

**CUSTOMER RELATIONSHIP MANAGEMENT
SYSTEMS IN THE SRI LANKAN HOSPITALITY
INDUSTRY FOR SUSTAINED GROWTH AND
DEVELOPMENT**

MASTER OF BUSINESS ADMINISTRATION

IN



INFORMATION TECHNOLOGY

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University of Moratuwa

December 2007

**CUSTOMER RELATIONSHIP MANAGEMENT SYSTEMS IN
THE SRI LANKAN HOSPITALITY INDUSTRY FOR
SUSTAINED GROWTH AND DEVELOPMENT**

By

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The Dissertation was submitted to the Department of Computer Science & Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Business Administration.

Department of Computer Science & Engineering
University of Moratuwa
December 2007

DECLARATION

“I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any university to the best of my knowledge and belief it does not contain any material previously published, written or orally communicated by another person or myself except where due reference is made in the text. I also hereby give consent for my dissertation, if accepted, to be made available for photocopying and for interlibrary loans, and for the title and summary to be made available to outside organizations”

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.....

Supervisor

Mr. Pradeep Randiwela

.....

Co-supervisor

Dr. Chathura de Silva

ABSTRACT

In the current highly competitive business environment, organizations strive to deliver a superior service to customers in order to gain their satisfaction and thereby increasing customer loyalty and retention. The ability to retain customers is becoming a key determinant that enables organizations to achieve sustained competitive advantage and growth. Customer Relationship Management (CRM) Systems offers organizations the ability of capturing, storing and analyzing customer data in order to gain a better understanding of the customers, which enable the organization to deliver a personalized service. CRM provides the ability of gaining a deeper insight about the needs and requirements of customers and forming more intimate, mutually beneficial relationships with them. CRM Systems, coupled with data mining techniques enable organizations to analyze guest data and unearth a wealth of information regarding the customers.

Although implementing CRM provides many benefits in terms of higher customer loyalty and retention levels and higher revenue, the success with CRM has been elusive to many organizations. According to research carried out in CRM implementations, over half of CRM efforts do not deliver the expected results. The causes of the failures vary from ineffective CRM strategy and organizational and human issues to implementation issues.

The objectives of this research are to analyze the current usage of CRM Systems in the Sri Lankan hospitality industry and to identify the constraints that are encountered during CRM implementation. Finally, the research analyzes the applicability of existing CRM Systems implementation frameworks to the Sri Lankan hospitality industry, and proposes recommendations for a localized framework, which can be adopted by the Sri Lankan hospitality industry.

The research was carried out using a case based qualitative approach. A literature review was carried out in order to analyze the existing frameworks for CRM implementation and to identify the critical success factors pertaining to the hospitality industry in general. A preliminary study was carried out with individuals from the

industry to gain an understanding of the factors critical in the local context and also to identify any other relevant factors that was not evident from the literature review. A conceptual model was formed using the factors identified from the literature review and preliminary study, which was used to execute the research. Subsequently, a series of in depth interviews based on the conceptual model was carried out using a suitable sample from the Sri Lankan hospitality industry to identify the effect of the factors that influence the implementations.

The findings of the research indicate that CRM in the Sri Lankan hospitality industry is still in its infant stages, initiated mostly by hotels belonging to the high-end segment. The majority of the difficulties encountered during CRM efforts are in the areas of strategy development, organizational & human development, technology and implementation. The proposed framework and recommendations have taken all factors that affect the CRM implementation in the local context into consideration as well as the scale of the CRM initiatives by local hotels.



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ABBREVIATIONS

CRM	-	Customer Relationship Management Systems
CSF	-	Critical Success Factors
ROI	-	Return on investment
ICT	-	Information and Communication Technology
IT	-	Information Technology
PMS	-	Property Management System
POS	-	Point of Sale
VPN	-	Virtual Private Network



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