ROLE OF E-CUSTOMER RELATIONSHIP MANAGEMENT ON SUSTAINABILITY OF COMPETITIVE ADVANTAGE IN THE HOSPITALITY INDUSTRY IN KENYA: A SURVEY OF BEACH TOURIST HOTELS IN MOMBASA COUNTY

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Abstract

The purpose of this research study was to determine the role of e-customer relationship management on sustainability of competitive advantage in the hospitality industry in Kenya. A number of beach hotels today are focusing on becoming more competitive, by launching competitive strategies that give them an edge over others. One of the strategies they have launched to achieve this is e-CRM, a solution to provide profitable and long term relationship with customers. The study was based on the Resource Based View theory, Institutional Theory and The Calgary Model of Competitiveness in Tourism. The area of study was Mombasa County which is a tourist zone where competition level for hotel customers is very high and therefore calls for appropriate customer relationship strategies such as e-CRM. The study used a survey research design where the strategic manager and an operations manager of each of the tourist beach hotels were targeted for response. Questionnaire instrument was used to generate responses from the targeted eight (8) classified tourist beach hotels. Descriptive and inferential statistics were used to analyze the data in the form of percentages and frequencies and presented in tables, charts and graphs. In order to obtain the validity of the research instrument, content validity was employed, which measured the degree to which the test items represented the domain of the trait measured. The data file was organized and analyzed employing the SPSS software version 20.0. Regression model was for assessing the relationship between the independent and dependent variable and the analysis showed that e-CRM's customer interaction had p-value of 0.005, e-CRM's customer expectation had p-value of 0.011, and e-CRM's personalization had a p-value of 0.001 while e-CRM's technology utilization had a p-value of 0.040.The independent variables that were studied were found to explain 91.7 % of the sustainable competitive advantage.

Keywords: Competitive advantage, Sustainability, e-customer relationship management, Customers Interaction, Customers Expectation, Personalization, technology utilization.

1. Introduction

Most of beach hotels today are focusing on becoming more competitive, by launching competitive strategies that give them an edge over others. One of the strategies they have launched to achieve this is e-CRM, a solution to provide profitable and long term relationship with customers. Armstrong & Kotler (2003), e-CRM is defined as "the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. Customer Relationship Management (CRM) is about managing relationships with customers. Similarly Competitive advantage is a position a firm occupies against its competitors. e-CRM enables an organization to achieve competitive advantage. A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices. The concept of competitive advantage has taken center stage in business strategy discussions lately. Porter (2004) developed three generic strategy approaches that can potentially enable a firm to attain competitive advantage over its rival players within the same industry.

East Africa's economic landscape conspicuously reflects the dominance of hospitality industry. Among other things, hospitality industry utilizes local resources and exerts little pressure on limited foreign currency reserves. But they also provide employment to more than 50 percent of all employed labor force in East Africa countries. Hospitality industry is therefore very important to the Kenyan economy. Indeed, Kenya government considers hospitality industry sector a major source of future employment generation but it must increase its competitiveness and performance for it to fulfill its role in employment creation (Ronge, Ndirangu, & Nyagito, 2002). One major way hospitality industry in Kenya can do this is by using e-CRM.

Adoption of e-CRM is therefore imperative. However organizations in the hospitality industry in Kenya are slow in adopting the e-CRM despite the internet technology that has changed the world. The amount of electronic commerce and electronic business conducted online continues to grow exponentially year after year without any sign of slowing down. Organizations in the hospitality industry are not fully adopting e-CRM as described in the large organization-biased literature (Kim-Soon & Zulkifli, 2012).

Despite slowness in adopting the e-CRM, hotel industry in Kenya has been shinning possibly due to favorable tourism outlook with over 500 decent hotels including beach hotels existing in the country and more are rapidly coming up. Tourism in Kenya is one of the major foreign exchange earners that contribute to 12 % Gross Domestic Product (GDP). Kenya has the best-developed hotel industries in sub-Saharan Africa, offering on an average some 31,400 beds per night, (GOK, 2005).

2. Research gap

E-CRM has increasingly gained popularity especially in the hospitality industry where modern technology plays a significant role in bridging the gap between the customer and the industry. A few studies limited in their scope, attempted to examine this phenomenon in developed countries. The most significant in this line of work include David, Graboski, and Kasavana (2004), Suguaw, Enz, and Namashivayam (2000), and Piccoli, O'Conner, Capaccioli, and Alvarez (2003), who looked at how e-CRM were deployed by the hospitality industry in the United States. Further a local study by Nyongesa (2006) on the analysis of application of

customer relationship marketing strategies by tourist beach hotels in Kenya established that hotels were losing customers because of the low quality of services offered in some of the hotels.

There was therefore need to deeply understand e-CRM's role in sustainability of competitive advantage in the hospitality industry locally. Despite substantial capital invested in e-CRM in the tourist beach hotel industry no attention has been given on the role of e-CRM by researchers.

This study was guided by a set of objectives which included: To assess the effects of e-CRM's customer interaction role on sustainability of competitive advantage in the hospitality industry in Kenya,(a survey of beach tourist hotels in Mombasa County): To establish the effects of e-CRM's customer's expectation role on sustainability of competitive advantage in the hospitality industry in Kenya, (a survey of beach tourist hotels in Mombasa County): To analyze the effect of e-CRM's personalization on sustainability of competitive advantage in the hospitality industry in Kenya, (a survey of beach tourist hotels in Mombasa County):and finally to determine the effects of e-CRM's technology utilization on sustainability of competitive advantage in the hospitality industry in Kenya, (a survey of beach tourist hotels in Mombasa County).

The conceptual framework for e-customer relationship management was used to determine the role of e-customer relationship management on sustainability of competitive advantage in the hospitality industry in Kenya.

The conceptual framework for the research conducted follows as below:

2.1: Conceptual Framework

Figure 2.1: Conceptual Framework
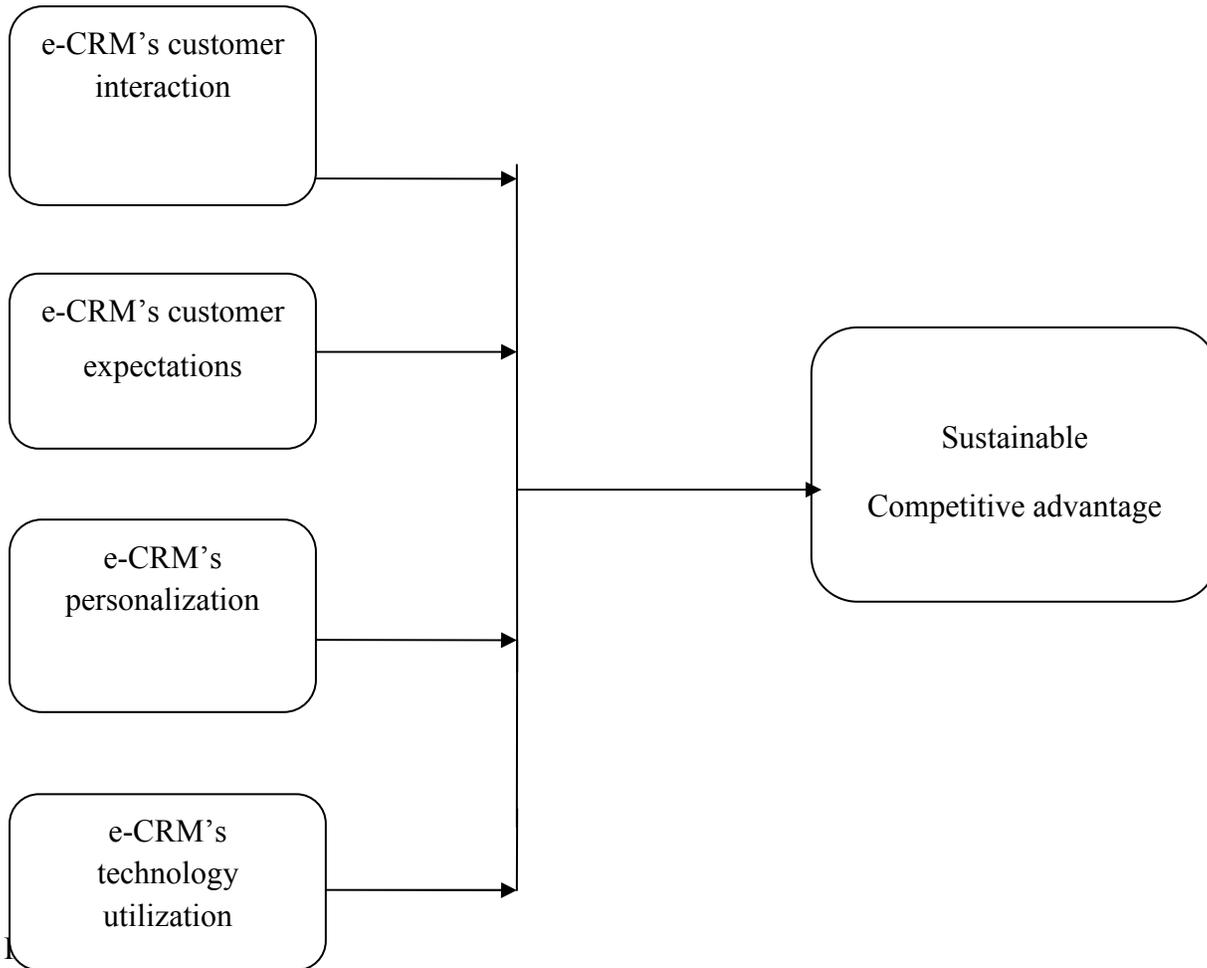
Independent variable   **Dependent variable**

Source: Researcher, (2017)

3. Methodology

The study adopted a survey design. A survey design was chosen because it is accurate and reliable. It enabled the researcher to obtain comprehensive information from the classified beach hotels in Mombasa County (Lagat, 2016). The target population was the eight (8) classified beach hotels in Mombasa County and comprised of two (2) respondents from each of the eight (8) classified beach hotels in Mombasa County, an operation manager and a strategic manager (Lagat, 2016). The total respondents therefore were sixteen (16). These personnel are in the strategic positions where the required information for the purpose of this study could be sought easily and obtained.

There was no need for sampling design and sample size since a census technique was used. A census method is employed when the target population is small and therefore the whole target population is to be considered (Cooper and Schindler 2003). The main data collection method for the study was a questionnaire. It contained closed-ended questions. Questionnaires are preferred over other data collection instruments because they are easy to construct and convenient to work with, and cheap to undertake, both in terms of time and material resources. The researcher is able to collect a lot of information within a very short time, (Orodho, 2004). They were self - administered to the hotels' managers on the 'give and take up later basis' and were given a period of three days to fill them. The researcher used the drop and pick technique to administer the questionnaires physically at the respondents' place of work or operation of business.

In order to obtain the validity of the research instrument, content validity was employed, which measured the degree to which the test items represented the domain or universe of the trait being measured. Items were randomly chosen from this content that accurately represented the information of the content of the trait or property measured (Adrian , 2002). The reliability of the instrument were established through pre-testing of questionnaires at four (04) classified beach hotels outside Mombasa County. Internal consistency method was used. An analysis was conducted using internal consistency method to ensure reliability.

Table 3.1: Reliability Analysis

Statements	Cronbach's Alpha	Number of Items
e-CRM's customer interaction	0.936	8
e-CRM's customer's expectation	0.824	8
e-CRM's personalization	0.771	8
e-CRM's technology utilization	0.728	8

Source: Researcher, (2017)

Cronbach Alpha was established for every variable which formed a scale. The table 3.1 above shows that e-CRM's customer interaction had the reliability (α=0.936), e-CRM's customer's expectation (α=0.824), e-CRM's personalization (α=0.771) while e-CRM's technology utilization had a value (α=0.728). The reliability of the instrument was established through pre-testing of questionnaires at four (4) classified beach hotels outside Mombasa County. Internal consistency method was used. The most popular internal consistency reliability estimate should be given by Cranach's alpha reliability coefficient of 0.70 or higher will be considered'' acceptable'' in most social science research situations (Nassiuma, 2004).

The researcher presented the data statistically by use of graphs, pie charts and tables. An analysis was done with conclusions from the findings made .Both descriptive and inferential statistics were be used for analysis where descriptive statistic included frequency, percentage, mean and standard deviation. Inferential statistics included regression analysis, correlation and ANOVA. The data file was organized and analyzed employing the SPSS software version 20.0.

4. Study Results

The study established that majority of the respondents were aged between 34 and 40 years old. This result show that majority age consists of energetic and vibrant people who are able to relate to the dynamisms of demand and tastes of the customers for competitive advantage sustainability. The researcher had also asked the respondents to indicate their highest level of education and from the findings the results shows that majority of the respondents were learned having attained university level education.

4.1 e-CRM's Customers Interaction

Table 4.1: e-CRM's customers' interaction

Customers Interactions	Observation	Mean	Std. Deviation
Number of loyal customers	14	3.79	1.369
Number of new customers acquired	14	4.36	.497
Volume of customers complaints filed	14	4.07	.997
Level of marketing cost	14	3.93	.616

Source: Researcher, (2017)

The study inquired on the level of agreement and disagreement that aspects of customers' interaction which includes number of loyal customers, number of new customers acquired, volume of customers complaints filed and level of marketing cost have influence in gaining sustainable competitive advantage. According to the results, these aspects had mean scores of 3.79, 4.36, 4.07 and 3.93 respectively as shown in table 4.1, meaning that management should enhance e-CRM's customers' interaction by ensuring that number of loyal customers are improved, number of new customers acquired are increased, Volume of customers complaints filed are reduced to minimal and level of marketing cost as well as was noted by Ahn, Kim, & Han, (2003).

4.2 e-CRM's Customers' Expectation

Table 4.2: e-CRM's customers' expectation

Customers' Expectation	Observation	Mean	Std. Deviation
Volume of product sales	14	3.93	.917
Rate of fees from services rendered	14	3.43	.852
Level of support business ventures	14	3.50	1.401
Number of customers served	14	4.00	1.038

Source: Researcher, (2017)

The study inquired on the extent to which e-CRM's customers' expectation influence their beach hotel in attaining sustainable competitive advantage. From the findings, the respondents felt that the aspects of e-CRM's customers' expectation comprising of volume of product sales, rate of fees, level of support and number of customers have influence in attaining sustainable competitive advantage. According to the results, the above aspects had mean scores of 3.93, 3.43, 3.50 and 4.00 respectively as shown in table 4.2. Thus all the aspects have influence in attaining sustainable competitive advantage

4.3 e-CRM's technology utilization

Table 4.3: e-CRM's technology utilization

e-CRM's technology utilization	Observation	Mean	Std. Deviation
Level of competitive advantage	14	3.43	.852
Level of capability strengthened	14	3.50	1.401
Level of communication cost incurred	14	4.00	1.038
Number of feedbacks evaluated	14	3.50	1.401

Source: Researcher, (2017)

The study inquired on the level of agreement and disagreement that aspects of e-CRM's technology utilization have in gaining sustainable competitive advantage. From the findings, the respondents felt that the aspects of level of competitive advantage, level of capability strengthened, level of communication cost incurred and number of feedbacks evaluated have influence in gaining sustainable competitive advantage. The above aspects had mean scores of 3.43, 3.50, 4.00 and 3.50 respectively as shown in table 4.3.

4.4 Sustainable competitive advantage

Table 4.4: e-CRM in gaining sustainable competitive advantage

Sustainable competitive advantage	Observation	Mean	Std. Deviation
Level of competitive price offered	14	3.79	1.369
Number of customers retained	14	3.93	.917
Number of new customers acquired	14	4.36	.497
Level of economic rent	14	3.43	.852

Source: Researcher, (2017)

The study inquired on the level of agreement and disagreement on the influence of e-CRM in gaining sustainable competitive advantage. From the findings, the respondents felt that the aspects of e-CRM which includes level of competitive price offered, number of customers retained, number of new customers acquired

and level of economic rent have influence gaining competitive advantage. The above aspects had mean scores of 3.79, 3.93, 4.36 and 3.43 respectively as shown in table 4.4.

4.5 Regression Analysis
A multiple regression analysis was conducted to test relationship among independent variables on the influence of e-CRM in gaining sustainable competitive advantage. The research used statistical package for social sciences (SPSS V 20.0) to code, enter and compute the measurements of the multiple regressions**.**

Table 4.5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.958[a]	.917	.880	.050

Source: Research data, (2017)

As shown in table 4.5, the four independent variables (Constant), e- CRM's Customer interaction, e-CRM's customers' expectations, e- CRM's personalization and e- CRM's technology utilization that were studied, explain 91.7% of the sustainable competitive advantage as represented by the R square. This therefore means that other factors not studied in this research contribute to 8.3% of the sustainable competitive advantage.

Table 4.6: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.173	.296		3.968	.003
e- CRM's Customer interaction	.163	.044	.434	3.682	.005
e-CRM's customers' expectations	.222	.070	.336	3.170	.011
e- CRM's personalization	.189	.041	.515	4.645	.001
e- CRM's technology utilization	.144	.018	.252	2.403	.040

Source: Research data, (2017)

Multiple regression analysis was conducted as to determine the role of e-customer relationship management on sustainability of competitive advantage in the hospitality industry in Kenya and the four variables. As per the SPSS generated table above, the equation ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$) becomes: Y= 1.173+ 0.163X1+ 0.222X2+ 0.189X3+0.144X4

The regression equation above has established that taking all factors into account (e- CRM's customer interaction, e- CRM's customers' expectations, e- CRM's personalization and e- CRM's technology utilization) constant at zero, sustainability of competitive advantage will be 1.173. The findings presented also shows that taking all other independent variables at zero, a unit increase in e- CRM's customer interaction will lead to a 0.163 increase in sustainability of competitive advantage; a unit increase in e- CRM's customers' expectations will lead to a 0.222 increase in sustainability of competitive advantage; a unit increase in e- CRM's personalization will lead to a 0.189 increase in sustainability of competitive advantage and a unit increase in e- CRM's technology utilization will lead to a 0.144 increase in sustainability of competitive advantage. This infers that e- CRM's customers' expectations contribute most to sustainability of competitive advantage.

5. Summary of findings

The main purpose of this study was to determine the role of e-customer relationship management on sustainability of competitive advantage in the classified beach hotels in Mombasa County. According to the demographic information of the sample, the study also established that the respondents were engaged in the hospitality operation activities. The study also established that all the respondents indicated having been operating for a period ranging between 1 and 10 years meaning that classified beach hotels have been in operation and reached a period when its sustainability need to be assessed. Further, the study showed that all the respondents indicated having undergone some reasonable level of education showing that the respondents were generally literate and could be presumed to be capable of applying modern methods of business management in their operations. More importantly, the study established that each of the respondents generally agreed that e- CRM' have influence in attaining sustainable competitive advantage and some of these include e- CRM's customer interaction, e- CRM's customers' expectations, e- CRM's personalization and e- CRM's technology utilization.

The study inquired on the level of agreement and disagreement that aspects of customers' interaction which includes number of loyal customers, number of new customers acquired, volume of customers complaints filed and level of marketing cost have influence in gaining sustainable competitive advantage. From the findings, the respondents indicated that all the aspects of e-CRM's customers' interactions have influence in gaining sustainable competitive advantage. The management should therefore enhance e-CRM's customers' interaction by ensuring that number of loyal customers are improved, number of new customers acquired are increased, volume of customers complaints filed are reduced to minimal and level of marketing cost as well which was noted by Ahn, Kim, & Han, (2003).

The study inquired on the extent to which e-CRM's customers' expectation influence hospitality   industry in Kenya in attaining sustainable competitive advantage. From the findings, the respondents felt that the aspects of e-CRM's customers' expectation comprising of volume of product sales, rate of fees, level of support and

number of customers have some influence in attaining sustainable competitive advantage..   Thus all the aspects have influence in attaining sustainable competitive advantage

The study inquired on the level of agreement and disagreement that aspects of e-CRM's personalization have influence in attaining sustainable competitive advantage. From the findings, the respondents indicated that the aspects of rate of customer interaction per service, number of customers empowered, level of customers' online banking, and number of recommendations accepted have influence in attaining sustainable competitive advantage.

The study inquired on the level of agreement and disagreement that aspects of e-CRM's technology utilization have in gaining sustainable competitive advantage. From the findings, the respondents indicated that the aspects of level of competitive advantage, level of capability strengthened, level of communication cost incurred and number of feedbacks evaluated have influence in gaining sustainable competitive advantage.

6. Conclusion

From the findings, the study concludes that e- CRM's customer interaction, e- CRM's customers' expectations, e- CRM's personalization and e- CRM's technology utilization all have influence in gaining sustainable competitive advantage in hospitality industry in Kenya. Aspects of e- CRM that have influence in gaining sustainable competitive advantage include number of loyal customers, number of new customers acquired, volume of customers complaints file, level of marketing cost ,volume of product sales, rate of fees, level of support, number of customers, rate of customer interaction, number of customers empowered, level of customers online banking, number of recommendations accepted, level of competitive advantage, level of capability strengthened, level of communication cost incurred and number of feedbacks evaluated.

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