

# e-Customer Relationship Management in the hotel sector: Guests' perceptions of perceived e-service quality levels

**Marianna Sigala**

## **SUMMARY**

*The notion of Customer Relationship Management (CRM) has been shown to be a worthwhile strategy in many service industries. This coupled with Internet advances means that it is now possible and even beneficial to extend CRM practices on the Internet (eCRM) and integrate them with the offline CRM programme. eCRM has can boost guests' satisfaction and patronage in the hospitality industry, as Internet business models have empowered guests with a great amount of information which, in turn, makes them more price sensitive, less brand loyal and more sophisticated. However, although research has concentrated so far on CRM and eCRM implementation and its operational requirements, CRM implications from the customer perspective have been ignored. This paper aims to fill in this gap by examining the impact of eCRM on guests' perceptions of service quality on the Internet (e-service quality). It is advocated that eCRM enhances e-service quality by allowing guests to participate in service processes (e.g. service production, delivery, design) and so improving guests' cognitive and emotional evaluations of service quality performances. Research propositions were tested by applying Critical Incident Analysis and conducting in-depth interviews with nine international hotel guests using eCRM. In general, findings mainly stressed the need to integrate eCRM with off line hotel strategies and operations providing several guidelines for further development and improvement of eCRM hotel practices. Future directions of research are also proposed.*

### **Key words:**

*Customer Relationship Management; Internet; service quality; hotels; customer value; integration*

## **INTRODUCTION**

The ever increasing demands of customers concerning quality and innovativeness of services and products put companies under pressure. Internet advances also empower tourists with information about alternative products and prices making them more price sensitive,

less brand loyal, more sophisticated and experience seekers (Gilmore and Pine 1997; Sigala 2003a; Christou 2003a; Christou and Kassianidis 2002). The fierce global competition and increased customer acquisition costs also mean that, in order to become competitive, hotels

---

*Marianna Sigala, PhD, Business School University of the Aegean, Chios, Greece  
E-mail: m.sigala@aegean.gr*

need to redesign their business model around customer-centred processes in order to satisfy the increasing and diversified guests' needs and particular requirements (e.g. Olsen and Connolly 2000; Gilmore and Pine 1997; Sigala 2003b). To achieve that Customer Relationship Management (CRM) has been widely proposed as an effective solution for business transformation and re-focusing on customer-oriented processes. CRM aims to seek, gather and store the relevant guest information, validate and share it throughout the entire organisation and then use it throughout all organisational levels for creating personalized, unique guests' experiences (Christou 2003b; Olsen and Connolly 2000; Sigauw and Enz 1999).

Nowadays, Internet technologies and tools also enable the development of customer relationships and interactions consistent with the nature of dynamic relationships and ongoing exchanges at the heart of CRM. Indeed, it has been widely suggested (e.g. Colgate, Buchanan-Oliver and Elmsly 2005) that there is a synergy between the functionality of the Internet and the implementation of CRM. This synergy and the development of eCRM has attracted limited (but growing) research so far (Sigala, 2006a; Colgate et al. 2005).

However, research on CRM has focused mostly on its implementation and operational requirements from the companies' perspective (e.g. Kandapully and Duddy 1999; Sigala 2005a) and, apart from a small number of recent studies (e.g. O'Loughlin, Szmigin and Turnbull 2004), CRM's and particularly eCRM's implications on customer issues and particularly CRM's impact on service quality have been ignored. These beg the questions: why guests want to engage and take part in eCRM programmes? What benefits do they perceive to receive? Does eCRM increase the perceived quality of services they receive? These questions need to be examined and answered within an Internet environment, as in computer-mediated environments service interactions and relations take a different form.

This is also the problem that this paper aims to address. When guests perceive that they get enhanced value and benefits from eCRM then they also remain loyal in relationships leading to enhanced business profits. In order to be able to deliver more benefits and make guests more likely to stay and participate in eCRM, hotels need to know what guests value in relationships and what benefits they receive in terms of enhanced e-service quality.

To answer these questions, the paper is structured as follows. First, the concept of service quality and e-service quality is analysed and explained. Through a critical review of this literature, several ways are identified in which the concept of e-service quality needs to be extended. Then, the concept and implementation of eCRM is examined illustrating how eCRM practices enhance e-service quality. Consequently, a model is proposed that links eCRM practices with e-service quality dimensions and benefits. The model is tested by gathering in-depth qualitative data from 9 international hotel guests using eCRM. Findings provide several implications for further development and improvement of eCRM hotel practices as well as integrating them with offline hotel operations. Future directions of research are also proposed.

## **SERVICE AND E-SERVICE QUALITY: DEFINITION AND DIMENSIONS**

Zeithaml, Parasuraman and Malhotra (2000) defined e-service quality (e-SQ) as the extent to which a website facilitates efficient and effective shopping, purchase and delivery. Although the conceptualization and measurement of e-service quality has been mainly based on the SERVQUAL model (Voss 2000; Sigala 2004a; Sigala and Sakellariadis 2004), the applicability of the latter has to be adapted to the Internet environment. For example, the empathy dimension needs to be adapted since on the Internet face-to-face interactions cannot be developed. In this vein, Voss (2000) considered video, animation, sound, simulations and other multimedia features to enhance the tangibility aspects of the Internet. Cox and Dale (2001) also claimed that the lack of online human interaction means that determinants such as competence, courtesy, cleanliness, comfort and friendliness, helpfulness, care, commitment, flexibility are not particular relevant in e-commerce, but determinants such as accessibility, communication, credibility, understanding, appearance, availability, integrity, trust-fulness are equally applicable to e-commerce as in physical services. In adapting SERVQUAL to measure websites' quality, Barnes, Liu and Vidgen (2001) developed the WebQual (including information quality, website navigation/ appearance, user empathy/mobility) for measuring service quality in PCs and mobile phones. Madu and Madu (2002) also proposed a model for e-quality including: performance (easy of navigation and information quality); website features (e.g. search engine); structure (e.g. hyperlinks); aesthetics (website appearance); reliability (consistency of website function-

nality); storage capability (easy of data retrieval); serviceability (complaints handling/solution); security, system integrity; trust for data sharing; responsiveness (courtesy, flexibility to respond to customer needs); product/service quality differentiation and customisation; web-store policies; reputation; assurance; empathy in elements of human contact e.g. e-mail, call centres.

Zeithaml (2002) showed that e-SQ has seven dimensions that form two scales: *a core e-SQ scale* including efficiency (ability, easiness to get to and navigate a website), fulfillment (having products in stock and delivering them on time), reliability (technical functioning of a website) and privacy (assurance regarding data sharing and security); and *a recovery e-SQ scale* including responsiveness (provide appropriate data when problems occur, online guarantees and mechanisms for handling returns), compensation and contact (speak to service agent). Voss's (2000) exploratory research suggested the existence of a pyramid of e-SQ. The lower level (what is expected) includes website responsiveness and effectiveness, and order fulfillment. The middle level (what differentiates – customer-centred service) consists of trust, customisation, information and status, while at the top level (what excites – value added) includes proactive service and value-added service. Using a sample of college students, Yoo and Donthu (2001) developed the SITEQUAL scale to measure the perceived quality of shopping website with four dimensions: ease of use, aesthetic design, processing speed, and security. Loiacono, Watson and Goodhue (2002) also developed the WEBQUAL model for measuring e-SQ that was also tested and consequently validated for content, convergent, discriminant and nomological validity. The WEBQUAL consists of 12 dimensions: 1) information fits to task: the extent to which website information is accurate, updated and appropriate; 2) interactivity: consumers' ability to interact with website and to receive tailored / personalised information/service; 3) trust: online security and information privacy; 4) responsiveness: website downloading and interaction time; 5) design: aesthetics and navigation; 6) intuitiveness: ease of website use / interaction; 7) visual appeal; 8) innovativeness: website uniqueness and creativity; 9) website's flow – emotional appeal to online users; 10) integrated communications: website integration with other communication/marketing media; 11) business processes: website integration with other processes; 12) viable substitute: website viability relative to other media.

## CRITICISM OF SERVICE QUALITY CONCEPT AND MEASUREMENT: IMPLICATIONS FOR CONSTRUCTS' OPERATIONALISATION

In reviewing the recent literature, it becomes evident that not only service quality but also the concept of service itself is currently being debated, questioned and redefined (Edvardsson, Gustafsson and Roos 2005). Concerning the service definition, Edvardsson et al. (2005), based on a Delphi study, proposed the following defining elements of services:

- Service is a perspective on value creation rather than a category of market offerings;
- The focus is on value through the lens of the customer;
- Co-creation of value with customers is key and the interactive, processual, experiential and relational nature form the basis for characterizing service.

The link between services, value and customer solutions have been highlighted in the earlier literature. Gummesson (1995) argued that consumers do not buy goods or services, but rather purchase offerings that render services, which create value. He uses value instead of solutions to customer problems, which is favoured by Gronroos. Gummesson (1995) emphasized what the service does for the customer and what the customer buys, which may be interpreted as a customer perspective on services and the service concept. Gustafsson and Johnson (2003) suggested that the service organization should create a seamless system of linked activities that solves customer problems or provides unique experiences. This view stresses the customer's perspective as it includes a system of linked activities which support and engage the customer in solving problems. In this vein, the concept of service quality is nowadays being enhanced to include the meaning of customer value, experiences and customers' participation in services that create customer solutions (Sigala 2005b).

The service quality construct has also been criticized for its theoretical conceptualization. Analytically, for developing the most widely known and used instrument for measuring service quality (e.g. SERVQUAL), Parasuraman, Zeithaml and Berry (1994) defined service quality as an attitude: 'a mental and neural state of readiness, organized through experience, exerting a

directive or dynamic influence upon which the individual's response to all objects and situations with which it is related'. Although, social psychology texts would suggest that attitude contains three classes of response, i.e. cognitive, affective and behavioural (e.g. Ajzen and Fishbein 1969) to a stimulus or object (Chiu 2002), research has mainly treated service quality as a post-consumption cognitive process ignoring: a) affective factors; and b) the fact the customer is present and participates at the delivery and/or production of services (the customer becomes co-producer or co-designer and derives value and quality out of his participation as well). In other words, post-consumption cognitive conceptualization of service quality ignores the fact that service quality evaluations can be formed and influenced by emotions also created during the service production and delivery stages. After finding evidence that emotions can significantly affect service expectations and performance, Liljander and Strandvik (1997) advocated the need to distinguish between emotional and functional quality. Although such a proposition has not been followed so far, some recent studies (Edvardsson 2005; Sigala 2005b) have started to reveal that service quality needs to be understood from both a cognitive and an emotional approach. This is because an emotional response may start a cognitive process, and thinking may start emotional and affective responses. In many cases, it is difficult to separate emotions from service quality, since emotions are the core issues of such services, e.g. a romantic weekend at a villa, a family dinner at a restaurant.

The evolution of the service quality concept to customer values and solutions is concurrent with the evolution of the service concept. This is because of the following: past studies suggested that customer value or benefits could be categorized into utilitarian and hedonic benefits. Utilitarian benefits are primarily instrumental, functional and cognitive. They provide customer value by being a means to an end. Hedonic benefits are non-instrumental, experiential and affective. They are appreciated for their own sake, without further regard to their practical purposes (Hirschman and Holbrook 1982). From this point of view, the utilitarian and hedonic benefits are similar to the cognitive and affective components of service quality attitude.

To summarise, it is proposed that future conceptualization and examinations of quality should consider the following:

- Service quality perceptions should be based on customer values provided by services
- Service quality perceptions should not be considered as a solely post-purchase cognitive processes; instead, customers form and perceive service quality performance during service production, delivery and consumption processes
- Service quality performance perceptions are, furthermore, affected when customers take part in service production, delivery and consumption as in this way customers can influence both process service quality and outcome service quality
- Service quality perceptions are formed by both cognitive and emotional evaluations
- There are two categories of service quality clues: clues of service experiences related to functionality and clues of service experiences related to emotions

The following section aims to illustrate how the implementation of different eCRM practices enhances guests' cognitive and emotional service quality evaluations by engaging them into the service design, production, delivery, consumption and post-consumption processes of an hotel business.

### **eCRM: DEFINITION, PRACTICES AND IMPACT ON E-SERVICE QUALITY**

CRM has its roots in relationship marketing inaugurated by the influential work by Berry (1983) and Christopher, Payne and Ballantyne (1991). Relationship's marketing rationale is to enhance long term profitability by moving from transaction-based marketing and its prominence in attracting new customers, to customer retention by means of effective management of customer relationships (Christopher et al. 1991). In this vein, CRM aims to collect, analyse and exploit guests' knowledge for creating personalized services and experiences that solve individual guests' problems. When Internet tools are used for creating and managing customer relations through firms' websites, such practices and strategies refer to eCRM (Sigala 2006).

Literature on CRM highlights the diffusion of CRM practices into organisation-wide operations, functions and multiple customer touch points with the aim to identify and understand individual customers' requests and then customize/personalise customer services. For

example, Kalakota and Robinson (2000) defined CRM as an integrated strategy of sales, marketing and service that prevents "lone showmanship" and relies on well coordinated actions. Several authors also highlighted the multi-functional and the process integrative role of CRM practices that aim to increase customer service. Dodds (2001) argued that CRM is about servicing customers better across the entire organisation, while CRM experts (Thomson 2002) asserted that CRM is a customer-centric business philosophy and culture that sustains effective marketing, sales and service processes. Contrary to these CRM approaches that are based on the separation of the functional areas of marketing, sales and service, Bueren, Schierholz, Kolbe and Brenner (2005) proposed that it is much better to adopt a cross-functional and process view of CRM, as this perspective views organizations from a holistic and integrated approach, allowing full exploitation of CRM benefits. Under this process view, Bueren et al. (2005) identified the following critical CRM processes that firms have to develop for enhancing customer service quality and creating personalised service experiences: campaign management; lead management; offer management; contract management; service management; complaint management; interaction management and (multi-)channel management.

However, as service quality is a customer-centered concept, Sigala (2006a) advocated that CRM processes need to also be centered on customers' problems and issues. In this vein, Sigala (2006a) developed a customer-oriented eCRM implementation model that clearly illustrates how eCRM website features and processes can be designed in order to directly support customers at every stage of their online purchasing transactions and experiences. By testing the model, evidence was provided that customers' evaluations of eCRM practices are significantly reflected on six critical eCRM factors of website features and functionalities (Sigala 2006a): 1) website contact interactivity including eCRM website features that tend to increase website navigation, use and information search; 2) shopping convenience, care and service is a composition of eCRM website features aiming to enhance customer service, care, quality and online transactions; 3) collaborative eCRM features aiming to exploit information provided by the customer for enabling collaborative website interface design and content, information and product customization; 4) cultivation including eCRM features initiated and used by websites for creating and maintaining direct hierarchical relationships with customers; 5) community eCRM website features aiming to create and main-

tain a community of customers; and 6) website character referring to eCRM website features that aimed to create an identity and status of the company-website to which eCRM members could identify themselves with.

When considering the previously analysed dimensions of e-service quality, it becomes clear how these six critical eCRM implementation factors can have a positive influence on e-service quality by: enhancing the quality and appropriateness of information provided to customers; enabling faster and reliable online transactions; enhancing website interactivity and flow that, in turns, create positive emotional and aesthetic customer feelings; increasing the empathy received by customers in terms of responsiveness, online user recognition, customization of products, services and information to the CRM member profile etc. In addition, the ability of eCRM to enhance guests' positive perceptions of e-service quality are not surprising when considering the previously discussed criticisms and considerations regarding the conceptualization of service quality.

In particular, when considering service quality as customer value experiences, then it becomes possible to use studies discussing customers' benefits obtained through relations building in order to identify the service quality benefits that customers receive through their eCRM membership and involvement. Gwinner, Gremler and Bitner (1998) identified that customers engage in relations to gain: confidence benefits (feelings of confidence in service provider); social benefits (feelings of familiarity, personal recognition, friendship, rapport and social support); and special treatment benefits (economic benefits in the form of price breaks, recognition, extra attention and services not normally provided to non regular customers). Customers getting involved with CRM practices were also found to benefit through the receipt of relevant and useful information about the availability of services (Bruce 1994; Conway 1997), from feelings of closer involvement with the organisation (Hochschild 1983; Duncan and Moriarty 1998; Roberts, Varkie and Brodie 2003), enjoyment of interactions with the charity (Duncan and Moriarty 1998), a sense of belonging (Oliver 1999), feelings of being valued and respected (Celsi and Olson 1988; Bhattacharya and Bolton 2000), and greater understanding of the charity's role (Bruce 1994). Customers gain also from being able to immerse themselves emotionally in their relationships with the organisation and its accompanying social system (Oliver 1999).

By collecting customers' feedback, organisations use it for further improving their processes and services. In this way, customers also gain because firms can more effectively satisfy their needs (Coviello, Brodie and Munro 1997).

Collaborative and community building eCRM features also aim at creating a community of guests whereby every member helps each other, communicates and shares its feedback on firm's practices, takes part in community activities e.g. games, online promotions. Such eCRM practices also enhance perceived service quality value because by participating in communities, guests derive several benefits. For example, Rosenbaum, Ostrom and Kuntze (2005) identified the following community members' benefits.

- Membership esteem benefits making members feel proud of being part of a group of customers that receive special treatment and services by the organisation.
- Influence value where members are feeling empowered to influence the group, as well as sensing that the group has some influence over them. CRM programmes also promote influence by offering members the ability to communicate and provide their feedback to senior managers or to operational teams.
- Integration and fulfilment of needs making members feeling rewarded for group participation in terms of status gained, self-competency (members receiving knowledge and advice from other members) and self-satisfaction in being able to influence business processes.
- Shared emotional connection benefits referring to members desiring to fashion the organisation's identity, or history, into their own self identity.

Recently, it was found that such community benefits are also transferred to Internet mediated environments. Indeed, in examining the value and benefits customers perceive when getting involved in firms' business processes and relations' programmes, Sigala (2006b) also reported that customers benefit and appreciate when the image and status of a company is extended into their self-identity (i.e. social recognition and esteem benefits). By developing relations with firms in an Internet environment, Colgate et al. (2005) also found evidence that customers perceive enhanced history benefits (referring to the long-term association and familiarity with the company and customer needs) as

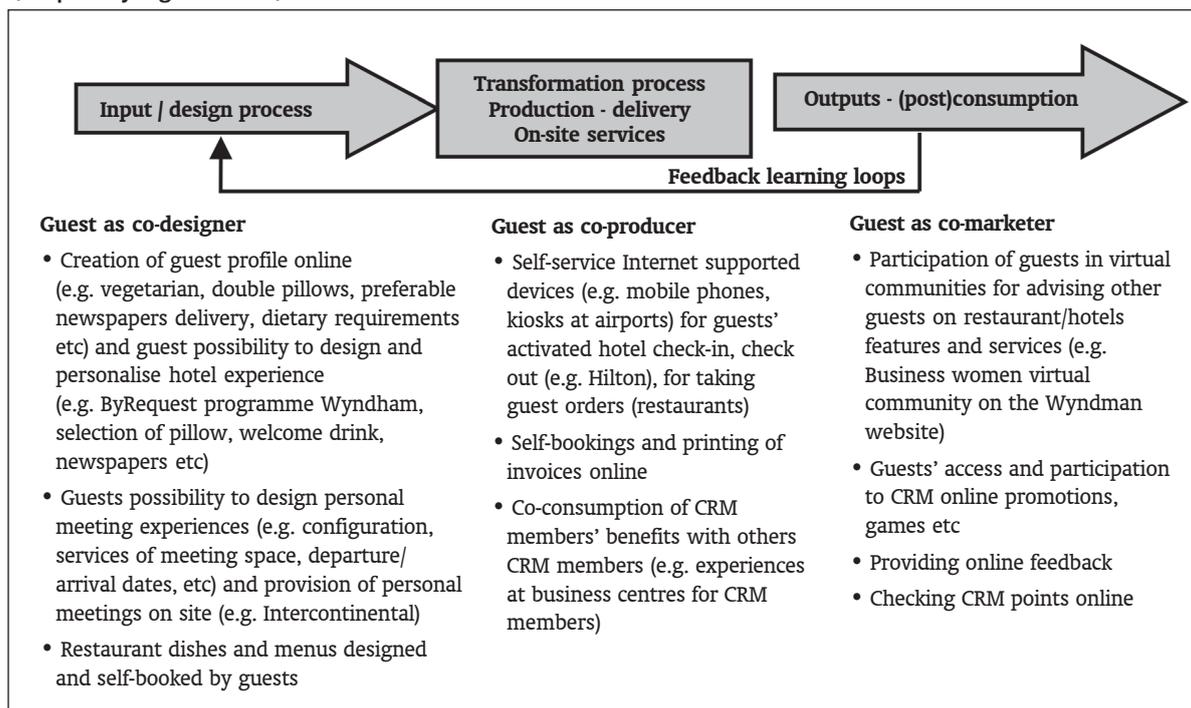
well as personal service benefits (referring to the opportunity to receive the highest service, personalised service and quick problem handling).

First hand evidence of the impact of CRM on service quality is also provided by Bennett and Barkensjo's (2005) who examined CRM in charity organisations. However, their findings also showed that the positive impact of CRM practices on the quality of services received by their members was mediated by the quality of relationships developed between the charity and its members. In other words, it was found that the ability of CRM programmes to enhance service quality is dependent on the firm's ability to persuade members' regarding the firm's trust, commitment and benevolence to always act for the sole benefit of every customer. However, building trust in Internet mediated environments, where face-to-face encounters are not possible, is not easy. As a result, it is important to stress that in order to ensure that eCRM will positively impact e-service quality perceptions, eCRM practices should first try to create and build trust and commitment between firms' and customers' relations.

When considering service quality as an evaluation that is formed during the production, delivery, consumption and post-consumption processes, it also becomes evident that eCRM can significantly enhance guests' cognitive and affective service quality perceptions. Analytically, eCRM practices developed by hotel companies enable and empower guests to take part in the hotel service process value chain by getting involved in the service production, delivery, consumption and post-consumption processes (Figure 1). However, as Figure 1 illustrates, hotel operations in which guests participate refer to both online and / or offline operations.

Moreover, in order to successfully compete and achieve some online processes (e.g. online personalization of a hotel room), online processes should be effectively integrated with offline practices (e.g. disseminate information to housekeeping for making necessary changes). In other words, the model highlights the need to integrate online eCRM with offline hotel operations. It is only when this synergy exists that eCRM benefits and enhanced value in service quality can be delivered. Finally, research into customer participation in service value chains has shown that when participating in the service processes, guests derive both utilitarian (functional) benefits as well as hedonic (emotional) benefits from the service experience (Sigala 2006b).

Figure 1  
**eCRM HOTEL PRACTICES AND GUESTS' INVOLVEMENT IN THE HOTEL SERVICE PROCESSES VALUE CHAIN**  
 (adopted by Sigala 2005c)



## RESEARCH AIMS AND METHODOLOGY

This paper aims to identify how hotels can provide enhanced e-service quality by integrating their eCRM practices with their offline hotel practices. To achieve that, first the concept and operationalisation of e-service quality were discussed. Then, the concept and practices of eCRM were identified and analysed in such a way to illustrate the enhanced e-service quality that guests receive when participating in eCRM. Overall, the theoretical analysis showed that by engaging customers into integrated offline and online business processes, eCRM can enhance both cognitive and emotional evaluations of e-service quality. To test these research proposition primary data were collected from hotel guests participating in hotels' eCRM programmes. The study used Critical Incident Analysis (CIT) as a research method. CIT is widely used for asking customers and getting their feedback on the important operational aspects that create their positive and negative perceptions regarding the service quality they receive (Zeithaml et al. 2002). Since no previous research has been conducted for examining how eCRM needs to be effectively integrated with offline strategies, the CIT was considered as an appropriate methodology for collecting in-depth qualitative guests' feedback in terms

of: how guests' perceive e-service quality delivered by eCRM; what are the critical factors that affect the delivery of e-service quality; and how the latter can be addressed by integrating online with offline eCRM practices. The method of personal interviews with hotel guests was used, as personal interviews allow the researcher to provide any explanations and/or clarifications that may be needed. Due to resource and time limitations, the study used a convenience sample of nine international guests staying in two hotels and who used the hotels' eCRM programmes. The hotels were selected based on their implementation of a eCRM programme and their agreement to allow the researcher to use their properties for identifying and interviewing hotels' guests. Both hotels belong to a hotel chain, their eCRM programmes were available through out all the hotel properties of the chain, and the hotels were located in Thessaloniki, Greece. Hotels' affiliation with a hotel chain is not surprising, since eCRM development requires huge investments in technology and human resources that only large hotel chains can afford, at least for the moment. Qualified guests were identified by asking the question whether they were members of the CRM programme of the hotel and whether they

used the eCRM's features and functionalities at provided at hotels' websites, e.g. for managing their profile and membership benefits.

When a qualified guest was found then he/she was asked to "...identify the major eCRM features, functionalities and implementation factors that impacted positively and negatively the e-service quality they received". In order to operationalise and explain the concept of e-service quality to hotels' guests, the e-service quality dimensions of the WEBQUAL model (developed by Loiacono et al. 2002) was used, as this model was previously tested for its validity and reliability as well as it had been applied and adapted for hotels' websites (Sigala and Sakellariadis 2004).

## RESEARCH FINDINGS

Interviewees represented a majority of male (6 guests) over female (3) hotel guests. Seven out of the 9 interviewees were using the particular hotel chain mainly for business trips rather than leisure traveling, while the average age of the sample was 51 years.

Findings were processed using content analysis. Guests' comments were clustered by organizing them into similar issues and dimensions based on the WEBQUAL model. Interviewees' responses regarding the eCRM features and implementation factors that positively or negatively impacted guests' perceptions of e-service quality are summarized in Table 1.

Findings provide useful information about how hotels can further enhance their eCRM practices as well as guidelines regarding the eCRM features perceived as good practices by hotel guests. Findings also show that eCRM features provide guests with both extrinsic (functional) and intrinsic (experiential) benefits that in turn affect guests' perceptions of cognitive and emotional service quality evaluations respectively. Analytically, guests reported that eCRM enables them to make online bookings and transactions easier and faster as well as personalize their hotel experience and services by adapting them to their own preferences and profile. Guests also reported that eCRM enabled them to carry out these tasks at their own time, pace and place convenience. This functional convenience of eCRM enhances guests' service quality perceptions in terms of their availability, responsiveness and accessibility. Guests also reported positive social and

emotional feelings when using eCRM, such as being personally recognized and greeted online, receiving special offers developed or offered solely to them and so, being treated differently from others.

Findings stressed another two important issues influencing guests' perceptions of e-service quality. First, it is clear that guests tend to link and relate the quality of services received online with the service quality and attention received offline and/or at the hotel property. For example, guests expected to meet personally at the property the staff with whom they communicated online and they felt they received an excellent online service. If this staff was not found at the property and -or if he/she could not meet the guests' expectations created from their online interaction, then a quality gap was created. Similarly, guests' confusion and dissatisfaction was created when they were not sure if online offers were the same, worse or better from hotel offers advertised offline. Such feelings of suspicion in unfairness treatment reduced guests' perceptions of the quality of eCRM, etc. In other words, in guests' mind, there is no distinction between quality of services provided online and quality of services provided off line. Both good online and off line service quality were required to exist in order for customers to report good eCRM influence on service quality evaluations. Indeed this is also clear from guests' comments that eCRM is important but face-to-face encounters will always be needed and more appreciated. Guests' holistic perceptions of service quality are important, because hotels should not regard their eCRM as isolated practices, but rather as an additional tool for creating and maintaining their relations with their guests. Hence, eCRM should be integrated with all other hotel processes (online and offline) and be able to create and provide customers with a seamless and holistic hotel experience. The latter is also highlighted in guests' comments regarding the importance of eCRM to be integrated with all hotel communication channels and business processes.

Finally, findings also show that hotels should try to enhance and provide more eCRM features for boosting the emotional and social appeal of eCRM, e.g. creation of online guests' virtual communities, guests' forums, chat facilities. This is important because by increasing guests' recognition, identification and attachment with a community, the hotel can make it more difficult for guests to change hotels and/or to evaluate hotel alternative based only on price.

Table 1

**IMPACT OF eCRM ON e-SERVICE QUALITY: CIT FINDINGS**

<p><b>INFORMATION FIT TO TASK</b></p> <p><i>Positive impact</i></p> <ul style="list-style-type: none"> <li>• Less information overload and easier-faster website navigation, as website information is customised to guests' profile</li> <li>• Easy and quick online bookings, since re-entry of guests' data is not required *</li> <li>• Personalised e-mails with promotions and price discounts that match the requirements and needs of the guest</li> <li>• Guests' satisfaction by being able to personalize the features of room services that he/she can receive every time he/she books without requesting the same things each time</li> </ul> <p><i>Negative impact</i></p> <ul style="list-style-type: none"> <li>• Guests' uncertainties whether the special and personalised prices and offers are the best for their profile. "I always double check with my travel agent whether a cheaper offer is available" *</li> <li>• Difficult to use the website for exchanging loyalty points with other services, e.g. products, free nights etc *</li> </ul>
<p><b>INTERACTIVITY</b></p> <p><i>Positive impact</i></p> <ul style="list-style-type: none"> <li>• Information about the different ways by which I can interact with hotel staff is important (e.g. e-mails, call centers, call me back option) *</li> <li>• Guests' appreciation for being personally greeted and identified online</li> <li>• Guests' satisfaction that they can take control of the design and delivery of service processes, e.g. request of check in and check out times, check in by e-mail etc *</li> </ul> <p><i>Negative impact</i></p> <ul style="list-style-type: none"> <li>• Difficult to change between members' webpages and other webpages without being requested to enter again log-in and passwords *</li> </ul>
<p><b>TRUST</b></p> <p><i>Positive impact</i></p> <ul style="list-style-type: none"> <li>• The availability of security and privacy policies online is important in order to make guests feel comfortable that their personal information and online transactions are secure and not shared with other organizations without their consent</li> <li>• e-mails are signed by specific hotel staff whose position is also stated *</li> <li>• Guests expect to meet staff they exchange communication online also at the hotel properties*</li> <li>• The provision of continuous personalised offers, information and discounts to guests created them positive feelings that hotel always try to provide them with the best possible price and product</li> </ul> <p><i>Negative impact</i></p> <ul style="list-style-type: none"> <li>• Guests' dissatisfaction with the fact that e-mail communications did not provide information on how guests can opt out from future communications</li> </ul>
<p><b>RESPONSIVENESS</b></p> <p><i>Positive impact</i></p> <ul style="list-style-type: none"> <li>• Guests' satisfaction with the ability of staff to deliver at the hotel property the requests they asked through the website*</li> <li>• Guests' stressed the important role that the Customer Relations Officer plays at the property level for liaising with inter-departmental staff as well as with customers*</li> </ul> <p><i>Negative impact</i></p> <ul style="list-style-type: none"> <li>• Dissatisfaction with e-mail response times. If more than one day to respond, then it is better to call and speak with staff direct</li> </ul>
<p><b>DESIGN AND VISUAL APPEAL</b></p> <p><i>Positive impact</i></p> <ul style="list-style-type: none"> <li>• Web pages have the same design, colour and appeal as the hotel chain brand and image</li> <li>• "I feel important when I use a web page dedicated and designed to me profile"</li> </ul> <p><i>Negative impact</i></p> <ul style="list-style-type: none"> <li>• No comments</li> </ul>

Table 1 CONTINUED

<p><b>INTUITIVENESS AND INNOVATIVENESS</b></p> <p><b>Positive impact</b></p> <ul style="list-style-type: none"> <li>• Continuous websites' updates and information that make guests always wanting to access the website</li> <li>• It is easy to access and use the eCRM features at the hotel website</li> <li>• Periodical provision of online games and contests for CRM members reflect hotels' aims to provide new services and benefits to members</li> </ul> <p><b>Negative impact</b></p> <ul style="list-style-type: none"> <li>• No comments</li> </ul>
<p><b>FLOW-EMOTIONAL APPEAL</b></p> <p><b>Positive impact</b></p> <ul style="list-style-type: none"> <li>• Guests' satisfaction for having a personalized webpage where they can update their profile and manage their transactions with the hotel at their time and place convenience</li> <li>• Guests' appreciation and positive feelings for being treated special and differently from others</li> <li>• Guests enjoyed using the eCRM functionalities</li> </ul> <p><b>Negative impact</b></p> <ul style="list-style-type: none"> <li>• No comments</li> </ul>
<p><b>INTEGRATED COMMUNICATIONS AND BUSINESS PROCESS</b></p> <p><b>Positive impact</b></p> <ul style="list-style-type: none"> <li>• Guests' requests and updates on the hotel website are communicated seamlessly to all hotel properties all over the globe*</li> <li>• Guests' profile is shared with all hotel reservation offices and departments*</li> <li>• Guests' preferred to receive hotel communications both in printed and online format*</li> </ul> <p><b>Negative impact</b></p> <ul style="list-style-type: none"> <li>• It is not possible to make all transactions online yet, e.g. book a restaurant, golf course and similar*</li> <li>• Guests' dissatisfaction when loyalty points from electronic bookings are not credited to their guest profile*</li> </ul>
<p><b>VIABLE SUBSTITUTE</b></p> <p><b>Positive impact</b></p> <ul style="list-style-type: none"> <li>• Using the Internet saves a lot of time relative to calling the call center or the hotel*</li> <li>• By using the Internet I can better control the way and the time I am approached by hotel communication</li> <li>• Guests can access cost efficiently their profile and reservations whenever and from wherever they prefer</li> </ul> <p><b>Negative impact</b></p> <ul style="list-style-type: none"> <li>• "eCRM is good but the value and human aspects of face-to-face encounters will always be needed and more appreciated"</li> </ul>

\* Denotes an eCRM feature and implementation factor that needs to be integrated with other offline hotel operations, staff and practices

## CONCLUSIONS AND IMPLICATIONS OF THE RESEARCH

As guests become more critical and demanding and competition intensifies, eCRM has been proposed as a vital business necessity for competing and surviving in the global hotel sector. However, there is a paucity of studies investigating eCRM's ability to enhance service quality levels and the critical eCRM factors for achieving this. This study aimed to address this gap by examining guests' perceptions of the eCRM implementation factors and features that can affect their e-service quality.

Findings stressed the need to integrate online and offline practices, as guests did not report any distinctions between eCRM service quality and benefits delivered online or at the hotel property level. Guests perceive hotel services as a holistic experience and hotels should critically consider this when they design their eCRM practices. Findings reported in Table 1 also identify many other critical dimensions and operational issues that need to be taken into consideration by hotels for further improving their eCRM practices.

Findings also revealed the ability of eCRM to increase guests' evaluations of emotional and cognitive service quality by engaging customers into hotel operations. However, guests' characteristics (e.g. gender, culture, age etc) can crucially affect either guests' willingness or guests' capability to engage in hotel operations. For example, guests from Asian cultures are risk averse, so they may not prefer to take control of check-in processes and design their own hotel room because this can increase their perceived risk. Women are also more emotionally than cognitive (functional driven) meaning that they may place more emphasis on eCRM features enhancing their emotional service quality dimensions rather than their cognitive evaluations (Sigala 2006b). The study findings are also biased to business hotel guests. It might be the case that leisure travelers focus on different service quality dimensions (e.g. more emotional than function when one is traveling on a honeymoon). Thus, given the very small size of the sample, future research is required in order to test, enhance and further replicate this study and its findings in other larger and cross-cultural samples. The findings of such studies can be very useful for creating value-driven segmentation practices that can in turn further refine and enhance the design, implementation, market effectiveness and appeal of eCRM practices.

## REFERENCES

- Ajzen I. and Fishbein M. (1969) *The prediction of behavioral intentions in a choice situation*. *Journal of Experimental Social Psychology*, 5 (4), 400-416.
- Barnes S., Liu K. and Vidgen R. (2001) *Evaluating WAP sites: the WebQual/m*. *Proceedings of the 9<sup>th</sup> European Conference on Information Systems*, Bled Slovenia, 27-29 June.
- Bennett R. and Barkensjo A. (2005) *Relationship quality, relationship marketing, and client perceptions of the levels of service quality of charitable organisations*. *International Journal of Service Industry Management*, 16 (1), 81 – 106.
- Berry L. (1983) *Relationship marketing*. In: Berry L., Shostack GL., Upah GD. (Eds.) *Perspectives in services marketing*. Chicago: American Marketing Association. 89 –123.
- Bhattacharya C. and Bolton R. (2000) *Relationship marketing in mass markets*. In: Sheth J. and Parvatiyar A. (Eds) *Handbook of Relationship Marketing*. London: Sage Publications. 327-54.
- Bruce I. (1994) *Meeting Need: Successful Charity Marketing*. Hemel Hempstead: ICSA Publishing.
- Bueren A., Schierholz R., Kolbe L. and Brenner W. (2005) *Improving performance of customer-processes with knowledge management*. *Business Process Management Journal*, 11 (5), 573 – 588.
- Celsi R. and Olson J. (1988) *The role of involvement in attention and comprehension processes*. *Journal of Consumer Research*, 15 (4), 210-24.
- Christopher M., Payne A., Ballantyne D., (1991) *Relationship marketing: bringing quality, customer service and marketing together*. Oxford: Butterworth-Heinemann.
- Christou E. and Kassianidis P. (2002) *Examining the adoption of e-shopping for travel services: Determinants of consumers' perceptions*. In: Wober A., Frew A., and Hitz M. (Eds.) *Information and communication technologies in tourism 2002*. Wien: Springer-Verlag. 212-223.
- Christou E. (2003a) *Guest loyalty likelihood in relation to hotels' corporate image and reputation: A study of three countries in Europe*. *Journal of Hospitality & Leisure Marketing*, 10 (1), 88-99.
- Christou E. (2003b) *On-line buyer's trust in a brand and the relationship with brand loyalty: the case of virtual travel agents*. *Tourism Today*, 3 (1), 95-105.
- Colgate M., Buchanan-Oliver M. And Elmsly R. (2005) *Relationship benefits in an internet environment*. *Management Service Quality*, 15 (5), 426-436.
- Conway T. (1997) *Strategy versus tactics in the not-for-profit sector: a role for relationship marketing?*. *Journal of Nonprofit and Voluntary Sector Marketing*, 2 (1), 42-51.
- Coviello N., Brodie R. and Munro H. (1997) *Understanding contemporary marketing: a classification scheme*. *Journal of Marketing Management*, 13 (6), 501-22.
- Cox J. and Dale B. (2001) *Service quality and e-commerce*. *Managing Service Quality*, 11 (2), 121-131.
- Dodds B., (2001) *CRM at no charge*. Available from: [www.dmreview.com/master.cfm?NavID=193&EdID=3477](http://www.dmreview.com/master.cfm?NavID=193&EdID=3477) [Accessed 11 July 2001]
- Duncan T. and Moriarty S. (1998) *A communication-based marketing model for managing relationships*. *Journal of Marketing*, 62 (2), 1-13.
- Edvardsson B. (2005). *Service Quality: beyond cognitive assessment*. *Managing Service Quality*, 15 (2), 127-131.
- Edvardsson, B., Gustafsson A. and Roos I. (2005) *Service portraits in service research: a critical review*. *International Journal of Service Industry Management*, 16 (1), 107-121.
- Gummesson E. (1995) *Relationship marketing: its role in the service economy*. In: Glynn W. J. and Barns J. G. (Eds) *Understanding Services Management*. New York: Wiley. 224-268.

- Gustafsson A. and Johnson M. (2003) *Competing in the service economy*. San Francisco: Jossey-Bass.
- Gwinner K. P., Gremler D. and Bitner M. J. (1998) *Relational benefits in service industries: the customer's perspective*. *Journal of the Academy of Marketing Science*, 26 (2), 101-114.
- Hirschman E. C. and Holbrook M. B. (1982) *Hedonic consumption: emerging concepts, methods and propositions*. *Journal of Marketing*, 46 (3), 92-101.
- Hochschild A. (1983) *The Managed Heart*. Berkeley: University of California Press.
- Kalakota R., and Robinson M. (2000) *E-business: the roadmap to success*. Massachusetts: Addison-Wesley Publishing Company, Reading.
- Kandapully J. and Duddy R. (1999) *Relationship Marketing: a concept beyond the primary relationship*. *Marketing Intelligence & Planning*, 17 (7), 315 – 323.
- Liljander V. and Strandvik T. (1997) *Emotions in service satisfaction*. *International Journal of Service Industry Management*, 8 (2), 148–169.
- Loiacono E. T., Watson R. T. and Goodhue D. L. (2002) *WebQual: a measure of Web site quality*. In *Proceedings of the AMA Winter Educators' Conference*. Chicago: American Marketing Association. 432-8.
- Madu C. and Madu A. (2002) *Dimensions of e-quality*. *International Journal of Quality & Reliability Management*, 19 (3), 246–258.
- O'Loughlin D., Szmigin I. and Turnbull P. (2004) *From relationships to experiences in retail financial services*. *The International Journal of Bank Marketing*, 22 (7), 522-539.
- Oliver R. (1999) *Whence customer loyalty?* *Journal of Marketing*, 63, 33-44.
- Olsen M. D. and Connolly D. J. (2000) *Experience-based travel. How technology is changing the hospitality industry*. *Cornell Hotel and Restaurant Administration Quarterly*, February, 30-40.
- Parasuraman A., Zeithaml V. A. and Berry L. L. (1994) *Alternative scales for measuring service quality: A comparative assessment based on psychometric and diagnostic criteria*. *Journal of Retailing*, 70 (3), 201-230.
- Roberts K., Varkie S. and Brodie R. (2003) *Measuring the quality of relationships in consumer services: an empirical study*. *European Journal of Marketing*, 37 (1), 169-96.
- Rosenbaum M., Ostrom A. and Kuntze R. (2005) *Loyalty programs and a sense of community*. *Journal of Services Marketing*, 19 (4), 222–233.
- Sigala M. (2003a) *Developing and Benchmarking Internet Marketing Strategies in the Hotel Sector in Greece*. *Journal of Hospitality & Tourism Research*, 27 (4), 375–401.
- Sigala M. (2003b) *The Information & Communication Technologies productivity impact on the UK hotel sector*. *International Journal of Operations and Production Management*, 23 (10), 1224–1245.
- Sigala M. (2004) *The ASP-Qual model: measuring ASP service quality in Greece*. *Managing Service Quality*, 14 (1), 103–114.
- Sigala M. (2005a) *Integrating Customer Relationship Management in Hotel Operations: managerial and operational implications*. *International Journal of Hospitality Management*, 24 (3), 391–413.
- Sigala M. (2005b) *Investigating the impact of Customer Relationship Management on service quality in the hotel industry*. 23<sup>rd</sup> EuroCHRIE International Congress, organized by Institut Paul Baucuse and Accor, Paris, 26 – 28 October, 2005.
- Sigala M. (2005c) *eHospitality: management by wire. Operating a hospitality business will never be the same again*. *The HCIMA Hospitality: Yearbook 2005*, 24-29.
- Sigala M. (2006a) *Culture: the software of Customer Relationship Management*. *Journal of Marketing Communications*, 12 (3), 203-223.
- Sigala M. (2006b) *Mass customisation implementation models and customer value in mobile phones services: preliminary findings from Greece*. *Managing Service Quality*, 16 (4), 395–420.
- Sigala M. and Sakellariadis O. (2004) *Web users' cultural profiles and e-service quality: internationalization implications for tourism websites*. *Information Technology and Tourism*, 7 (1), 13-22.
- Siguaw J. A. and Enz C. A. (1999) *Best practices in marketing*. *Cornell Hotel and Restaurant Administration Quarterly*, October, 31-59.
- Thomson B., (2002) *What is CRM*. Available from: [www.crmguru.com/members/primer/01.html](http://www.crmguru.com/members/primer/01.html). [Accessed 1 July 2001].
- Voss C. (2000) *Developing eService strategy*. *Business Strategy Review*, 11 (1), 21-33.
- Yoo B. and Donthu N. (2001) *Developing a scale to measure the perceived quality of an Internet shopping site (SITEQUAL)*. *Quarterly Journal of Electronic Commerce*, 2 (1), 31-45.
- Zeithaml V. (2002) *Service quality in e-channels*. *Managing Service Quality*, 12 (3), 135-138.
- Zeithaml V., Parasuraman A. and Malhotra A. (2000) *A conceptual framework for understanding e-service quality: implications for future research and managerial practice*. *Marketing Science Institute Working Paper Series*, Report No. 00-115.

Submitted: 07/18/2006

Accepted: 09/27/2006