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### THE IMPACT OF CUSTOMER KNOWLEDGE AND CUSTOMER RELATIONSHIP MANAGEMENT IN SERVICE QUALITY IN THE HOTEL SECTOR

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#### **ABSTRACT**

Quality of service is one of the important things for companies to gain a long-term competitive advantage. There is a connection between customer relationship management (CRM) and customer knowledge (CK) on service quality by merging companies that can build strengths, strategy and add value to their assets by processing customer data to build a long relationship with customers. Thus, this work was done to analyze to analyze how service quality is impacted by customer relationships management and customer knowledge in the hotel sector at Saudi Arabia. This study was done using quantitative research method. The sample population of this work were 24 employees from the hotel sector. The questionnaire were distributed to employees in five different hotels. For this work, data analysis was done using SPSS software were there analysis involved were reliability, correlation and regression. The finding of this work have shown that the results of supports the hypotheses of this work and relationship between the customer relationship management (CRM) and customer knowledge (CK) and service quality.

#### **CCS Concepts**

• Information systems—Database management system engines • Computing methodologies—Massively parallel and high-performance simulations.

#### **INTRODUCTION**

Customer Knowledge (CK) is the rising trend adopted by most organizations [1]. Presently, hotels take into account what their customers may want and need in order to make any innovative decisions within the organization [2]. Any improvement in the quality of their services is also informed of their

approach to managing their customers [3]. However, the process of acquiring the knowledge of the customer is easy, but not any information and knowledge that is capable of creating value for the organization [4]. Added effort is needed to know what the organization management already knows and to use it most productively. It also involved a specific focus on customers through the identification of the different qualities of their customers [4].

Customer management, also known as the customer relationship management (CRM) approach, is the perfect solution for most organizations [5]. It is a process that acts as an intermediary between the organization and the quality of the services provided. They offer a platform for the customer to express their voice on the quality of service. Most organizations that have managed their customers effectively are likely to deliver the best quality of service [6]. Rahimi and Gunlu [7] stated that customer management is a common term used to express an organization's willingness to communicate with its respective product consumers. The quality of the company's service is more customer-centric than any other objective of the company. Value co-creation is carried out through the process of joint products and service design and development [7]. The company benefits by focusing on the target consumers by identifying what their needs are and bringing the customers on board for a contribution on how they would like to see the quality of the service improved. In the long run, the company is able to attract a wider customer base [8].

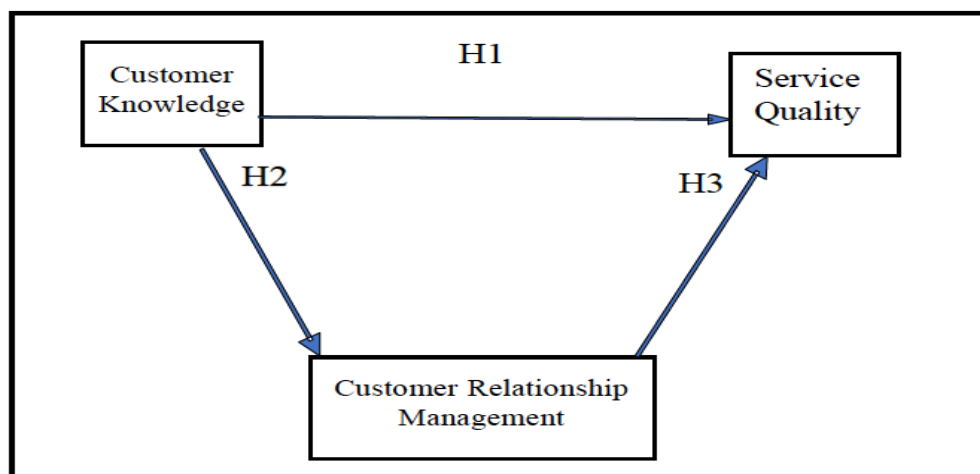
According to the Hassan et al. [9], there is a positive relationship between key account management and customer knowledge, provided that the company recognizes and cooperates within the organization, in particular between employees, to facilitate the process of customer knowledge and to improve the asset. Vukšić et al.[10] stated that CK management is influenced by a number of factors, including communication, technology and employee understanding of processes. Furthermore, quality of service is enhanced by increased customer knowledge management and facilitates the process with the help of CRM [10]. Bueren et al. [11] work found that one of the factors that help to improve CK management is to treat customer service staff and to communicate effectively between them and the quality of the service provider. Moreover, Soltani et al. [12] found that it is important in CRM to know and discover customers who are not going to make any profit for the company, but the most important of these is how to convert it to a customer that can benefit the company. It depends on people and technology, and there must be a good amount of continuous updates. Furthermore, Yaghoubi et al. [13] found that integration between CRM and CK in the process helps to connect the service to the customer with better and more accurate results.

Despite the innovative market mechanisms for extracting and storing customer information, some hotels are lagging behind in implementing these techniques. Some of them may have little expertise in the use of these customer relationship management techniques [14]. Others may not have had the benefit of understanding the role of these innovations in the organization. Most of them have also not worked out the relationship between customer knowledge, the role of customer relationship management and the impact that this may have on the quality of service. This study is therefore necessary to help such

organizations understand the power of the knowledge of the customer. This study was therefore carried out in order to determine the impact of customer knowledge and customer relations management on the quality of services in the hotel sector.

## METHODOLOGY

This study was done using quantitative research method. The primary and secondary data were used in this study. Primary data for this study was collected through a survey. Secondary data were collected for literature review through academic journals and books. The sample size for this study were 24 employees from the hotel sector. The questionnaire was answer by different level of employees. The analysis was carried out using SPSS software (reliability, regression, correlation) methods. The questionnaire results were collected from five different hotels. Figure 1 shows the relation between a different variable and how they can connect and develop CK, CRM, and service quality. For this work. The following research hypotheses were set. The hypotheses are H1: The degree of customer knowledge will have a positive effect on service quality, H2: Positive effect between customer knowledge and customer relationship management, and H3: The degree of customer relationship management will have a positive effect on service quality.

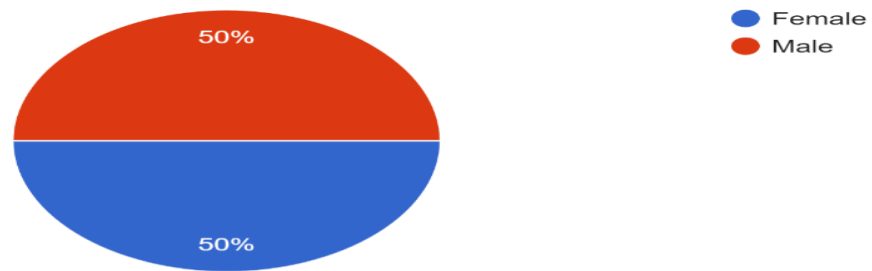


**Figure 1. Research model**

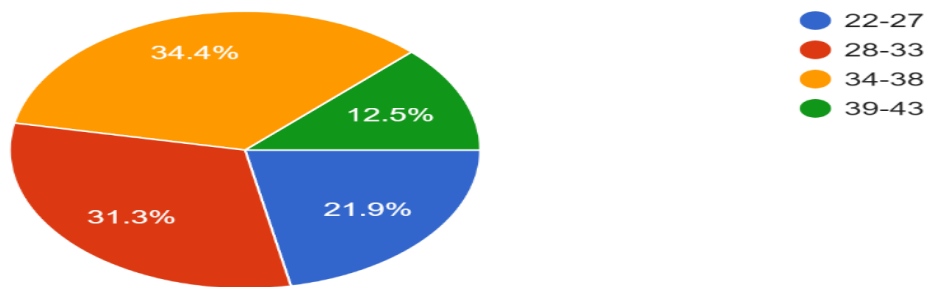
## RESULT AND DISCUSSION

### *Descriptive Analysis*

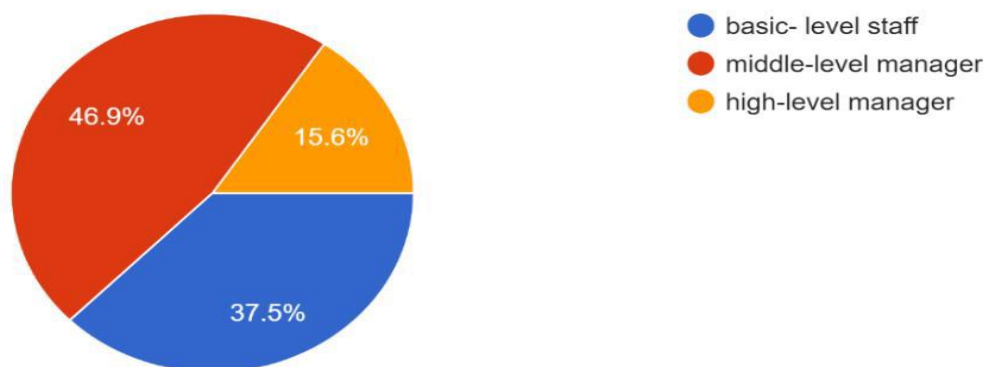
Based on Figure 2, 50 % of the respondents were males and 50 % were females. Based on Figure 3, 21.9% of the respondents were aged between 22 to 27 years old, 31.3% were aged between 28 to 33 years old, 34.4% were aged between 34 to 38 years old and 12.5% were aged between 39 to 43 years old. Based on Figure 4, 37.5% of the employees are basic staff, 46.9% of the employees are middle level manager and 15.6% of the employees are high level manager.



**Figure 2.** Gender



**Figure 3.** Age



**Figure 4.** Job position

***Reliability Analysis***

Table 1 shows the reliability test for customer knowledge (CK), customer relationship management (CRM) and service quality (SQ). Based on Table 1, customer knowledge has good reliability with Cronbach’s Alpha value 0.820. In addition, Customer relationship management has very good reliability with Cronbach’s Alpha value of 0.875, and service quality has good reliability with

Cronbach's Alpha value of 0.867. Since all the Cronbach's alpha values is greater than 0.65 (Cronbach's alpha > 0.65, thus all the variables are reliable and acceptable in terms of reliability.

**Table 1.** Reliability Analysis

Variable	Cronbach's Alpha
Customer knowledge (CK)	0.820
Customer relationship management (CRM)	0.875
Service quality (SQ)	0.867

**Correlation Analysis**

Table 2 shows the correlation analysis results for all three variables. Based on Table 2, there is a relation between SQ and CK with value of 0.688. Furthermore, there is a relation between SQ and CRM with value of 0.689. In addition, CK has a correlation with CRM with value of 0.631.

**Table 2.** Correlational Analysis

Variable	Analyses	SQ	CK	CRM
SQ	Pearson Correlation	1	0.688	0.689
	Sig. (2-tailed)		0.000	0.000
	N	24	24	24
CK	Pearson Correlation	0.688	1	0.631
	Sig. (2-tailed)	0.000		0.000
	N	24	24	24
CRM	Pearson Correlation	0.689	0.631	1
	Sig. (2-tailed)	0.000	0.000	
	N	24	24	24

**Regression Analysis**

Table 3 shows the results of regression analysis for hypothesis H1. Based on Table 3, it is found that the model coefficient of determination (R Square) equals 47,3%, that 47.3% of the variation in the service quality variable can be explained due to the variation in the customer knowledge management. Accordingly, the data support the reject of H1.

**Table 3.** Regression Analysis For H1

Model	R	R Square	Adjusted R Square
Customer knowledge	0.688	0.473	0.455
Dependent variable SQ			

Table 4 shows the results of regression analysis for hypothesis H2. Based on Table 4, the model coefficient of determination (R Square) was found to be 47.5 %, and 47.5 % of the variation in customer relationship management could be explained by the variation in customer knowledge management. Accordingly, the data support the rejection of H2.

**Table 4.** Regression Analysis For H2

Model	R	R Square	Adjusted R Square
Customer knowledge	0.689	0.475	0.458
Dependent variable CRM			

Table 5 shows the results of regression analysis for hypothesis H3. Based on Table 5, it is found that the model coefficient of determination (R Square) is 39.8 %, and that 39.8 % of the variation in service quality can be explained by the variation in customer relationship management. Accordingly, the data support the rejection of H3.

**Table 5.** Regression Analysis For H3

Model	R	R Square	Adjusted R Square
Customer relationship management	0.631	0.398	0.378
Dependent variable SQ			

## OVERALL DISCUSSION

In this work, the overall result has shown that customer knowledge has a positive impact on service quality. In addition, CRM is a fractional intervention that alters customer knowledge and service quality. Companies always seek attention to all the details of the customer and manage the customer relationship in order to improve the quality of the service provided and the added competitive value in order to distinguish them from the rest of the companies. The outcome of this work is in line with the work of Tseng [15] where it was confirmed that customer knowledge and customer relationship management is both significant factors in improving service quality.

According to Taghizadeh et al. [16] the outcome shows that that if a company can acquire valuable customer knowledge, it will be possible to improve the quality of the service. Due to the growing demand of customers for quality service, companies are likely to lose customers. In addition, if the company can gain valuable customer knowledge, it will be possible to upgrade the quality of the service [14]. As a result of increasing customer demand for service quality, firms are likely to lose customers if they are not satisfied. In addition, CRM can be used to structure customer knowledge related to interactions between businesses and their customers through the service delivery process and can, as a result, ultimately improve service quality.

## CONCLUSION

The aim of this study was to test the impact of customer knowledge and customer relationship on the quality of service. This research has shown that customer knowledge is related to quality of service. Enterprises should gain valuable customer knowledge during the service process. The company should then identify, attract and retain customers and establish long-term customer relationships to increase the quality of service and customer satisfaction. The results of this study support the three hypotheses H1, H2, H3, which are partially based on correlation analysis. There is a relationship between the variables. For future work, the authors recommended that the sample size be increased in order to test the relationship of the variable in the hypothesis, and therefore suggested that future research should involve current customers and hidden customers in order to strengthen the research.

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