM strategies conducted by Myanmar hotels are shown in Table (4.2).

**Table (4.2) Usage Level of Customer Orientation CRM Dimension**

Sr No	Customer Orientation Dimension of CRM Strategies	FDI Hotels		Domestic Hotels		t	p-value
		Mean	SD	Mean	SD		
1	Providing customized service to customers	4.56	.500	3.83	.376	9.54	.000
2	Building partnership with individual customer	4.22	.632	2.00	.823	18.66	.000
3	Participating all staff in working together to offer customized services	4.89	.316	4.67	.475	3.44	.001
4	Finding the needs of the customers by requesting and reviewing customer feedback	4.56	.500	4.00	.582	6.24	.000
5	Treating all customer with great care	4.89	.316	4.17	.693	8.64	.000
6	Establishing customer centric performance standard and then monitoring at every customer touch point	4.33	.474	3.17	.376	15.99	.000
Customer Orientation Dimension of CRM Strategies		4.57	.345	3.64	.204	18.88	.000

Source- Survey Data, 2013

According to Table (4.2), all strategies of CRM customer orientation dimension are applied in both ownership types of hotels in Yangon. In FDI hotels, usage level mean score of all customer orientation dimension strategies achieves more than 4. It can be concluded that all of the customer orientation strategies are greatly used in accordance with SOP in FDI hotels. Participating all staff in offering customised services and treating all customer with great care strategies achieve the highest mean score (Mean = 4.89). The usage level of building partnership strategy achieves the lowest mean score (Mean = 4.22). It can be said that building partnership with individual customer is weaker than other strategies.

In domestic hotels, the usage level of the strategies for staff participation in offering customised services, treating all customers with great care, and finding needs of the customers by requesting and reviewing customer feedbacks are achieved as more than 4. It can be said that participating all staff in offering customised services, finding needs of customers by requesting and reviewing customer feedbacks, and treating all customers with great care strategies are greatly used. The usage level of establishing and monitoring customer centric performance standard strategy is a little weak with the mean score 3.17. The usage level of building partnership strategy is achieved as the lowest mean score (Mean = 2). It can be noted that building partnership with great care is very weak.

According to the result of t-test for customer orientation dimension, associated p-value of the customer orientation dimension is 0.000 (1% level of significance). It can be said that the usage level of customer orientation (customer centric) dimension in FDI hotels are different from those in domestic hotels. Since sample score of customer orientation of FDI hotels is greater than that of domestic hotels. It can be concluded that, FDI hotels have more usage level in the Customer orientation dimension of CRM strategies than those of domestic hotels in Yangon. Staff participation in offering customised services and treating all customers with great care strategies is found at the highest level in both ownership types of hotels. Building partnership with the customers is achieved at the lowest usage level in selected hotels: both FDI and domestic.

Many researchers argue that CRM implementation cannot be successful even if the organizations enjoy the most advanced technology and adopt a customer oriented approach, unless the project is completely integrated with their employees. Therefore, the success of

CRM implementation relied on the active involvement of the employees in the organization.<sup>75</sup> To be strongly focused on key customers throughout the CRM implementation, the entire hotels should be organized around cultivating the valuable relationships. Myanmar hotels request customer feedbacks in respective ways and analyse and apply these feedbacks for improving customer service. To perform this process, hotels should appoint and arrange professionals for analysing customer feedbacks, applying these feedbacks for enhancing customer value and preparing appropriate marketing plan. Thus, the study also analyses the usage level of organizing around CRM dimension in FDI hotels and domestic hotels as second dimension. The usages level of organizing around CRM dimension for FDI and domestic hotels are shown in Table (4.3).

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<sup>75</sup>Boulding, Staelin, Ehret, and Johnstone, 2005; Payne, 2006; Tamilarasan, 2011

**Table (4.3) Usage Level of Organizing Around CRM Dimension**

Sr No	Organizing around CRM Strategies	FDI Hotels		Domestic Hotels		t	p-value
		Mean	SD	Mean	SD		
1	Establishing clear business goals related to customer acquisition, development, retention and reactivation	4.33	.670	2.83	.693	13.25	.000
2	Appointing responsible persons for developing and enhancing the value of customer portfolio.	4.00	.821	2.50	.504	12.64	.000
3	Preparing marketing plan which includes different budgets for customer recruitment, maintenance and development.	4.22	.632	2.67	.951	12.64	.000
4	Measuring and monitoring customers' satisfaction levels	4.67	.670	3.33	1.258	8.43	.000
5	Using customers' feedback to improve product and services.	4.67	.670	3.67	.475	9.99	.000
6	Arranging sales and marketing experts and other resources to managing customer relationship	4.44	.836	2.17	.376	19.79	.000
Organizing around CRM Dimension		4.389	.607	2.861	.298	18.09	.000

Source - Survey data, 2013

According to Table (4.3), the usage level of measuring and monitoring customer satisfaction level and using customer feedback strategies achieved the highest means score (mean score = 4.67). The usage level of establishing clear business goals concerned with customer relationship and arranging sales and marketing experts and other resources for CRM are the second highest score in FDI hotels. It can be said that measuring and monitoring customer satisfaction level, arranging sales and marketing experts, and

establishing clear business goals related to CRM strategies are greatly applied in their daily operations. As the usage level means the score of these strategies are more than 4, FDI hotels strongly used organizing CRM dimension strategies.

In domestic hotels, the usage level of applying customer feedbacks to improve customer services strategy is the highest mean score (mean score = 3.67). It can be said that the domestic hotels frequently used customer feedbacks. The usage levels of establishing clear business goals concerned with customer relationship and measuring and monitoring customer satisfaction levels, are the second highest. It is found that domestic hotels have set clear goals, but these hotels measure and monitor customer satisfaction levels occasionally. The usage levels of preparing marketing plan, appointing responsible persons, and arranging sales and marketing experts achieved lower than 3 average mean score. It can be concluded that domestic hotels cannot employ professionals who have specific skills in respective field. It can be concluded that majority of domestic hotels are weak in using organizing dimension of CRM strategies.

According to the results of t-test, associated p-value of the organizing around CRM dimension is 0.000 and significance at 1% level. It indicates that the usage level of organizing around CRM dimension strategies of FDI hotels is different from those of domestic hotels in Yangon. As the sample usage levels of organizing around CRM strategies of FDI hotels are greater than those of domestic hotels. It can be concluded that, FDI hotels are focused on more organizing dimensions of CRM strategies than those of domestic hotels in Yangon. Although, the usage level of using customer feedbacks strategy is the highest in respective types of hotels, mean score of FDI hotels is greater than that of domestic hotels. It can be concluded that FDI hotels greatly apply customer feedback to improve customer services in their implementation of CRM while as domestic hotels frequently apply their customer feedbacks. By getting the customers feedback, the hotels can gain greater insight into their customers' behaviour and preferences. With the assistance of customers' feedback, the hotels can continue to offer appropriate services in the future by learning and understanding customers' preferences.

The successful CRM implementation heavily depended on collecting and analysing customers' information, as such information is used for developing highly personalised

offerings. Hotel staff should effectively translate this customer information into customer knowledge for managing customer relationship. Therefore, the usage levels of strategies related to customer knowledge management dimension are also analysed in this study. The usage level of the customer knowledge management dimension for selected FDI hotels and domestic hotels are shown in Table (4.4).

**Table (4.4) Usage Level of Managing Customer Knowledge CRM Dimension**

Sr No	Managing Customer Knowledge Strategies	FDI Hotels		Domestic Hotels		t	p- value
		Mean	SD	Mean	SD		
1	Measuring and rewarding employees' performance based on meeting customer needs and successfully servicing them.	4.44	.689	3.33	.475	10.88	.000
2	Providing ongoing two way communication channel between key customers and hotel	4.00	.670	3.00	1.01	7.30	.000
3	Training to understand the needs of key customers exactly	4.44	.500	3.17	.69	13.12	.000
Managing Customer Knowledge		4.30	.369	3.17	.465	16.53	.000

Source- Survey data, 2013

According to Table (4.4), the usage level of all managing customer knowledge strategies mean score are more than 4 in FDI hotels. It can be said that all strategies of this dimension are greatly used. Measuring and rewarding employees' performance related to customer knowledge, and training for customer knowledge achieved highest means score (mean score = 4.44) in FDI hotels. It can be said that selected FDI hotels provide customer knowledge training to their staff locally and internationally and then measure employee's performance and reward in accordance with the successful application of their customer

knowledge. The providing two ways communication strategy is the lowest in FDI with the means score of 4. This means FDI hotels provide key customers ongoing two way communication channel through their own website.

In domestic hotels, the usage levels of all strategies mean score are between 3 and 3.5. It can be concluded that domestic hotels are weak in applying customer knowledge management dimension. The usage level of providing two ways communication achieves mean score of 3.00. It can be said that the domestic hotels occasionally allow their customers to communicate with hotels over the telephone. Measuring and rewarding employee's performance and training employees are moderately used in domestic hotels. Although the majority of domestic hotels provide general training to their staff, these hotels are weak in training for analysing and translating customer feedbacks into customer knowledge.

According to the results of t-test, associated p-value of the managing customer knowledge dimension of CRM strategy is .000, significant at 1% level. Therefore, managing customer knowledge dimension of CRM strategies in FDI hotels are different from those in domestic hotels. Overall means score for usage levels of managing customer knowledge dimension in FDI hotels is greater than those of domestic hotels. It can be concluded that more FDI hotels applied managing customer knowledge dimension strategies in their CRM implementation than domestic hotels.

Rayals and Knox (2001) noted that a cross functional integration between management and IT supports is needed significantly for a successful implementation of CRM. Many CRM oriented activities, such as knowledge management, organizing CRM, cannot be optimised without leveraging the latest technology. To implement customer orientation dimension of CRM strategies, hotels are needed to establish and apply IT dimension of CRM strategies. Therefore, the usage levels of IT based CRM in FDI hotels and domestic hotels are reported together with their means score and standard deviation which are shown in Table (4.5).

**Table (4.5) Usage Level of IT Dimension CRM Strategies**

Sr No	IT Dimension of CRM Strategies	FDI Hotels		Domestic Hotels		t	p- value
		Mean	SD	Mean	SD		
1	Maintaining the comprehensive customer database	4.11	.57	3.17	.69	9.11	.000
2	Arranging right hardware and software to serve all customers	4.00	.95	2.33	1.12	9.83	.000
3	Developing data warehousing for customer management.	3.44	.50	2.17	.69	13.12	.000
4	Using data mining to understand customers' behaviour	3.44	.69	2.50	.77	7.85	.000
5	Appointing the right technical personnel to provide technical support for the utilization of computer technology in building customer relationship	4.00	.67	1.50	.77	21.07	.000
6	Availability of individual customer information at every point of contact	4.22	.63	2.50	.50	17.68	.000
7	Establishing and applying the loyalty program for frequent guest	4.11	1.20	2.67	.48	8.84	.000
8	Developing network with related organization (eg. tour agent, car rental, air line, currency exchange, and insurance)	4.22	.79	1.50	.77	20.88	.000
9	Allowing all guest transaction on telephone, online reservation through own website	4.44	.69	4.50	.77	.461	.645
IT Dimension		4.00	.39	2.54	.077	28.61	.000

Source- Survey Data, 2013

As shown in Table (4.5), the usage level mean score of all IT dimension strategies except developing data warehousing and data mining are more than 4 in FDI hotels. It can be said that FDI hotels are greatly used these strategies in their daily operations. The two bottom average mean score are developing data warehousing and using data mining (e.g., guest profile) to understand customers' behaviour, with equal mean score of 3.44 in FDI hotels. It can be concluded that these low usage level may be concerned with the advanced technological tools. The technological tools can support to the hotels to collect and store the vast amount data on customers and their transactions. Information technology (IT) is vital to provide sales and marketing information about customers' requirements, preference, and behaviour.

In domestic hotels, the usage level of allowing all guest transactions on telephone, online reservation through own website achieves the highest mean score (Mean = 4.5). It can be said that domestic hotels allow their customers online reservation through their own website or through online agent. The usage level of maintaining data bases achieve with the mean of 3.17. It can be said that the domestic hotels apply customer data bases in their daily operations. Other strategies of IT dimension achieve the lower usage level with the mean score of lower than 3. Therefore, domestic hotels are weak in usage of IT related strategies for their CRM implementation.

Both ownership types of hotels allow their customer transaction on telephone and online reservation. Nowadays, many online agents for hotels reservation have emerged; therefore, the majority of hotels receive reservation through these online agents. According to the survey results, the usage level of this strategy is the highest mean score in both ownership types of hotels: FDI and domestic hotels. It can be said that potential guests are allowed to make transaction on telephone and online reservation through own website in all selected hotels with the highest means score. The usage level of data warehouses and data mining strategies means score are the lowest in FDI hotels while as appointing technical personnel and developing network strategies are lowest in domestic hotels. It shows that domestic hotels cannot appoint right technical persons as well as cannot develop network with related to organization. The evidence of the low usage level in IT dimension in domestic hotels could delay the enhancement of CRM strategies.

According to the result of two independent t-test, associated p-value of allowing all guest to make transaction on telephone, online reservation through own website strategy is not significant level. It can be said that usage level of this strategy is the same in both FDI hotels and domestic hotels. Associated p-value of all IT dimension CRM strategies except online reservation, are 0.000 significant at 1% level. It shows that the IT dimension of CRM strategy for FDI hotels is different from those of domestic hotels in Yangon. Since sample score of IT Dimension strategy in FDI hotels is greater than that of Domestic hotels. It can be concluded that, more FDI hotels used the IT Dimension of CRM strategy than the domestic hotels in Yangon.

Although the IT would not be a panacea for CRM strategies, the poor quality of data and information can lead to the lower quality of decision making and can affect the performance adversely. On the other hand, management dimensions of CRM are greatly supported to the quality of managers' decisions. Therefore, the integration of management dimension and IT dimension of CRM is vital for successful CRM implementation. In implementing CRM, a firm seeks to establish and maintain a long term relationship with customers based on cumulative fully customer satisfaction. By making creative use of the customer knowledge acquired and leveraging CRM based technology, an organization can provide customized offerings to its customers, which should boost the customer satisfaction.

Successful CRM activities must cultivate customer satisfaction by continuously adopting to the evolving needs and wants of customers. Based on these concepts, the study examined the relationship between CRM dimensions and customer satisfaction. Therefore, customer satisfaction levels on CRM dimensions are shown in Table (4.6).

**Table (4.6) Customer Satisfaction Level on CRM Dimensions**

Sr No	Customer Satisfaction	FDI Hotels		Domestic Hotels		t	p-value
		Mean	SD	Mean	SD		
1	The condition of physical design decoration, appearance, cleanliness and lighting in the hotel	3.73	.716	3.45	.649	2.46	.015
2	Overall quality of foods and beverages, and other room amenities package (shampoo, soaps, etc.).	3.62	.856	3.33	.877	2.01	.047
3	Efficiency of hotel staffs (attentive and helpful employees, ccourtesy greeting at front desk, prompt quality service, etc.)	3.58	1.01	3.22	.846	2.29	.023
4	Housekeeping service timely and efficiently during your stay.	3.56	.836	3.27	.778	2.13	.035
5	Allowing online reservation and on telephone transaction, Wi-Fi connectivity, accuracy and timeliness of billing record and transaction.	3.51	.691	3.35	.709	1.38	.168
6	Providing special services (such as, wake - up calls, restaurant reservation, baby sitter, etc.)	3.49	.691	3.17	.847	2.55	.012
7	Overall satisfaction level about various services which currently provided by this hotels	3.67	.670	3.65	.685	.148	.883
Customer satisfaction level		3.59	.594	3.35	.528	2.59	.010

Source- Survey data, 2013

According to Table (4.6), mean score of the satisfaction level on condition of physical design is the highest in FDI hotels. It is found that satisfaction level on the condition of physical design decoration, appearance, cleanliness and lighting in the hotel, achieves highest score and satisfaction level on various services provided achieve the second highest score and followed by efficiency of staff and housekeeping service in FDI hotels.

In domestic hotels, overall satisfaction level on various services achieves the highest score; the condition of physical design is the second highest and followed by online reservation, transaction on telephone, Wi-Fi connectivity, and accuracy of bills record, and then quality of foods and beverages, and other amenities.

According to the result of independent sample t-test, associated p-value of customer satisfaction is 0.01. Overall sample score of overall satisfaction level is nearly the same in FDI and domestic hotels. Therefore, the customer satisfaction level of FDI hotels is nearly same with domestic hotels in Yangon. Customers of FDI hotels are more satisfied on the condition of physical design decoration, appearance, cleanliness and lighting in the hotel while domestic hotel customers are more satisfied on overall services. The satisfaction level on providing IT related features and online reservation and satisfaction level on various services are nearly the same in both FDI and domestic hotels. Satisfaction levels on other CRM strategies of FDI hotels are different from those of domestic hotels.

Finally, overall usage level of CRM strategies in each ownership type of hotel from the perspective of the four dimensions are summarised in Table (4.7).

**Table (4.7) Overall Usage Level of CRM Dimensions in FDI and Domestic Hotels**

Sr No	CRM Dimensions	FDI Hotels		Domestic Hotels	
		Mean	SD	Mean	SD
1	Customer Orientation	4.574	.345	3.64	.204
2	Organizing Around CRM	4.389	.607	2.86	.298
3	Managing Customer Knowledge	4.170	.393	3.46	.470
4	Incorporating CRM Based Technology	4.000	.391	2.54	.077

Source- Survey Data, 2013

According to Table (4.7), the usage level of IT dimension achieved the lowest means score and the usage level of customer orientation CRM dimension achieved highest means score in FDI hotels. It is followed by organizing around CRM dimension and then managing customer knowledge dimension in FDI hotels. Customer orientation and organizing dimensions of CRM strategies are greatly applied and managing customer knowledge and IT dimensions are frequently applied in FDI hotels.

In domestic hotels, usage level of customer orientation dimension CRM strategies achieved the highest means score. Managing customer knowledge dimension achieved the second highest mean score and followed by organizing around CRM dimension. IT dimension of CRM strategies achieved the lowest means score. It can be concluded that customer orientation dimensions of CRM strategies are frequently applied, and managing customer knowledge and organizing dimensions of CRM strategies are moderately applied. IT dimension of CRM strategies is applied with a few usage levels in domestic hotels.

It is indicated that all of the selected Myanmar hotels are implementing CRM by concentrating on customer orientation dimension with the supporting of IT dimension. Although Myanmar hotels implement CRM strategies, usage level of CRM dimensions are different in FDI hotels and domestic hotels. It can be concluded that usage levels of CRM strategies are different in accordance with their ownership type hotels: FDI hotels and domestic hotels.

According to the results of two independent group t-test, four dimensions of CRM strategies and customer satisfaction level on CRM dimensions of FDI hotels are different from these strategies of domestic hotels in Yangon. Therefore, the study analyses the relationship between four dimensions of CRM strategies and customer satisfaction by dividing two groups of ownership: FDI hotels and domestic hotels.

#### **4.2. Analysis on Relationship between CRM Dimensions and Customer Satisfaction**

CRM is a business strategy to select and manage the relationship of the most valuable customer. CRM requires a customer-oriented business philosophy and culture to support effective marketing, sales and service processes. Effective CRM applications can provide for

establishing the right leadership, strategy and culture in an organization.

Given the reliable scale to measure the dimensions of CRM, the study tested the conceptual model illustrated in Figure (2.4) by using correlation method. Correlation analysis is a statistical tool that can be applied to describe the degree of relationship between dependent variable and independent variables. The coefficient of correlation is a value that is, mathematically, always between -1 and +1.

The sign of correlation coefficient indicates the direction of relationship between two variables. With regard to the type or direction of a relationship that can exist between variables, there are three possibilities: positive relationship, negative relationship, and no relationship. If the sign of coefficient of correlations is positive, relationship between variables is positive. If the relationship between dependent and independent variables is negative, relationship between variables is negative. If a correlation coefficient approaches either +1 or -1, it suggests that a strong relationship exists. As correlation coefficient approaches zero, there is little or no relationship.

Firstly, the study analyses the relationship between four CRM dimensions and customer satisfaction in FDI hotels by Pearson's correlation method. The result for correlation of CRM four dimensions and customer satisfaction in FDI hotels are shown in Table (4.8).

**Table (4.8) Correlation of CRM Dimensions and Customer Satisfaction  
in FDI Hotels**

Sr No	CRM Dimensions	Pearson's Correlation Coefficients	p-value
1	Customer Orientation	.21**	.046
2	Organizing Around CRM	.22**	.039
3	Managing Customer Knowledge	.08	.444
4	Incorporating CRM Based Technology	.04	.688

Source- SPSS Output

According to the results of correlation, Pearson’s correlation coefficients of CRM all dimensions and customer satisfaction are positive. Therefore, CRM dimensions are directly correlated with customer satisfaction in FDI hotels. It can be said that these CRM dimensions strategies are more applied, customer satisfaction level will be increased. “Customer Orientation Dimension” and “Organizing around CRM Dimension” are positively correlated with customer satisfaction, with the correlation coefficients equal to 0.21 and 0.22 respectively at 5% significant level. There is weak relationship between “Managing Customer Knowledge Dimension” and “IT Dimension”, and customer satisfaction in FDI hotels.

The study also examined the relationship between CRM dimensions and customer satisfaction for domestic hotels in Table (4.9).

**Table (4.9) Correlation of CRM Dimensions and Customer Satisfaction in Domestic Hotels**

Sr No	CRM Dimensions	Pearson’s Correlation Coefficients	p-value
1	Customer Orientation	.18	.161
2	Organizing Around CRM	.25	.055
3	Managing Customer Knowledge	.37***	.004
4	Incorporating CRM Based Technology	.42***	.001

Source- SPSS Output

According to Table (4.9), Pearson’s correlation coefficients of CRM all dimensions and customer satisfaction are positive. Therefore, all CRM dimension strategies are directly correlated with customer satisfaction in domestic hotels. It can be concluded that if all CRM dimensions are better applied, customer satisfaction level will be increased in domestic hotels. “Managing customer knowledge dimension” and “IT dimension” are directly correlated with customer satisfaction in domestic hotels with correlation coefficients equal to 0.368 and 0.417 respectively (significant at 1% level). There are weak relationships between

customer satisfaction and “Customer orientation” and also “Organizing around CRM dimension” in domestic hotels.

The study found that all CRM dimensions are positively correlated with customer satisfaction in both ownership types of hotels: FDI and domestic hotels in Yangon. It is found that customer satisfaction has weak relationship with managing customer knowledge and IT dimensions in FDI hotels. And customer satisfaction has weak relationship with customer orientation and organizing dimensions in domestic hotels.

The study also reported the correlation of each item in CRM dimensions and customer satisfaction in Appendix D. According to the result of this correlation, all strategies of customer orientation dimension except establishing customer centric performance are positively correlated with customer satisfaction in FDI hotels. It can be concluded that if customer orientation strategies are effectively applied in daily operations, customer satisfaction levels will be increased in both types of hotels. (See Appendix D)

Establishing customer centric performance standard strategy is negatively correlated with customer satisfaction in both types of hotels. Although performance standard are established in accordance with their star rating, majority of selected hotels cannot monitor and apply these standard at every customer touch point. These hotels are weak in reviewing and revising performance standard and also weak in monitoring actual performance in accordance with these standards. (See Appendix D)

In domestic hotels, building partnership with individual customers, treating all customers with great care and establishing performance strategies are negatively correlated with customer satisfaction. Although majority of domestic hotel staff are willing to provide customised services, they are weak in analysing and translating customer feedbacks into customer knowledge. Domestic hotels train their staff occasionally and most of the staff is willing to provide customised services, but it is weak in knowledge management training locally and also internationally. (See Appendix D)

As second dimension, organizing CRM, all strategies except preparing marketing plan, are positively correlated with customer satisfaction in both types of hotels. It can be said that if these organizing CRM strategies are more applied, customer satisfaction level will be increased in both types of hotels. Preparing marketing plan is negatively correlated with

customer satisfaction in both types of hotels. Although the majority of Myanmar hotels prepare marketing plan regularly, budgets for managing customer relationship are not included in these marketing plan. Marketing plan intends to increase sales volume by mass marketing; that is traditional marketing, it is not focused on individualised marketing. (See Appendix D)

As the third dimension: managing customer knowledge, all strategies except training to understand the needs of key customer, are positively correlated with customer satisfaction in FDI hotels. Although FDI hotels train their staff concerning hospitality industry, staff cannot emphasize the needs of key customers because of over workload. In year 2013, demands of Myanmar hotel industry dramatically increased, supply cannot immediately create to meet increasing demands. Most of the foreigners who want to visit Myanmar made double reservation through hotel website by themselves and also through tourism companies. As a result, some reservations overlap and hotel staff especially front office staff is overloaded without necessary. Therefore, most of FDI hotel staff cannot exactly provide the needs of key customers. In domestic hotels, all strategies of managing customer knowledge dimension are positively correlated with customer satisfaction. It can be said that if these strategies are more applied, customer satisfaction level will be increased in domestic hotels. (See Appendix D)

As final dimension, IT dimension, all strategies except arranging right hardware and software, and establishing and applying loyalty program strategies, are positively correlated with customer satisfaction in FDI hotels. Arranging right hardware and software, and establishing and applying loyalty program are negatively correlated with customer satisfaction in FDI hotels. Although FDI hotels establish and apply loyalty program for frequent guests by using right hardware and software, they are facing with barriers (error in the name of repeated customers, error in allowances services, and error persons for giving allowances). These barriers negatively affected on customer satisfaction. Online reservation is negatively correlated with customer satisfaction in FDI hotels because of internet connection. (See Appendix D)

Arranging right hardware and software, and using data mining are negatively correlated with customer satisfaction in domestic hotels. Although domestic hotels use

application software in their daily operations, this software are developed by IT professionals who have a little or no experiences in hospitality industry. Therefore, domestic hotels are facing with barriers in applying software. In addition, they cannot apply data mining in their daily operations in domestic hotels. (See Appendix D)

### **4.3 Analysis on Relationship between CRM Dimensions and Retention**

One of the primary goals of CRM is customer retention or customer loyalty.<sup>76</sup> Continuous advances in IT are enabling organizations' CRM efforts efficiently and effectively at retaining customers.<sup>77</sup> In this study, repeated customers are asked the reason for visiting next time in the hotel by five-point scale from 1: strongly disagree to 5: strongly agree. The study examined the retention level in Myanmar hotel industry in Table (4.10) with mean value, standard deviation.

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<sup>76</sup> Anderson and Srinivasan 2003: Aspinall, Nancarrow, and Stone 2001: Vethoef 2003

<sup>77</sup> Butler 2000

**Table (4.10) Customer Retention of Hotels in Yangon**

Sr No	Scale Items of Customer Retention	FDI Hotels		Domestic Hotels		t	p-value
		Mean	SD	Mean	SD		
1	Recommendation of travel agent or friends and relatives.	3.13	1.17	2.78	1.091	1.84	.068
2	I also will recommend the hotel to others.	3.36	1.02	2.98	1.172	2.06	.041
3	I would return to this hotel in the future.	3.38	.829	3.23	1.047	.940	.349
4	Hotel has flexible rule, be sensitive to customer's needs.	3.64	.903	3.62	.739	.198	.843
5	When I visited in this town, I almost stay in this hotels	3.58	.687	3.35	.799	1.86	.064
6	I prefer the courtesy and friendliness of hotel staff	3.36	.928	3.35	.880	.037	.971
7	Special services are easily available	3.67	.636	3.53	.623	1.27	.207
8	Reasonable price	3.60	.716	3.58	.787	.13	.893
Customer Retention		3.46	.518	3.30	.434	1.97	.051

Source – Survey data, 2013

According to Table (4.10), mean value of overall retention scale of FDI hotels are nearly same with those of domestic hotels. All means score of retention level are more than 3 in FDI hotels. It can be said that retention level of FDI hotels is above average. Retention level on availability of special service is greater than other mean score in FDI hotels while retention level on sensitivity of customer's needs and flexibility of rules is greater mean score in domestic hotels. It can be said that FDI hotels can retain the most of their customers by providing special services and domestic hotels retain most of their customers by applying flexible rules. Retention level on courtesy and friendliness of hotel staff, flexibility of rules, and reasonable price are nearly the same in both types of hotels.

The study also examined that whether the retention level of FDI hotels and domestic hotels are different or not by applying two independent t-test. According to the result of t-test, almost all of the retention levels are the same in both types of hotels except the level on future recommendation by repeated guests. The future recommendation by repeated guests is different in FDI hotels and domestic hotels.

Hotels are needed to maintain existing customer as well as attract new one by implementing CRM strategies. CRM intends to increase the number of repeated customer and it can lead to positive effect on customer retention rate. Therefore, the study investigates the relationship between CRM dimensions and retention by using Pearson's correlation method. The correlation of CRM dimensions and retention in FDI hotels are shown in Table (4.11).

**Table (4.11) Correlation of CRM Dimensions and Customer Retention in FDI Hotels**

Sr No	CRM Dimensions	Pearson's Correlation Coefficients	p-value
1	Customer Orientation	.07	.544
2	Organizing Around CRM	.13	.212
3	Managing Customer Knowledge	.01	.906
4	Incorporating CRM Based Technology (IT)	-.05	.676

Source- SPSS Output

According to the result of correlation, all CRM dimensions except IT dimension are positively correlated with customer retention in FDI hotels located at Yangon. IT dimension is negatively correlated with customer retention in FDI hotels. Although FDI hotels apply customer database, data warehousing, and data mining by using advanced software, sometime spelling error of repeated customers' name, error in country of origin, error in types of room requested and very slow rate of internet connection are facing in FDI hotels. FDI hotels provide Wi-Fi connectivity, teleconferencing, and video conferencing, but these

IT related features are needed to upgrade and review. Therefore, most of the guests do not want to visit to FDI hotels next time. It can be concluded that if more FDI hotels conducted IT dimension strategies, the level of customer retention will be decreased. Management dimensions of CRM are positively correlated with retention in FDI hotels. It can be concluded that if management dimensions of CRM strategies are more applied, customer retention levels are increased in FDI hotels. In this study, relationship between CRM dimensions and customer retention in domestic hotels are tested by using Pearson's correlation method and the results are shown in Table (4.12).

**Table (4.12) Correlation of CRM Dimensions and Retention in Domestic Hotels**

Sr No	CRM Dimensions	Pearson's Correlation Coefficients	p-value
1	Customer Orientation	.13	.326
2	Organizing Around CRM	-.21	.101
3	Managing Customer Knowledge	.36 ***	.005
4	Incorporating CRM Based Technology (IT)	.03	.817

Source- SPSS Output

According to Table (4.12), all dimensions of CRM strategies except organizing dimension are positively correlated with customer retention in domestic hotels. "Organizing dimension" is negatively correlated with customer retention in domestic hotels. Domestic hotels cannot appoint responsible persons and also arrange sales and marketing experts for enhancing customer value. Most of the domestic staffs are committed in their assigned tasks, but they are weak in preparing effective business plan and also maintaining existing customers. "Customer orientation dimension", "Managing customer knowledge dimension" and "IT dimension" are positively correlated with customer retention in domestic hotels. It can be concluded that if more domestic hotels are applied in these CRM dimensions, customer retention level will be increased in domestic hotels.

The study also reported the correlation of each item in CRM dimensions and customer retention in Appendix E. According to these correlation results, among customer orientation dimension strategies the strategies of building partnership with individual customer, participating all staff in offering customised services, and treating all customers with great care strategies are positively correlated with customer retention in FDI hotels. Providing customised services, establishing customer centric performance standard, and findings the needs of customers are negatively correlated with customer retention in FDI hotels. As FDI hotels request and review customer feedbacks, and seek customer needs, but translation of feedbacks into knowledge of customer is weak. And the application of this knowledge in providing customised services is also weak. Therefore, these strategies cannot encourage forming customer retention in FDI hotels. (See Appendix E)

In domestic hotels, all strategies of customer orientation dimension except treating all customers with great care are positively correlated with customer retention. Treating all customers with great care strategy is negatively correlated with customer retention. Although domestic hotels treat all customers carefully, customers are not satisfied on this strategy. As most of the domestic hotel staff are weak in effective interpersonal skills, they cannot provide customised services accurately in accordance with customer requests. (See Appendix E)

As second dimension, organizing CRM dimension, all strategies except preparing marketing plan are positively correlated with customer retention in FDI hotels. Preparing marketing plan is negatively correlated with customer retention in FDI hotels. Although FDI hotels prepare appropriate marketing plan, they cannot consider different budgets for customer recruitment and also maintenance. Other strategies of organizing dimension are positively correlated with customer retention in FDI hotels. (See Appendix E)

In domestic hotels, appointing responsible persons, arranging sales and marketing experts, and measuring and monitoring customer satisfaction levels are negatively corrected with customer retention. Majority of domestic hotel staff are weak in customer knowledge and cannot effectively manage their existing knowledge. When they measure and monitor customer satisfaction level, they cannot perform their task smoothly. Staff request to fill customer survey form for measuring customer satisfaction level. On the other hand,

customers think that requesting customer survey form unconstructively affected on their privacy. (See Appendix E)

As third dimension, managing customer knowledge, measuring and rewarding employee performance based on effective customer service and training for understanding of key customers strategies are negatively correlated with customer retention in FDI hotels. Although FDI hotels train their staff, most of these training are oriented to the sales and marketing and those are not CRM methodology training. Thus, majority of staff recognised about effective sales and traditional marketing tactics, but they cannot deeply understand CRM methodology or tactics. Most of the FDI hotels measure employee performance and reward their staff based on current sales and marketing oriented criteria. Since established performance standards are not customer centric, employee performance increases without handling customer complaint efficiently. (See Appendix E)

In domestic hotels, all managing customer knowledge dimension strategies except measuring and rewarding employees' performance strategy are positively correlated with customer retention. Measuring and rewarding employees' performance strategy is negatively correlated with customer retention. Although domestic hotels measure performance and reward their employees in accordance with performance, established performance standards are based on sales and traditional marketing. As these hotels cannot establish hard standards for customer interaction for all employees, employees' recognition is not match with CRM. Therefore, domestic hotels should establish performance standards which based on meeting customer needs and handling customer complaints efficiently. (See Appendix E)

As final dimension, IT dimension, maintaining customer database, appointing IT technicians, availability of customer information at every point of contact, and establishing and applying loyalty program are positively correlated with customer retention in FDI hotels. Other dimensions are negatively correlated with customer retention. FDI hotels develop customer database and record customer information by arranging EDP team, but information of repeated customers are retrieved from data warehouse are facing with many barriers in daily operations. Sometime FDI hotels face with the problems such as spelling errors of repeated customers' name and country of origin, and errors of requested room types, errors of requested services in stay stage. At that time, customers think that hotel staff cannot

effectively apply customer database, data warehousing and data mining, although they requested customer feedbacks by various forms. Moreover, FDI hotels developed network with related organizations especially tourism companies and allowing online reservations through own website. However, FDI hotels cannot commit their promises or contract because of increasing demand in year 2013. (See Appendix E)

In domestic hotels, developing data warehousing, appointing the right technical personnel and availability of customer information at every customer touch point strategies are negatively correlated with customer retention. Other strategies are positively correlated with customer retention. Domestic hotels apply IT software in their daily operations, but this application software is developed by IT professionals who has a little or no experiences in hospitality industry and also in CRM implementation. Although domestic hotels record customer information by using IT application software, these hotels are facing with barriers in applying data warehousing. Thus, individual customer information is not easily retrieved from customer database in some customer touch points. Availability customer information is negatively affected on customer retention in domestic hotels, (See Appendix E)

#### **4.4. Analysis on Relationship between Customer Satisfaction and Retention**

In several models of customer retention, satisfaction has been explored as a key determinant in customers' decisions to continue or terminate a business relationship.<sup>78</sup> In fact, high levels of customer satisfaction generally are considered as customer retention. Kotler (2003) expressed that "the higher the customer satisfaction, the higher the retention". Therefore, relationship between customer satisfaction and retention of Myanmar hotels industry are examined by Pearson correlation in this study. The result of Pearson's correlation between customer satisfaction and retention in FDI hotels and domestic hotels is shown in Table (4.13).

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<sup>78</sup>Bolton 1998; Rust, Kahorik, and Keininghan 1995

**Table (4.13) Correlation of Customer Satisfaction and Retention  
for FDI and Domestic Hotels**

Sr No	Types of Ownership	Pearson's Correlation Coefficients	P Value
1	FDI Hotels	.598***	.000
2	Domestic Hotels	.495***	.000

Source- SPSS Output

According to the results of Pearson's correlation, correlation coefficient of customer satisfaction and retention are 0.598 and 0.495 respectively, and this relationship is significant at the 0.000 (1% level). Thus, there is a fairly relationship between customer satisfaction and customer retention in Myanmar hotels. From this result, it can be said that the direct relationship between customer satisfaction and retention exist in both ownership types of Myanmar hotels.

#### **4.5. Analysis on Relationship between Customer Satisfaction and Hotel Performance**

In this study, hotel performance is measured by the respondent's evaluation of his or her hotel's current performance relative to its competitors on a five-points scale ranging from the lowest to the highest. Respondents are requested to indicate their performance relative to that of their competitors on the ten items by using 5-point Likert score from 1 for "extremely poor" to 5 for "extremely goods". As advocated by Narver and Slater, relative performance compared to its competitors should be used to control for performance in differences among firms. Hotel performance relative to competitors of both ownership types are shown in Table (4.14) by showing mean score and standard deviation.

**Table (4.14) Hotels' Performance Relative to Competitors**

SN	Hotels' Performance	FDI Hotels		Domestic Hotels		t	p-value
		Mean	SD	Mean	SD		
1	Improvement in sales revenue	4.44	.689	3.83	.376	6.27	.000
2	Improvement in occupancy levels	4.44	.500	3.83	.376	8.07	.000
3	Improvement in room yield.	4.33	.670	2.83	.376	15.75	.000
4	Growth of repeat sales (percentage)	4.00	.474	3.33	.475	8.43	.000
5	Increased in profitability	4.11	.741	3.67	.752	3.58	.000
6	Overall improvement in performance relative to that of the hotel's competitors.	4.11	.570	3.33	.752	7.197	.000
7	Growth of existing customers (percentage).	4.00	.670	3.17	.376	8.75	.000
8	Growth in market share (percentage).	4.00	.474	2.83	.376	15.99	.000
9	Higher ratings from customer surveys	4.11	.316	2.33	.475	27.53	.000
10	Improvement in customer lifetime value.	3.78	1.04	2.00	.000	13.28	.000
	Performance of Hotels	4.13	.429	3.12	.305	15.86	.000

Source- Survey Data (2013)

According to Table (4.14), hotels' responsible persons (respondents) identify the improvement in sales revenue and occupancy rate as the highest mean score and improvement in customer life time value achieves the lowest mean score in both ownership types of hotels in Yangon. Improvement in rooms yield has the second highest score in FDI hotels. But increased in profitability achieve high score and followed by growth in repeat sales in the domestic hotels. The study also tested whether the performance of FDI hotels are different from those of domestic hotels by independent t-test. According to the responses of

the hotel general managers, performance of FDI hotels is different from those of domestic hotels.

The aim of CRM initiatives is to satisfy and retain the right customers. The customer satisfaction has significant implication for the economic performance of firms. CRM dimensions were evaluated in a number of ways including customer satisfaction, market effectiveness and financial performance, and customer retention and sales growth. This study accessed the relationship between customer satisfaction and hotel performance by Pearson’s correlation method. The results of Pearson’s correlation for relationship between customer satisfaction and hotel performance for FDI hotels and domestic hotels are shown in Table (4.15).

**Table (4.15) Correlation of Customer Satisfaction and Hotel Performance for FDI and Domestic Hotels**

Sr No	Types of Ownership	Pearson’s Correlation Coefficients	p-value
1	FDI Hotels	.02	.824
2	Domestic Hotels	.38***	.003

Source – SPSS Output

According to the results of Pearson’s correlation, customer satisfaction is almost no correlated with hotels’ performance in FDI hotels. In this study, hotel performance are measured by improvement in sales volume, occupancy rate, rooms yield, profitability and overall performance, growth of existing customer, market share, responses from customer survey, and improvement in customer life time value.

Although the numbers of foreigners who visit Myanmar have dramatically increased since the 2012 and later, a few hotel rooms’ capacities increased. Therefore, Myanmar FDI hotels cannot satisfy their increasing demand with existing room capacities. Customers or potential guests take into account hotel room availability in their purchase decision as the

first priority. They cannot consider whether they are satisfied with the services provided by FDI hotels in Yangon at previous visiting.

The study also examined the relationship between customer satisfaction, and hotel performance in domestic hotels by Pearson's correlation. According to the results of analysis, customer satisfaction is directly correlated with hotel performance in domestic hotels. As shown in Table (4.15), the coefficient of customer satisfaction and hotel performance of FDI hotels is 0.380. Since the coefficient of 0.380 is positive value, there are direct relationships between customer satisfaction and hotel performance in domestic hotels. The correlations is significant at 0.003 (1% level) in domestic hotels. Therefore, the more increased in customer satisfaction level, the more improved the performance level of domestic hotels.

#### **4.6 Analysis on the Relationship between Retention and Hotel Performance**

CRM is regarded as a strategy, which focuses on customers for the purpose of retaining them, increasing their loyalty and subsequently, improving profitability of the organization. To retain customers, the relationship with customers has to be managed in a long term by trusting manner for mutual benefits. Thus, the adoption of CRM enhances the hotel performance through customer satisfaction and retention (loyalty), declining customer acquisition costs and increasing profitability by customers who are willing to pay a premium for better services.<sup>79</sup>

The study also analyses the relationship between retention and hotel performance in both ownership types by using Pearson's correlation and the results are shown in Table (4.16).

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<sup>79</sup> Piccoli et al., 2003

**Table (4.16) Correlation of Customer Retention and Hotel Performance  
for FDI and Domestic Hotels**

Sr No	Types of Ownership	Pearson's Correlation Coefficients	p-value
1	FDI Hotels	.02	.875
2	Domestic Hotels	.29 **	.021

Source – SPSS Output

According to the result of correlation, customer retention is weakly correlated with hotel performance in FDI hotels. The occupancy rate of the most FDI hotels in Yangon are 80% and above, because of environmental changes such as political, economical, social and cultural factors. Since Myanmar have been changes its economy to free market economy and this changes are more strengthen in 2009 and later, most of the business men, observers and researchers from international countries are more interesting in Myanmar changing situation.

In domestic hotels, retention is directly correlated with hotel performance at 5% statistically significant level (associated p value = 0.021). Since Pearson's correlation coefficient of retention is positive value of 0.297, there is positive relationship between retention and hotel performance in domestic hotels. The study found that hotel performance is directly correlated with customer satisfaction and also retention in domestic hotels.

There are almost no relationships between customer satisfaction and performance of hotels and also customer retention and hotel performance in FDI hotels. Correlation coefficients of customer satisfaction and hotel performance and customer retention and hotel performance are in the same direction. In domestic hotels, correlation coefficients of customer satisfaction and hotel performance, and customer retention and hotel performance are positive. Thus, customer satisfaction is directly correlated with performance of hotels. Moreover, customer retention is positively corrected with performance of hotels.

As summary, CRM of Myanmar hotel industry is just introduction stage of CRM component stages. In this stage, limited budget in CRM planning and a few marketing researches are conducted by means of focus group discussions and survey. CRM practices

focus on mass market or sometime targeted segments, it cannot focus on individual. There is no arrangement for channel management and communication system is disparate or internally coordinated but it cannot coordinate with external business partners.

Most of the hotels arrange or appoint their staff with the aims of sales and marketing orientation. There have no CRM methodology training, thus majority of employees especially managerial level recognize CRM as informal practices. Although most of the management are interested in CRM, they do not deeply understand the basic principles of CRM and they have a little leadership skill for CRM implementation.

Most of the hotels use IT application software in their daily operations, but this software is basic and disparate and they cannot fully utilise this software. Myanmar hotels are faced with many complaints and they cannot arrange efficient complaint handling system.

## **CHAPTER 5**

### **CONCLUSION**

This chapter summarizes the findings from the study of 15 out of 24 hotels which have 3-star and above and located at Yangon, Myanmar. In this study, 9 FDI hotels and 6 domestic hotels are selected for examining CRM dimension strategies. The study focuses on 3-star and above hotels which have been operating for more than fifteen years in Myanmar, appointed above 100 employees, and gained above 70% average occupancy rate in year 2013. Most of the FDI hotels arrange above 100 rooms and most of the domestic hotels arrange below 100 rooms.

The findings were resulted from thorough analysis by using the conceptual framework mentioned in chapter 2. In this study, the CRM strategies practiced by Myanmar hotels are examined. The analysis of the relationships between CRM dimensions and customer satisfaction, CRM dimensions and retention, customer satisfaction and retention, customer satisfaction and hotel performance, and retention and performance of Myanmar hotels are reported. The recommendations and suggestions on the CRM implementation in Myanmar hotels for the improvement of the hotel performance, and the managerial implications are also reported. For the broad picture to be explored, the needs for further study based on the findings of this study are also pointed out.

#### **5.1 Findings and Discussions**

In this study, CRM strategies conducted by hotels in Yangon are examined by four dimensions: customer orientation, organizing around CRM, managing customer knowledge, and incorporating CRM based technology in two types of ownership: FDI hotels and domestic hotels are located in Yangon. For that evaluation, CRM strategies conducted by Myanmar hotels are collected from in-depth interview with hotel responsible persons (General Manager) by using structured questionnaires.

CRM related data are collected from responsible persons who are business related master degree holders, who have over 10 years experience in hotel industry and over 5 years

experience in operations manager position, and who have successfully accomplished over 10 related training courses both locally and internationally. The respondents are needed to rate on usage level of CRM four dimension strategies of their hotels by five point Likert scale from 1 “not used at all” to 5 “greatly used”.

The study firstly examined the CRM strategies of Myanmar hotels by dividing two ownership types: FDI hotels and domestic hotels. According to the analysis on the responses of hotel general managers, all dimensions of CRM strategies are greatly conducted by FDI hotels. Among them customer orientation dimension achieved the highest usage level and IT dimension achieved the lowest usage level. Organizing around CRM dimension is applied as a second highest usage level and managing customer knowledge dimension is applied as third usage level in FDI hotels.

In domestic hotels, customer orientation and managing customer knowledge dimensions are moderately used but organizing CRM and IT dimensions are weakly applied in their daily operations. Among these dimensions, customer orientation dimension is highly applied and IT dimension is weakly applied. Managing customer knowledge CRM dimension is applied as the second highest usage level while organizing dimension is applied as the third highest usage level in domestic hotels.

The study found that Myanmar hotels apply all CRM dimensions by different usage level. According to overall usage level of CRM dimensions, customer orientation (customer centric) dimension is the highest usage level whereas IT dimension of CRM is the lowest usage level in both ownership types of hotels. Overall usage level of all CRM dimensions in FDI hotels are greater than those of domestic hotels. It can be concluded that more FDI hotels applied all CRM dimensions than domestic hotels in their daily operations.

As customer orientation dimension, the strategy of the staff participation in offering customised services and the strategy of careful treating for all customers are greatly applied in both types of hotels. The strategy of building partnership with individual customer is the lowest usage level in both ownership types of hotels. It can be said that the majority of Myanmar hotels are offering customised services with great treatment by participating all staff, but these hotels are weak in building partnership with individual customer.

As second dimension, organizing around CRM, the strategy of using customer feedback to improve service and measuring and monitoring customer satisfaction level strategy are greatly used in both types of hotels. The strategy of appointing responsible persons for developing and enhancing customer value is the lowest usage level in FDI hotels while the usage level of appointing marketing experts is the lowest in domestic hotels. Moreover, since collecting customer feedback and suggestion is also an important factor for maintaining good customer relationship, majority of FDI hotels collect guests' feedbacks and suggestions by using Online Feedback Form (e-mail) and Customer Survey form. Domestic hotels collect customer feedback and request suggestion from front line staff either manually or over the telephone.

In managing customer knowledge dimension, measuring and rewarding employee's performance and customer knowledge training are greatly used in FDI hotels. According to the analysis of customer knowledge management dimension of CRM strategies, FDI hotels collect and analyse customer data by various methods and then translate these information into customer knowledge. FDI hotels measure employees performance and reward based on satisfying customer needs and careful serving to these customers. Although domestic hotels measure performance of employees and reward based on their fulfillment of guests' needs, knowledge management trainings are infrequent in their training arrangement. The lowest usage level is found in the strategy of providing two ways communication channel between key customers and hotels in both types of hotels.

As IT dimension, both types of hotels allow all potential guests to online reservation through their own website and transaction on telephone. As online agents emerge in recent years, most of the hotels are relying on reservation through these online agents. Data warehousing and data mining strategies are infrequently used in FDI hotels. The majority of domestic hotels cannot appoint right technical persons and develop network with related organizations.

The study found that CRM strategies are different according to ownership types of hotels and correlation of CRM strategies and customer satisfaction are also different from FDI hotels and domestic hotels in Yangon. Customer satisfaction level on CRM in these two ownership types of hotels are not the same. Overall satisfaction level on CRM strategies of

FDI hotels is greater than those of domestic hotels in Yangon. In FDI hotels, customer satisfaction level on physical features and fittings (such as design, decoration, appearance, cleanliness, lighting in the hotels, and other facilities) is the highest score, while customer satisfaction level on various services is the highest score in domestic hotels.

As the demands of Myanmar hotel industry dramatically increased and supply cannot expand immediately to match this demand in year 2012 and 2013, some of the visitors cannot afford accommodating in FDI hotels. Most of the foreigners wanted to stay in FDI hotels located at Yangon, but hotel room's availability was not secure, and room prices increased in FDI hotels in 2012 and 2013. Therefore, these travellers fulfilled their accommodation requirement with the services of domestic hotels. Since expectation of these guests on the services provided by domestic hotels is low, their overall satisfaction level on services provided by domestic hotels is higher than physical decoration.

Secondly, the study examined the relationship between four dimensions of CRM strategies and customer satisfaction. All CRM dimensions are positively correlated with customer satisfaction in FDI hotels. "Customer orientation" and "Organizing around CRM" dimensions are directly correlated with customer satisfaction. The majority of FDI hotels seek their key customers or profitable customers and build partnership with individual key customer. These hotels classify their customers by using various ways to identify the profitable customers or key customers. Most of the foreign visitors want to gain credit by staying in international chain hotels. On the other hand, most of the FDI hotels conduct loyalty programme, membership programme, and providing extra night to maintain customer. Regarding the findings of survey on promotional tools, customers strongly emphasize price discount and extra night. The majority of the FDI hotels express their appreciation to their customers by sending seasonal greetings and congratulatory message by appointing business related master degree holders who have many years experiences in hotel industry and they have also accomplished with many trainings related to customer relationship management. These persons provide customised services in accordance with guests' requests. Therefore, "Customer orientation dimension" and "Organizing dimension" of CRM strategies are directly correlated with customer satisfaction in FDI hotels.

“Managing customer knowledge dimension” and “IT dimension” of CRM strategies are weakly correlated with customer satisfaction in FDI hotels. Majority of FDI hotels train their staff to understand the needs of customers exactly, and also provide two way communication between key customers and hotels’ staff. Most of the guests expected that staff have sufficient customer knowledge and fully understand customer requirement by translating their feedback which are collected by the hotel through various ways including online feedback. They also trust on the knowledge management of FDI hotels. Since most of the FDI hotel guests are foreigners, they have already known the customer knowledge level of FDI hotels staff and they commonly used IT related features (such as Wi-Fi connectivity, high speeds internet, and other telecommunication facilities) at their host country. FDI hotels are trying to provide these IT related features within the limitations of environmental condition, they are facing with many barriers especially customer complaints on internet connection.

On the other hand, IT dimension strategies are needed to fully apply for implementing of the customer orientation dimension CRM strategies. Most of FDI hotels have sufficient hardware and software in their hotels operations for implementating CRM to offer customised services from the perspective of service providers. Although most of the guests are interested in customer orientation like loyalty programme by using IT related application software, they do not concentrate on the application of data warehousing and data mining strategies. In other words, technology does not seem to significantly increase customer satisfaction and loyalty over the long run. It only makes the efforts more efficient than before. Therefore, “Managing customer knowledge dimension” and “IT dimension” of CRM strategies are weakly correlated with customer satisfaction in FDI hotels.

The study also examined the relationship between CRM dimensions and customer satisfaction in domestic hotels. All CRM dimensions are positively correlated with customer satisfaction. “Managing customer knowledge”, and “IT dimension” are positively correlated with customer satisfaction in domestic hotels. Although the majority of staff are willing to provide individualised services in accordance with customer requests, sometime they cannot understand accurately customer needs and preferences and also cannot translate customer feedbacks into customer knowledge. At that time, customer are not fully satisfied with the individualised services.

Although domestic hotels record customer information by using IT application software and develop customer database, they are facing with barriers in application of data warehousing and data mining in their daily operations. Some barriers such as missing requested services, providing services to wrong persons, and errors of customer preferences are affected on customer satisfaction. On the other hand, domestic hotels cannot appoint technical personnels for building and mainting customer relationship and cannot develop network with related organizations. Moreover, domestic hotels also provide IT related features (Wifi connectivity, high speed internet, own wesite, online reservation) in accordance with their star rating. According to the responses of hotel general managers, most of the customer complaints are related to IT features. As a result, domestic hotels are facing with IT related barriers in their operations as well as customer satisfaction level on these IT features are lower than level on various services. If domestic hotels accurately translate customer feedbacks into knowledge and effectively provide IT related features, customer satisfaction level on CRM practices may be increased. Therefore, “Managing customer knowledge” and “IT dimension of CRM” practices are directly correlated with customer satisfaction.

“Customer orientation”, and “Organizing around CRM” dimensions are weakly correlated with customer satisfaction in domestic hotels. Most of the domestic hotels offer customised services in accordance with their star rating. The majority of domestic hotels guests are Myanmar citizens who cannot afford to accomodate in FDI hotels at the given price and they do not want to spend very large amount on their accommodation and they are price sensitive customers. Myanmar travellers with the purposes of business or other work related reasons or relaxing their stress also fulfill their accommodation with the services of hotels. Most of the Myanmar people are not interested in customised services as well as they do not exactly understand the right of consumers. Since, CRM strategies related to customer orientation are not important for their statisfaction, “Customer orientation” is weakly correlated with customer satisfaction in domestic hotels.

On the other hand, domestic hotels cannot arrange the right persons at right place. But Myanmar domestic hotels treat all customers with great care and provide customised services by their own staff. Although domestic hotels are not sufficient in internal training for implementing CRM, majority of the staff are trying to provide customised services and to

improve their customer knowledge by studying and observing outside their working time. As nature of Myanmar culture, almost all of the staff are willing to help and care courteously their customers. Therefore, “Organizing” dimension is also weakly correlated with customer satisfaction in domestic hotels.

Thirdly, the study tested the relationship between CRM dimensions and customer retention in FDI hotels. All CRM dimensions except IT dimension have almost no correlation with customer retention in FDI hotels. Although FDI hotels collect customer feedbacks by various ways, they are weak in application of customer feedbacks and also knowledge management. Translating customer feedbacks into customer knowledge must be performed as the first priority in CRM implementation. FDI hotels train their staff locally and internationally, but majority of training do not base on CRM methodology. Most of the employees are weak in ability of needs identification and also knowledge management. Communication system is disparate and it does not coordinate internally and also externally. Although FDI hotels increased number of customers, number of repeated customers are minority group. If FDI hotels provide CRM methodology training for all employees, customer retention level may be increased. Therefore, “Customer orientation”, “Organizing”, and “Managing customer knowledge” dimensions are weakly correlated with customer retention in FDI hotels. IT dimension is negatively correlated with customer retention. FDI hotels develop customer database but repeated customer data are not accurately available in some touch points. Although FDI hotels provide IT related features such as online reservation, Wi-Fi connectivity, high speed internet, teleconferencing, and video conferencing, customer complaints on these features are more increased than before. Therefore, “IT dimension” is negatively correlated with customer retention.

It is found that all CRM dimensions except “Organizing dimension” are positively correlated with customer retention in domestic hotels. “Customer orientation” and “IT” dimensions are weakly correlated with customer retention and “Managing customer knowledge” dimension is directly correlated with customer retention in domestic hotels. Domestic hotels request customer feedbacks by using customer survey forms and apply these feedbacks in providing customised services. To effectively apply these feedbacks, hotels staff are required to manage their customer knowledge effectively. Domestic hotels appoint marketing expert and responsible persons for providing customer services. Although majority

of domestic hotels staff are committed in their assigned tasks, they cannot accurately provide customised services for their repeated customers. Therefore, “Organizing” dimension is negatively correlated with customer retention in domestic hotels.

The study examined the relationship between customer satisfaction and retention as fourth analysis in both ownership types of Myanmar hotels. According to the results of analysis, customer satisfaction is directly correlated with retention in both ownership types of hotels in Yangon. It can be concluded that the more satisfied on CRM strategies conducted by hotels, the retention rates are more increased in Myanmar hotels. Customer satisfaction is the key determinant of customer retention.

Several researchers explored that customer satisfaction is the key determinants in customer’s decisions to continue or terminate a business relationship. Reichheld (1996) stated that high level of customer satisfaction generally are considered essential to customer retention. Kotler (2003) expressed that “the higher the customer satisfaction, the higher the retention”. This study found that customer satisfaction is positively correlated with customer retention in Myanmar hotels: both FDI hotels and domestic hotels. According to the results of survey, majority of customers respond that they would like to stay next time and they will definitely recommend hotel to their friends and relatives, if they are satisfied in all stages of sales cycle. It can be concluded that customer satisfaction is directly correlated with customer retention in Myanmar hotel industry.

In the fifth part of analysis, relationship between customer satisfaction and hotel performance, and also customer retention and performance of hotels are examined. The study found that customer satisfaction and customer retention are positively correlated with hotel performance in both types of hotels in Yangon. In FDI hotels, there is weak correlation of customer satisfaction and performance of hotels and customer retention is also weakly correlated with performance of hotels in FDI.

As the demands of Myanmar hotels industry dramatically increased in year 2013, the industry cannot fully provide their customer accommodation requirement. Myanmar hotels try to meet their increasing demand by renovation the unused area and removing office units which are occupied in hotels area. On the other hand, the noise of renovation is effected on customer privacy as well as customer satisfaction level.

As most of the Myanmar citizens have increased in personal income and their life style and attitude towards hotel industry are changed, Myanmar citizens are also the customers of hotels industry. The room prices of Myanmar hotels especially FDI hotels, are unexpectedly increased in Year 2013, because of the number of visitors that dramatically increased in year 2013.

In Myanmar hotels industry, supplier bargaining power is very high and capacity of supply cannot create immediately and cannot fulfill their increasing demand in current situation. Most of the FDI customers especially business men and international tourists want to stay in only FDI hotels which have positive image and prestige chain in other countries. Therefore, these guests consider the availability of rooms in respective FDI hotel as first priority in selecting hotel. On the other hand, FDI hotels are trying to fulfill their increasing demand as well as implementing CRM practices in management dimensions: customer centric, organizing, and managing customer knowledge dimension, and IT dimension.

In FDI hotels, as number of customers and average occupancy rate are increased, it can enhance the level of customer satisfaction and retention. At the same time, numbers of customer complaints and room prices are also increased, and it may lead to decrease customer satisfaction and retention. In this study, hotel performance is measured by numbers of existing customers, occupancy rate, and numbers of customer complaints. Although the performance of FDI hotels are highly improved in accordance with numbers of customer and average occupancy rate (2013), customer satisfaction on various services is not highest level and customer retention rate is normal situation. Therefore, the performance of FDI hotels is not directly correlated with customer satisfaction and retention.

It is also found that in the study customer satisfaction and retention directly correlated with hotel performance in domestic hotels. Most of the domestic hotels provide CRM practices in some extent according to their star rating. Myanmar Ministry of Hotels and Tourism encourage these domestic hotels to provide great customer service with great care for all guests and promote their hotel services. Ministry identified star rating according to their service provided in year 2012 for hotels which have totally 20 rooms and above and registered with the ministry. These domestic hotels are allowed to receive foreign currency for their services. Ministry will review and monitor these star hotels semi-annually and their

star rating may be increased or decreased in accordance with customer service level provided. Therefore, most of the domestic hotels especially three star and above hotels are enhancing and promoting their customer service and customer relationship practices.

On the other hand, customer expectation on the services of domestic hotels are very low, thus they are satisfied on the services provided by committed hotel staffs in domestic hotels. Although sufficient hardware and software cannot apply in domestic hotels, the performance of hotels in terms of the number of customers and average occupancy rate are increased by implementing CRM with committed staff. Most of the domestic hotels staff are weak in cooperating and coordinating for team work, and managing customer knowledge, but they are willing to provide great customer services and they are trying to learn the business related customer knowledge.

According to findings from survey all of the respondents answered that they would like to visit respective domestic hotels frequently and they will definitely recommend hotel to their friends, relatives and family members. This responses show that customer retention for domestic hotels may be increased in the future and the number of customers and average occupancy rate of domestic may be maintained. If the level of customer satisfaction and retention are increased, performance of hotels will be increased in domestic hotels in accordance with findings of the study.

In summary, it was found that in the all CRM dimensions are positively correlated with customer satisfaction in both types of hotels in Yangon. In FDI hotels, all CRM dimensions except IT dimension are positively correlated with customer retention while IT dimension is negatively correlated with customer retention. In domestic hotels, all CRM dimensions except organizing dimension are directly correlated customer retention.

Secondly, there are positive relationship between customer satisfaction and retention in both ownership types of hotels in Yangon. Thirdly, customer satisfaction and retention are weakly correlated with hotels performance in FDI hotels. Finally, customer satisfaction and retention are directly correlated with hotels performance in domestic hotels in Yangon. Therefore, to implement CRM successfully, hotels are required to apply the combination of CRM four dimensions: customer centric, organizing, managing customer knowledge, and IT dimension.

## 5.2 Suggestions and Recommendations

In current situation, although FDI hotels are equipped with many traditional, beautiful, and perfect surroundings, and arrange very attractive hotel facilities, these decorations are not adequate for international customers. Therefore it should upgrade and extend standardized facilities in accordance with SOP. As overall satisfaction level on various services is lower than satisfaction level on physical facilities, FDI hotels should enhance their service level to successfully accomplish CRM implementation.

In domestic hotels, although customer satisfaction level on various services is identified as the highest level by their customers, the hotels should encourage and motivate all staff to perform their assigned tasks with high capability and commitment.

As customer orientation dimension directly correlated with customer satisfaction in FDI hotels, the hotels should enhance and focus on their customized service (special services) for building and developing customer relationship. If the FDI hotels clearly understand and definitely applied CRM concept, the hotels can enjoy competitive advantages in hotel industry. And also they should upgrade the knowledge and skills of all staff relating to customer relationship management and also related to hospitality industry. To successfully implement customer orientation or offer customised services, all hotel staff are needed to understand the customer behavior, preferences, and attitude toward the hotel services as well as hotels are needed to organize with right professionals (experienced and skillful personnel).

Although IT dimension of CRM is weakly correlated with customer satisfaction in FDI hotels in Yangon, the hotels should arrange customer database, data warehousing and data mining in their operations to keep accurate record of customer profile (preference, behaviour and dislike). This data warehouse will provide customer information for maintaining good customer relationship between the customer and hotel and also it can lead to increase customer satisfaction level and retention rate. By recording customer profile and translating these profiles to customer knowledge, hotels will provide customised services to individual customers who have different needs.

Some selected FDI hotels provide IT related features (teleconferencing and videoconferencing), but these features should be effectively upgraded for interactive communication with their respective persons all over the world. All of the Myanmar hotels

should develop sophisticated websites that allow potential customers to enable online reservation and to review their requisition. It should use IT application software to collect and store information about individual customer's preferences and to obtain required information for implementing loyalty package for repeated customers.

Hotel managers should try their best to implement CRM not only for maintaining current customers but also for acquiring potential customers. By maintaining good customer relationship with current customers, the hotel can retain current customers as well as it can attract new customers through word of mouth. Therefore, hotel could attract more customers by building strong customer relationship and brand awareness.

As managing customer knowledge dimension directly correlated with customer satisfaction in domestic hotels, the hotels should encourage all staff from manager to receptionist, from kitchen staff to cleaner for participating in team work. It should develop organization design to ensure that individual members of staff are motivated and committed in their assigned tasks. Commitment can be encouraged by other processes that enable staff to feel valued and rewarded. Moreover, hotels should provide trainings to all staff for understanding customer knowledge. It is also needed to obtain accurate and ultimate information to provide a seamless, consistent and individualized service to their customers. In domestic hotels, to ensure the smooth running of the CRM Implementation, it is necessary the participation of well-trained and committed staff.

All of the staff from the top to the bottom should actively participate in building and maintaining good customer relationship. It should integrate different customer data by arranging efficient hardware and application software for better understanding of customer knowledge in domestic hotels.

Although domestic hotels have increased in performance in terms of occupancy rate and numbers of customers in recent year, it may be decreased in next five years. Hotels construction projects are implementing in some popular area especially Yangon and Nay Pyi Taw as well as potential new entrepreneurs may enter in Myanmar hotels industry from internationals. If these construction projects are completed and new entrepreneurs who offer services with innovative feature are emerged, competition may be very intense for domestic

hotels in Myanmar. Therefore, domestic hotels should endeavour to improve their performance as well as to maintain current position.

By implementing the CRM practices, the hotels should emphasize not only on external customer audit but also on conducting internal customer audit. CRM is a continuous process and needs to be sustained and developed according to organizational goals. Because of its important role in this era, it may be recommended to do a new survey with accurate survey yearly in order to evaluate CRM activities.

The study suggests that Myanmar hotels should seek and emphasize their key or profitable customers by assigning right persons at suitable tasks and managing customer knowledge. The hotels should offer individualised services by developing and applying flexible rules for customer services. Moreover, hotels should train and develop the customer knowledge of their staff locally and internationally. Domestic hotels use IT application software which is developed by only IT professionals in their operations, thus these hotels are facing with some barriers to run daily operations smoothly. Therefore, domestic hotels should apply the software which is developed by both IT professionals and hotel experts. Domestic hotels should request advices from the academicians and practitioners of customer relationship management to successfully implement all CRM dimensions. In this implementation, IT dimension of CRM should support accurate customer profile by maintaining and managing customer information. As a conclusion, management dimensions of CRM should incorporate with the supporting of IT dimension in CRM implementation in Myanmar hotel industry.

### **5.3 Managerial Implications**

According to the results of the analysis, Myanmar hotels are implementing CRM their respective ways. The setting up of a customer information system (CIS) that can search and process information automatically and provide a consistent view of the customer across every point of interaction. This bringing together a wide array of data into actionable formats that support management decisions, is the challenge for the future. The system, based on a data warehouse with an accessible and user-friendly interface, not only will integrate different operational systems and databases but also will be able to store multiple profiles for the same

customer, depending on its behaviour and nature of travel.

In order to develop and apply this customer information system, IT related facilities should be established and promoted in hotel industry. At the same time, all the hotel staff should be trained and motivated to successfully accomplish their assigned tasks. Moreover, hotel managers should thoroughly understand and apply CRM strategies to all dimensions. Therefore, management dimensions: customer orientation, organizing around CRM, and managing customer knowledge should be concentrated on CRM implementation with the help of IT application.

According to the findings, 3-star and above hotels train their staff locally and internally but they are weak in CRM methodology training and knowledge management training. Therefore, Myanmar hotels should enhance the employees' understanding of CRM implementation. To successfully implement CRM, Myanmar hotels should perform two main activities: promoting customer loyalty and retention and developing CRM oriented sales force.

### **5.3.1 Promoting Customer Loyalty and Retention**

Managing customer valued by creating quality service assume that customers are considered as a critical component of hotels' strategic marketing. Orientation to customer retention, continual customer contact, and high commitment to meeting customer expectations are the new strategic rules of relationship marketing, which are based on factors other than pure economic assessment and product attributes.

Loyalty usually bases on satisfaction, but satisfaction may or may not lead to loyalty. In a hotel, a guest may be satisfied by his/ her stay because the services purchased have met his/ her expectations, but this does not imply that he/ she will repeat the experience and/ or recommend it to friends and relatives. Apart from temporary travellers, who do not generally return to the area where the property is located, some people choose different hotels according to the purpose of trip (e.g., whether they travel on business or leisure with their family), others look for novelty and like to sample different properties in the same area, others are price sensitive and stay for the best deal. Finally, some guests do not develop

loyalty simply because they are not encouraged to return. Although keeping guests satisfied is important, loyal customers bring more value than satisfied customers.

To stimulate loyalty, hotel managers need to have a clear understanding of guests' value drivers and be aware of the ways in which their hotel succeeds or fails to contribute to the creation of customer value. It is important that the need to establish a continuous organizational learning environment to acquire and creatively use customer knowledge to foster long-term relationships and, thereby, business performance. A continuous learning mode is especially critical in a sales context to facilitate understanding of customers and counter sales force obsolescence. Salespeople who exhibit a high level of learning are better able to leverage their customer knowledge and offer more personalized services that further customer satisfaction, retention, and sales growth.

### **5.3.2 Developing a CRM Oriented Sales Force**

According to the research findings, the favorable effects of CRM practices on performance of hotels, at an individual level, hotel staff, especially salespersons who interact with customers daily, should increase their contributions to successful CRM. A majority of CRM software providers have roots in Sales Force Automation (SFA), so most of CRM software are designed to enhance sales and sales management functionality. CRM initiatives are needed to be well understood by frontoffice staff. After all, they are an organization's key interface with its customers.

Therefore, they can play vital role in CRM implementation and in ultimate customer satisfaction and retention. By providing with CRM systems to enhance hotel performance, all of the hotel staff are needed to be motivated, to develop and maintain a CRM orientation. This can be facilitated by management's internal marketing efforts. Specifically, *market training and education, internal communication, reward systems, and employee involvement* are four internal marketing processes that can significantly promote a CRM orientation among salespersons.

### **(a) Market Training and Education**

Training programs with a CRM component are crucial for frontline employees, especially salespersons. In particular, training programs are essential in conveying the importance and nature of a CRM orientation to salespersons so that they acquire the requisite relationship development skills and sensitivity to changing customer needs. Such training programs are crucial because customer expectations tend to be infinitely elastic; thus, increasingly higher customer relationship performances will be demanded in the future. Overall, if salespersons are trained and motivated to continually demonstrate real concern for customer welfare, favorable outcomes such as higher customer satisfaction, retention, and performance can be expected. Moreover, salespersons are trained for translating customer feedbacks into customer knowledge and managing these customer knowledge effectively.

### **(b) Internal Communication**

Often, management dimensions of CRM are not fully understood or translated into line and staff actions that “loyal” customers readily perceive. Management should pay high attention to the communication of CRM strategies and objectives to all employees. CRM responsibilities must be clearly defined, assigned, and understood via clear communication. Organizational employees at all levels continually look to their superiors for evidences which are really important. Senior executives should encourage other staff to participate in CRM implementation by disseminating open and accurate information related to the benefits of CRM. Thus, senior managers serve as important role models for CRM activities.

### **(c) Reward Systems**

Instrumental in shaping the behavior of all employees, reward systems can provide direct motivation for salespersons to adopt new attitudes and behaviors in harmony with a CRM orientation. Accordingly, the traditional sales volume-oriented yardstick in measuring and rewarding salesperson success should be modified to include tangible goals and rewards for retention of key customers through CRM activities. It is important for the organization to openly recognize and reward superior CRM performance by its salespersons in order to

reinforce CRM-oriented conduct and behaviors. In designing reward systems, perceptions of managerial integrity and fairness are essential for maintaining highly motivated, satisfied, and committed CRM salespeople.

#### **(d) Employee Involvement**

All company employees, especially salespeople, must “buy in” to CRM through internal marketing by senior management. Empowerment is a vital aspect of internal marketing that gives frontline salespeople autonomy over their service activities and the ability to more fully address customer needs. In other words, empowerment enables salespeople to more easily negotiate mutually satisfying commitments with customers. One important way to empower salespeople is to grant them greater financial flexibility—for example, in committing company resources to serve customers, approving reimbursements for flawed products, or in negotiating price discounts and other purchase incentives. Empowered salespeople are able to resolve customer complaints more promptly and, oftentimes, turn initially dissatisfied customers into satisfied or even loyal customers. In addition, empowered employees tend to be a great source of creative customer service ideas. Conversely, if salespeople must seek approval of management before responding to most customer requests, their power on behalf of customers is visibly diminished and, also most likely, their enthusiasm for CRM. In order for salespersons and other employees to feel empowered, managers may need to share some of their authority and prerogatives. However, the potential payoffs in higher customer satisfaction, customer retention, company profits, and employee impetus for CRM activities seem worth the managerial trade-offs.

#### **5.4. Need for Further Study**

The limitations of the study is that CRM practices of 9 FDI hotel and 6 domestic, and customer satisfaction of 150 customers from 3-star and above hotels in Yangon are analysed and the result may be varied by more respondents. As a result, this thesis will not perfectly cover the customer relationship management practices of the entire hotel industry in Myanmar.

The study only focuses on CRM practices of 3-star and above hotels in Yangon. It should study CRM practices of hotels in other areas as well as other business fields such as service quality, service marketing, and financial performance of Myanmar hotel industry. In addition, CRM practices in other service industries such as banking, restaurants, and beauty spa should be studied to broadly understand the CRM implementation. In this study, customer satisfaction on the CRM practices of hotels is analysed by using responses of 150 hotel guests. If the sample size is increased, relationship of CRM strategies and customer satisfaction and also correlation of CRM strategies and customer retention may be changed.

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## **APPENDIXES**

**Customer Relationship Management Orientation Scale Items**

**I. Focusing on Key Customers**

1. Providing customized service to key customers
2. Building partnership with individual key customer
3. Participating all staff in every departments in working together to offer customized services
4. Finding the needs of key customers by requesting and reviewing customer feedback
5. Treating all customers with great care
6. Establishing customer centric performance standard and then monitor at every customer touch point

**II. Organizing Around CRM**

1. Establishing clear business goals related to customer acquisition, development, retention and reactivation
2. Hiring designated persons responsible for developing and increasing the value of customer portfolio.
3. Setting marketing plan includes different budgets for customer recruitment, maintenance and development.
4. Measuring and monitoring customers' satisfaction levels
5. Using customers' feedback to improve product and services
6. Assigning sales and marketing experts and other resources to managing customer relationship

### **III. Managing Knowledge**

1. Measuring and rewarding employees' performance based on meeting customer needs and successfully servicing them.
2. Providing channel to enable ongoing two way communication between key customers and our hotel
3. Understanding the needs of key customers exactly

### **IV. Incorporating CRM Based Technology**

1. Maintaining the comprehensive customer database
2. Arranging right hard ware and soft ware to serve all customers
3. Developing data warehousing for customer management.
4. Using data mining to understand customers' behaviour
5. Appointing the right technical personnel to provide technical support for the utilization of computer technology in building customer relationship
6. Availability of individual customer information at every point of contact
7. Establishing and applying the loyalty program for frequent guest
8. Developing network with related organization (eg. tour agent, car rental, air line, currency exchange, and insurance companies)
9. Allowing all guest transaction on telephone, online reservation through owned website

**APPENDIX - B**

**Profile of Selected Hotels**

	FDI Hotels		Domestic Hotels		Total Number of Hotels	Percentage of Sample (%)
	Number of Hotels	Percent age of Sample	Number of Hotels	Percent age of Sample		
<b><i>Years of operations</i></b>						
5 – 9 years	1	11	1	17	2	13
10 - 15 years	3	33	2	33	5	33
16 years and above	5	56	3	50	8	54
<b>Total</b>	<b>9</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>15</b>	<b>100</b>
<b><i>Numbers of Employees</i></b>						
100 and below	1	11	1	17	2	13
101 – 200	3	33.5	4	66	7	47
201 – 300	1	11	1	17	2	13
301 – 400	1	11	-	-	1	7
401 and above	3	33.5	-	-	3	20
<b>Total</b>	<b>9</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>15</b>	<b>100</b>
<b><i>Numbers of Rooms</i></b>						
100 and below	1	11	5	83	6	40
101 – 200	2	22	1	17	3	20
201 – 300	2	22	-	-	2	13
301 and above	4	45	-	-	4	27
<b>Total</b>	<b>9</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>15</b>	<b>100</b>
<b><i>Average Occupancy Rates (2013)</i></b>						
61% – 70%	-	-	1	17	1	6
71% - 80%	3	33	4	66	7	47
81% and above	6	67	1	17	7	47
<b>Total</b>	<b>9</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>15</b>	<b>100</b>

Source – Survey Data, 2013

### Profile of Respondents in Selected Hotels

Profile of Respondents	FDI Hotels		Domestic Hotels		Total	
	Frequency	%	Frequency	%	Frequency	%
Gender						
Male	3	33	2	33	5	33
Female	6	67	4	67	10	67
Bachelor Degree						
Business-related	2	22	1	17	3	20
Non-Business related	7	78	5	83	12	80
Master Degree						
Business-related	9	100	4	67	13	87
Non-Business related	-	-	2	33	2	13
Years of Experience in Hotel Industry						
5-9 Years	2	22	1	17	3	20
10- 14 Years	4	45	1	17	5	33
15 Years and above	3	33	4	66	7	47
Years of Service in current position						
1-4 Years	4	45	1	17	5	33
5-9 Years	2	22	5	83	7	47
10 and above	3	33	-	-	3	20
Number of hospitality industry related training courses attended						
1 – 4	-	-	2	33	2	13
5 - 9	2	22	4	67	6	40
10 and Above	7	78	-	-	7	47

Source – Survey Data, 2013

## Questionnaire Items for Analysis on CRM Dimensions

Dimension	Description for Questionnaire Items of Each Dimension	Previous Researcher	Question Type
Customer Orientation (customer centric) (6 items)	<ul style="list-style-type: none"> <li>· Providing customized service</li> <li>· Building partnership with individual customer</li> <li>· Participating all staff in working together to offer customised services</li> <li>· Finding needs of the customers by requesting and reviewing customer feedback</li> <li>· Treating all customer with great care</li> <li>· Establishing customer centric performance standard and monitoring at every customer touch point</li> </ul>	Frederick Hong-kit Yim, Rolph E. Anderson, and Srinivasan Swaminathan 2004	Interval (Likert type 5 points scale is applied)
Organizing Around CRM (6 items)	<ul style="list-style-type: none"> <li>-Establishing clear business goals related to customer acquisition, development, retention, and reactivation.</li> <li>-Appointing responsible persons for developing and enhancing the value of customer portfolio</li> <li>-Preparing marketing plan includes different budgets customer acquiring, and maintaining</li> <li>-Measuring and monitoring satisfaction levels</li> <li>-Using customers' feedback to improve services</li> <li>-Appointing sales and marketing experts to manage customer relationship</li> </ul>	Frederick Hong-kit Yim, Rolph E. Anderson, and Srinivasan Swaminathan 2004	Interval (Likert type 5 points scale is applied)

Dimension	Description for Questionnaire Items of Each Dimension	Previous Researcher	Question Type
Managing Customer Knowledge (3 items)	<ul style="list-style-type: none"> <li>-Measuring and rewarding employees performance related to customer knowledge</li> <li>-Providing ongoing two way communication channel between customers and the hotel</li> <li>-Training to understand the needs of key customers exactly</li> </ul>	Frederick Hong-kit Yim, Rolph E. Anderson, and Srinivasan Swaminathan 2004	Interval (Likert type 5 points scale is applied)
Incorporating CRM based Technology (9 items)	<ul style="list-style-type: none"> <li>-Maintaining the comprehensive customer database</li> <li>-Equipping with right hard ware and soft ware</li> <li>-Employing data warehousing to manage customer</li> <li>-Uses data mining to understand customers' behaviour</li> <li>-Appointing the right technical personnel</li> <li>-Providing available individual customer information at every point of contact</li> <li>-Establishing and applying the loyalty program</li> <li>-Having alliance with related organization</li> <li>-Allowing all guest transaction on telephone, online reservation through owned website</li> </ul>	Frederick Hong-kit Yim, Rolph E. Anderson, and Srinivasan Swaminathan 2004	Interval (Likert type 5 points scale is applied)

Source: Own Compilation

**APPENDIX- D**

**Correlation of CRM Dimensions and Customer Satisfaction**

**Correlation of Customer Orientation Dimension Strategies and Customer Satisfaction in FDI and Domestic Hotels**

Sr NO	Customer Orientation Strategies	FDI Hotels		Domestic Hotels	
		Correlation Coefficients	p-value	Correlation Coefficients	p-value
1	Providing customized service to customers	.077	.471	.492***	.000
2	Building partnership with individual customer	.226**	.032	-.033	.800
3	Participating all staff in working together to offer customized services	.389***	.000	.084	.526
4	Finding the needs of the customers by requesting and reviewing customer feedback	.185	.081	.299**	.020
5	Treating all customer with great care	.389***	.000	-.134	.306
6	Establishing customer centric performance standard and then monitoring at every customer touch point	-.129	.225	-.028	.829

Source- Survey Data (2013)

**Correlation of Organizing around CRM Strategies and Customer Satisfaction in FDI and Domestic Hotels**

Sr No	Organizing around CRM Strategies	FDI Hotels		Domestic Hotels	
		Correlation Coefficients	p-value	Correlation Coefficients	p-value
1	Establishing clear business goals related to customer acquisition, development, retention and reactivation	.175	.100	.134	.306
2	Appointing responsible persons for developing and enhancing the value of customer portfolio.	.276***	.008	.391***	.002
3	Preparing marketing plan which includes different budgets for customer recruitment, maintenance and development.	-.022	.838	-.084	.526
4	Measuring and monitoring customers' satisfaction levels	.301***	.004	.092	.483
5	Using customers' feedback to improve product and services.	.301***	.004	.084	.526
6	Arranging sales and marketing experts and other resources to managing customer relationship	.122	.252	.386***	.002

Source- Survey Data (2013)

**Correlation of Managing Customer Knowledge Dimension Strategies and Customer Satisfaction in FDI and Domestic Hotels**

Sr No	Managing Customers Knowledge Strategies	FDI Hotels		Domestic Hotels	
		Correlation Coefficients	p-value	Correlation Coefficients	p-value
1	Measuring and rewarding employees' performance based on meeting customer needs and successfully servicing them.	.031	.775	.109	.406
2	Providing ongoing two way communication channel between key customers and hotel	.064	.546	.264**	.042
3	Training to understand the needs of key customers exactly	-.012	.911	.461***	.000

Source- Survey Data (2013)

**Correlation of IT Dimension of CRM Strategies and Customer Satisfaction in FDI and Domestic Hotels**

Sr No	IT Dimension of CRM Strategies	FDI Hotels		Domestic Hotels	
		Correlation Coefficients	p-value	Correlation Coefficients	p-value
1	Maintaining the comprehensive customer database	.173	.103	.342***	.008
2	Arranging right hardware and software to serve all customers	-.011	.915	-.225	.084
3	Developing data warehousing for customer management.	.096	.368	.077	.558
4	Using data mining to understand customers' behaviour	.038	.720	-.030	.821
5	Appointing the right technical personnel to provide technical support for the utilization of computer technology in building customer relationship	.234*	.027	.137	.297
6	Availability of individual customer information at every point of contact	.098	.359	.391***	.002
7	Establishing and applying the loyalty program for frequent guest	-.143	.180	.026	.845
8	Developing network with related organization (eg. tour agent, car rental, air line, currency exchange, and insurance companies)	.045	.675	.292*	.024
9	Allowing all guest transaction on telephone, online reservation through owned website	-.024	.819	.292*	.024

Source- Survey Data (2013)

### Correlation of CRM Dimensions and Customer Retention

#### Correlation of Customer Orientation Dimension Strategies and Retention in FDI and Domestic Hotels

Sr No	Customer Orientation Strategies	FDI Hotels		Domestic Hotels	
		Correlation Coefficients	p-value	Correlation Coefficients	p-value
1	Providing customized service to customers	-.063	.557	.290**	.025
2	Building partnership with individual customer	.076	.475	.332**	.010
3	Participating all staff in working together to offer customized services	.267**	.011	.233	.074
4	Finding the needs of the customers by requesting and reviewing customer feedback	-.019	.857	.318**	.013
5	Treating all customer with great care	.267**	.011	-.073	.581
6	Establishing customer centric performance standard and then monitoring at every customer touch point	-.088	.411	.203	.119

Source- Survey Data (2013)

#### Correlation of Organizing around CRM Strategies and Retention in FDI and Domestic Hotels

Sr No	Organizing around CRM Strategies	FDI Hotels		Domestic Hotels	
		Correlation Coefficients	p-value	Correlation Coefficients	p-value
1	Establishing clear business goals related to customer acquisition, development, retention and reactivation	.027	.801	.073	.581
2	Appointing responsible persons for developing and enhancing the value of customer portfolio.	.257**	.014	-.106	.419
3	Preparing marketing plan which includes different budgets for customer recruitment, maintenance and development.	-.061	.568	.233	.074
4	Measuring and monitoring customers' satisfaction levels	.199	.060	-.212	.104
5	Using customers' feedback to improve product and services.	.199	.060	.233	.074
6	Arranging sales and marketing experts and other resources to managing customer relationship	.031	.772	-.004	.974

Source- Survey Data (2013)

**Correlation of Managing Customer Knowledge Dimension Strategies and Retention  
in FDI and Domestic Hotels**

Sr No	Managing Customers Knowledge Strategies	FDI Hotels		Domestic Hotels	
		Correlation Coefficients	p-value	Correlation Coefficients	p-value
1	Measuring and rewarding employees' performance based on meeting customer needs and successfully servicing them.	-.041	.701	-.109	.405
2	Providing ongoing two way communication channel between key customers and hotel	.048	.650	.319**	.013
3	Training to understand the needs of key customers exactly	-.133	.213	.265**	.041

Source- Survey Data (2013)

**Correlation of IT Dimension of CRM Strategies and Retention  
in FDI and Domestic Hotels**

Sr No	IT Dimension of CRM Strategies	FDI Hotels		Domestic Hotels	
		Correlation Coefficients	p-value	Correlation Coefficients	p-value
1	Maintaining the comprehensive customer database	.185	.081	.082	.533
2	Arranging right hardware and software to serve all customers	-.131	.217	.172	.189
3	Developing data warehousing for customer management.	-.089	.403	-.199	.127
4	Using data mining to understand customers' behaviour	-.167	.116	.310**	.016
5	Appointing the right technical personnel to provide technical support for the utilization of computer technology in building customer relationship	.129	.224	-.146	.267
6	Availability of individual customer information at every point of contact	.068	.526	-.106	.419
7	Establishing and applying the loyalty program for frequent guest	.088	.412	.342***	.007
8	Developing network with related organization (eg. tour agent, car rental, air line, currency exchange, and insurance companies)	-.138	.195	.285**	.027
9	Allowing all guest transaction on telephone, online reservation through owned website	-.151	.155	.285**	.027

Source- Survey Data (2013)

**Yangon University of Economics**  
**Department of Commerce**  
**Research Questionnaire for Managers**

(A Study on Customer Relationship Management of Hotels in Yangon)

This survey is only concern with Doctor of Philosophy (Ph D) conferred by Yangon University of Economics, not related with other business purpose. Please kindly answer the following questions. The results of this study will contribute the improvement of hotel performance in the future. Thanks to give your precious time.

**Part One – Profile of the Hotel**

1. Name of Hotel \_\_\_\_\_
2. Location \_\_\_\_\_
3. Established year and Years of Operations \_\_\_\_\_
4. Type of Ownership  Private owned  Joint Venture  
 State Owned  FDI  
 Others
5. Number of Rooms \_\_\_\_\_
6. Types of Rooms \_\_\_\_\_
7. Number of Employees \_\_\_\_\_ Permanent  Part Time

**Part Two – CRM practices of Hotel**

8. Does your hotel offer the regular airport pick up service?  
 Yes  No
9. If special, for whom do provide? (Please specify as possible as)  
\_\_\_\_\_
10. Do the hotel allow to your customers for complementary use of various hotel amenities?  
 Yes  No
11. Has your hotel the following facilities?  
 High speed internet connectivity  Satellite conferencing for business guest  
 Wi-Fi connectivity  Video conferencing  
 Your owned website  Others (Please specify)
12. As a GRO, which kind of complaints have you mostly experienced?  
 Air conditions and heater  Room's cleanliness  
 Electricity  Internet connection  
 USD currency notes  Social affair of employees  
 Employee's knowledge  Others  
 Helpfulness of employees

13. Which services is best recommended in your hotel from most of the customers?
- Housekeeping Service
  - Communication Service
  - Limousine Service
  - Front office services
  - Laundry Service
  - Particular/ Unique Service
  - F&B Service
  - Others

14. How did you collect guest's feedbacks and suggestions?
- Guest Comment Book
  - Customer Survey Form
  - Suggestion Box
  - Online Feedback Form (e mail)

**Part Three- CRM Strategy**

15. Please rank the extent of usage for your hotel with respected to following CRM strategies (1= not used at all, 2=slightly used, 3=moderately used, 4=frequently used, 5=greatly used)

	1	2	3	4	5
1. Providing customized service to customers					
2. Building partnership with individual key customer					
3. Participating all staffs in working together to offer customized services					
4. Finding the needs of key customers by requesting and reviewing customer feedback					
5. Treating all customers with great care					
6. Establishing customer centric performance standard and then monitoring at every customer touch point					
7. Establishing clear business goals related to customer acquisition, development, retention and reactivation					
8. Appointing responsible persons for developing and increasing the value of customer portfolio.					
9. Preparing marketing plan includes different budgets for customer recruitment, maintenance and development.					
10. Measuring and monitoring customers' satisfaction levels					
11. Using customers' feedback to improve product and services					
12. Arranging sales and marketing experts and other resources to managing customer relationship					
13. Measuring and rewarding employees' performance based on meeting customer needs and successfully servicing them.					
14. Providing channel to enable ongoing two way communication between key customers and our hotel					
15. Training to understand the needs of key customers exactly					
16. Maintaining the comprehensive customer database					
17. Arranging right hard ware and soft ware to serve all customers					
18. Developing data warehousing for customer management.					

19. Using data mining to understand customers' behaviour					
20. Appointing right technical personnel to provide technical support for the utilization of computer technology in building customer relationship					
21. Availability individual customer information at every point of contact					
22. Establishing and applying the loyalty program for frequent guest					
23. Developing network with related organization (eg. tour agent, car rental, air line, currency exchange, and insurance companies)					
24. Allowing all guest transaction on telephone, online reservation through owned website					

**Part Four- Methods with which measure customer satisfaction**

16. Select the following statement for your hotel.

(strongly disagree=1, disagree=2, acceptable=3, agree=4, strongly agree=5)

	1	2	3	4	5
1. Hotel gets the customer satisfaction by giving special services.					
2. Servicing unique needs can provide hotel's image.					
3. All of the customers are reliable and trust on the hotel service.					
4. The hotel is distinctive/unique compare to others.					
5. All of the guests are well liked on hotel service.					
6. Hotel billing process is accurate, timely and clear.					
7. Complete information is easy access on electronic means					
8. All of the hotel staffs provide the quality services and they are courteous, friendly and helpful.					
9. Staffs have hotel fully knowledge on hotel business.					
10. Staffs have ability to listen and resolve customer complaints immediately.					
11. The hotel made that the guests are difficult to change hotel					
12. The hotel set the competitive price compare to others					
13. The hotel can gain the customer satisfaction with only well trained employee					

17. Sometime customer needs and wants is contradict with hotel rules and regulations, if so, how did you solve this problem. ( Please specify, as possible as)

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18. How did you arrange for maintaining good customer relationship in your hotel? Please describe your activities in detail.

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19. Do you think employee turn-over can effect in fulfilling the customer needs and wants?

- Yes  No

20. Do you think current using CRM practices are enough to fulfil customer's needs and wants?

- Yes  No

21. Does your hotel use well trained employees?

- Yes  No

22. Which benefits/ incentive does your hotel give to long stay customers/ frequent customers?

- Giving room discount  Giving presents  
 Providing free meals  Membership Program

23. How do you cope with peak season?

- Price Discount  Affiliate with travel agency  
 Affiliate with airlines  Others

24. Do you give price discount for regular customer? If so, how much percentage given?

---

25. Does your hotel arrange short trip for customers?

- Yes  No

26. If yes, which programs is most demand by customers?

- Sightseeing around Yangon downtown area  Taking river cruise  
 Puppet show  Traditional dance  
 Other

**Part Five- Hotels' performance relative to competitors**

27. Please describe rate of your hotel performance relative to competitors

	1	2	3	4	5
1. Improvement in sales revenue					
2. Improvement in occupancy levels					
3. Improvement in room yield.					
4. Growth of repeat sales (percentage).					
5. Increased in profitability					
6. Overall improvement in performance relative to that of the hotel's competitors.					
7. Growth of existing customers (percentage).					
8. Growth in market share (percentage).					
9. Higher ratings from customer surveys.					
10. Improvement in customer lifetime value.					

(1= extremely poor, 2=slightly poor, 3=poor. 4=good, 5= extremely good)

28. Occupancy rate of your hotel (peak season) \_\_\_\_\_  
 (low season) \_\_\_\_\_  
 (average) \_\_\_\_\_

29. How do you think about your occupancy rate with comparison of your main competitors?  
 Very High       High       Natural  
 Low       Very Low

30. Numbers of customers at least for recently three years  
 2009-2010 \_\_\_\_\_  
 2010-2011 \_\_\_\_\_  
 2011-2012 \_\_\_\_\_

31. Does your hotel customer data base?  
 Yes       No

32. If Yes, estimated number of repeated customer for recent three year (please specify for each)  
 2009 -----  
 2010 -----  
 2011 -----

33. Numbers of customer complaints at recent three year  
 2009 \_\_\_\_\_  
 2010 \_\_\_\_\_  
 2011 \_\_\_\_\_  
 2012 \_\_\_\_\_

34. Numbers of chain hotel in Myanmar  
 Orientation period \_\_\_\_\_  
 Recently (end of 2011) \_\_\_\_\_

35. How do you think on the following statement?  
 (1=strongly disagree, 2=disagree, 3=acceptable, 4=agree, 5=strongly agree)

	1	2	3	4	5
1. Overall performance of the hotel is improved year by year.					
2. All of the hotel staffs including me are motivate and interested in assigned jobs.					
3. Sales amount of the hotel is increased year by year.					
4. Hotel can build its image in the mind of customers effectively.					

**THANK YOU FOR YOUR VALUABLE TIME**

## QUESTIONNAIRE FOR CUSTOMERS

Dear Guest,

I am conducting a research on “Customer Relationship Management of Hotels in Yangon”. This survey is only for PhD thesis and not related to other business purpose. Please kindly answer the following questions. Thanks for your precious time.

### Part One – General profiles of respondents

1. Name of guest \_\_\_\_\_
2. Gender  Male  Female
3. Age (      ) years
4. Education \_\_\_\_\_
5. Occupation \_\_\_\_\_
6. Income \_\_\_\_\_
7. Country \_\_\_\_\_
8. Hotel Name \_\_\_\_\_

### Part Two- Awareness of this hotel information

9. How do you know about this hotel?
 

<input type="checkbox"/> Newspapers	<input type="checkbox"/> Internet
<input type="checkbox"/> Travel agency	<input type="checkbox"/> Newsletter
<input type="checkbox"/> Recommendation from others	<input type="checkbox"/> Other methods
10. Purpose of stay
 

(a) Business <input type="checkbox"/>	(b) Recreation <input type="checkbox"/>
(c) Visit <input type="checkbox"/>	(d) Social <input type="checkbox"/>
(e) Health <input type="checkbox"/>	(f) Religion <input type="checkbox"/>
11. How long you stay at this hotel?  
 -----
12. Whether this time is the first time or second and above time.
 

<input type="checkbox"/> The first time	<input type="checkbox"/> Second time
<input type="checkbox"/> Third time	<input type="checkbox"/> More than the third time
13. If your time is second and above, why did you choice this hotel for next time?  
 (Your opinion and customer perspective)  
 -----
14. If your valuable factors are unavailable, will you choose this hotel?  
 Yes  No
15. Do you stay this hotel every arrival of this town?  
 Yes  No

**Part III Satisfaction on Hotel Services**

16. When you are choosing hotel, which factors do you consider?  
 Price  Service quality  
 Room facilities  Place  
 Friendliness of staff  Others (please specify) -----
17. Do you think which service is the best in this hotel?  
 House-keeping service  Laundry service  
 Reservation service  Currency exchange service  
 Transportation service  Food & Beverage service  
 Others (please specify)
18. As a hotel guest, please indicate how satisfy the following items for you.

	1	2	3	4	5
1. Physical design decoration, appearance, cleanliness and. lighting in the hotel was appropriate.					
2. Overall quality of foods and beverages, and other room amenities package (shampoo, soaps, etc..).					
3. Efficiency of hotel staffs (attentive and helpful employees, ccourtesy greeting at front desk, prompt quality service, etc.....)					
4. Housekeeping service timely and efficiently during your stay.					
5. Online reservation and on telephone transaction, Wi-Fi connectivity, accuracy and timeliness of billing record and transaction.					
6. Overall services including special service (weak-up calls, restaurant reservation, baby sitter, etc.) are received more than expectation.					
7. Please specify your satisfaction level about various services which currently provided by this hotels?					

(1=dissatisfy, 2=needs improving, 3=acceptable, 4=satisfy, 5=very satisfy)

19. When you are choosing the hotel to stay, which type of service do you expect?  
 Service available when needed  Low price on service  
 Courteous & Friendly service  Prompt services when needed  
 More easier billing process (eg, accuracy, timeliness, clarity, and quick)
20. Which promotion type do you like most?  
 Price discount  Membership Program  
 Free service usage  Extra night  
 Family Package

