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How to create loyal visitors in Hotel businesses

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Abstract: The purpose of this research paper is to provide an understanding for organizational factors effect on Customer Relationship Management (CRM) in the hotel business and then investigate CRM activities effect on loyalty among business travelers. An analysis of 163 questionnaires gathered from hotels in Sweden resulted in two main findings. (1) Organizational factors such as: size, strategy, and maturity of information system affect CRM activities where the development of a customer loyalty strategy affects CRM activities the most. (2) CRM activities as: bonus cards, service customization, free-gifts, and convenient check in/check outs affect loyalty where service customization affects loyalty the most. Hence, different organizational preferences and certain CRM activities are preferable as hotels strive to create loyalty among business travelers.

Introduction

In today's hotel business, managers have recognized that it is more profitable to retain existing customers than to attract new customers (Garrido-Moreno and Padilla-Meléndez, 2011; Wang, 2007). It costs five times as much to attract new customers than keeping existing ones (Ko *et al.,* 2008; Abraham and Taylor, 1999). This increased profitability comes from reduced marketing, increased sales and reduced operational costs (Bowen and Chen, 2001). Also, the organization success depends on their ability to maintain effective relationships with customers (Nguyen e*t al.,* 2007). Furthermore,

the customers' needs and purchase patterns has dramatically changed (Ko *et al.,* 2008). Therefore, one of the management's goals is that their employees shall always satisfy the customers, because they are always right (*ibid.*).

Another important tool for organizations when creating loyalty is technology. Nowadays, technology has increased and can provide businesses with systems that can follow the customers' interactions with the organization. Hereafter, the systems can forward this information to the employees. That is why customer relationship management (CRM) has gain momentum in the hotel business sphere and it is an important issue for hotel managers

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(Wu and Li, 2011). If the system is used correctly it can enhance the organization ability to achieve goals of maintaining customers and expanding a strategic advantage over competitors (Nguyen e*t al.,* 2007). This new technology process can be interpreted as digitalizing employees' knowledge about customers. Normally, personnel would be required to remember customers' needs, preferences and behaviors (*ibid.*).

The main goal with CRM is to achieve long-term relationships that give value for both customers and company. CRM can shorten the distance between customer and company if used properly. Hence, the CRM process contributes to success in the firm through customer loyalty, superior service and better information gathering (Nguyen e*t al.,* 2007). Further, CRM systems help the organization to better understand their customers' needs and preferences. Moreover, this process system is widely accepted among businesses because organizations have understood the importance of keeping strong customer relationships, and that these customers are more likely to bring profitability (*ibid.*).

Previous research discusses that there are positive financial outcomes from a CRM system (Minami and Dawson, 2008). However, studies show mixed results of how successful the implementation of CRM is (Becker *et al.,* 2009). It has been reported that more than half of all CRM project fails due to all complex data quality issues (Alshawi e*t al.,* 2011; Finnegan and Currie, 2010).Therefore, the challenge with complex data quality is to understand the information correctly and to distribute it through the organization. Previous research suggests that more studies have to investigate the area in a wider perspective to explore different factors and also include interrelationships as well (*ibid.*).

In previous studies, organizational factors have been investigated as potential factors that affect the outcome of CRM. The studied factors were, above all, size and business strategy (Alshawi *et al.,* 2011). Furthermore, the literature also highlights maturity of an information system as factor affecting CRM success (Ko *et al.,* 2008; Bajgoric and Moon, 2009).

In this report, the relationship between firms' organizational factors, CRM activities and loyalty are investigated. This means that the study is conducted to see how organization size, organizational strategy and the maturity of information system influence CRM activities and, thereby, loyalty. A previous investigation conducted by Alshawi *et al.* (2011) gained information about organizational factors and their effects on CRM implementation. The study was carried out via interviews on small and medium enterprises. However, Alshawi (2011) suggests that empirical data of a wider perspective needs to be gathered. In addition, most previous data of CRM implementations in hotels are gathered from regions such as the United States, Australia, Tanzania, Thailand, Hong Kong, Canary Islands, Cuba, and Cyprus (Daghfous and Barkhi, 2009). Hence, to the best of our knowledge has loyalty among business travelers have not been investigated through organizational factors effect on CRM activities via quantitative method. Hence, the most important organizational factor affecting CRM activities and the major CRM activity which increases loyalty are the main contribution of this research.

Literature review

Customer relationship management (CRM)

Even though CRM has become widely recognized since the 1990s as a successful strategic approach, there is no consistent definition (Ko *et al.,* 2008; Peppard, 2000). However, one attempt of a definition is that CRM is:

CRM is "an enterprise approach to understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability. (Ko *et al.,* 2008, p.1).

CRM has become an important area to handle because of managers ability to use CRM to differentiate from its competitors (Daghfous and Barkhi, 2009). Hence, firms have increased investments to utilize CRM as a business strategy (Su-Kim and Gul-Kim, 2009). One important reason for using this strategy is the new methods of interacting. Mobile phones with internet and uses email are an escalation of new faster communication devices (Greenberg, 2010). A study shows that especially younger people spend more time on the internet than watching Television (*ibid.*). Also, the new trend with blogs, twitter, facebook and SMS makes it important for companies to be more active in social media (*ibid.*).

Minami and Dawson (2008) discuss the importance of technology for a successful CRM implementation. However, Daghfous and Barkhi (2009) mention that the biggest dilemma hotel managers have to face is the IT and technology issues. Thus, the aim among various hotels is to overcome the dilemma of IT and technology issues, since, a successful CRM implementation may contribute to hotels ability to differentiate (*ibid.*).

Furthermore, CRM is more than just IT and technology. CRM is a process that "includes people, cross-functional processes, and technological aspects associated with marketing, and sales and service practices" (Daghfous and Barki, 2009, p.589). Hence, a successful implementation of a CRM system demands both time and effort. Furthermore, technology is utilized to gather customer data and then disseminate the information within the firm. However, Minami and Dawson (2008) argue that the most essential part of CRM is to enhance and develop new relationships. In other words, one can argue that technology is an important factor to a valuable customer relationship. However, over 50 percent of all CRM implementations fail (Alshawi *et al.,* 2011), due to the complexity of disseminating the information throughout the organization. Hence, CRM in tourism and hotels are in need of further investigation (Daghfous and Barki, 2009).

CRM activities

CRM activities are the foundation to gain loyal customers (Weber, 2001). A way to attract new customers could be to have credit cards, personalized services and offering specialized discounts depending on the customers' needs (Nguyen e*t al.,* 2007).

Many firms implement different loyalty programs as an attempt to build stronger relationships with customers. These loyalty programs seek to connect customers to the organization by offering them different rewards for continued repurchase (Hansen *et al.*, 2010). Customers receive benefits such as a customer loyalty bonus, free gifts and personalized coupons (*ibid.*).

Other benefits that might be given especially to business travelers are upgrades, convenient

check-ins/check-outs, service customization based on the customers' prior visits and the employees understanding of the customers problems (Weber, 2001). Furthermore, the hotel staffs´ ability to handle unexpected problems with convenience is crucial for the loyalty perception among business travelers (*ibid.*).

Organizational factors

According to Ko *et al.* (2008) organizational factors are often used in research because of their significant power when implementing CRM systems. The factors have been divided into three groups, organizational factors, product factors and CEO factors (Ko *et al.,* 2008). However, investigations of the organizational factors' influence on CRM activities in the hotel business are sparse and require investigation (Daghfous and Barki, 2009). Hence, to get a deeper understanding in the area we limited the investigation to one of the groups. Therefore, a focus on organizational factors was chosen, since we believe it has greatest impact on hotel businesses.

In the subgroup of organizational factors, the most highlighted are size, strategy and maturity of the information system (*ibid.*).

Size

There have been indications that organizational size influences the adoption of new innovation in numerous industries (Ko *et al*., 2008). Furthermore, Ko *et al*., (2008) continues arguing that there are differences between small and large firms in adoptions of new innovations. Large firms adopt new innovation easier due to their strong infrastructure, good risk management, and their possession of available resources.

However, smaller firms experience higher competition, financial difficulties, lack of professionals, and above all higher competition that affect adoptions of new innovations (*ibid.*). In contrast, Alshawi e*t al.* (2011) mention that their study proves that organizational size does not affect the implementation of CRM systems. Hence, the empirical data differ from the literature arguing that organizational size actually affects technological related systems. However, Alshawi e*t al.* (2011) mention that even though they have validity in the study, this issue needs to be studied in a wider perspective. This indicates that there is an ambiguousness regarding whether an organization's size influence CRM implementations or not.

Strategy

Today, hotel managers have to increase profits with limited resources. Hence, there is an increased importance of customer services to differentiate from competitors (Daghfous and Barkhi, 2009). According to Kandampully and Suhartanto (2000) there are two different strategies hotel managers commonly use to gain competitive advantage. These two strategies are "low-cost leadership through price discounting, and developing customer loyalty by providing unique benefits to customers" (Kandampully and Suhartanto, 2000, p.1). In the low-cost strategy, firms strive to improve market shares by discounting price. However, this strategy increases the risk of negative impact on hotels medium and long-term profitability (Kandampully and Suhartanto, 2000).

In the strategy of developing customer loyalty, it is rather the quality of service than price that has become the key concept for hotels to differentiate from competitors (*ibid.*). Also,

many studies show that hotels need to develop customer loyalty in contrast to relying only on pricing strategies (*ibid.*). Furthermore, studies show that a five percentage increases in customer loyalty, enhances the profitability with 25 percentages (*ibid.*).

Maturity of information system

Maturity of the information system is another organizational factor that affects the implementation of CRM systems (Ko *et al.,* 2008). Firms that benefit from more, but especially mature information systems may adopt innovations less problematically (Ko *et al.,* 2008). Furthermore, there is no clear definition of mature information system seems to occur. However, to measure maturity of information system, one investigates if the systems have increased profitability and cooperation between IT teams and marketing (*ibid.*). Moreover, the maturity of information system is said to be important especially in hotel businesses (Bajgoric and Moon, 2009). Since, management of other sub parts in the hotel organization such as marketing and finances may not be as effective and efficient as required without a mature information system (*ibid.*).

CRM outcome

Loyalty

According to Zineldin (2006) the emphasis of CRM is that customer retention and loyalty affects company profitability, since it is more efficient to retain a customer than find a new one. Also, a critical factor for CRM is to manage customer loyalty and retention (*ibid.*). Furthermore, Zineldin highlights how everything holds together:

"The first step in managing a loyalty-base business system is finding and acquiring the right customers: customers who will provide steady cash flow and a profitable return on the firm's investment for years to come, customers whose loyalty can be won and kept" (Zineldin, 2006, p.3).

Therefore, customer satisfaction and switching barriers might lead to higher customer loyalty (*ibid.*). Furthermore, hotel managers believe that organizations can improve their profit by satisfying customers (Kandampully and Suhartanto, 2000). However, studies show that satisfying customers entirely is not enough, because there is no guarantee that satisfied customers will be loyal (*ibid.*). Therefore, it has become more apparent that customer loyalty is considerably more important for an organization success.

The proposed model and hypotheses

A model for this investigation has been developed based on previous investigations conducted by Alshawi *et al.,* (2011) and Ko *et al.,* (2008). The studies contain recent investigation on organizational factors and their effect on CRM implementation. However, the investigations about CRM and its influence in hotel businesses are sparse and require further investigation. To the best of our knowledge, CRM activities and their effect on loyalty among business travelers have not been studied. The reason for choosing business travelers is because they are the most loyal segment travelling (Weber, 2001).

Figure 1.

The Proposed Model
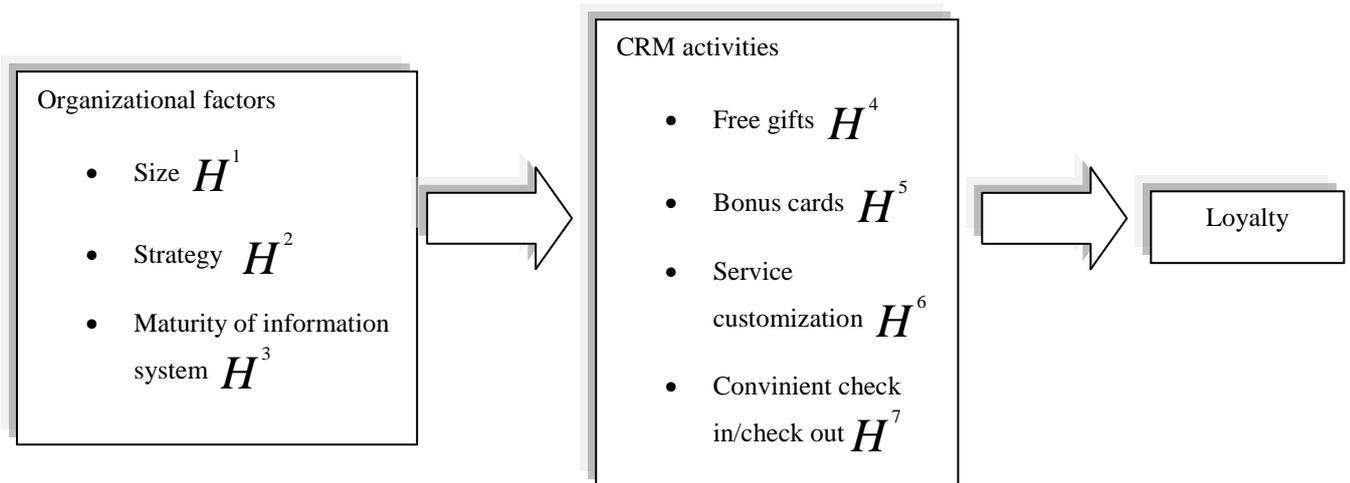
The model begins with presenting organizational factors that are highlighted by the literature as crucial for CRM. The organizational factors are limited to size, strategy, and maturity of information systems. Since, size and strategy and their effect of CRM implementations are in need of further investigation according to Alshawi *et al.* (2011). Furthermore, maturity of information system are then chosen because of the emphasizes in literature (Ko *et al.*, 2008) and especially for the importance in hotel business (Bajgoric and Moon, 2009).

To avoid misunderstandings, the size of the organization is based on the number of employees, hence, in accordance with the study made by Alshawi *et al.* (2011).

The other half of our model consists of CRM activities that are highlighted as essential in hotel business. These are, free gifts, convenient check in/check outs, service customization and bonus cards.

The last part of our model consists of loyalty, which is one of the outcomes that CRM may improve (Ko *et al.*, 2008).

H^1: **Size has a positive effect on CRM activities.**

Ko *et al.* (2008) argue that organization size affects the success of a CRM system. However, Alshawi e*t al.* (2011) mention that size has no impact on CRM systems. In addition, Alshawi e*t al.* (2011) emphasize that their findings are in need of further investigation. Hence, this investigation emphasizes on the knowledge from Ko *et al.* (2008), that size affects CRM activities.

The aim of this hypothesis is, therefore, to investigate and reduce the ambiguousness that seems to occur.

H^2: **The development of a customer loyalty strategy has a positive effect on CRM activities.**

In this hypothesis, the strategies low-cost leadership and developing customer loyalty (Kandampully and Suhartanto, 2000), will be tested individually and compared to each other to see if any specific strategy has a greater impact than others. In the hotel business, the low-cost leadership strategy increases the risk of a negative impact on hotels' profitability (Kandampully and Suhartanto, 2000). Hence, it is most likely that a low-cost leadership strategy has a negative effect on CRM

activities, while, it is likely that a developing customer loyalty strategy has a positive effect on CRM activities. Studies show that such a strategy may enhance profitability with 25% (*ibid.*).

H^3: The maturity of information system has a positive effect on CRM activities.

Firms that benefit from more, but especially mature information systems may adopt innovations less problematically (Ko *et al.,* 2008). Furthermore, the maturity of information systems is extremely important especially for hotel businesses (Bajgoric and Moon, 2009). Hence, this hypothesis is essential, since, the maturity of information system has an impact on CRM activities and is especially important in the hotel business.

H^4 Loyalty is positively affected by free gifts.

H^5 Loyalty is positively affected by bonus cards.

H^6 Loyalty is positively affected by service customization.

H^7 Loyalty is positively affected by convenient check in/check outs.

Hypotheses 4 to 7 includes CRM activities commonly used in hotel businesses to attract and maintain customers. Hypotheses 4 and 5 contain CRM activities used by firms to build stronger relationships and loyal customers (Hansen *et al.,*2010). Furthermore, hypotheses 6 and 7 are based on benefits that are given to business travelers. These are service customization and convenient check in/check outs (Weber, 2001). Hence, it is essential to evaluate if any of these CRM activities

influence loyalty among business travelers, since, it is more profitable to maintain customers than attract new customers (Garrido-Moreno and Padilla-Meléndez, 2011; Wang, 2007).

Methodology

This investigation is limited to the earlier sparse research of hotels in Sweden. Furthermore, the study will be carried out via questionnaires in a quantitative manner in contrast to the qualitative study with interviews made by Alshawi e*t al., (*2011). However, what makes this research unique is the investigation of CRM activities and its effect on loyalty among business travelers. The majority of previous studies on the hotel businesses have focused on customers as a whole.

Questionnaires are suitable to several reasons. One reason is because it is in accordance with Newman and Benz´s(1998,p.3) definition: "the quantitative approach is used when one begins with a theory (or hypothesis) and test for confirmation or disconfirmation of that hypothesis". Another reason is because of the study with interviews, made by Alshawi e*t al.* (2011). The authors suggested researchers to use their findings as a framework for further investigation. Hence, to give the subject a wider perspective, we chose questionnaires. Another reason for a quantitative method is that the respondents are well aware of CRM and its implementation, since, the respondents will be hotels staff with knowledge about CRM. Therefore, further explanation is not necessary, which interviews questions may require.

A pre study was carried out on a front-desk manager at a four star hotel in Kristianstad, Sweden, since, we would like a person active in hotel business to give a view on our questionnaire before the implementation of the study.

The fieldwork was carried out between 3 -12th of May 2011. To increase the response rate a reminder was dispatched the 9th of May 2011.

Construct measurement and reliability

In total, 976 questionnaires were send to hotels in Sweden from the web. This resulted in 163 hotels that completed the questionnaire. Thus, the total response rate was 16.7 %. The low response rate could be explained by that the majority of the email was dispatched to the common customer service inbox. As a result, the survey might not have been dispatched to the right person or, the hotel staffs' lack of time. Another reason for the failing response rate could be that some hotels did not use CRM and/or did not have enough business travelers.

The respondents had to fill in sixteen questions in the questionnaire. The first was a statement about CRM and if the respondent thought their organization was in resonance with it. Furthermore, there were some background questions about size, length of employment and if they strive to attract business travelers. Hereafter, the questions were to be answered on a likert scale from 1 to 7 (1= do not agree, 7= totally agree). The questions consisted of statements about the organization's focus on building relationships with the customers and how important the price was for them. Furthermore, statements about customers who frequently return to the hotel were asked and also, if these frequent customers gained some benefits. Finally, some questions about the organization's information system were asked. How the collaboration between different divisions has developed after they implemented the system. Most of the questions have been formulated out with help from previous research (Ko *et al.,* 2008; Zineldin, 2006).

The results were tested for significance between organizational factors, CRM activities and loyalty with a correlation test, due to statistical acceptance (Djurfeldt and Barmark, 2009). Reliability in our study was tested with a Cronbach´s- Alpha test and showed how reliable each question is. This gave a result of 0.66 however, the cut off limit is 0.7. Even though the result of the test did not reach the accepted level it is considered accepted since it is close enough.

Results

The background questions were asked to limit the respondents to hotels active with CRM activities towards business travelers. However, some respondents fulfilled the questionnaire without utilizing CRM activities towards business travelers. Thus, we had to exclude 25 questionnaire from the sample, which gave us a sample of 138 applicable questionnaires. The majority of the respondents had a length of employment less than ten years with a mean of (7.47) years.

Table 1-4 present an understanding of the results regarding the organizational factors, CRM activities and loyalty.

The organizational factor sizes measured in number of employees indicate that most of the respondents work at smaller hotels with up to 50 employees. However, 55 respondents work at hotels with only up to 9 employees.

Table 1 Size

Mean = 2,12
Std. Dev. = 1,217
N = 138

1=1,9, 2=10-19, 3=20-49, 4=50-99, 5=100-199, 6=More
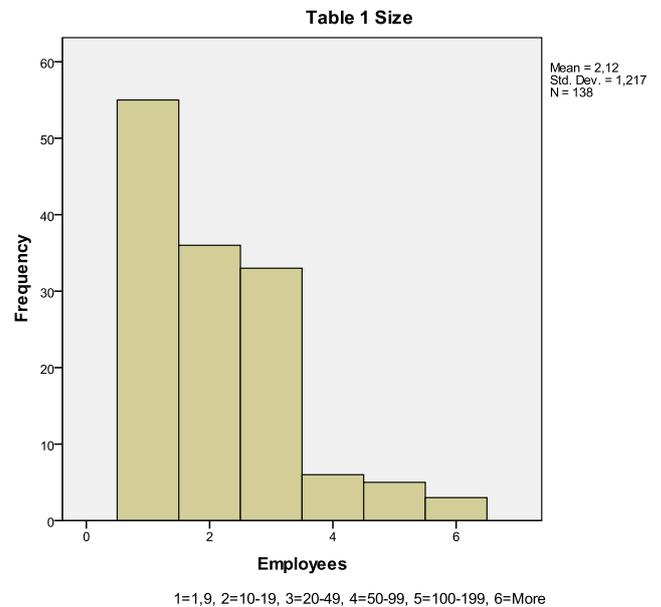
Table 2. Mean Descriptive strategy, maturity of information system

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Strategy (developing customer loyalty)	138	6,48	,091	1,069
Strategy (Price-focus)	138	1,86	,117	1,379
Strategy (low-cost)	138	2,62	,144	1,688
Information system (increased cooperation)	138	4,00	,162	1,899
Information system (increased profits)	138	3,70	,162	1,905
Valid N (listwise)	138			

The question whether the respondents focus on long-term relationships with their business travelers gave a high result of (6.48). Furthermore, two more questions were asked about the low-cost strategy. The results of the question if the respondent had a low-cost strategy were (2.62). This means that the majority of the respondents did not have a low-cost strategy. Moreover, the question if the respondent

thought the price was more essential than the product gave a result of (1.86). This indicates that most respondents did not think price was more important. The maturity of information system gave means in the middle. The respondents answered 4.00 on the question if they had increased their cooperation after implementing CRM. Furthermore, mean 3.70 indicates that some respondents had increased their profits after implementing CRM.

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Table 3. Mean Descriptive CRM activities

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Service customization	138	5,44	,157	1,840
Check in/check outs	138	5,39	,149	1,753
Bonuscards	138	2,45	,195	2,290
Free gifts	138	3,70	,203	2,387
Valid N (listwise)	138			

The CRM activity service customization resulted in a quite high mean (5.44). Furthermore, the result if the respondents had convenient check in/ checkout was 5.39. The respondents mainly did not use bonus cards and the result 2.45. Also, the use of free gifts was in the middle 3.70. Notable is that both bonuscards and free gifts have a high standard deviation.

Table 4. Mean Desriptive loyalty

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Loyalty (retain business traveler)	138	6,05	,092	1,076
Loyalty (recurrence of business travelers)	138	6,01	,102	1,202
Valid N (listwise)	138			

The two questions about loyalty gave high means. The result whether the respondents thought they retained their business travelers was 6.05. Moreover, the results for recurrence of business travelers were 6. 01.

Table 5. Correlations Strategy, Maturity of information system with CRM activities

		CRM activities	Low-cost strategy	Developing customer loyalty strategy	Maturity of inf.sys
CRM activities	Pearson Correlation	1	-,083	,339**	,303**
	Sig. (2-tailed)		,331	,000	,000
	N	138	138	138	138

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

The organizational factors were further tested for correlation to investigate each organizational factors effect on CRM activities. Hence, we grouped all CRM activities together and compared with different organizational factors. First, we looked for correlation between maturity of information system and CRM activities. In table 5, the correlation is significant at the 0.01 level. Regarding strategy, the correlation test show significance concerning the developing customer loyalty strategy but no significance concerning the low-cost strategy as shown in table 5.

Table 6. Correlation Size with CRM activities

			Size	CRM activities
Spearman's rho	Size	Correlation Coefficient	1,000	,318**
		Sig. (2-tailed)	.	,000
		N	138	138
	CRM activities	Correlation Coefficient	,318**	1,000
		Sig. (2-tailed)	,000	.
		N	138	138

**. Correlation is significant at the 0.01 level (2-tailed).

Lastly, size also showed a significant correlation at the 0.01 level. Furthermore, we tested each separate CRM activity for correlation with loyalty since, it is interesting to see what CRM activity that influences loyalty the most. Table 7, shows that service customization has the greatest significance with loyalty. In addition, convenient check in/check outs followed by free gifts also showed significance at the 0.01 level.

However, bonus cards and loyalty were also significant but, only at the 0.05 level.

Table 7. Correlations loyalty with CRM activities

		Loyalty	Free gifts	Bonus cards	Check in/check outs	Service customization	CRM activities
Loyalty	Pearson Correlation	1	,283**	,170*	,343**	,605**	,520**
	Sig. (2-tailed)		,001	,047	,000	,000	,000
	N	138	138	138	138	138	138

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Discussion of the findings

Concerning the organizational factors, all three indicated significance towards CRM activities. Hence, it is in accordance with the arguments that organizational factors have significant power on CRM implementations (Ko *et al*., 2008). However, the low-cost strategy showed no significance with CRM activities. One explanation is that hotels utilizing such a strategy may not implement CRM activities because of the time and effort demanded (Daghfous and Barki, 2009). Thus, the low-cost strategy does not allow investments in CRM, since it would likely increase the expenses and then in return, increase the vacancy fee. Furthermore, maturity of the information system had a mean around 3 which is assumed to be quite low; it also showed significance in the correlation. Thus, a mature information system is important for CRM activities.

Furthermore, developing a customer loyalty strategy showed the highest significance. This is, a finding hotel managers need to reflect upon before implementing CRM in their hotels business.

All four CRM activities (free gifts, bonus cards, service customization, and convenient check in/check outs) showed a positive significance to loyalty. Regarding bonus cards, the mean 2.45 indicates a low utilization of bonus cards among the hotels´ studied in our investigation. However, it stilled showes significance with loyalty. Hence, bonus cards are actually efficient when creating loyalty among customers, even if not many hotels use this CRM activity.

However, of the four CRM activities, service customization shows the highest significance with loyalty and bonus cards the lowest one. The result is that hotels in Sweden may benefit from in their strive for loyal business travellers.

Hypotheses discussion

H^1: **Size has a positive effect on CRM activities.**

The first hypothesis investigates if a firm size influences CRM activities. Researchers, such as Ko *et al*. (2008) argue that size has an effect on the success of CRM. Hypothesis 1 could not be falsified, since, the correlation test showed significance. Furthermore, the results are in contrast to Alshawi *et al.* (2011) who claim that size does not affect CRM. Therefore, the ambiguousness that seemed to occur is slightly reduced.

H^2: **The development of a customer loyalty strategy has a positive effect on CRM activities.**

According to Kandampully and Suhartanto (2000) there are two major strategies that a firm implementing CRM can use. The two strategies are low-cost leadership and developing customer loyalty. These two strategies were tested individually for significance with a correlation test. The low-cost leadership strategy showed no significance with CRM activities, hence it was falsified. However, developing a customer loyalty strategy showed significance on the 0.01 level, thus, the hypothesis of developing customer loyalty has a positive effect on CRM activities and was not falsified. Therefore, one can argue that our findings indicate that the chosen strategy has an impact on the success of CRM.

H^3: **The maturity of an information system has a positive effect on CRM activities.**

This hypothesis issues maturity of information system, which was told to be important in hotel business (Bajgoric and Moon, 2009) and preferable when adopting new innovations (Ko *et al.,* 2008). This hypothesis was also tested for correlation and shows significance on the 0.01 level. Therefore, the hypothesis was not falsified. Hence, our findings are in accordance with the literature, thus, applicable in the hotel business.

H^4: **Loyalty is positively affected by free gifts.**

H^5: **Loyalty is positively affected by bonus cards.**

H^6: **Loyalty is positively affected by service customization.**

H^7: **Loyalty is positively affected by convenient check in/check outs.**

Hypotheses 4 to 7 were not falsified, since all showed significance. However, there were three CRM activities with significance on the 0.01 level. The CRM activity with the greatest significance with loyalty is service customization. This was not a surprise since Weber (2001) claims that service customization based on prior visits increases loyalty. Therefore, our finding strengthens the importance for hotels to actively work with service customization. Furthermore, convenient check in/check outs shows the second biggest correlation with loyalty. One explanation could be that convenient check in/check outs are preferable especially for business travelers due to tight schedules and lack of time. The third highest significance was Free gifts. Free gifts such as newspapers are a way for business travellers to be updated with news after a day of traveling. This could be one explanation why business travellers tend to be loyal.

However, hypothesis 5 (bonus cards) also showed significance, but only on the 0.05 level. Hence, our findings indicate that bonus cards have the least effect on loyalty among the four CRM activities tested. However, the result was not a surprise since the majority of respondents were smaller hotels with less than 50 employees. More respondents with a higher number of employees would probably increase the correlation, since the assume that bonus card are more used among bigger hotels.

Management implications and conclusion

Previous researchers have studied different factors that affect the implementation of a CRM system. Among these factors are, organizational factors as size, strategy and maturity of information system. However, this study investigates if these organizational factors affect different CRM activities. These activities are bonus cards, free gifts, convenient check in/checkout and service customization. Finally, this study investigates if the outcomes of these CRM activities affect the hotels loyalty among business travellers.

Our results indicate that all organizational factors affect CRM activities. However, the development of a customer loyalty strategy had the greatest significance. Hence, we conclude it to be the most important organizational factor (among the ones tested in our study) influencing CRM activities. Regarding CRM activities, service customization has the highest significance with loyalty. Thus, we conclude that service customization is the major CRM activity (among the ones tested in our study) influencing loyalty.

Hotel managers may use the above stated conclusions to maximize their CRM system, and to attract loyal business travellers.

This study's sample size of 163 respondents is quite low. Therefore, the studied relationships are not entirely significant. Also, the Cronbach alpha test did not result in the accepted level of 0.7 (0,666). However, the small difference indicates a quite reliable result. A consequence of this is however, that the results and discussions cannot be entirely generalized.

Furthermore, a study with a main focus on the traveler's point of view towards hotels might give an interesting result and could be inspiring for further explorer. Another further research proposal could be to use this study to do a similar investigation with a larger sample, which would lead to a higher reliability.

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Appendix A

Table A1. Length of employment

Mean = 7,47
Std. Dev. = 6,614
N = 135
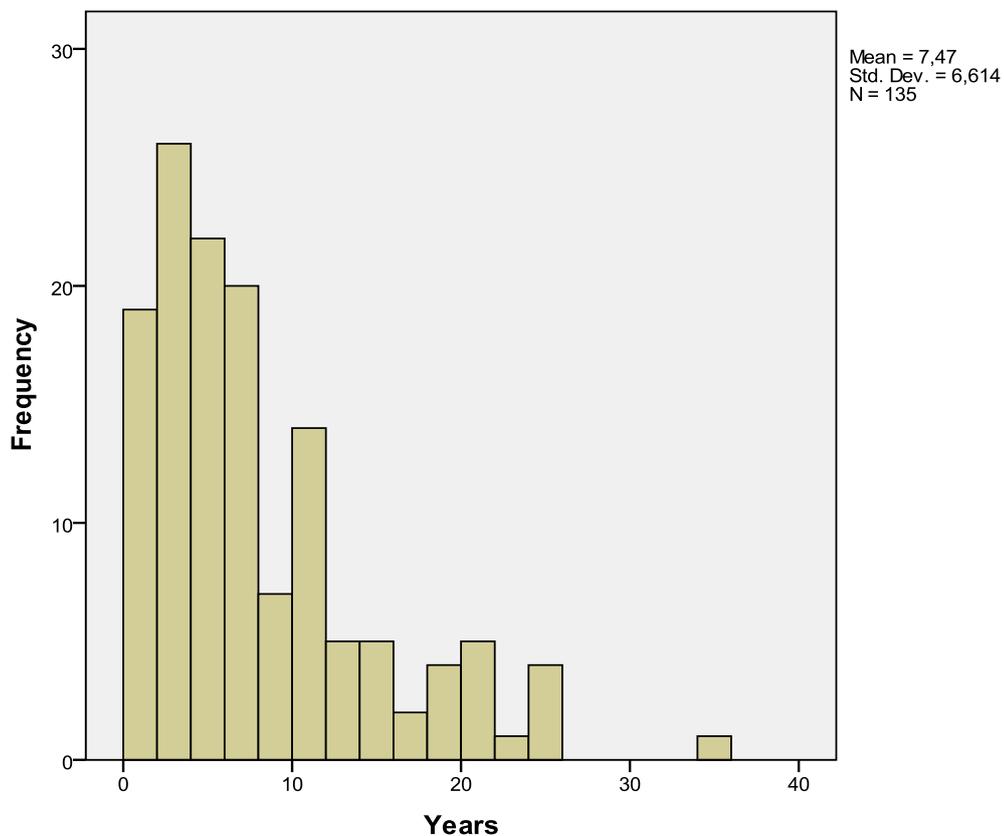
Table A2.How many employees work at your local enterprise?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-9	55	33,7	39,9	39,9
	10-19	36	22,1	26,1	65,9
	20-49	33	20,2	23,9	89,9
	50-99	6	3,7	4,3	94,2
	100-199	5	3,1	3,6	97,8
	More	3	1,8	2,2	100,0
	Total	138	84,7	100,0	
Missing	System	25	15,3		
Total		163	100,0		

Table A4. Does your enterprise work with CRM?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	144	88,3	88,3	88,3
	No	19	11,7	11,7	100,0
	Total	163	100,0	100,0	

Table A5. Do you work active towards business travellers?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	134	82,2	83,2	83,2
	No	27	16,6	16,8	100,0
	Total	161	98,8	100,0	
Missing	System	2	1,2		
Total		163	100,0		

Table A6. Cronbach´s Alpha test

Case Processing Summary

		N	%
Cases	Valid	138	84,7
	Excluded[a]	25	15,3
	Total	163	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
,666	13

Appendix B Questionnaire

1. Do you believe this CRM quotation to be applicable to your business?

   CRM is "an enterprise approach to understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability.

   Yes   No

2. Do you work active towards business travellers?
   Yes   No

3. Does your enterprise work with CRM?
   Yes   No

4. How many years have you worked at this organization?

   _____

5. How many employees work at your local enterprise?

   1-9,   10-19,   20-49,   50-99,   100-199,   More

6. We try to create long-term relationships with our business travellers
   Do not agree   Agree
   1   2   3   4   5   6   7

7. The best for our customers is that the product is cheap.
   Do not agree   Agree
   1   2   3   4   5   6   7

8. We consider the price to be more important than the personal service.
   Do not agree   Agree
   1   2   3   4   5   6   7

9. Our information system has increased the internal cooperation between our divisions.
   (marketing, IT, economy, mm)
   Do not agree   Agree
   1   2   3   4   5   6   7

10. We have increased our results since we started with information system.
    Do not agree   Agree
    1   2   3   4   5   6   7

11. We give our frequent retaining business travellers individual- related service (Service based on the customer's desires).
Do not agree   Agree
1   2   3   4   5   6   7

12. We are good at maintenance our business travellers.
Do not agree   Agree
1   2   3   4   5   6   7

13. We give our frequent returning business travellers the opportunity to check in/out after their desires.
Do not agree   Agree
1   2   3   4   5   6   7

14. Our business travellers often return to our hotel?
Do not agree   Agree
1   2   3   4   5   6   7

15. Our business travellers use bonus cards from our hotel.
Do not agree   Agree
1   2   3   4   5   6   7

16. Our frequent returning business travellers get benefits in forms of free gifts (ex. newspaper).
Do not agree   Agree
1   2   3   4   5   6   7