

**INFLUENCE OF CUSTOMER RELATIONSHIP MANAGEMENT
DIMENSIONS ON PERFORMANCE OF FIVE-STAR HOTELS IN
NAIROBI COUNTY**

BY

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**A research project SUBMITTED IN PARTIAL FULFILMENT OF
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DECLARATION

I declare that this research proposal has not been presented anywhere for any award and that all sources of information have been acknowledged by means of references.

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(MBA/ BE /00062/2014)

SUPERVISOR:

This research project has been submitted with my approval as the university supervisor.

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I also take this opportunity to express my sincere gratitude to management, staff and classmates of Maseno University for creating an enabling excellent learning environment. To the management and personnel of the five star hotels in Nairobi County, I appreciate them for their warm, professional and timely response while collecting data. More importantly I thank God for enabling me to complete this study.

DEDICATION

This research project is dedicated to my husband, Sammy Fwaga, for your inspiration, support and confidence in me. To my mother, Philister Okoth, you have always encouraged me to soar for greater heights. To my children, Naymah and Nolan, thank you for all the sacrifices you have had to make.

ABSTRACT

The hotel industry today faces high level of competition; therefore, success will come only to those who can accurately study what consumers want by examining the environment continuously and offering the greatest value to customers. Estimates of above 600 million global tourists travel to various areas of the globe yearly, thus leading to an ever-increasing need for hospitality services. In 2016 the tourism industry contributed about 10% to GDP, 9% to formal wage employment and 3.5% to total employment in Kenya. Hotel industry today is waking up to consumers who require consistent delivery of the brand promise, changing needs and sensitivity to socio-political both regionally and internationally. They therefore have to consider acquiring customers on some factor other apart from produce price, quality or convenience. There has been a limited effort directed towards investigating the influence CRM dimensions has on the performance of five-star hotels in Nairobi. This study therefore sought to determine the influence of customer relationship management dimensions on the performance of five star hotels in Nairobi County. Specifically, the study sought to determine the influence of key customer focus, CRM organization, knowledge management and technology-based CRM on performance. It was guided by the Identify, Differentiate, Interact and Customize (IDIC) Theory. The study adopted a cross sectional descriptive survey design. The respondents comprised all the 40 top and middle level managers. The study employed a census approach. Primary data was collected from 40 respondents using semi- structured questionnaire. Descriptive statistics was used to analyze the four objectives and presented in tables. The findings indicated that key customer focus had the greatest influence on five-star hotel performance with an average rating of 4.37 and CRM Organization had the least influence with an average rating of 3.907. This implies that hotels in Nairobi County put great emphasis on customers in making major decisions that drive their business performance. The study concluded that customer relationship management dimensions are important factors in influencing performance of five- star hotels in Nairobi. The study recommends that hotels have budgets specifically for technology upgrading since majority of customers in this industry come from highly technologically developed countries. The study proposes that future research should be done on the importance of CRM dimensions as a tool of achieving competitive advantage in the hotel industry.

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LIST OF ABBREVIATIONS AND ACRONYMS

CRM Customer Relationship Management

KAHC Kenya Association of Hotel Caterers

KTB Kenya Tourism Board

GDP Gross Domestic Product

KER Kenya Economic Report

OPERATIONAL DEFINITION OF TERMS

Customer Relationship Management: refers to a strategic approach that allows organizations to use internal resources (i.e. Technology, people, and process) to manage the relationship with customers for the whole of their lives cycles, in order to gain a competitive advantage and improve an organization's performance.

Performance: refers to a scenario when a task measured against preset known standard of completeness, accuracy, speed and cost is accomplished.

Five-star Hotel: this refers to a hotel that provides flawless guest services in a state of the-art facility.

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CHAPTER ONE

INTRODUCTION

This section presents the background to the study, statement of the problem, research objectives, research questions, scope of the study, justification of the study and the conceptual framework. It also highlights the context of the study which is 5-star hotels in Nairobi County, Kenya.

1.1 Background of the Study

In this new millennium of liberalization and globalization, serving and maintaining good relationship with the customer has become the biggest management challenge for businesses. The value of the customer was not appreciated by the producers in the past because the customers were less demanding and had no alternative source of supply at that time. However, today there is a complete change. High consumer choice, economic liberalization, demanding customer, increasing competition, and more emphasis on quality and value of purchases have characterized the changing business environment. The shift to modern marketing by today's producer has been caused by all these changes. Modern marketing requires building trust, a binding force and improved relationship with the customers.

CRM has become one of the most important issues and a key area in the business field (Balaram and Adhikari, 2010). It is based on the belief that nurturing good relationship with customers create loyal customers who are more viable businesswise than non-loyal customers (Dowling, 2002). Organizations are therefore forced to rethink about its customer relationship management practices due to the continual change in demographics as well as increased customer expectations (Harring and Akehurst, 2000).

One of the major sources of competitive advantage in the hotel industry is CRM. Moreover, CRM is a widely accepted instrument that supports customer-oriented organizations' decisions (Mohammed *et al.*, 2014). In specific terms, CRM is viewed to be among the best strategies and practices for hotels in order to develop their performance and ensure that their long-term goal is survival (Wu &Lu, 2012).

Customer relationship management has advanced from the foundations of mass marketing and brand loyalty. Product innovation dominated the industrial era and firms gained competitive advantage by coming up with more superior products than those of their competitors (Peppers, 2004). The organization's main focus was on the quantity of products that could be produced and because the top priorities were efficiency and speed, less focus was accorded to customization and general customer contentment. So as to improve awareness and build market share for their products, the marketing departments used mass advertising. The firms were majorly concentrated on persuading the customers to buy similar products thus the marketing departments were usually totally separated from direct consumer contact; no attempts were made to truly understand the customers or their purchasing behaviors.

Nowadays, CRM is widely accepted within marketing sales business unit of major firms. In the growing competitive global economy, most firms are trying to focus on delivering better customer value against the competitors. As a strategy to optimize lifetime value of customers, CRM can help firms to succeed in the world of e-business. According to Ata & Toker (2012), firms that have adopted CRM as a corporate strategy are expected to grow at a faster pace than those firms of the same industry who have not adopted CRM.

1.1.1 Customer Relationship Management

Various definitions of CRM exist. It may mean various things to various people based on the area of its application (Piskar & Faganel, 2009). There is therefore no one accurate definition of CRM (Abdullatif *et al.*, 2010).

Today many definitions of CRM exist. According to the Gartner group, one of the biggest consultant firms in the CRM market, the definition of CRM is "CRM is an IT enabled business strategy, the outcomes of which optimize profitability, revenue and customer satisfaction by organizing around customer segments, fostering customer-satisfying behavior and implementing a customer-centric process" (Gartner group, 2008). According to Lancaster & Jobber (2006), "Customer Relationship Management is a term for the methodologies, technologies and e-commerce capabilities used by firms to manage customer relationships.

In particular, CRM software packages aid the interaction between the customer and the company, enabling the company to co-ordinate all of the communication efforts so that the customer is presented with a unified message and image” .However, for the purpose of this study it was defined as " a strategic approach that allows organizations to use internal resources (i.e. Technology, people, and process) to manage the relationship with customers for the whole of their lives cycle, in order to gain a competitive advantage and improve an organization's performance”.

Today’s customers are more empowered thus winning them over calls for a more strategic approach which CRM hopes to achieve. Firms attempt to interpret the current and future needs of the customers depending on their purchase behavior. Offerings for customers can be personalized by use of CRM, when this is done the perceived value is improved. The perceived value, to the customer, is equal to perceived quality which leads to improved customer fulfilment. This underscores the necessity for amalgamation down the value chain plus positioning and combining company processes back via the supply chain to ensure greater value delivery to the consumer (Mehta, 2010).

In today’s business world, Customer Relationship management (CRM) has become an essential marketing concept. Organizations are executing a customer relationship management bit in their marketing projects in order to reach and connect with customers in an environment that is highly saturated with products, advertisements, and promotions. CRM practices enable marketers to form life-long relationships with consumers at a personal level via the help and administration of various plans and vital elements. CRM involves all facets of association an organization encounters with its customer, be it sales or service related. It also employs the use of technology to organize processes that affect customer loyalty, service delivery and quality management. Nowadays firmware experiencing stiff competition and therefore must put in extraforcein order to make it in a competitive and unpredictable market place. Organizations have come to appreciate the important role customer relationship management plays on their profitability.

Customer relationship management (CRM) enables them to form lasting customer connections and grow their gains using correct management system and the implementation of consumer-oriented policies (Parvatiyar, 2001).

CRM has developed mainstream and is being executed in various kinds of firms like transportation and distribution, consumer package goods, medical services and products, financial services among others. This tremendous development of CRM shows the interplay of actual market need and enabling technology. Additionally, in this development phase, the drive for CRM is shifting from putting priority inefficiency, i.e., doing more things faster using little cost; to effectiveness, i.e., doing things better for increased revenue with an increased "return on relationships (ROR)".

There is more to customer relationship management than merely handling consumers and tracking their conduct or viewpoint. CRM has the capacity to change a customer's connection with an organization thereby increasing profit in the process. Moreover, it assists in knowing the customers in detail to decide whom to keep and who to let go. The goal of CRM (customer relationship management) is to recognize and provide personalized service to every customer.

As much as customer relationship management is a comparatively new discipline, its significance is becoming more visible as time elapses. The radical change from focusing on attracting new customers to retaining current ones is at the cornerstone of CRM (Winer 2001). Reinhold's studies showed that little improvement in customer retention rates improved revenues to a greater extent, showing that loyal customers are more profitable. On average, more profit is realized from loyal customers as compared to one-time buyers (Reichheld, 1996). With potential profit maximization in mind, organizations are focusing on customer relationship management so as to understand customers better.

1.1.2 CRM and Hotel Industry

Some organizations profit more from executing CRM than others, even though CRM provides lasting gains to organizations as a whole. CRM offers great reward to the firms that produce plenty of customer data (Mguyen et al., 2007). In addition to this, Gronroos (2004) states that service organizations, for their intrinsic characteristics of production and consumption, are inseparable elements needed to build customer relationships. Accordingly, CRM will be highly suited to the hotel industry, especially when implementing it successfully and effectively, taking into account that hotels receive a lot of data about customers which can be transformed into useful knowledge about them (Nasution and Mavondo, 2008).

The hotel industry has to be highly competitive in order to do well in the business environment, it is therefore important for it to encourage behavioral patterns of continuous re-purchase and to retain customers much longer. Thus, implementation of CRM can lead to the achievement of such ambitious aims, which results in establishment of a fruitful relationship between organizations and their customers (Verdugo *et al.*, 2009).

Growing customer- acquisition costs, rising customer expectations, price-sensitive customers, more sophisticated clients, uncertain market and less brand loyalty are all key factors, which strongly urge hotels to focus on CRM as a useful strategy. CRM is widely considered as one of the most effective ways to facilitate developing and expanding the customers' base that in turn will help in enhancing profitability and guest loyalty (Wu & Li, 2011).

1.1.3 Hospitality Industry in Kenya

The hospitality industry is a broad group of businesses that provide services to customers. It's focused on the satisfaction of customers and providing specific experiences for them. The Hospitality sector is a multi-billion-dollar sector that relies heavily on the availability of free time and disposable income. A hospitality unit like a restaurant, hotel, or even an amusement park consists of multiple groups such as facility maintenance, direct operations (servers, housekeepers, porters, kitchen workers, bartenders, etc.), management, marketing, and human resources (KAHC).

The hospitality industry is rapidly growing to the need for hospitality services in Kenya's tourism industry. An estimate of above 600 million international tourists travels to various areas of the globe yearly, thus leading to an ever-increasing need for hospitality services. Kenya is one of the countries that have adopted tourism as a major economic sector.

The industry has grown steadily over the years and, currently, tourism is a major foreign exchange earner for the country. In 2016, the tourism sector was the second largest contributor in foreign exchange earnings in the country after the agricultural sector. It contributed about 10% to GDP, 9% to formal wage employment and 3.5% to total employment (KER, 2017). Kenya is recognized worldwide as a leading tourist destination, being the second time holder of the prestigious Leading Safari Destination accolade by the World Travel Awards in 2015. The country's fame as a conference and business destination is rising fast; with the capital Nairobi, beating Johannesburg to clinch the leading Meetings and Conference City in Africa in 2016. In 2015, conference tourism grew to 15.6% from 12% of total number of international arrivals in 2014, with further growth expected in the future.

The growth of the hospitality sector in various areas of the globe indicates that the sector presents both opportunities for economic growth particularly in the tourism sector, and generation of employment opportunities for local communities. In Kenya, the rapid development of tourism has presented many challenges to the hospitality sector in the provision of accommodation and food services. The challenges include provision of hospitality services to various interest groups from both within regional and global tourists (KAHC).

The accelerated growth of tourism in Kenya, however, has not resulted in increased human resource development and training in the hospitality industry, especially at the tertiary level. There is a shortage of needed tourism executives capable of providing the necessary management expertise in unraveling the challenges that occur because of the growth of tourism in various areas of the country, both in the private and public sector (Kariuki, 2006).

1.1.4 CRM Dimensions

CRM is a multi-dimensional concept which can be considered relatively new because of the limited studies made on the CRM dimensions of some service sectors such as banks (Akroush *et al.*, 2011; Sadek *et al.*, 2011) and contact centers (Abdulateef *et al.*, 2010), thus the range of information on this concept is quite limited. CRM consists of four broad behavioral dimensions (Sin *et al.*, 2005; Yim *et al.*, 2005). These behavioral dimensions are: key customer focus, CRM organizations, Knowledge management and technology -based CRM. It is important to note that all of these dimensions must work systematically in an organization to guarantee its improved performance (Sin *et al.*, 2005; Yim *et al.*, 2005). In this regard, Abdulateef *et al.* (2010) investigation on the impact of CRM dimensions on call -centers in Malaysia can be taken as a typical example. He declares that customer orientation, as one of the CRM dimensions, is more comprehensive than key customer focus. His argument receives much support from several studies that consider customer - orientation as one of the most important dimensions of CRM (e.g. Wang, Huang, Chen, and Lin, 2010). Furthermore, several researches highlight the important effects of conducting studies on CRM dimensions in the hotel sector (e.g. Akroush *et al.*, 2011; Sadek *et al.*, 2011; Sin *et al.*, 2005). Consequently, this study was done with the aim of filling the gap that has been left because of the very little attention given to the above- mentioned dimensions in the hotel industry.

1.1.5 Hotel Performance

Hotel Performance CRM dimensions evaluation was assessed in a number of ways, including customer satisfaction (Abdulateef *et al.*, 2010), market effectiveness and financial performance (Sin *et al.*, 2005), customer performance and financial performance (Akroush *et al.*, 2011), and customer retention and sales growth (Yim *et al.*, 2005). Therefore, this study used the Balance Scorecard (BSC) dimensions to evaluate the influence of CRM dimensions on hotel performance since financial figures cannot provide a complete knowledge on CRM influence and result thus the total performance view should be adopted in the analysis of CRM results (Wu & Hung, 2007). Moreover, existing writings indicates that the use of balance score card (BSC) to assess the influence of CRM on firm's performance is crucial since it is an effective device to give deep knowledge of firm's total operation performance (Wu & Lu, 2012; Wu & Hung, 2007).

1.2 Statement of the Problem

Companies today are facing stiff competition compared to decades ago; as a result, success will come only to those who can accurately study consumers' wants by continuously scanning the environment and delivering the greatest value to customers. Businesses that experience high competition often register minimal gains and sometimes losses. This is most likely due to lack of customer relationship management practices. The global hotel industry is experiencing such stiff competition that nearly the same package of services is offered and product differentiation becomes more and more difficult. Companies must therefore look towards capturing customers on some factor other than product quality, price, or convenience. Most recent studies on CRM focus on the general CRM practices and systems, there is still limited research on CRM dimensions and its influence on performance in the hotel sector. Therefore, this study sought to determine the influence of CRM dimensions on performance of five-star hotels in Nairobi County which is a research gap that the study contributed to fill.

1.3 Objectives of the Study

The main objective of this study was to determine the influence of customer relationship management dimensions on performance of five-star hotels in Nairobi County.

The study was guided by the following specific objectives;

- i. To determine the influence of key customer focus on performance of five-star hotels in Nairobi.
- ii. To establish the influence of CRM organization on performance of five-star hotels in Nairobi.
- iii. To find out the influence of knowledge management on performance of five-star hotels in Nairobi.
- iv. To determine the influence of technology-based CRM on performance of five-star hotels in Nairobi.

1.4 Research Questions

- i. To what extent does key customer focus influence five-star hotel performance?
- ii. To what extent does CRM organization influence five-star hotel performance?
- iii. To what extent does knowledge management impact on five-star hotel performance?
- iv. To what extent does technology-based CRM influence five-star hotel performance?

1.5 Scope of the Study

The study covered five-star hotels in Nairobi County. Nairobi County is one of the new devolved counties of Kenya and the smallest yet most populous of the counties. The county is coterminous with the city of Nairobi, which is also the capital and largest city of Kenya. The land area of Nairobi County totals 696 km².

Nairobi County's neighbors are Kiambu County to the North, Murang'a County to the North East, Kajiado County to the South and Machakos County to the East. The study focused on the areas as articulated in the objectives. The study was cross sectional, concerned responses at a point in time

1.6 Justification of the Study

The shareholders and the management of the hotel sector in Kenya will find this research useful in understanding the significance of customer relationship management and how they can effectively embrace and execute CRM to upgrade customer service, retention and delight and to improve overall company performance.

To the policy makers and government, the results and recommendations of this research will act as factual data to the management of hotels in Kenya for their customer relationship policy formation. It will also inform and educate Kenya Tourism Board (KTB) on the nature and level of customer relationship management practices in the hotel sector. This data will be useful to them since it is expected that effective customer relationship management in hotel sector will have beneficial effect on tourist attraction in the country.

For the researchers and academicians, the results would contribute to professional addition of existing information on customer relationship management practices. The study would give valuable premise upon which further study on effects of customer relationship management can be undertaken. In addition, the research will propose areas for future studies on customer relationship management.

1.7 Conceptual Framework

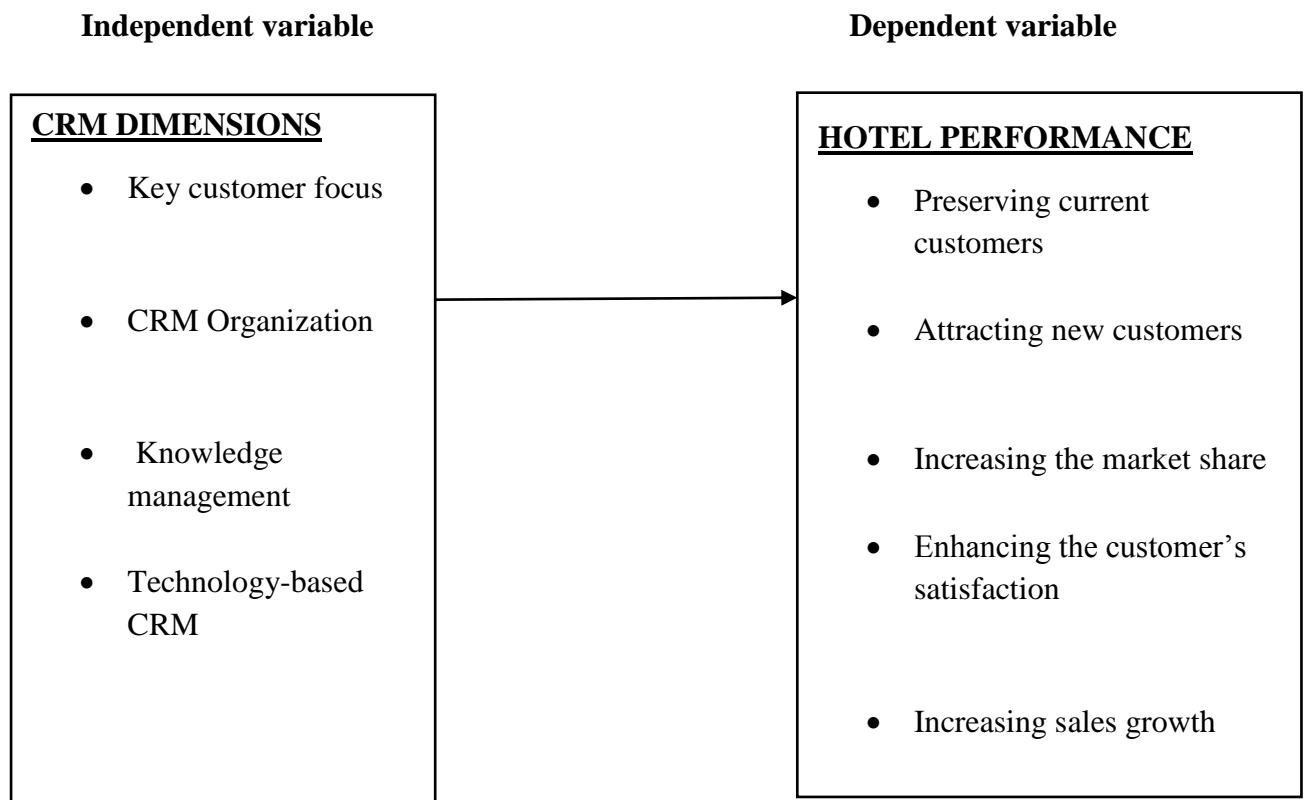


Figure 1.1: Influence of CRM Dimensions on hotel performance.

Source: Adopted from Abdullateef *et al.* (2010)

CHAPTER TWO

LITERATURE REVIEW

This section explored existing information on Customer Relationship Management and its relationship to company performance. The section reviewed similar studies that have been undertaken by various researchers, analysts, scholars and authors and the gaps identified. Theories on Customer Relationship Management and company performance were reviewed as a cornerstone for this study.

2.1 Theories of the Study

2.1.1 The Identify, Differentiate, Interact and Customize (IDIC) Theory

This is a theory that was developed by Peppers and Rogers (2004). According to this theory, firms should take the four actions in order to build closer one-to-one relationships with its customers. These actions are; identify, differentiate, interact and customize.

The organizations identify who their customers are and build a deep understanding of them. Information such as purchase information, name and address must be collected across the company, at all points of contact (Ling, 2017). The process of gathering customer information is not as simple as it may seem, many times the information is spread out between departments and not organized in such a way that information can be linked quickly to each individual customer (Peppers & Rogers, 2016).

Each customer represents a different level of value to the company. The priority here is to identify the different needs of each customer, estimating the value and importance of each customer and tailor the business offer to each customer (Bagdoniene & Kazakeviciute, 2009).

A firm has to differentiate its customers by their value and needs. The task involves a firm classifying its customers by both their significance to the organization and by their needs. Firms must improve the effectiveness of their interactions with clients in order to provide better insight into their needs. Finally, the firm has to customize the offer and communications to ensure that the expectations of the customer are met.

This theory provides a basis for hotels to use technology-based CRM to identify, differentiate, interact and customize their services to customers in order to enhance performance.

Thus, this theory is best suited to explain the role of the independent variables (Key customer focus, CRM Organization, Customer knowledge management and Technology-based CRM) on the dependent variable hotel performance.

2.1.2 The Commitment-Trust Theory of Relationship Marketing

The theory was developed by Robert M. Morgan and Shelby D Hunt in 1994. It states that two fundamental factors, trust and commitment, must exist for a relationship to be successful. Relationship marketing involves forming bonds with customers by meeting their needs and honoring commitments. Rather than chasing short-term profits, firms following principles of relationship marketing pursue long-lasting bonds with their customers. Due to this, customers trust these firms and the mutual loyalty helps both parties meet their needs.

Trust is the confidence both parties have that the other party won't do something risky or harmful (Annie and Adele, 2009). Trust is developed when firms fulfill their promises. Commitment refers to a long-term desire to maintain a valued partnership. For example, a business might follow-up after a purchase to ensure that a customer was satisfied with the experience. If not, the business might choose to either refund the customer or offer a discount on her/his next purchase. The business shows commitment to its customers through a series of relationship – building activities.

A relationship based in commitment and trust results in cooperative behaviors that allow both parties to fulfill their needs. In addition to customers getting the product/service they are paying for, they feel valued. Few firms have the resources to develop long-term relationship with every customer. It is therefore important to identify the most valuable customers and focus your efforts on them. Identifying and developing the relationship with the right customers allows you to devote your resources to the customers who mean the most to your firm's overall strategy (Annie and Adele, 2009).

2.1.3 Value Discipline Model

This theory was developed by Michael Treacy and Fred Wieserma in 1995. It is a significant strategic framework for market positioning that has three positioning strategies namely operational excellence, product leadership and customer intimacy.

The authors' main premise is that companies must choose and then achieve market leadership in one of the three disciplines, and perform to an acceptable level in the other two.

CRM can be strategically embedded particularly in two of the three value disciplines that is; Operational Excellence, and Customer Intimacy. With customer intimacy, Wieserma (1998) shows how companies can profit from establishing closer, more cooperative customer relationships. The customer intimacy strategy focuses on offering a unique range of customer services that allows for the personalization of services and the customization of products to meet differing customer needs. Often companies who pursue this strategy bundle services and products into a solution designed specifically for the individual customer. The successful design of solutions requires vendors to possess deep customer knowledge as well as insights into their customers' business processes. The solutions offered rarely present the cheapest option for the customer, nor the most innovative, but are regarded as "good enough". True customer intimacy can only be arrived at through aligning the product development, manufacturing, administrative functions and executive focus around the needs of the individual customer. CRM is often solely related to the customer intimacy value discipline. If CRM is embedded in a customer intimacy strategy, then CRM will be relationship-oriented.

An operational excellence strategy aims to accomplish cost leadership. Here the main focus centers on automating manufacturing processes and work procedures in order to streamline operations and reduce cost. This strategy is ideal for markets where customers value cost over choice, which is often the case for mature, commoditized markets where cost leadership provides a vehicle for continued growth. Firms embedding CRM in an operational excellence strategy focus on cost-minimization and improving the quality of the customer relationship process via process upgrade

(Verhoef&Langerak, 2002). Through operational excellence, firms aim to have economical, efficient processes whose resulting delivered values to customers are low prices and service convenience. (Wieserma& Treacy, 1996).

The model in this study is a basis for personalization of services to achieve service convenience. Key customer focus can be achieved which would lead to customer intimacy as stipulated in the model. The model thus served as a basis to find out if key customer focus had a role to play on hotel performance.

2.2 Empirical Literature Review

2.2.1 Influence of Key Customer Focus on Performance

The main purpose behind customer -oriented behavior is to increase customer long-lasting satisfaction and to build customer-loyalty thus improving company performance. Therefore, studies have demonstrated that good customer -oriented behaviors, in an organization, leads to a great positive impact on its performance (Kim, 2008; Yilmaz *et al.*, 2005). Similarly, King and Burgess (2008) reach the conclusion that customer orientation is a crucial factor in the successful implementation of CRM.

Moreover, recent studies have shown that service firms, like hotels, require a better understanding of customer orientation and its great importance to such firms and their performance (Kim *et al.*, 2006). 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 (Lee *et al.*, 2006). Hence in order to enhance service experience, hoteliers need to focus on customer interaction. Customer orientation can be achieved through a positive relationship between customer and service provider. Research has supported that customer orientation leads to increase in organizational performance (Asikhia, 2010). 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 (Liu *et al.*, 2003) In addition, several studies revealed that there is a relationship between customer orientation and marketing planning capabilities (Morgan *et al.*, 2009; Pulendran& Speed, 1996). Hence, we note that despite the numerous positive impacts of customer - orientation on organizations performance, the fact remains that there is still limited literature

about customer - orientation influence on hotel performance (Sin *et al.*, 2006; Tajeddini, 2010).

2.2.2 Influence of CRM Organization on Performance

For customer relationship management programs to be fully achieved there must be dedication of resources at all levels and functions of the organization. Therefore, organizations have to develop an appropriate working environment, for instance, providing staff with the modern tools, and technology, customer-satisfaction tracking and complaints management systems, inspirational leadership, and appropriate rewards systems.

As a result of the supportive working conditions, organizations can ensure the required customer-oriented behaviors of their employees (Mechinda& Patterson, 2011). The researchers also argue that CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer - oriented approach, unless the project is completely integrated by them (Sin *et al.*, 2005; Yimet *al.*, 2005). In support of this point Ku (2010) stress that CRM success does not only require technological quality or systems, but it also requires an effective service concept as well as suitable operation procedures.

Thus, the success of CRM implementation relies on the active involvement of the employees in the organization itself (Boulding*et al.*, 2005; Payne, 2006; Tamilarasan, 2011). Therefore, we can say that CRM organization has to be an essential means through which firms effect fundamental changes in the way they organize their actual business processes for employees and customers (Sin *et al.* 2005; Yimet *al.*, 2005). Inevitably, all the organization resources (such as marketing capabilities, policies, culture, and organization structure) have to be integrated in order to implement CRM successfully and, in turn, to improve organizations performance.

Previous studies also declare the positive impact of CRM organization on customer retention (Yimet *al.*, 2005), financial and marketing performance (Akrouchet *al.*, 2011; Sin *et al.*, 2005). 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 (Nunes&Dréze, 2006).

It goes without saying that knowledge about customers plays a vital role in CRM, taking into consideration the fact that the main purpose behind collecting data about customers is to get a clear image about them from different perspectives (Sin *et al.*, 2005). Therefore, organizations can authenticate such data to be able to establish and develop beneficial relationship with their customers (Zahay& Griffin, 2004).

2.2.3Influence of Knowledge Management on Performance

Knowledge of customer needs is a key characteristic of a customer-oriented firm. Customer –needs driven CRM strategies requires unveiling customer needs through the examination of customer data.

According to Yimet *al.* (2004), successful CRM demands effectively changing customer information into customer knowledge. In their own words, they noted that customer data should be gathered by interacting with them or touch points across all functions or areas of the firm so that a 360-degree customer perspective is found, maintained, and frequently updated.

In order to be customer-centric, organizations must be competent at managing knowledge about their customers and knowledge that is helpful to their customers. According to Zablahet *al.* (2004) every firm has a unique level of knowledge management proficiency. They added that knowledge management provides firms with market intelligence that can be used to maintain and build profitable portfolios of customer relationships. Consequently, it is asserted that a superior knowledge management capability is an important foundation and platform for building a sustainable competitive advantage (Sin *et al.*, 2005.)

Managing knowledge effectively can greatly help an organization to have success in building better customer relationship, resulting in a positive impact on organization performance (Abdulateefet *al.*, 2010; Akroushet *al.*, 2011). Taking into account that the success of relationship management is heavily dependent on collecting and analyzing customers' information, as such information is used for developing highly personalized offerings (Sigala, 2005).

Janz and Prasarnphanich (2003) pointed out three dimensions of knowledge management competence. They are; knowledge development, knowledge dissemination, and knowledge application. One significant feature of knowledge development is the fact that knowledge is found in the data base of any firm and can only be created from information that may be found in the data base or elsewhere. Knowledge in general is created in different ways. The value of knowledge is improved by its level of accessibility therefore the more accessible knowledge is, the more valuable it becomes. Customer knowledge that has been generated needs to be shared and circulated all over the firm.

The administration of knowledge in such a manner that it creates more value for the organization and its customers is the final result of knowledge management programs. As Janz and Prasarnphanich (2003) stated, it is broadly accepted that a firm's performance relies more on the ability to change knowledge into effective action than knowledge itself.

Hotels that enjoy a lot of customer's knowledge which is disseminated among their different departments are more likely to implement successful marketing activities for meeting their customer needs. Moreover, Fan and Ku (2010) indicate that customer knowledge management is firmly associated with marketing capabilities, and it greatly enables organizations to take strategic managerial decisions for improving their performance.

2.2.4 Influence of Technology-based CRM on Performance.

CRM strategy will fail if the information technology is not used properly (Dutu & Halmajan, 2011). Thus the appropriate use of technology in marketing is one of the greatest opportunities in hotel industry, because of the fact that it is important to get the right information from the right people at the right time, so that the right decisions can be made and /or the services can be rendered (Moriarty-Jones *et al.*, 2008).

Kasim and Minai (2009) support the above view by stating that CRM technology dimension is firmly related to hotel performance, because hotels need to use information technology for improving their performance. In this regard, new technologies are considered as the core drivers for change (Minghetti, 2003).

Moreover, most researches on the impact of information technology on organization performance report similar findings about the positive role of information technology in CRM strategy. In other words, these researches revealed that many customer-centric strategies cannot achieve their goals, without the help of information technology (Abdullateef *et al.*, 2010; Eid, 2007; Ozgener&Iraz, 2006; Sigala, 2005; Sin *et al.*, 2005; Yehet *et al.*, 2010).

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 customers.

Other hotels have adopted cashless payment systems while others use the biometric systems such as iris scans, fingerprints, facial scans or hand geometry analysis systems to increase physical or data security (Warren, 2010).

It's worth noting that the expansion of advanced information management tools, like database marketing, data warehousing, data mining, and push technology keep organizations in constant pursuit of the current technology that could be built-in into their CRM systems. Organizations are able to collect, analyze, and circulate information in the entire organization when they have the correct CRM technology.

According to a study conducted by Wahabet *et al.* (2010) based on the relationship between E-service quality and Ease of use on CRM performance for mobile services; The findings showed that E-service quality and ease of use have an influence on CRM performance. The study concluded that mobile phone service operators should improve CRM performance so as to attain higher level of service quality in order to enhance customer satisfaction. Yim, Anderson and Swami Nathan (2005) stated that with the right CRM technology for data collection and distribution, organizations are in the best position to improve prospecting, enhance communication and sales presentations, and customize their product configurations. Additionally, CRM technology helps in cross referencing of customers of the different sectors of an organization to identify trends of customer buying behavior and this is a potential source of increased sales opportunities. The main expected outcomes of CRM-based technology are enhanced customer satisfaction, higher customer retention, and more profitable long-lasting customer relationships.

CHAPTER THREE

RESEARCH METHODOLOGY

This section discusses the technique used by the researcher to conduct the research. It outlines the research design, study area, target population, sample size, sampling technique, data type and source, data collection method, instrument validation and reliability test, data analysis and presentation.

3.1 The Research Design

The study adopted a descriptive cross-sectional survey design. Descriptive research design is used when the problem has been defined specifically and where the research has certain issues to be described by the respondents about the problem (Kothari, 2002). A research design is the plan and structure of investigation so conceived as to obtain answers to research question (Munyoki&Mulwa, 2012). The researcher applied descriptive survey research methods involving quantitative research approach and design. Descriptive survey design is concerned with the what, where, when or how much of a phenomenon. This research design enabled the researcher to generate knowledge that was used to draw inferences about the results and explore the relationships between various aspects of the variables under study. The quantitative design made use of survey questionnaires to gather data that was analyzed and tabulated in numbers. This allowed the data to be characterized by the use of statistical analysis. Quantitative Research is applied when the research incorporates the statistical elements designed to quantify the extent to which a target group is aware of, thinks, and believes (Kombo, 2013).

3.2 Study Area

The area of study was Nairobi County. It is one of the newly devolved counties of Kenya and the smallest but yet most populous of the counties. The county is coterminous with the city of Nairobi, which is also the capital and largest city of Kenya. The land area of Nairobi County totals to 696 km². Nairobi County borders Kiambu County to the North and west, Kajiado to the South and Machakos County to the East.

3.3 Target Population

The target population was the managerial staff of the five-star hotels in Nairobi County. Managers are permanent staff responsible for overall management of the hotel. They consisted of top and middle level managers. There is a total of 10 five-star hotels in Nairobi County according to Tourism Regulatory Authority with a total of 500 managerial staff. A total of 40 managers responsible for managing all the activities within the hotel were interviewed with 4 managers being interviewed per hotel.

3.4 Sample Size and Sampling Method

Sample size is the number of observations used for calculating estimates of a given population; it is a very important issue because big samples are expensive in terms of time and resources. Samples that are too small on the other hand may lead to inaccurate results. Peter and Olson (2008) emphasizes that a researcher must clearly define the features of the population, ascertaining the required sample size and select the best method for selecting members of the sample from the larger population in order to ensure that the sample accurately represents the population. Census was used in selecting the five-star hotels that were included in the study since the population is small. Purposive sampling technique was used in selection of the respondents. Kombo and Tromp (2006) define purposive sampling as a situation in which a researcher purposively targets a group of people believed to be reliable for the study. In this case the managers were considered to have overall detailed information concerning the hotel and were in a position to furnish the researcher with the required information. A sample size of 40 managers, consisting of 2 top and 2 middle level managers per hotel were used for the purpose of the study

3.5 Data Collection

3.5.1 Data Type and Source

Primary and secondary data were used. Primary data was obtained from respondents while secondary data was collected from documents in the custody of the hotels concerned. The researcher also gathered secondary data from the governments' records and related reports concerning the hotel industry

3.5.2 Data Collection Instrument

Questionnaire method was used for primary data collection, in which appropriate self-administered structured and semi structured questionnaires was developed and sent to the various stakeholders. The questionnaires were dropped by the researcher, and then picked later after confirming with telephone call. In cases where responses were not clear, follow-up telephone calls were done to clarify the responses that were not clear. Secondary data collection was done through document review.

3.5.3 Instrument Validation and Reliability Test

Validity is the accuracy and meaningfulness of inferences, which are based on the research results (Mugenda&Mugenda, 2003). Validity is also the degree to which results obtained from the analysis of the data actually represent the phenomenon under examination, similarly validity refers to the degree to which the proof supports any conclusions made by a researcher on the basis of the information collected using a certain tool. The content of the questionnaire was examined to enhance validity and to establish if it was suitable for the research's objective. After collecting the data, the inferences made was examined together with the research supervisor to ascertain their validity.

Reliability is a measure of degree to which a research instrument yields consistent results after several trials. In order to enhance reliability of the data collected, consultation with line supervisor was done. Split half method was used to pretest the reliability of the questionnaire items. Pilot study participants was randomly selected from the neighboring County i.e. Kiambu this prevented potential contamination of the study sample. In this study, 10 participants were given the test. The instrument was split into two halves i.e. odd items and even items. The correlation coefficient of the test result was then calculated. According to Mugenda and Mugenda (2003) if the calculated correlation is above 0.79 then it implies that there is high pretest reliability of the questionnaire items.

3.6 Data Analysis and Presentation

Descriptive analysis of the data to demonstrate how the different dimensions of CRM influence the performance of the 5-star hotels in Nairobi was performed. This provided the mean and frequency of the responses per category. The data analysis results were presented in the form of tables. Detailed discussion of the results/outputs was provided after each and every analysis done.

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter addresses the descriptive aspects of the data such as the demography of the sample data. Therefore; this chapter addresses the specific objectives of the study.

4.1 Response rate

The research aimed at 45 interviewees drawn from the managerial staff of the 5-star hotels in Nairobi. Out of the 45 respondents targeted, a response rate of 40 was attained representing 88.88% response which far much above the response rate of 30% which was proposed by Mugenda and Mugenda (2003) and therefore the data obtained was deemed suitable for making a generalization to other counties.

4.2 General information

This part analyses general information of respondents such as their gender, job level and level of education; and that of the hotel such as its years of existence.

4.2.1 Gender

The gender of the respondents was analyzed and the below table was generated

Table 4.2.1 Gender of respondents

Gender	Frequency	Percentage
Female	20	50
Male	20	50
Grand Total	40	100

Source: Survey data, 2019

From the above table, the results indicate that out of the total number of respondents which was 40, 20 were female while the other 20 were male. This implies that most five-star hotels within Nairobi are not gender bias when it comes to employing their staff.

4.2.2 Job level of respondent

An analysis was done on the respondents' job level and tabulated as below

Table 4.2.2 Job level of respondents

Job Level of Interviewees	Frequency	Percentage
Mid-level management	29	72.5
Top-level management	11	27.5
Grand Total	40	100

Source: Survey data, 2019

From the above table, it's evident that most respondents were middle-level managers (72.5%). The low number of respondents from top management can be attributed to the fact that top level managers are mostly busy with tight working schedules and getting them to respond to the questionnaires may not be easy, though its achievable.

4.2.3 Level of Education

The study sought to find out the highest level of education of the respondents in the five-star hotels surveyed. The respondents' level of education was analyzed and the results tabulated as below

Table 4.2.3: Level of education of respondents

Education levels of interviewees	Frequency	Percentage
PHD	12.5	
Diploma	717.5	
Masters	1435	
Postgraduate	512.5	
Bachelors'	1332.5	
Grand Total	40100	

Source: Survey data, 2019

From the above table 4.2.3, majority of the respondents had masters' degree, 13 were undergraduates, 7 had diplomas, 5 were postgraduates and only one was a PHD holder. From this it's evident that most respondents (82.5%) were graduates, either, bachelors', masters or PHD and only a few of the respondents (17.5%) had diplomas. This shows that employees in managerial positions had achieved high levels of education.

This corroborates with the study carried out by Suhartanto (2011) titled an examination of brand loyalty in the Indonesian hotel industry who found out that 84% of the respondents in his study had completed a bachelor degree. This suggests that the hotel managers have a bit of higher education and the possibility of being exposed to advanced courses. The high level of respondents with bachelor's degree and impressive percentage holders of master degrees indicate that there is high level of competence in the hotel industry. Highly educated employees in the industry are equated to knowledge, skills, capacity and ability to perform.

4.3 Influence of Key Customer Focus on Hotel Performance

The influence of customer focus on hotel performance was analyzed in terms of; customers' involvement in defining the hotel's service targets and standards, knowledge of customer needs, response to customers' queries, creating opportunities for customers to prioritize business expectations, enlisting support of customers before proceeding with key decisions, customer follow ups to ascertain their satisfaction, viewing situations from the perspective of the customer. Each of these variables were rated such that 1=very low,2=low,3=Moderate,4=High and 5=Very high. The ratings of the responses were outlined in the figure 4.3 below

Table 4.3: Influence of Key Customer Focus on Hotel Performance

Categories	Mean	Standard Dev	Frequency
Customer Involvement	4.5	0.599	40
Knowledge of customer needs	4.38	0.705	40
Response to customer queries	4.58	0.636	40
Creating opportunities for customers	4.28	0.716	40
Enlisting support of customers	4.28	0.716	40
Customer follow ups	4.18	0.675	40
Viewing situations from the perspective of customer	4.38	0.705	40

Source: Survey data, 2019

The table above showed that response to customer queries had the highest rating of 4.58 out of maximum of 5. While customer follow up had the lowest rating of 4.18 among the sub factors that influence hotel performance under this category of customer focus. Overall, customer focus on hotel performance had an average rating of 4.37 which is the highest among all the variables under the study. A score of 4 denoted high influence of key customer focus on hotel performance.

The findings show that most five-star hotels in Nairobi County respond promptly to customer queries and this leads to positive influence on their performance. The findings imply that to attain high performance hoteliers need to deploy finely targeted customer intimacy management programs and strategies targeting the customers that represent their current and future business. Such programs might include partnering programs, customer led account planning, customer alignment teams, innovation processes and relationship satisfaction management. All these will form an integral part in whatever strategy that a firm may want to employ.

4.4 Influence of CRM Organization on Performance

This variable was analyzed in terms of; conducive working environment for employees, existence of appropriate reward systems for employees, complete integration of CRM, commitment from top management to support customer-focused service concept. Each of these variables were rated such that 1=very low,2=low,3=Moderate,4=High and 5=Very high. The ratings of the responses were as shown in the table 4.4 below

Table 4.4: Influence of CRM Organization on Performance

Categories	Mean	Standard Dev	Frequency
Conducive working environment for employees	3.95	0.986	40
Existence of appropriate reward systems for employees	3.88	0.822	40
Complete integration of CRM	3.95	0.932	40
Commitment from top management to support customer focused service system	3.85	1.167	40

Source: Survey data, 2019

The table above showed that complete integration of CRM and conducive environment had the highest rating of 3.95 out of the maximum of 5. While commitment from top management had the lowest rating of 3.85 among the sub factors that influence hotel performance under this category of CRM Organization. The influence of CRM Organization on hotel performance had an average rating of 3.907.

The findings imply that creating a conducive working environment is a very important factor in improving performance of the five-star hotels in Nairobi county. Employees appreciate working in an organization that has a conducive working environment, that is, free from any harm and danger to their life.

Employees in such an organization work better and harder thus lead to improved performance of the organization. Moreover, a conducive working environment would enable an organization to retain its best employees thus leading to improved performance.

4.5 Influence of Knowledge Management on Performance

Under this variable the analysis was done on centralized database for customer information, Customer knowledge dissemination among different departments, access to the customer database by the managerial staff. Each of these variables were rated such that 1=very low,2=low,3=Moderate,4=High and 5=Very high. The ratings of the responses were summarized in the table 4.5 below

Table 4.5: Influence of knowledge Management on hotel performance

Categories	Standard		
	Mean	Dev	Freq
Centralized database of customer information	4.5	0.905	40
Customer knowledge dissemination among different departments	4.2	0.939	40
Access to the customer database by the managerial staff	4.1	1.057	40

Source: Survey data, 2019

From the above figure, the highest rating of 4.5 was from centralized database for customer information while access to the customer database by the managerial staff had the lowest rating of 4.1. The average rating of knowledge management variable on hotel performance was 4.267. The findings imply that 5-star hotels' performances improve because of existence of a centralized database of customer information. This implies that customer data integrity is maximized and data redundancy minimized in such hotels leading to improved performance.

4.6 Influence of Technology-based CRM on performance

This variable was analyzed on use of computers in serving the hotel's customers and use of information technology. A scale of 1-5 was used to rate the variables where 1=very low,2=low,3=Moderate,4=High and 5=Very high. The ratings of the responses were summarized in the table 4.6 below

Table 4.6: Influence of Technology-based CRM on Performance

Categories	Standard		Freq
	Mean	Dev	
Use of computers in serving the hotels customer	4.08	0.997	40
Use of information technology	4.58	0.549	40

Source: Survey data, 2019

The above table 4.6 indicates that use of information technology had the highest rating of 4.58implying that uses of information technology highly influence performance of five-star hotels in Nairobi County. The average rating of technology-based CRM variable on hotel performance was 4.33. This denoted that technology-based CRM had a high influence on 5-star hotel performance. The results concur with the research done by Kumbirai and Nyasha(2014) on conditions for CRM success in Zimbabwe's hospitality sector. Kumbiraiand Nyasha (2014) found out that technology is one of the conditions necessary for CRM success leading to improved performance.

The findings imply that to achieve competitive advantage through improved performance, the hotels need to install state of-the-art technology systems and be vibrant in monitoring the technological environment in order to be informed of new technologies. The findings also imply that technology is very vital in smooth operations of any hotel and ensuring that there is customer relationship management by the organization since the hotel employees and the customers can communicate freely and relate easily through available technology. Technology therefore enables the hotels to have a competitive edge in the industry.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

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This chapter summarizes the results of the study and reports the conclusions drawn. In addition, practical contributions of the study are discussed together with observed limitations. The chapter concludes by providing potential avenues for future research.

5.1 Summary of Findings

The first research objective sought to establish the influence of key customer focus on performance of five-star hotels in Nairobi county. Means and standard deviations were computed on the ratings of count of the respondents for the items that were given in a Likert scale under key customer focus. The average of means for the 7 sub-categories of key customer focus variable rated as high in a scale of 1 to 5, implying that key customer focus has a positive influence on performance of five-star hotels in Nairobi County. This also implied that 5-star hotels in Nairobi county put great emphasis on customers in making major decisions that drive their business performance.

Response to customer queries subcategory of key customer focus variable rated highest followed by viewing situations from the perspective of the customer and knowledge of customer needs, then customer involvement in defining hotel service targets and standards, then enlisting support of customers before proceeding with key decisions and creating opportunities for customers to prioritize business expectations and the one with the lowest rating was customer follow ups to ascertain their satisfaction.

Research objective two sought to establish the influence of CRM organization on performance of five-star hotels in Nairobi county. To achieve this, a list of four factors were given to the respondents for their ratings in a scale of 1 to 5. The four factors were; conducive working environment for employees and complete integration of CRM which rated the highest, followed by existence of appropriate reward systems for employees and lastly commitment from top management to support customer-focused service concept had the lowest rating. The results denoted that CRM organization had a moderate influence on performance of 5-star hotels in Nairobi.

This implies that employees consider their working environment so important such that a good working environment motivates them to work harder and smarter which leads to high performance in the hotel.

The third research objective sought to establish the influence of knowledge management on the performance of 5-star hotels in Nairobi county. Here a list of three factors were rated by the respondents in a scale of 1-5. The results indicate that knowledge management has a positive influence on the performance of five-star hotels in Nairobi county. From the results the highest rating was from centralized database for customer information while access to the customer database by the managerial staff had the lowest rating. This indicates that most five-star hotels in Nairobi have centralized database for their customer information and this improves their performance through minimized data redundancy in such hotels.

The last research objective sought to establish the influence of technology-based CRM on 5-star hotel performance in Nairobi. Two factors were analyzed under this objective namely; use of computers in serving the hotel's customers and use of information technology. The results show that most 5-star hotels in Nairobi county used information technology in running their daily operations and this had positive influence on their performance.

The findings are consistent with those of Brewer *et al.* (2008) in the study current and future technology use in the hospitality industry who found out that using technology to enhance the customer experience and increase revenue will be the focus in the future.

5.2 Conclusions of the study

The findings of this research established that customer relationship management dimensions can be very beneficial to an organization if practiced properly. Customer Relationship Management is very critical in this era where the customer is enlightened and spoiled for choice.

From the study findings we can conclude that key customer focus, CRM Organization, knowledge management and technology-based CRM positively influence performance of five-star hotels in Nairobi county. However, Key customer focus should be accorded special attention as it has greatest influence on performance

according to this study. The customer appreciates his/her concerns and complaints addressed immediately and this has a direct influence on hotel performance.

Key Customer Focus leads to increased organizational performance thus the management should see it as one of the market beneficial sources. It helps organization to understand the customer and hence it helps in delivering an appropriate plan to satisfy customer needs. Through key customer focus, the hotel management should spare some time to spend and interact with their customers so as to get some feedback on the expectations of their services and what they actually get in the hotel.

Technology-based CRM infrastructure in the hotel industry should also be accorded attention because it has great influence on hotel performance according to this study. Hotels must embrace the latest technology for competitive advantage. Technology is everchanging and as such provides a variety of systems for doing businesses to manage customer relationships efficiently and effectively.

5.3 Recommendations of the Study

The study recommended that the management of five-star hotels in Nairobi must pay special attention on key customer focus as it was found to have a direct, strong, and positive influence on hotel performance. This they can do by listening and promptly responding to customer queries and paying heed to providing services in line with the needs and specializations of the main customers.

The study recommends that hotels invest more on creating and continuously improving the working environment for their employees as this has a positive influence of hotel performance.

Another recommendation is for the management of five-star hotels to put focus on knowledge management variable by having a centralized database system for customer information and by ensuring customer information is used in the best way possible to improve the hotel's profit margin.

The study also recommends that hotels have budgets specifically for technology upgrading. Majority of customers in this industry come from highly technologically developed countries.

5.4 Limitations of the Study

Only the management view informed the results of the research since the researcher gave the questionnaires to the top and middle level managers only. Thus, the below management staff' view was not accurate thereby limiting the study.

There also existed a limitation during data access especially where the manager concerned had a busy work schedule. Getting part of the information which was at hand yet required superior level approval to be accessed took longer. Mostly the staff concerned were very busy with their work and were less keen on filling the questionnaire, this led to making many trips to some organizations in order to ensure the questionnaire were filled.

5.5 Suggestions for Further Research

The study explored the influence of CRM dimensions on the performance of the five-star hotels in Nairobi County. This is but a small portion within the greater hospitality sector comprising of tours, travel, cruise ship lodges to mention but a few. It would be so fascinating if a research would be conducted on CRM dimensions in these other sections and an analysis done on how they relate so as to have a clear extent of CRM dimensions in the entire hospitality sector. This study also suggests that a study about the importance of CRM dimension as a tool of achieving competitive edge in the hotel industry be conducted.

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APPENDICES

Appendix I: LETTER OF INTRODUCTION

ESTHER OKOTH

C/O

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS AND ECONOMICS

MASENO UNIVERSITY

DATE_____

TO WHOM IT MAY CONCERN

Dear Sir/Madam

ACADEMIC RESEARCH

I am a student at Maseno University pursuing Master of Business Administration. As part of the requirements, I am carrying out this research entitled, **Influence of CRM dimensions on the performance of 5-star hotels in Nairobi County, Kenya**. Please assist to answer the questions provided in the questionnaire. Your Identity is not required and the information you provide will be treated in strict confidence.

I remain grateful

Yours Sincerely

Esther Okoth

(MBA/ BE /000062/2014)

RESEARCH SUPERVISOR

DrMise J.K.

Maseno University

Appendix II: QUESTIONNAIRE

Kindly fill the questionnaire as appropriately as possible using a tick. The information provided will be treated with utmost confidentiality and will be used for research purposes only.

a) General Information

1. Gender

Male ()

Female ()

2. Job Level/position

.....

3. Years of hotel's existence

4. Level of Education

Certificate () Diploma () Under graduate () Masters
()

Others specify.....

b) Influence of customer focus on hotel performance

In a scale of 1-5 rate the influence of the following variables on the performance of your hotel.

1 (lowest rating) and 5(highest rating)

NO.	STATEMENT	1	2	3	4	5
1	Customers' involvement in defining your hotel service targets and standards					
2	Knowledge of customer needs					
3	Response to customers queries					
4	Creating opportunities for customers to prioritize business expectations					
5	Enlisting support of customers before proceeding with key decisions					
6	Customer follow ups to ascertain their satisfaction					
7	Viewing situations from the perspective of the customer					

c) Influence of CRM Organization on performance

In a scale of 1-5 rate the influence of the following variables on the performance of your hotel.

1 (lowest rating) and 5(highest rating)

NO.	STATEMENT	1	2	3	4	5
1	Conducive working environment for employees					
2	Existence of appropriate reward systems for employees					
3	Complete integration of CRM					
4	Commitment from top management to support customer-focused service concept					

d) Influence of knowledge management on performance

In a scale of 1-5 rate the influence of the following variables on the performance of your hotel.

1 (lowest rating) and 5(highest rating)

NO	STATEMENT	1	2	3	4	5
1	Centralized database for customer information					
2	Customer knowledge dissemination among different departments					
3	Access to the customer database by the managerial staff					

e) Influence of technology-based CRM on performance

In a scale of 1-5 rate the influence of the following variables on the performance of your hotel.

1 (lowest rating) and 5(highest rating)

NO	STATEMENT	1	2	3	4	5
1	Use of computers in serving the hotel's customers					
2	Use of information technology					

Appendix III: LIST OF FIVE-STAR HOTELS

1. Villa Rosa Kempinski
2. Hemingway's Nairobi.
3. Sankara Hotel
4. Fairmount the Norfolk
5. Tribe Hotel
6. The Sarova Stanley
7. Radisson Blue Hotel
8. Dusit D2
9. Intercontinental Hotel
10. The Boma Hotel