The Role of Information Technology and Customer Relationship Management Practices in Egyptian Hotels—A Descriptive Study in Sharm El Sheikh Hotels: IT and CRM Practices in Egyptian Hotels

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ABSTRACT

Information technology plays a significant role in the practice of customer relationship management (CRM) in hotels, such as helping to achieve profitability through operational excellence, lower costs, and valuing the customer’s time. This research aims to examine the influence of information technology and customer relationship management practices on the performance of hotels in Egypt. A case of Sharm El Sheikh hotels. To achieve these objectives, two questionnaires were designed to collect respondent’s answers. It is recommended to hotels to enhance CRM practices to increase hotel performance and improve information technology to match customer orientation and CRM practices challenges and therefore making Sharm El Sheikh hotels more competitive in the global hotel industry.

KEYWORDS
CRM Practices, Customer Loyalty, Customer Orientation, Information Technology, Service Quality, Sharm El Sheikh Hotels

INTRODUCTION

CRM term is used to define a business strategy focused on the customer, its goal is to acquire, retain and partner with selective customers to build long-term and profitable relationships with them, also to create superior value for the company and the customer Shainesh and Sheth (2006), thus increase their satisfaction (Membrado, 2002). CRM is about managing customer knowledge to better understand and serve them.

The technologies support the analytical CRM system include CRM portals, data warehouses, and predictive and analytical engines; the analytical function may be fulfilled by separate systems, in which CRM involves the acquisition, analysis, and use of knowledge of customers to sell more goods or services and to do so more efficiently (Baran et al., 2008).

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In the hotel industry, hotels aim to retain customer loyalty, seeking their satisfaction, at the same time customers have the alternative to hold and reserve in such hotel without choosing other, being in their best interest, so they have many options and choices. Therefore, there is high competition and hotel industry is trying to provide the best expectations and demands of their customers. The hotel management needs to follow the technological improvement, cost optimization and excellent service facility, which are very important for any hotel, but their significance only matters when customer recognize it (Fawad et al., 2012).

The hotel management aim to aggregate detailed customer profiles for target marketing new and existing services. They used online groups, each category labels the important preferences that the client is preferred.

LITERATURE REVIEW

Literature review represents researcher’s studies on CRM and information technology and their impact in hotel performance.

The usage of social networks supporting in building relationships between hotels and consumers. By leveraging the content created by the consumers in the online forums, hotels can form strategies for targeting consumers appropriately, make alterations to products, improve services and improve consumer retention.

Hotels with superior qualities get more stars to be evaluated as the number of hotel’s stars reflect, the type of offer that the hotel gives guests (ICTUR, 2014).

Customer information is collected through various media such as mail, Web, fax, contact management system, the sales force and contact centers, this view from a hotel’s operational perspective (Fournier, Avery (2011), such customer information is stored and in a customer database. Stalcup et al (2010) the contact center provides complete and comprehensive tracking information relating to any contact with their customers. However, most hotels lack in identifying the most profitable ways to build and maintain a loyal customer relationship.

Ivanovic et al (2011), said that when the companies increase funding for implementation of new technologies it can realize greatly improve the business performance of enterprises and a return on investment (ROI). Also, he ensured CRM is will be fully integrated in the business and in the information system of tourist enterprise if it will give the expected results.

The evolution of information technology and spreading of social media have important implications for the hospitality industry. Through Social media, tourists’ experiences are represented via their satisfaction/dissatisfaction with tangible attributes in their destination (González-Rodríguez et al., 2016). The travel decisions of customers can be influenced by user comments in social media (Viglia et al., 2016).

CRM in Hotels

CRM has benefits to the organizations that generate a lot of information about customers (Mguyen et al., 2007). CRM suited to the hotel industry, exactly for hotels which receive a lot of data about customers such data can be transformed into useful knowledge about them (Nasution and Mavondo, 2008).

CRM dimensions evaluation was assessed in a number of ways, including customer retention and sales (Yim et al., 2005), market effectiveness and financial performance (Sin et al., 2005), customer satisfaction (Abdulateef et al., 2010) and customer performance and financial performance (Akroursh et al., 2011).

CRM is effective way to facilitate developing and expanding the customers’ base that, in turn, will assist in enhancing profitability and guest loyalty (Wu and Li, 2011).

Diffley, McCole and Carvajal-Trujillo (2017) tested and developed a model which examining the key factors that emerge from the social CRM process and its result such as chain-of-effects which
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