



**ANALYZING THE PERCEPTION OF EMPLOYEE AND
CUSTOMER TOWARDS THE CUSTOEMR RELATIONAHIP
MANAGEMENT PRACTICE OF COMMERCIAL BANK OF
ETHIOPIA**

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Marketing Management**

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Declaration

I declare that this thesis has not been previously submitted for a degree nor has it been submitted as part of requirements for a degree. I also declare that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Student's Name

Signature

Date

Advisor's Approval

This Thesis has been submitted for examination with my approval as an advisor.

Advisor's Name

Signature

Date

Acknowledgement

Writing this thesis has been both difficult and fun to do. It has also been a very interesting experience, especially the parts concerning the understanding of how real world business works.

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Approved by board of examiners:

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Abstract

Each and every interaction with a customer is an opportunity to build a lifelong relationship for a bank. To turn the customer interaction challenge into a competitive advantage, banks need a system that will help them to efficiently manage their interactions with customers. Maintaining this can be done via customer relationship management. For this information systems helps to build a competitive edge for the bank. There are few researches done on CRM for developing countries out of these researches few are conducted on banks.

Therefore, this research was conducted on perception of customers and employees of Commercial Bank of Ethiopia in selected Grade IV branches found in Addis Ababa Ethiopia using CRM dimensions literatures (Seybold & Marshak, 1998), Key customer focus, CRM organization, Knowledge management, and technology-based CRM. And CRM's relationship with marketing performance of the bank.

A total of 384 questionnaires to customers were disseminated and 81 questionnaires to employees, 361 and 75 usable were returned respectively for descriptive analysis. One sample and T test were conducted for each dimension for both customers and employees to meet the objective and answer research questions. Moreover, to calculate mean score of each question under respective dimension and finally independent T test was undertaken to find out where the significant difference lies between the two group dimensions. From the independent T test result it has been found out that there lies a significant difference in the dimensions key customer focus and technology based CRM. Customers of CBE perceive that CBE is key customer focused. On the contrary CBE employees perceive that it needs to improve on handling key customers. When it comes to the second dimension customer's perceived that bank applies advanced technology to serve customers. On the contrary the employees of CBE perceive the bank is underutilizing technology and it needs to deploy advanced technology to fully apply CRM.

This shows that customers are satisfied with the current level of service provision by CBE; this indicates that CBE should strive to delight customers and attract new ones.

Key words- Customer Relationship Management, Marketing Performance

List of Appendices

Appendix 1- Employee Questionnaire

Appendix 2- Customer Questionnaire

Acronyms and Abbreviations

CRM – Customer Relationship Management

CBE – Commercial Bank of Ethiopia

BPR – Business Process Reengineering

CHAPTER ONE

INTRODUCTION

In this introductory chapter, background of the study, problem statement, research questions of the study, significance, scope, limitation and organization of the study are discussed.

1.1 Background of the Study

In the 1970`s, Customer relationship management (CRM) originated as a marketing concept from the relationship marketing literatures. Its aim is to maximize customer value in the long term, by focusing business processes, marketing and customer service on client relationship maintenance, through the coordinating agency of an information technology system (Chang, H.H, 2007).

Customer relationship management's impact in the commercial marketplace cannot be undervalued. Despite traditional economic theory on market entry and pricing prescribing that enterprises should engage customers through prefabricated reactions and interactions given the customer event taking place, the nature, impact and reach of the power of enriching customer experiences has emerged in 2008.

Yet, one of the most common mistakes made by global companies is to view Customer Relationship Management here after mentioned as (CRM) as solely a technology or business challenge. CRM is first and foremost a business strategy that can be effectively executed through the appropriate business process and technology management capabilities that best match to an organization's customer-facing goals.

Long gone are the views of CRM being applications or business process methodologies for engaging customers in contact centers in the customer service functional domains within

an organization. Today, every interaction or 'moment of truth' with customers can help sustain, direct, implore or resuscitate desired outcomes by enterprises (Buttle, 2009).

Marketing context is changing dramatically in this dynamic environment with regard to physical distance, time, markets, and competition, and this is leading to fundamental changes in the way that marketing is being practiced (Brookes, Brodie, and Lindgreen, 2000; Sheth and Sisodia, 1999). Traditionally businesses employ transaction based marketing through the 4p's. However, with the emergence of contemporary marketing practices businesses began to realize that marketing is not all about attracting new customers rather it is building long term relationships with the existing customers to the mutual benefit of both. Meanwhile, the stiff competition in the market; both local and global, accessibility of the markets and the advent of knowledgeable customers contribute to the ever growing of relationship-based marketing in the business world.

The CRM strategic paradigm has gone through a three-phase generational shift over the last decade (1998–2008) with enterprises maturing from: 1) Marketing to customers the best products at the best prices, to 2) Marketing customers with the best services, to 3) Marketing customers with the dynamic services and products that they want and desire as measured by customer intent (Buttle, 2009).

So far, several business sectors have benefited from the deployment of CRM. However, pertaining to its nature the service sector, particularly the financial and telecommunication sub-sector, deemed to benefit a lot from the implementation of the CRM as a business strategy. For instance, many studies have reported that banks which develop a customer-centric strategy get higher profits (Formant, 2000; Lamparello, 2000; Melnick et al., 2000) this is due to the fact that financial services are characterized by the large number of customers for private, fast and personal needs of them, the way a firm delivers them is relevant to its expansion and competitive advantage (Seybold and Marshak, 1998: 193-194). Moreover, S.Erdem *et al.*, also ascertain that CRM is a sound business strategy for banks to identify potential profitable customers and prospects, and devote time and

attention in expanding account relationships with those customers through individualized marketing, re-pricing, discretionary decision making, and customized service-all delivered through the various sales channels that the bank uses.

The extent of CRM deployment in the financial services especially in banks has been assessed from four dimensions in the financial service literatures of European, Indian and Egyptian banking sectors. These four dimensions are key customer focus, knowledge management, CRM organization and technology-based CRM. So far, the studies reveal that successful application of all CRM dimensions in banks helps the banks to expand their customer bases, enhance their competitive position and able to retain the customers at increased satisfaction rate. Thus, the integrated application of the CRM has been found essential for reaping full benefits of CRM such as internal efficiency, increased customer loyalty and satisfaction, identification of customers potential and the like (Seybold and Marshak, 1998).

The Ethiopian financial system consists of more than 19 banks (1 state-owned development bank and 18 commercial banks) 17 insurance companies, and 31 microfinance institutions that seek to deepen financial penetration in the country. Due to the closed nature of the economy, and specifically the banking sector, which is dominated in terms of asset, deposit, loan, time saving etc by state-owned banks, especially the commercial Bank of Ethiopia here after referred as CBE. Despite the above theoretical and empirical facts as to the development of the CRM in the financial sector, until recently, the banking sector in Ethiopia has remained dormant to the shift in business paradigm from product-centric to customer-centric (ecobankresearch, 2014). Various factors contributed for this fact; among others the dominance of public banks till the liberalization and deregulation of the economy in the 1990's is the major one. This hinders the development of the private sector and its possible impact on the competitiveness arena in the banking industry that would have benefited the customers and the banks there in (ecobankresearch@ecobank.com, 2014).

Since then the banking sector has undergone various improvements; the private sector being allowed to involve in the business instigated the need to be competitive to stay in the market just like other business setups (ecobankresearch@ecobank.com, 2014).

Of government owned banks CBE is the leading bank in terms of market share, branch network, volume of asset and profitability. It was established in 1942 being pioneer to introduce modern banking in the country having 1139 branch outlets as at July31 2015. CBE is the leading African bank with assets of Birr 330.5 billion Birr as of March 31th 2016 and it is the first bank in Ethiopia to introduce ATM service for local users and Western Union Money Transfer Services in Ethiopia (www.cbe.com ,2016).

Currently CBE has more than 12.4 million Account holders. It has strong correspondent relationship more than 50 renowned foreign banks and a SWIFT bilateral arrangement with 500 others. CBE has a vision to become a world- class commercial bank by the year 2025 (www.cbe.com, 2016).

Despite numerous years' experience in the business and being able to secure the leading position, the market share of the bank has been declining since the advent of the private banks and the allied changes in the competitive playing ground. Thus, to cope up with the market dynamism and shift its focus to customers need the bank undertakes a BPR in 2008 which is according to (Hammer and Champy, 1993) the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed. As an output of the BPR the bank adopted customer-centric business concepts like Customer Relationship Management (CRM) where by ensuring one point customer contact by segmenting the customer base in a way that enhance relationship building at each customer contact points, change in organizational structure and emphasis in provisioning technologically advanced services become practical subsequently.

It is apparent from literatures that those banks that are able to implement all dimensions of the CRM are more beneficial than those that implemented it in a fragmented manner (Das *et. al*, 2009). Thus, as it is five years since CBE adopted CRM, determining to what extent CBE has implemented the dimensions of the CRM contributes a lot in projecting the expected gain from the system and point out the dimensions to leverage in the future. Hence, assessing the level of CRM application in the Commercial Bank of Ethiopia across four dimensions; key customer focus, knowledge management, CRM organization, and technology- based CRM become imperative and it is the way to appraise the why of positive outcomes and/or negative repercussion, if any, in adopting the system.

1.2 Statement of the Problem

Though most of the CRM literatures are written in the context of the developed countries, CRM's successful implementation in an integrated and holistic manner have been found to have a positive impact in the customer retention and satisfaction, reduction of costs and enhancement of competitive stand in the market. Based on this premises, it is of essence to examine the level of CRM application in a business to identify the components of CRM that are well implemented and those in slack to leverage them in the future (Almotari, 2009).

Most empirical banking systems experience some degree of inefficiency in utilization of their resources and, especially with regard to managing the quality of buyer-seller relationships and services. Many studies have concluded that these arise for the following major reasons: the service is very complex and customized in the transaction process; the external environment is dynamic rather than stable; and the marketing is uncertain when sellers are not sure what the service buyers want. Banks have always focused on customers, but today the focus is much more of tension. In part it's result of the fact that customers are better informed and more likely to analyze their options so far.

Different companies with individual needs emphasized different reasons for developing CRM. Some of the common reasons cited by companies are reducing time to market

improvement, organizational efficiency, reducing the latency of business event, integrating multiple channels, and maintaining more customer data on customer interests (Harmon, 2003).

On the other hand, customer is regarded as the most important factor in the banking industry. That is why the phrase customers are always right is known to all employees in any organization to enable them to satisfy the customer at all times; (Peters and Waterman, 1982). Thus, a country to attract investments must have a solid and profitable banking industry Goosen *et al* (1999). Investment tasks cannot be achieved without the bank's ability to attract and retain customers.

Furthermore, financial institutions face challenges as the introduction and expansion of the use of technological interfaces such as automated teller machines (ATMs), electronic banking and mobile banking affects their relationships with customers. As stated by Durkin *et al*, (2008), there are customers who still seek staff contact or personalized banking. Singh, (2004) noted banks need to know who they are providing service, what their needs and problems are, and what their financial priorities are. In addition to the above shortcomings, like any other service company, the banks also experiences customer turnover.

Mainly problems in handling customers, lack of advanced and banking technologies in adding wealth to the shareholders of the selected four grade IV branches were assessed. Higher grade branches i.e. Grade IV were chosen based on volume of transaction, variety of services provided, site, location, amenities and staff strength, cash holding limits and other similar considerations. Due to time constraint only four branches were included under this study.

The fact that CRM concept emerged from developed countries and most of the literatures are for developed countries. This leads to few literatures for developing countries; this problem motivates the researcher to undertake this study as the research can be used as referencing material for CRM practice developing counties.

Accordingly, the purpose of this study is to look into to the perception of customers and employees on CRM in Commercial Bank of Ethiopia across four dimensions.

As CRM is newly emerged concept in the field of IT and business it also the concept emerged from developed countries leading to few literatures regarding CRM application be it in service or product arena for developing countries (Almotari 2009).

1.3 Research Objectives

1.3.1 General Objective

The objective of the study is to assess the perception of employees and customers in selected grade IV branches in Commercial Bank of Ethiopia.

1.3.2 Specific Objectives

- To determine the perception of employees on CRM in selected grade IV branches regarding key customer focus, CRM organization, knowledge management and technology-based CRM dimensions in Commercial Bank of Ethiopia.
- To determine the perception of customers on CRM in selected grade IV branches regarding key customer focus, CRM organization, knowledge management and technology-based CRM dimensions in Commercial Bank of Ethiopia.
- To examine whether there exists a difference in the perception of employees and customers across the four dimensions.

1.4 Research Questions

Considering the purpose and objectives of the study the under listed research questions are addressed in the study;

1. What is the perception of employees of CBE on key customer focus, CRM organization, knowledge management aspects of CRM and practicing technology-based CRM?
2. What is the perception of customers of CBE on key customer focus, CRM organization, knowledge management aspects of CRM and practicing technology-based CRM?
3. Is there a significant difference in the perception of employees and customers across the four dimensions?

1.5 Significance of the study

This study contribute to the financial services also because there are few companies that fully applied CRM and the outcome of the study will be used literature as it is one of the very few that examine CRM perception in the Ethiopian banking sector, academicians, employees and customers will be benefited of all. More specifically, the study has the following potential contribution for Commercial Bank of Ethiopia;

- It serves as a background material to assess its level of CRM application in the past five years. Also it enables the Bank to identify the dimensions that needs further enhancements so as to benefit from CRM's application at full scale. Overall the beneficiaries include customer of banks, academicians's banks that did not implement, other companies working in service rendering arena and employees.
- Moreover it shows how CRM practice plays role in enhancing marketing performance.

1.6 Scope of the study

The study assess branches of CBE that are found only in Addis Ababa having higher grade (Grade IV) per the Bank's branch rating scheme. This limits the field to be studied by discriminating those branches of CBE found in outlying areas and those in Addis Ababa but with lower grades. In addition, the study assess CRM's application in the Commercial Bank of Ethiopia only from four dimensions that are derived from the reviewed CRM related literatures.

1.7 Limitations of the Study

The outcome of the study is solely dependent on the individual responses of the respondents that participate in the study. Moreover, as the sample taken selected using simple random sampling technique, the result is generalizable beyond the specific population from which the sample is drawn, considering the vast number of branches CBE has all over the country.

1.8 Definition of Terms

Customer Relationship management (CRM) - is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit t. It is grounded on high quality customer related data and enabled by information technology (Buttle, 2009).

Customer Relationship Management (CRM) – is a cross-functional, customer-driven and technology-integrated business process management strategy that maximizes relationships (Chen and Popovich, 2003). It involves the integration of marketing, sales, customer service, IT and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value (Buttle, 2009).

Business Process Reengineering (BPR) – is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary

measures of performance, such as cost, quality, service, and speed (Hammer and Champy, 1993).

Higher Grade branch – a branch of Commercial Bank of Ethiopia that is grade IV as per the bank's branch rating scheme (www.cbe.com, 2016).

Credit customers – customers of Commercial Bank of Ethiopia that uses credit products like over draft, Term loan, Pre-shipment, Letter of Credit and etc... (www.cbe.com, 2016)

1.8.1 Operational Definitions

Key customer focus

A customer-focused structure, culture, policy, and reward system should permeate any organization that strives to implement CRM successfully (Ryals and Knox 2001; Sheth, Sisodia, and Sharma 2000).

CRM organization

CRM means essential changes in the way that firms are organized (Ryals and Knox, 2001) and business processes are conducted (Hoffman and Kashmeri, 2000).

Knowledge management

According to the knowledge-based view of the organization, the creation, the transfer, and the application of knowledge is the primary rationale for a firm's existence (Sadek *et al.*, 2011).

Technology-based CRM

Accurate customer data is necessary to successful CRM performance (Abbott *et al.*, 2001). Consequently, the technology has an important role in CRM in adding to firm intelligence (Boyle, 2004). Zeblah, Bellenger, and Johnston (2004) described CRM technology as one of the organizational resources that serves as an input into the CRM process and is intended to enhance firms' ability to productively build and maintain a profit-maximizing portfolio of customer relationships.

1.9 Organization of the Study

The study was organized containing of five chapters. The first chapter discusses introduction of the study where by background of the study, problem statement, objectives of the study, research questions, significance of the study, definition of terms, scope and limitations of the study are include. The second chapter discusses on reviewing related literatures followed by the third chapter covers methodology that was applied to undertake the study. The fourth chapter communicates data interpretation and the data analysis & fifth chapter discusses possible recommendations and solutions towards CRM that CBE is facing based on the study undertaken and results found of results and conclusions and recommendations are presented sequentially.

CHAPTER TWO

RELATED LITERATURE REVIEW

This chapter demonstrates the review of related literatures. It includes theoretical and empirical reviews .Finally, theoretical and conceptual frameworks of the thesis are included.

2.1. Theoretical and Empirical Review

2.2.1. Theoretical Review

2.2.2.1 Meaning of CRM

The expression customer relationship management (CRM) has only been in use since the early 1990s. As a relatively immature business or organizational practice, a consensus has not yet emerged about what counts as CRM. Even the meaning of the three-letter acronym CRM is contested. For example, although most people would understand that CRM means customer relationship management, others have used the acronym to mean customer relationship marketing.

Information technology (IT) companies have tended to use the term CRM to describe the software applications that automate the marketing, selling and service functions of businesses. (Buttle 2009).

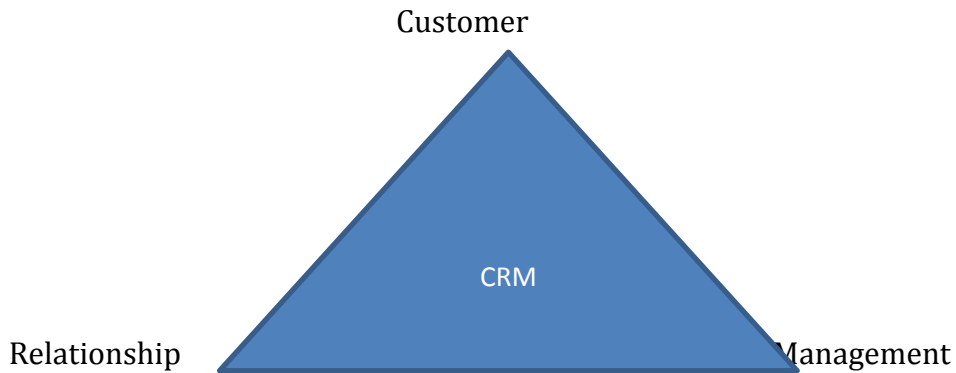


Figure 1 CRM System Aspects

With the advent of knowledgeable customers and highly competitive market, the traditional transaction based marketing is proved to be obsolete where by the need to solicit customers need before competitors do becomes the way of life for marketers. To do so, understanding and keeping track of customers' needs using relationship based marketing practice become imperative. Moreover, as various authors ascertain, the cost of retaining existing clients is by far less than the cost of attracting new ones. Hence, it has been found that a company stands a much higher chance of doing repeat business when selling to its existing customers; its chances of successfully making repeat sale to an "active" customer standing at 60% to 70%. On the other hand, its chances of successfully closing a sale on a new customer can be as low as 5% and rarely exceeds 20% (Griffin and Lowenstein, 2001). Thus, to maintain the existing customers at a least cost as compared to attracting new ones companies realize that interactive marketing which rely on a cooperative and relationship based marketing principles is essential. In the meantime, it has become evident that the satisfaction customers derive from a relationship depends on how the relationship is managed and the benefit of the relationship to the customer (Parvatiyar, Biog and Wathnee, 1998).

CRM is an integrated information system that is used to plan, schedule and control the pre-sales and post-sales activities in an organization. CRM embraces all aspects of dealing with prospects and customers, including the call center, sales-force, marketing, technical support and field service. The primary goal of CRM is to improve long-term growth and profitability through a better understanding of customer behavior. CRM aims to provide more effective feedback and improved integration to better gauge the return on investment (ROI) in these areas (Buttle 2009).

Overall CRM is about business strategy that maximizes profitability, revenue and customer satisfaction by organizing around customer segments, fostering behavior that satisfies customers and implementing customer centric processes. (Buttle 2009).

CRM is born from relationship marketing and is simply the practical application of long standing relationship marketing principles which have existed since the dawn of business itself (Gummesson, 2004). It builds on the philosophy of relationship marketing in that it aims to create, develop and enhance relationships with carefully targeted customers to maximize customer value, corporate profitability and thus shareholders value (Frow and Payne, 2005). Similarly, Langerak and Verhoef, (2003) underline that the essence of CRM thinking originates from three concepts in marketing management, customer orientation, relationship marketing, and database marketing.

Several factors have contributed to the rapid development and evolution of CRM. These include the growing de-intermediation process in many industries due to the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end- customers. Moreover, the following important perspectives have been found to be the major contributors to the outgrowth in origin of CRM as a strategic approach.

- The belief that customers are the real assets and not just the people in the audience.
- The maturation of one-to-one transaction advent.
- Extensive use of software and technologies to maintain useful information and no manual labor.
- The realization of the benefits of utilizing information proactively and not reactively.
- The change of business view to relationship approach rather than transactional approach.
- The approach of concentrating more on customer values rather than concentrating on how the product is delivered to the customer.
- The approach of focusing on customer satisfaction and loyalty rather than focusing self-satisfaction and profit.
- The acceptance of the fact that using high end technologies and software the cost can radically be decreased without compromising on quality and service of products.

- The increasing tendency to retain existing customers and trying to get more and more business out of them.
- The realization that the traditional trends of marketing and selling are increasingly fading out in the current economic scenario (Buttle 2009).

These stimulating approaches helped a lot in building up consequently the modern CRM. Yet, the growing body of literature on CRM is somewhat inconsistent and highly fragmented (Bellenger *et al.*2004). This is because of the fact that a common conceptualization of the phenomenon is lacking. The ambiguity surrounding the nature of CRM has permeated the academic literature and due to that the generated research streams addresses CRM from seemingly incongruent perspective. (Bellenger *et al.*2004).

Many believes that through CRM, firms are able to understand customers from strategic perspective and as a result the CRM ultimately focuses on effectively turning customer information into intelligence to more efficiently manage customer relationship. Accordingly Kumar and Reinartz, (2006) and Galbreath & Rogers,(1999) refer to CRM as “the strategic process of selecting the customers a firm can most profitably serve and shaping the interactions between that company and these customers with the goal of optimizing the current and future value of the customers for the company”. Parvatiyar and Sheth (2000: P.6) also sustains that Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer."

Another perspective is technologically oriented whereby the advances in database technologies such as data warehousing and data mining are crucial to the functionality and effectiveness of CRM system (Sandoe *et, al.* 2001). By the same token, Chou et al., 2002 defined CRM as an information industry term for methodologies, software and usually internet capabilities that help an enterprise manage customer relationships in an organized way.

CRM, from the marketing perspective, is defined as a combination of business process and technology that seeks to understand a company's customers from the perspective of who they are, what they do, and what they are like (Couldwell, 1998). This theme is also reflected by Kotler in 1997 by acknowledging customer relationship management as principally revolving around marketing and begins with a deep analysis of consumer behavior. Furthermore, Bose, 2002 & McKenzie, 2001 define CRM within the same perspective as an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction and a combination of strategy and information systems, that aims at focusing attention on customers in order to serve them better, respectively.

Overall, the core theme of all CRM and relationship marketing perspectives is its focus on a cooperative and collaborative relationship between the firm and its customers, and or other marketing actors (Parvatiyar & Sheth 2001, 2002). Dwyer, Schurr, and Oh (1987) have characterized such cooperative relationships as being interdependent and long-term orientated rather than being concerned with short-term discrete transactions. The long-term orientation is often emphasized because it is believed that marketing actors will not engage in opportunistic behavior if they have a long-term orientation and that such relationships will be anchored in mutual gains and cooperation (Ganesan, 1994).

Another important facet of CRM is "customer selectivity." As several research studies have shown, not all customers are equally profitable for an individual company (Storbacka, 2000). The company therefore must be selective in tailoring its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs.

From the literatures it is evident that CRM involves cross-functional integration i.e. the integration of marketing, sales, customer service, IT and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value.

Consequently, for the purpose of this study the following definition is adopted;

CRM is a cross-functional, customer-driven and technology-integrated business process management strategy that maximizes relationships (Chen and Popovich, 2003). It involves the integration of marketing, sales, customer service, IT and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value.

2.2.2.2 Service Automation in Banking Industries

Service automation is the application of computerized technologies to support service staff and management in the achievement of their work related. Customer service departments are responsible for managing inbound call center operations, complaint handling and resolution, order entry and processing, providing field sales support, managing outbound call center operations, and acting as liaison to other departments. Contact centers are configured to communicate with customers across multiple channels, including voice telephony, e-mail, SMS, instant messaging, web collaboration and fax.

Service agents need to be able to access an entire communication history, regardless of channel when communicating with customers about service issues Buttle, (2009). Call centers are generally dedicated to telephony communications, whether through a public switched telephone network, cell phone network.

But the helpdesks are usually associated with IT environments where assistance is offered to IT users. Many companies now offer web based self service to customers. Customers can place orders, pay, track service issues, or perform service diagnostic online at any time of day or night.

2.2.2.3. Marketing Automation in Banking Industry

Marketing automation is the application of computerized technologies to support marketers and marketing management in the achievement of their work related objectives.

A very wide range of marketing positions can make use of marketing automation including marketing managers, campaign managers, market analysts, promotions managers, database marketers, and direct marketing managers. Hardware and software are the key technological elements of marketing automation. Hardware includes desktop, laptop, and handheld devices. Software comprises both point solutions that are designed to assist in a single area of marketing or marketing management, and integrated solutions that offer a range of functionality Buttle(2009).

2.3 Dimensions of CRM

Per the related literatures (Sadek *et al.*, 2011, Sin *et al.*, 2005, Crosby and Johnson, 2001; Day, 2003; Fox and Stead, 2001; Kalustian *et al.*, 2002; O'halloran and Wagner, 2001; Paracha and Bulusu, 2002; Ryals and Knox, 2001; Tiwana, 2001), CRM was theorized as a multi- dimensional construct consisting of four broad behavioral dimensions: Key customer focus, CRM organization, Knowledge management, and technology-based CRM.

I Key customer focus

A customer-focused structure, culture, policy, and reward system should permeate any organization that strives to implement CRM successfully (Ryals and Knox 2001; Sheth, Sisodia, and Sharma 2000). This involves an overall customer-centric focus (Sheth *et al.*, 2000; Vandermerwe, 2004), and continuously delivering superior value to selected key customers (Parvatiyar and Sheth, 2001) through personalized/ customized offerings (Dyche, 2002). Key elements of this dimension consist of customer-centric marketing, key customer lifetime value identification, personalization and interactive co-creation marketing (Sadek *et al.*, 2011). Accordingly, Sin, Tse and Yim (2005) define key customer focus as a composition of dialog with customers on customizing their needs, customizing products, customer needs assessment and implementation of customer needs information. Arnett and Badrinarayanan, (2005) also indicate that customer-needs driven CRM strategy involves two steps: first, uncovering insights regarding customer needs and secondly, the development of special programs to meet the discovered needs. Therefore, firms as part of

their CRM practices ought to develop CRM strategies that are capable of delivering both economic and non-economic benefits to key customers.

II CRM organization

CRM means essential changes in the way that firms are organized (Ryals and Knox, 2001) and business processes are conducted (Hoffman and Kashmeri, 2000). Therefore, firms should take into consideration the organizational challenges inherent in any CRM initiative (Agarwal *et al.*, 2004). The key considerations in order to successfully organize the whole company around CRM are as follows: organizational structure, organization-wide commitment of resources, and human resources management (Sadek *et al.*, 2011) Yim, Anderson and Swaminathan (2004) observed that with a strong focus on key customers deeply embedded throughout its system, the entire company should be organized around cultivating these valuable relationships. The organizational structure needs to be flexible and, if necessary, reconstructed to generate customer-centric values (Homburg, Workman, and Jensen 2000) and improve coordination of customer-focused, cross-functional teams (Brown 2000; Homburg, Workman, and Jensen 2000; Sheth and Sisodia 2002). Furthermore, there must also be an organization-wide commitment of resources, with concerted efforts by all organizational functions to continuously provide a stream of value-rich actions and customer outcomes (Ahmed and Rafiq 2003; Gronroos 1990).

III Knowledge management

According to the knowledge-based view of the organization, the creation, the transfer, and the application of knowledge is the primary rationale for a firm's existence. From a CRM perspective, knowledge can be learned from experience or empirical study of consumer data (Sadek *et al.*, 2011). Successful CRM is predicated on effectively transforming customer information to customer knowledge (Freeland 2003; Peppard 2000; Plessis and Boon 2004; Stefanou, Sarmaniotis, and Stafyla 2003; Stringfellow, Nie, and Bowen 2004). Specifically, to enhance customer profitability, information about customers should be gathered through interactions or touch points across all functions or areas of the firm

(Brohman et al. 2003), so that all rounded customer view is established, maintained, and continually updated (Fox and Stead 2001). Customer knowledge thereby generated needs to be shared and disseminated throughout the organization (Peppard 2000; Ryals and Knox 2001) to address customers' current and anticipated needs.

Janz and Prasarnphanich (2003) identified three facets of knowledge management competence. They are knowledge development, knowledge dissemination, and knowledge application (Arnett and Badrinarayanan, 2005). One important feature of knowledge development is the fact that knowledge is not found in the database of any firm and can only be created from information that may be found in the database or elsewhere. Such knowledge includes, but is not limited to, knowledge about one's company, industry, competitors, customers, the procedures and processes that allow firms to work well with partners, and the organizational structures that allow firms to be efficient and effectively (Arnett and Badrinarayanan 2005).

Overall, key facets of this construct include learning about customer needs and wants, dissemination and sharing of this knowledge and action (Sin *et al.*, 2005).

IV Technology-based CRM

Accurate customer data is necessary to successful CRM performance (Abbott *et al.*, 2001). Consequently, the technology has an important role in CRM in adding to firm intelligence (Boyle, 2004). Zeblah, Bellenger, and Johnston (2004) described CRM technology as one of the organizational resources that serves as an input into the CRM process and is intended to enhance firms' ability to productively build and maintain a profit-maximizing portfolio of customer relationships. In reality, the advancement in Information Technology has the capability to collect, analyze, and share customer information which will lead to a customer satisfaction and thus retaining customers (Bulter, 2000). The CRM calls for "information-intensive strategies" which utilize computer technologies in building relationships (Harding *et al.*, 2004) such as: computer-aided design/ manufacturing, data warehouses, data mining and CRM software systems that enable the firms to provide greater

customization with better quality at lower cost. In addition, it helps the staff at all contact points to serve the customers in a better way. Therefore, many customer-centric activities would be impossible without the use of an appropriate technology (Sin *et al.*, 2005).

To sum up, the successful CRM implementation depends on combining the four aforementioned dimensions - focusing on key customers, organizing around CRM, managing knowledge and incorporating CRM-based technology into an effective overall CRM strategy. Failing in any of these aspects can render the firm's CRM activities incompetent.

2.3.1 Benefits of CRM

Early CRM researchers had hypothesized that CRM's benefits varied by industry as the processes and technologies associated with CRM were tailored to specific industry structures (Rust, Lemon, Zeithaml, 2001). However, findings in a recent cross cultural, multi-industry study of CRM done by Reinartz *et al.* (2004) support the notion that desired CRM benefits do not vary greatly across industries or countries, as had earlier been thought. This later finding lends support to the idea that core benefits associated with CRM initiatives exist across contexts. The identified seven core benefits were;

- 1) improved ability to target profitable customers;
- 2) integrated offerings across channels;
- 3) Improved sales force efficiency and effectiveness;
- 4) individualized marketing messages;
- 5) customized products and services;
- 6) Improved customer service efficiency and effectiveness; and
- 7) improved pricing.

Though other studies have not presented the benefits of CRM in such a way, most importantly the results coincided with the core benefits identified by Reinartz and his friends in 2004.

According to Arnett and Badrinarayananm 2005; Buttle, 2004; Croteau and Li, 2003; Iacovou, Bendasat, and Dexter, 1995, the benefits of CRM were grouped into two main paradigms; operational and strategic benefits. Operational benefits refer to the operational savings of an organization resulting from its improved internal efficiency (Iacovou, Bendasat, and Dexter, 1995). CRM enables a company to redesign its processes to improve its operational efficiency, such as marketing and customer support, front-office efficiency, and productivity in sales, which in turn decrease customer-related costs (Reichheld, 1996). Strategic benefits consist of the tactical, opportunistic, and competitive advantages derived from the impact of electronic data interchange on a business processes and relationships (Iacovou, Bendasat, and Dexter, 1995).

CRM enables an organization to gain better information on customers' values, behaviors, needs and preferences and helps it gain a competitive edge over its competitors. It makes it possible to identify customers' potentials, uncover the profiles of key customers, anticipate their needs, predict their behavior, win back lost customers, create personalized marketing plans for each segment, develop new products and services, design communication tools and distribution channels, or identify new market opportunities based on customers' preferences and history (Homburg, Hoyer, and Stock, 2007; Tokman, Davis, and Lemon, 2007; Thomas, Blattberg, and Fox, 2004; Peppers, Rogers, and Dorf, 1999; Day, 2000).

Repeat business also minimizes a variety of recruitment costs. These costs include the costs of setting up new accounts, explaining business procedures to new clients, advertising costs to entice new customers, personal selling pitches to new prospects, and the costs of inefficient dealings during a customer's learning process (Peppers and Rogers, 1993).

Moreover, according to Rigby, Reichheld, and Schefter (2002), CRM enables companies to gather customer data swiftly, identify the most valuable customers over time, and increase customer loyalty by providing customized products and services.

Apart from the theoretical backgrounds, various empirical research outputs confirm that CRM has proven benefits in the real business arena, particularly for the banking sector. Sadek *et al.* in their study for measuring the effect of CRM components on the non- financial performance of Egyptian commercial banks have confirmed that the deployment of the CRM components has positive association with customer satisfaction and consequently to customer loyalty. In addition, the study also underlined that the importance of using CRM lies as personalized customer approach, and the understanding in advance of customer needs constitute the main criteria for achieving a competitive advantage in the banking market. Yet, in another study that involves the banking sector of Iran, the CRM has been recognized as to its capability to enhance customer base and competitive advantage of banks therein. Last but not least, a case study on a Greek bank has further ascertained that the CRM has helped the bank to become more customer focused, increased its revenue significantly and contributed to the development and success of the bank in the market (Sadek, 2011).

2.3.2. Customer Relationship Management in Financial Services Sector

According to Mehrotra, (2006) Customer relationship management is one of the primary strategic initiatives in industry today, regardless of whether the company serves retail or wholesale customers, whether it provides services or manufactured goods. In financial industry, the movement towards CRM is being fueled by competitive pressures from both financial and non-financial services companies that are systematically raiding a bank's territory to pick off most valuable customers. Although CRM is not a technology, modern high tech applications, from relational databases, to data mining, to computer telephony integration, to internet delivery channels, are providing the means to implement customer relationship strategies today.

2.3.3 CRM in the banking industry

Bank is merely an organization that accepts deposits and lends money to the needy persons, but banking is the process associated with the activities of banks. It includes issuance of cheque and cards, monthly statements, timely announcement of new services, helping the customers to avail online and mobile banking etc. Huge growth of customer relationship management is predicted in the banking sector over the next few years. It is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, pricing, discretionary decision making.

In banking sector, relationship management could be defined as having and acting upon deeper knowledge about the customer, ensure that the customer such as how to fund the customer, get to know the customer, keep in touch with the customer, ensure that the customer gets what he wishes from service provider and understand when they are not satisfied and might leave the service provider and act accordingly.

According to Das, *et al.* (2009), CRM in the banking industry is entirely different from other sectors, because banking industry is purely related to financial services, which needs to create trust among the people. Establishing customer care support during on and off official hours, making timely information about interest payments, maturity of time deposit, issuing credit and debit ATM card, creating awareness regarding online and e-banking, adopting mobile request etc are required to keep regular relationship with customers.

The present day CRM includes developing customer base. Accordingly, the bank has to pay adequate attention to increase customer base by all means, it is possible if the performance is at satisfactory level, the existing clients can recommend others to have banking connection with the bank he/she is operating. Hence asking reference from the existing customers can develop their client base. If the base increased, the profitability is also increase. Hence the bank has to implement lot of innovative CRM to capture and retain the

customers (Saeed, *et al.*, 2011). There is a shift from bank centric activities to customer centric activities.

CRM in banking sector is still in evolutionary stage, it is the time for taking ideas from customers to enrich its service. The use of CRM in banking has gained importance with the aggressive strategies for customer acquisition and retention being employed by the bank in today's competitive scene. This has resulted in the adoption of various CRM initiatives by various banks.

2.4 Empirical Review

Blery & Michalakopoulos (2006), took up a single descriptive case study of one major Greek bank that has implemented CRM. The findings suggest that the bank fully recognizes the value of CRM system for its development and success in the market and for the same it has established a strategic analysis and CRM department which has guided to the successful implementation of CRM.

In 2010 Ahmad et al examined the perception of bank customers regarding service quality of the Islamic banks as well as conventional banks in Pakistan. It is found that the perception of customers of Islamic banks adopting CRM regarding service quality is higher than the perception of customers of conventional banks.

In 2011 Renavikar & Joshi revealed that approximately 65% of the financial institutions have failed in getting expected benefits from huge investments in CRM technology. Findings indicate that the firm size does not moderate these relationships. Therefore, process orientation should not be branded as an organizational approach only for large firms as the positive relationship between process orientation and firm performance also holds for medium-sized firms.

2.4.1. Empirical Findings in Developing Countries

As indicated in prior empirical findings, most of the researches on customer relationship management have been conducted on the data obtained from developed countries. Under this section some empirical findings conducted based on a developing countries data are reviewed.

Hamdallah and Evelyn (2011) conducted a research to classify hotels in Ashanti region of Ghana into a category of low, middle, or high customer relationship management conscious. They used both qualitative and quantitative research approaches are employed in their study to get a better understanding of the research issue. The population size of the study is 872 consisting of 1 Star Hotels, 2 Star Hotels, and 3 Star Hotels. The sample size of the study is 142 customer relations officers of hotels in Ashanti region of Ghana. Data is collected mainly from field survey through the use of the questionnaire and yielded 80% responds rate. The findings suggest that significantly majority of the hotels have low orientation to CRM as a whole.

Majidul and Yi-Feng (2006) noted that objective of the study is to achieve a better understanding of an e-CRM phenomenon for measuring BSC performance, namely the mediation effect of marketing interaction relationship on its e-CRM process to performance in Taiwan banks. Questionnaires were distributed to 400 e-CRM experienced customers of these banks in the summer of 2006. We received 75% usable responses for the study. When the level of buy-seller relationships are raised by the bank institute's operation, the level of e-CRM performance such as customer loyalty, internal process efficiency, channel management, and will increase.

According to Sayed (2011) Exploring the theoretical foundations of customer relationship management and its relationship to the marketing performance from the several perspectives.

The population of the research is represented in all the financial institutions working in the Arab Republic of Egypt. They are 197 financial institutions, of which there are 39 banks, 20 insurance companies and 138 brokerage companies. The researcher composed a stratified random sample that constitute 50% of the society. The sample consisted of 20 banks, 10 insurance companies and 69 brokerage companies. There is a significant correlation between marketing performance and focus on the main customers, organizational efficiency and customer knowledge management.

Oghojator *et al* (2011) explores the question of how IT could enhance firm performance in the areas of customer's service and organization's profitability in the Nigerian insurance industry. The data used in this study were collected through a survey among insurance companies in Nigeria. The sample was selected from Lagos state, the commercial center of the country.

Among the 49 members of the Nigeria insurers Association, 30 companies were selected at random from the directory of members contained in the 2009 Insurance Digest published by the Association. A total of 90 copies of the questionnaire were sent. Eventually, among the 86 copies retrieved, 78 were correctly completed and these were analyzed for this research. The findings show that while most companies have a comprehensive data base of their customers, not all make provisions for their customers to make major transactions online because they have not fully integrated their customer relationship management with information technology.

Sadek *et al* (2011) intended to measure effect of customer satisfaction and loyalty from the customers' point of view as examples of the non-financial performance measures in Egypt banks. The paper is quantitative in nature and consists of two different structured questionnaires using convenience/quota sampling. The first involved 180 employees in order to measure CRM applicability, and the second involved 270 customers to measure the level of customer satisfaction and loyalty. The questionnaire was distributed among a sample of 200 employees that have been chosen at different hierarchical levels to fulfill the

required questions. A satisfactory response rate of 90% was achieved, as 180 questionnaires were usable for analysis. On the other hand, the questionnaire was distributed among a sample of 300 banking customers that have been chosen from the selected nine banks in order to measure the level of customer satisfaction and loyalty towards their banks. The questionnaire has been distributed and collected among the banking customers. A satisfactory response rate of 90% was achieved, as 270 questionnaires were usable for analysis. The findings show that the selected banks apply CRM components but the level of application differs from one bank to another.

Cristian and Horatiu (2011) examined the direct outcomes of the CRM activities, as well the relationship among these outcomes and business performance. We used a database containing contacts of 2000 companies. In the end, there were 102 companies who returned questionnaires with answers. 20 of these questionnaires were invalidated, due to missing data or inconsistency. The valid sample had a size of 82 companies, which represent a response rate of 38.86% based on the number of companies which initially accepted to take part in the survey. The response rate based on the number of contacted companies is 4.1%. The customer-related outcomes (customer retention, satisfaction and loyalty) were found to have a positive relation on business performance.

Hamid (2009) aims to address gap in literature, not only by taking a non-traditional approach of success evaluation; using system's stakeholders' expectations as an evaluation criteria but also focusing a case study from Pakistan, where ICT industry and specifically CRM is in the initial stages of adoption. Totally, 9 participants were invited to take part in the research study and data was collected over a time period of almost 6 months. For data collection, a specialized form of interviews (i.e. telephonic interview), open ended email communication and media reports were used. Only suggestion the researcher would like to make is that instead of reinventing the wheel, stakeholders should learn from the mistakes of the western companies. If they have imported the solution from these developed countries, then those failure lessons should also be imported and applied in order to avoid damage and financial losses.

Rittippant *et al* (2009) investigated the effectiveness of loyalty card program in the aspect of customer loyalty in the major competitive grocery stores. We distributed and collected 600 questionnaires to gather information from the customers of Big C, Carrefour, and TOPS (200 for each store). All the questionnaires were convenience random sampling with equal amount to both urban and suburban customers with different age, gender, and income level to use as major data in this research to better understand the customers' attitude toward loyalty card program of these grocery stores. Moreover, we interviewed three managers of the major grocery chains in order to study more precisely about the effectiveness and the actual result of implementing this program and its benefits from the store's perspective. As the results have shown that the loyalty card program has significant positive effect on the customers' loyalty. Although loyalty card program may not be the best choice for some stores, there also are many other ways to develop and maintain customer loyalty.

Coltman (2007) identifying the extent to which customer relationship management contributes to improving the performance of banking. The researcher composed a sample of banks working in Australia upon the application of technology and number of customers. The yielded response rate was 32%. The abilities to apply CRM were measured by the human skills and experiences, the structure of information technology and the skeleton of the organization. Performance was measured by the earning rate of the investment (excluding taxes), the revenue of new products and the growth of sales. The study concludes that, abilities to apply CRM lead to improvement of performance in overall banking p activities.

Zablah and *et al.*, (2004), distinguishing the concept of CRM and building a comprehensive framework to aid marketers to achieve CRM implementation successfully. They concluded that perceiving relationships with customers as a continuous process helps maximize and save the profits to stay in the competition.

Gunsel and tukel, (2011) evaluated the effects of IT capability and human capital support on bank performance. In order to empirically investigate the hypothesis, bank employees were surveyed and bank performance ratios (ROA, ROE and CAR) are estimated using data from their financial reports. 15 banks are identified as the target group because of the availability of their knowledge. Tools such as e-mail, letter and face to face interviews are used for gathering data as total of 51 questionnaires among 150 from 15 banks has returned. The ratio of participation is approximately 34%. The findings of the study demonstrates that IT capability and human capital support scales which are developed in Western countries, are appropriate for an emerging economy and eastern country Payne and Frow, (2005) emphasizing the role of CRM in achieving value for customers and contributors, shareholders and employees and reducing costs. The study mentioned customer's satisfaction and retention have been achieved in 36% and 51% of the companies respectively when it was applied CRM.

The above studies varied in treating CRM. While some studies treated its humanistic dimension, some treated its technological dimension and some treated its strategic dimension. However, the marketing dimension was of little interest to the studies. The above studies varied in measuring the earnings of CRM. Some studies measured them through the customer's satisfaction and loyalty. Other studies measured them through the return rate on investment. Others measured it through increasing sales and profits. There was less interest in the market share and net profit to net sales. The above studies varied in the results of the effect of the dimensions of CRM on performance. Results showed that some dimensions have effect on performance, and some others have not.

2.5 Theoretical and Conceptual Framework

2.5.1. Theoretical Framework

CRM is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those

customers through individualized marketing, re-pricing, discretionary decision making, and customized service-all delivered through the various sales channels that the bank uses. In marketing literature the terms customer relationship management and relationship management is used interchangeably. Customer relationship is a mixture of physical, tangible items and other intangible items such as friendliness, reputation, flexibility, helpfulness and confidence (Allaire, 1972; Zineldin, 2000; Gronroos, 2000). A narrow perspective of customer relationship management is database marketing emphasizing the promotional aspects of marketing linked to database efforts .A more popular approach with recent application of information technology is to focus on individual or one-to -one relationship with the customers that integrate database knowledge with a long term customer retention and growth strategy (Peppers and Rogers 1993). Shani and Chalasani (1992) define relationship marketing as “an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value added contacts over a long period of time. Dwyer, Schurr, and Oh (1987), to suggest that relationship marketing “refers to all marketing activities directed towards establishing, developing, and managing successful relationships”.

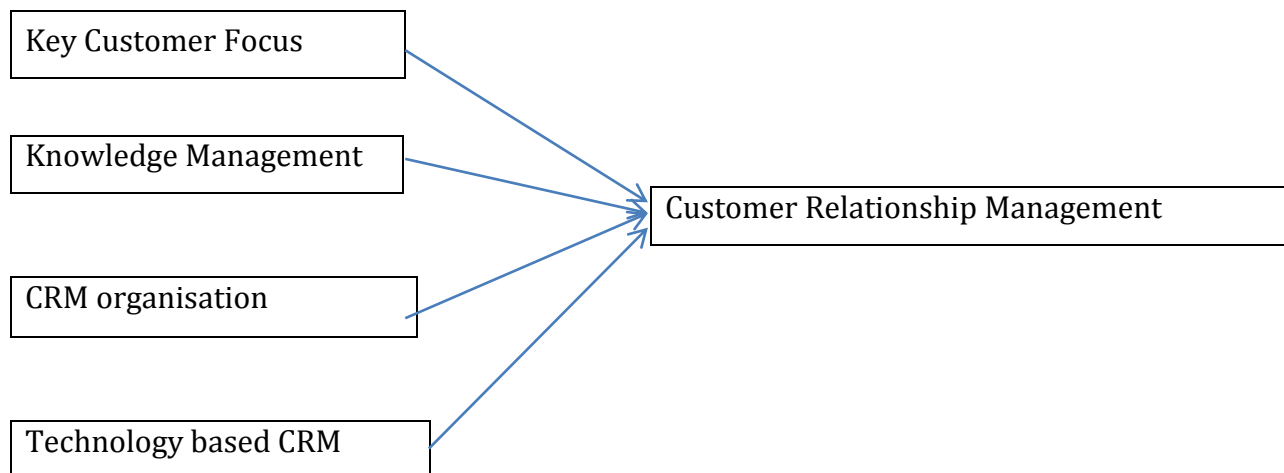
The core theme of all CRM and relationship marketing perspectives is its focus on cooperative and collaborative relationship between the firm and its customers, and/or other marketing actors, Dwyer, Schurr, and Oh (1987) have characterized such cooperative relationships as being independent and long term oriented rather than being concerned with short term discrete transactions. Several research studies have shown that not all customers are equally profitable for an individual company (Storbacka 2000). The company therefore must be selective in tailoring its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs.

According to Chaturvedi and Bhatia (2001) “eCRM provides companies with a means to conduct interactive, personalized and relevant communications with customers both across electronic and traditional channels. It synchronizes communications across

otherwise disjoint customer-facing systems. It adheres to permission based practices, respecting individuals' preferences regarding how and whether they wish to communicate with you and it focuses on understanding how the economics of customer relationships affect business”

2.5.2 A Conceptual Framework

Per the related literatures (Sadek *et al.*, 2011, Sin *et al.*, 2005, Crosby and Johnson, 2001; Day, 2003; Fox and Stead, 2001; Kalustian *et al.*, 2002; O'halloran and Wagner, 2001; Paracha and Bulusu, 2002; Ryals and Knox, 2001; Tiwana, 2001), CRM was theorized as a multi- dimensional construct consisting of four broad behavioral dimensions: Key customer focus, CRM organization, Knowledge management, and technology-based CRM. In this study, the four CRM dimensions in a banking sector were applied.



(Source: CRM: conceptualization and scale development, Leo Y M Sin, Alan C B Tse and Frederick H K Yim, 2005)

Figure 2 CRM Conceptual Framework

The fact that CRM concept emerged from developed countries and most of the literatures are for developed countries. This leads to few literatures for developing countries; this research can be used as referencing material for CRM practice developing counties. Therefore, it breaches the gap of few literatures being available for related topic.

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

This chapter is devoted to discuss the methodology of the study that is employed whereby the research design, sampling and sampling techniques, data collection instruments, data collection procedures and the method of data analysis are discussed.

3.1 Research Design

This study is descriptive in nature whereas data collection was made from target groups, and analyzed so that it reveals the current condition of the scenario. More specifically, a survey data on the four dimensions of the CRM was collected both from the customers and employees of CBE concerned parties directly to CRM i.e. branch managers, customer relationship managers, customer relationship officers and customer service managers to determine the extent of CRM application in the Bank in accordance to the four dimensions of CRM.

Descriptive: refers to the process of defining, classifying, or categorizing phenomena of interest. Descriptive research is useful because it can provide important information regarding the average member of a group (Geoffrey Marczyk et al., p.17, 2005). Specifically, by gathering data on a large enough groups of people, a researcher can describe the average member, or the average performance of a member, of the particular group being studied.

3.2 Sample and Sampling Technique

The population selected is inclusive of all employees and customers of the Commercial Bank of Ethiopia at selected branches found at the vicinity of Addis Ababa the sampling technique deployed is simple random . It's impossible and unrealistic to asses all branches

of CBE found in Addis Ababa under this research, a purposeful sampling is found to be the most appropriate for this case study approach, because 'information- rich' cases can be selected so as to learn much about the issues that are important to the study(Patton, M. Q, 1990).

Simple random sampling was employed when all the members of the population have same chance to be selected and no specific characteristic more than being a user of the selected company, is considered while selecting them. This type of sampling is also known as chance sampling or probability sampling where each and every item in the population has an equal chance of inclusion in the sample and each one of the possible samples, in case of finite universe, has the same probability of being selected (Kothari ,2004).

To do so, the branches in Addis Ababa were categorized into sub-groups per the Bank's branch grading system. This grading system categorizes branches from Grade I to Grade IV based on volume of transaction, variety of services provided, site location, amenities and staff strength, cash holding limits and other similar considerations.

After the identification of the specific number of branches in each group the sample was drawn only from the higher grade branches (Grade IV) which constitute 25 of the Banks branches as at end of November, 2015.

Concentrating only in Grade IV branches is to provide the necessary data for the study since the overall structural platform across branches in the CBE is uniform as it is dictated by the procedural manuals designed for the processing units. Moreover, the use of higher-grade branches enables to access multiple portfolios of customers and employees of the Bank as the branch rating criteria enable the identification of branches where it provides diversified services that involve huge volume of transactions. As the nature of CRM we have to be selective.

Accordingly, among the Grade IV branches only four of them (Arat kilo, Finifine, Sillasie and Teklehaimanot branches) are included in this study so as to enable undertaking a focused inquiry within the scheduled time. Furthermore, as the credit processing team of the Bank

for branches in Addis Ababa is located solely in the head office, the credit customers and the respective customer relationship employees of this section was included in the sample.

For customers,

$$n = Z^2(p)(Q) / e^2$$

Where, n= sample size

Z= Standard deviation given a corresponding confidence

P= The estimated proportion of incidence of cases in the population or assumed success rate with the instrument

Q= (1-p) or assumed failure rate

e= proportion of sampling error or error margin in give situation

$$n = \frac{(0.5 * (1 - 0.5))}{((0.05 / 1.96)^2)}$$

$$n = \frac{0.25}{(0.02551)^2}$$

$$n = \frac{0.25}{0.00065077}$$

$$n = 384.16 \text{ approximately } 384$$

For employees,

$$n = \frac{N}{1 + (e)^2}$$

Where,

N=Population

e=error

n=sample size

$$n = 392 / 1 + 1.96^2$$

$$n = 80.96 \text{ approximately } 81$$

Overall, 81 employees that work in the customer relationship management areas of the four branches and in the head office and 384 customers of CBE having a business relationship with one of the branches were included in the sample. After determining sample size for both groups, 96 customers' questionnaires per branch were distributed. Out of the 96 questionnaire 24 were distributed to key customers. Also for employees 20 questionnaires were distributed. The number of customers in each branch was derived from the management information system (MIS) of the Bank as depicted in Table 3.1 below and 392 employees that work in customer contact points were taken sample out of.

An item selected at random from data set whose standard deviation is low has better chance of being close to mean. Generally wide spread of values have large standard deviation value. (www.statcan.gc.ca, 2014)

For this study the acceptable standard deviation level is relative to mean. The standard deviation value should be less than half of the mean value for it to be acceptable. If the standard deviation value is equal to mean or higher than the mean value it won't be acceptable for this study.

Table 3.1 Customer distribution of the four Branches of CBE

Name of Branch	Current Account Customers	Saving Account Customers	Time deposit customers	Credit Service Customers	Total
Arat Kilo	7,711	83,341	19	117	91,188
Teklehaimanot	4,000	68,000	-	95	72,095
Finfine	21,157	132,638	148	405	154,348
Sillasie	8,617	92,846	-	103	101,566
Grand Total					419,197

According to Miaoulis and Michener, (1976), in addition to the purpose of the study and population size, three criteria usually will need to be specified to determine the appropriate sample size: the level of precision, the level of confidence or risk, and the degree of variability in the attributes being measured. The *level of precision*, sometimes called *sampling error*, is the range in which the true value of the population is estimated to be. This range is often expressed in percentage points, (e.g., ± 5 percent). The key idea encompassed in level of confidence is that when a population is repeatedly sampled, the average value of the attribute obtained by those samples is equal to the true population value and the *degree of variability* in the attributes being measured shows the distribution of attributes in the population. Based on this premises, the writers have devised strategies to determine sample size for different number of populations.

Accordingly, for a population that is more than 100,000 at the confidence level of 95% and precision level of $\pm 7\%$ the number of responses that should be obtained shall count up to 384. Using the same analogy, in this study 384 questionnaires were distributed to meet up to the required level of number of responses from customers of CBE. While employee questionnaires were distributed to all of the customer relationship area performers of the four branches and Head office as well.

3.3 Data Collection Instruments

The questionnaire developed by Das, *et al.*, (2009) is adopted to undertake this study, which contains statements that are specifically designed to measure CRM practices of firms in relation to the four behavioral dimensions of CRM – Key Customer focus, CRM organization, Knowledge Management and Technology-based CRM as proposed by Sin, *et al.*, (2004).

The questionnaires were composed of two sections. The first section contained questionnaire items on five point Likert Scale to assess the CRM practices of CBE while the second section collected data on the profile of respondents.

The Structured questionnaires were used to solicit primary data from employees and customers of the Bank. Questionnaires that were distributed for customers were labeled as “customer questionnaire” while those distributed for employees “employee questionnaire” (Sadek *et al.*, 2011) to avoid mix ups of responded questionnaires during data collection.

As secondary sources of data published journal articles, publications, books, websites and others were used as found appropriate to solidify the premises of the study.

3.4 Data Collection Procedures

Data was collected mainly from survey through questionnaires. The ‘employee questionnaire’ was given to the concerned Branch Managers/directors accompanied by the inter-departmental memo requesting cooperation from the branches concerned. Consequently, the Branch Managers/directors further distributed them to the employees under their domain. Since the Customer Relationship Managers/Officers are the one with which customers are frequently engaged, the ‘customer questionnaires’ were given to them who further distribute it to the customers and receive the responses thereby.

Accordingly, 81 employee questionnaires were given to the respective Branch Managers or customer relationship managers/officers of the four branches and head office and 384

customer questionnaires were distributed to customers. This yields 92.5% response rate for employee questionnaires and 94% response rate for customer's questionnaire.

3. 5 Method of data analysis

The survey was designed to solicit to what degree the CBE has applied the four dimensions of the CRM, the data was analyzed using the Statistical Package for Social Science (SPSS) version 16.0 software using graphs, tables and other descriptive statistics (Mean, standard deviation, t-test) as found appropriate. This software has been widely used by researchers as a data analysis technique (Zikmund, 2003).

The analysis to address the research questions were done by first calculating the mean score for each dimension in the respective respondent groups and consequently confirm the result using t-test statistics. Based on the results of this score the achievement of CBE in each dimension was ranked for the respective employee and customer respondent groups. Lastly, the overall mean score of CRM as perceived by employees was compared with that of customers perception .Finally, CRM dimensions that score above the simple average of the scale points i.e. 3.00 are considered to show CBE`s practice of the same to be high while those scores below this point shows CBE`s practice of the dimensions to be.

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter deals with the collected data from both parties i.e. the employees and customers of the four branches of CBE are summarized and analyzed in order to realize the ultimate objective of the study. Accordingly, the demographic profile of the two respondent groups and the level of CRM practice of CBE as perceived by its employees and customers are discussed.

Table 4.1.1 Response rate of questionnaires

		Employees		Customers		
	Correctly filled and returned	Not correctly filled and returned	Not returned	Correctly filled and returned	Not correctly filled and returned	Not returned
Number	75	-	6	361	-	23
Percentage	92.53	-	8	94.01	-	6

4.1 Validity Analysis

According to Kothari (2004) content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good. The CRM best practices scale comprises best practices that are limited to the domain of CRM as explained by well-known researchers such as Parvatiyar and Sheth, (2001); Jackson, (1985); Sin *et al.*, (2005), each of which is different from any other.

Since the statements have been generated from an extensive review of academic and practitioner`s literatures, it is assumed that the construct validity will hold. Moreover both

the content and definition of validity was verified by the advisor of the research, who looks into the appropriateness of the questions.

4.2 Reliability Analysis

Reliability was computed using Cronbach’s coefficient alpha for the entire set of CRM best practice statements and found to be 0.97, which is much higher than the threshold value of 0.65. Therefore, the scale is considered to be reliable (Nunnally,1978).

Table 4.1.2 Reliability Analysis Table

	Employee	Customer
Number of Items	4	4
Cronbach’s Alpha	0.749	0.621

Source: SPSS data analysis output, 2016

4.3 BACKGROUND OF THE RESPONDENTS

4.3.1 Employee Respondents

Table 4.1.3 presents the summarized characteristics of respondents of the ‘Employee questionnaire’ that are mainly involved in customer relationship management activities of CBE.

The male respondents constitute the largest portion share of the gender composition representing (60%) of the respondents while (40%) were female employees. In terms of educational level all respondents were somehow scattered, Diploma holder constitute (1.3%) and Degree (81.3%) while Masters takes share of (17.3%) leading to the finding that CBE uses somehow skilled labor. An equal percentage of customer service managers and customer relationship managers were involved in the study, it revealed that (5.3%)of branch managers take share and (80%) goes to customer relationship officers, Customers relationship managers on commercial and Business took almost similar amount of share as (5.3%) and (4%) accordingly. From this section of the study we can observe that 20% of

the respondents were assuming managerial level including branch managers. The final section from the demographics part shows that nearly 45% of the respondents were highly experienced in the banking sector being in the industry. Accordingly, the employees with job experience of less than 20 years but greater than 11 years take the lion share of the respondents i.e. 30.7% while those who are less experienced in the business arena constitute 53.3% of the respondent's profile.

Table 4.1.3 Background Characteristics of the 'Employee questionnaire' respondents

Variable	Categories	Frequency	Percent
Gender	Male	45	60
	Female	30	40
	Total	75	100
Educational level	Diploma	1	1.3
	Degree	61	81.3
	Masters	13	17.3
	PhD	0	0
	Total	75	100
Job Title	Branch manager	4	5.3
	Customer service Manager	4	5.3
	Customer Relationship Officer	60	80
	Customer relationship Manager- Business & Corporate Customers	4	5.3
	Customer relationship Manager- Commercial Customers	3	4
	Total	75	100
	Job Experience	1-3 Years	40
4-10 Years		23	30.7
11-20 Years		10	13.3
More than 20 years		1	1.3
Total		75	100

Source: SPSS data analysis output, 2016

4.3.2 Customer Respondents

The summarized profile of customer respondents is shown in table 4.1.4 below. As observed from the table the gender composition of the respondents is dominated by male respondents, which constituted 54.8% of the respondents while 45.2% is attributed to female respondents.

Concerning the purpose for which the customers use the services rendered by CBE, majority of the respondents were found to be using the services for personal consumption and purpose. This shows that the respondent profile is pervasive enough to explore CBE's level of CRM practices as customer's perception represent assessments made from both angles. Moreover, customers that use CBE's services for personal consumption constituting 74% and those that use it for business purposes representing 16.9% of the respondents were also included in the study.

As to the services that are used in CBE, saving account users take the lion share followed by ATM users comprising 47.9% and 22.4% of the respondents, respectively. Thus, it is of a significant contribution to the output of the study since saving and current account customers are found to be the major contributors for the Bank's profitability. Other service users constitute 17.5%, 8.2%, 0.6% and 9.4% of the respondents profile for current account, Money transfer, credit service and credit card service customers, respectively.

For the inquiry regarding the length of relationship with the Bank either for personal use or business purpose, most of the respondents were found to be using CBE's services for years that range from 3 and less with 38.2% close score of 4-10 years 33.5% but those with the highest number of years comprising 28.3% relationship with the Bank is represented. Hence, this is believed to substantiate the outcome of the study in revealing the perception of those customers that are in a position to compare and contrast CBE's service endeavors since they have experience in CBE both before and after the adoption of the CRM practices.

Table 4.1.4 Background Characteristics of the ‘customer questionnaire’ respondents

Variable	Categories	Frequency	Percent
Gender	Male	198	54.8
	Female	163	45.2
	Total	361	100
Purpose used	Personal	267	74
	Business	61	16.9
	Both	33	9.1
	Total	361	100
Service used*	Saving Account	173	47.9
	Current account	63	17.5
	Credit Services	2	0.6
	Automatic Teller Machine (ATM)	81	22.4
	Money Transfer	8	2.2
	Credit Card Service	34	9.8
	Total	361	100
Length of relationship with CBE	1-3 Years	138	38.2
	4-10 Years	121	33.5
	More than 10 Years	102	28.3
	Total	361	100

Source: SPSS data analysis output, 2016

4.4 Level of practice of the components of CRM in CBE

The main objective of the study is to determine to what extent CBE practice CRM as measured by the four behavioral dimensions. To do so, both employees and customers of CBE were asked to rate the level of CRM practices on a Likert scale of 1 through 5. The questionnaires were distinguished based on the heading given for each of them either “employee questionnaire” or “customer questionnaire”.

In the following section the data collected is analyzed in two sections, devoted for each group of respondents, so as to explore their perception as to CBE’s extent of deploying the four dimensions of the CRM in particular and CRM in general.

4.4.1 Level of CRM practice – Employee’s perception

The data was collected to solicit the perception of employees that work under the title of customer relationship manager, customer relationship officer, customer service manager and branch manager as to CBE’s level of CRM practice measured using the four behavioral dimensions therein.

Accordingly, the resultant output is shown in table 4.2.1.1 where the extent of CRM application in CBE is demonstrated by the mean score achieved by each dimension under consideration.

Table 4.2.1.1 Level of practice of the dimensions of CRM - Employee’s Perception

Behavioural component	N	Mean	Std.Dev	Ranking (Mean)
Key Customer focus	75	3.68	0.658	3
CRM Organization	75	3.80	0.678	1
Knowledge Management	75	3.78	0.681	2
Technology Based CRM	75	3.35	0.949	4

Source: SPSS data analysis output, 2016

As clearly seen from the table above, the CRM organization dimension has got the highest mean score as compared to the other three dimensions standing first in the group followed by the Key customer focus dimension and knowledge management dimensions of CRM. On the contrary, the technology-based CRM dimension achieved the least mean score, which evidently puts it in the fourth order rank among the group. Hence, its employees perceive CBE as a company that is highly organized around CRM while its performance is perceived

to be unsatisfactory regarding the application of technology- based CRM as compared to the other dimensions used to assess the application of CRM as a whole.

4.4.1.1 Key Customer Focus

The collected data is used to assess the extent to which the employees, working in Customer relationship management areas, perceive CBE as focused on key customers. The manifestations of key customer focus dimension of the CRM are included in the items that are used to measure the same. Among these, the provision of customized services, determination to constantly delight those customers and strengthening the emotional bonds with them were the major ones.

A one-sample statistics that shows the mean and standard deviation for the responses given in a five point Likert Scale was calculated using SPSS. The highest mean figures represent the high level of agreement with the item under consideration while the lowest signify high level of disagreement with the scale item. In the meantime, to confirm the results of the sample statistics a t-test was also conducted using the same software showing a totally conformity with the one-sample statistics output.

Table 4.2.1.2 one -sample statistics and T-test –key customer focus

One-Sample Statistics				test value = 3		
	N	Mean	Std. Deviation	T	Df	Sig. (2-tailed)
My bank provides customized services and products to its key customers	75	4.03	.838	10.612	74	.000
We strive to constantly surprise and delight our key customers.	75	3.83	.812	8.821	74	.000
We strengthen the emotional bonds with our key customers by wishing them on important occasions.	75	3.53	.827	5.582	74	.000
We use the concept of 'Relationship pricing' in pricing our different products/ services.	75	3.21	1.056	1.749	74	.084
We do co-branding / Affinity partnering program i.e programs that associate the bank with the reputable organs to provide increased value to our customers.	75	3.56	.904	5.364	74	.000
we leverage the power of word of mouth by using referral marketing programs i,e Marketing programs that make use of satisfied customers to promote the bank for their relatives.	75	3.81	.940	7.493	74	.000
We do cross selling of products/ service to increase customer share for example, instigate saving customers to use the credit products of the band and the like.	75	3.96	.829	10.026	74	.000

Source: SPSS data analysis output, 2016

As shown in the table below, the highest level of agreement with mean value of 4.03 is recorded for the Bank's provision of customized services and products to its key customer while the use of relationship based pricing item scored the least mean figure. At glance, one can observe that all of the mean scores are above the simple average of the scale, which is 3, except for this particular item. Moreover, even among those items that are above the simple average of the scale three of them are still below the overall average mean score. Hence, it is confident to say that CBE is a bank that provides a customized product and service for its key customers striving to strength the emotional bond with the same by wishing them on important occasions and doing cross selling as well. Yet, its performance as to the application of relationship-based pricing is at slack in this particular dimension of CRM.

Accordingly, the above t-test results confirm the sample statistics results whereby the highest mean score registered for the provision of customized products and services is matched with the highest t-score of 10.612 and the same is applicable for all of the other items under consideration.

4.4.1.2 CRM organization

This dimension appraise the extent of CRM practice from organization wide perspectives where the top management strategic focus, the premises of making marketing decisions and human resource management and development aspects were assessed to do so.

The dimension is comprised of nine items responded on a five point Likert scale where the highest being strongly agree and the lowest representing strongly disagree. Accordingly, the sample statistics for each item is calculated and presented in table 4.2.1.4 below. The table shows that having a variety of distribution channels/branches and the establishment and monitoring of customer centric performance standards at all customer contact points represent the highest and lowest mean figures, respectively as compared to the other items tested using the sample statistics.

Of the nine items, 45.56% of them have a mean score that is greater than the overall mean showing a relatively significant achievement in this particular dimension. Thus, it is secure to say that except for the poor practice in establishing and monitoring customer centric performance standards across all customer contact points, CBE`s application of the CRM organization dimension as perceived by its employees is encouraging especially in providing customer convenience using a variety of distribution channels/branch.

Table 4.2.1.3 one – Sample statistic and T-test – CRM organization

One-Sample Statistics				test value = 3		
	N	Mean	Std. Deviation	T	Df	Sig. (2-tailed)
Our top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the bank.	75	4.00	.944	9.170	74	.000
CBE commits time and resource in managing the customer relationships.	75	4.05	.914	9.983	74	.000
Our systems are designed to make easy for customers to do business with us.	75	3.88	.958	7.955	74	.000
We provide increase customer convince using a variety of distribution channels/ branches.	75	4.31	.697	16.236	74	.000
We deliver a reliable customer experience across all customer contact points.	75	3.64	.816	6.792	74	.000
Customer-Centric performance standards are established and monitored at all customer contact points.	75	3.41	1.054	3.397	74	.001
CRM responsibilities of customer contact employees are clearly defined, assigned and understood.	75	3.57	1.029	4.826	74	.000
Our employee training programs are designed to develop the skills required for acquiring and deepening customer relationship	75	3.92	.997	7.993	74	.000
Our frontline employees are encouraged and empowered to positively exceed customer expectations	75	3.36	1.158	2.692	74	.009

Source: SPSS data analysis output, 2016

A t-test that confirm the above sample statistics was also conducted where the highest mean score for provision of increased customer convenience is confirmed by the highest t-test score of 16.236 and also the lowest t-test score confirm the lowest mean figure of 3.360. Thus, it is confident to say that the above sample statistics result is the true representation of CBE`s extent of CRM organization application as perceived by its employees working in the domain.

4.4.1.3 Knowledge Management

This dimension is concerned with adapting customer data into intelligence in order to understand customers need more preciously and provide products and services that are superior and congruent with those needs. To assess employees perception as to the extent of knowledge management application in CBE's CRM endeavors', ten items were used which were responded on five point Likert scale that goes from strongly disagree to strongly agree points.

Table 4.2.1.4 One – Sample statistic and T-test – Knowledge Management

One-Sample Statistics	test value = 3					
	N	Mean	Std. Deviation	T	df	Sig. (2-tailed)
We take customer feedback seriously and reply to them.	75	3.52	1.070	4.209	74	.000
We have effective customer recovery strategies including guarantees for service failures.	75	3.57	1.055	4.707	74	.000
Customer and employee feedback is taken using a variety of direct and indirect measures.	75	3.83	.978	7.322	74	.000
We broadcast to the employees the feedback given by our customers.	75	3.67	1.018	5.672	74	.000
We use information from customers to design or improve our products or services.	75	3.81	.982	7.171	74	.000
We analyze the causes of customer defection through exit interviews and lost customer surveys with the aim to win back customers who have strong profit potential.	75	3.53	1.004	4.598	74	.000
We do customer classification using Customer Lifetime Value (CLV)/ revenue contribution or other related metrics.	75	3.63	.927	5.856	74	.000
CBE has a process in place to check and obtain customers permission to interact with them using various channels like telephone, internet etc.	75	3.75	.887	7.292	74	.000
We have a well-developed privacy policy to ensure confidentiality of data collected from customers.	75	3.80	.959	7.227	74	.000
We have a differential reward system that rewards customer based upon their profit/revenue contribution.	75	3.39	1.283	2.610	74	.011

Source: SPSS data analysis output, 2016

As one can observe from the above table, CBE having a well-developed feedback management on both customer and employee secured the highest mean figure while the deficiency in having differential reward system for customer based on their profitability contribution resulting in the minimum mean score among the tested items. Of the remaining items CBE's performance regarding the practice of analyzing the causes for

customer defection is the least while the utilization of customers information to design or improve products/services is with the highest mean score among the items under consideration. Overall, CBE's extent of applying the knowledge management dimension of CRM is satisfactory except for the two items where the mean is found to be below the simple scale average.

To confirm the above sample statistics a t-test was also conducted for this dimension. As a result, the t-test has confirmed the sample statistics result by providing the highest t-test score of 7.322 for the highest mean score and the lowest t-test score of 2.610 for the corresponding item that has the least mean score. Thus, we can say that the mean scores achieved for each item tested represent the real knowledge management practicality levels in CBE.

4.4.1.4 Technology-based CRM

Under this dimension, the extent of CRM practices is assessed from technological capability perspectives i.e. whether or not CBE has the latest technology at hand to undertake CRM proficiently.

In soliciting the employees perception of the extent of technology-based CRM practices of CBE, two items are used to be responded on a five point Likert scale where the highest point represent strongly agree and the lowest representing strongly disagree. Accordingly, a one-sample statistics is calculated where the overall mean is greater than except one question than the simple average of the scale 3.72. Moreover, the item 'having an information system that is capable of providing comprehensive data about all aspects of customers' scored a mean that is lowest indicating CBE's failure to do so. Yet, it is of a considerable achievement for the Bank in automating its marketing, sales and service functions.

Taken as a whole, one can say that the extent of application of the technology-based CRM in CBE as perceived by its employees is at the infant stage.

Table 4.2.1.5 one-sample statistics- Technology-based CRM

One-Sample Statistics				test value = 3		
	N	Mean	Std. Deviation	t	Df	Sig. (2-tailed)
Our bank uses technology to automate marketing, sales, and service functions.	75	3.83	1.018	7.030	74	.000
Our information systems are designed to give comprehensive data about all aspects of our customers, so that we can be responsive to them.	75	3.72	1.060	5.883	74	.000

Source: SPSS data analysis output, 2016

To confirm the above sample statistics result a t-test is also conducted. Clearly, the t-test confirms the above results where it is confident to appraise CBE's extent of technology-based CRM using the one sample statistics results calculated above.

4.4.2 Level of CRM Practices – Customer's Perception

Data was analyzed to assess the level of CRM practices in CBE across the four behavioral dimensions using descriptive measures that were used in most of the CRM researches that deal with the deployment of CRM in the service industry; like those undertaken by Saeed *et al.* (2011) and Das *et al.* (2009).

Table 4.2.2.1 Level of practice of the dimensions of CRM- Customer's Perception

Behavioural component	N	Mean	Std.Dev	Ranking (Mean)
Key Customer focus	361	3.71	0.533	3
CRM Organization	361	3.73	0.549	2
Knowledge Management	361	3.55	0.600	4
Technology Based CRM	361	4.02	0.591	1

Source: SPSS data analysis output, 2016

As it can be seen from table 4.2.2.1 above CBE has been doing well in the Technology based dimension as compared to the other dimensions with the mean score of 4.02 while it is of

at the lowest performance level in the knowledge management dimension aspects which is contrary to employee's response.

4.4.2.1 Key Customer Focus

This assessment is done to appraise to what extent customers perceive CBE as a bank that endeavor to meet the needs of its most valuable customers by providing customized products that are in agreement with their prevailing requirements.

Key customer focus is all about developing a strong customer focus and continuously delivering superior value to selected key customers to achieve a deep customer relationship that enable an organization to become a necessary partner to its most profitable customers (Vandermerwe, 2004; Das, 2004; Sheth *et al.*, 2000; Parvatiyar and Sheth,2001). The most important components of the key customer focus are customer selection and offering of customized or personalized services to those high value customers segments.

Table 4.2.2.2 one-sample statistics-Key Customer Focus

One-Sample Statistics				test value = 3		
	N	Mean	Std. Deviation	t	Df	Sig. (2-tailed)
The bank provides service that matches key customers	361	3.92	.846	20.598	360	.000
The bank continuously strives to satisfy key customers	361	4.11	.889	23.670	360	.000
The bank wishes happy holiday on public and other festivities	361	3.83	1.045	15.055	360	.000
The bank sets different price tags for different customers accordingly	361	3.65	.680	18.026	360	.000
The bank works with international companies in partnership to render better service	361	4.07	.813	25.044	360	.000
The employees of CBE instigate customers	361	3.94	1.106	16.111	360	.000
CBE uses referral marketing programs	361	3.49	.862	13.520	360	.000

Source: SPSS data analysis output, 2016

A one-sample test was conducted on the seven items which were responded on a five item scale with the highest being strongly agree and the lowest- strongly disagree. The result of the sample statistics depict to what extent customers perceive CBE as a bank that focus on its key customers. The highest mean figure shows high level of agreement with the scale item while the lowest indicate high level of disagreement with the particular item being tested. As can be seen from table 4.2.2.2, the output of the sample statistics reveal that the highest mean was recorded for CBE's effort to constantly surprise and delight its key customers while setting a differential pricing scheme has been found to be latent in the CBE's referral marketing programs with the least mean score of 3.49.

To confirm the above test result a t-test was conducted. Likewise, the item CBE works with international companies constantly setting price to different to key customer has the highest t-score of 25.044 which corresponds the second highest mean score of 4.07 followed by CBE's rendering and giving customized service and product to key customers and constantly surprising and delighting of key customers with the t-score of 23.670 and 20.598, respectively. The lowest t-value (13.520) was recorded for the part for CBE lacking referral marketing programs given by the bank, which shows CBE is perceived as a bank using standardized pricing scheme for all of its products/services, regardless of the extent of relationship with the particular customers.

The tables annexed show the level of agreement and disagreement for each item in detail. The tables are headed by the shortened name for the respective items included in the dimension and they indicate the frequency and percentage of responses along with the valid percent and cumulative percent.

4.4.2.2 CRM organization

CRM organization dimension implies organizing around CRM which leads to considerations like the availability of sales and marketing experts, trained employees on customer relations, evaluation and rewarding of customer performance in customer relations and CRM oriented organizational structure (Sin *et al.*, 2004). According to Yim *et al.* (2004) this

calls for an organizational structure that is flexible and, if necessary, reconstructed to generate customer centric value.

To assess the CBE's level of organization around CRM from customers perspective a five point Likert scale with eight items to represent the dimension were used. The table below shows the level of agreement depending on the size of the mean figure. The higher the mean figure recorded, the higher the level of agreement; and the lower the mean figure the higher the disagreement with the particular item being tested.

The output of the sample statistics reveal that having convenient branches with the highest mean score of 4.53 and provision of reliable service with CBE having a mean score of 3.32 represent the two extremes in the data set. Moreover, it is apparent to see that the provision of reliable service and employee's effort to serve customers at their best have mean scores that are below 3.00 which is the simple mean of the scale representing an average level of CRM practices.

Table 4.2.2.3 -One Sample statistics – CRM organization

One-Sample Statistics				test value = 3		
	N	Mean	Std. Deviation	t	df	Sig. (2-tailed)
The bank encourages customers to use all services via its employees	361	3.94	1.106	16.127	360	.000
The bank encourages current customers to bring more new customers so that to increase number of customers	361	3.49	.882	10.500	360	.000
The bank management believes in building and maintaining positive relationship with customers and works towards in implementing it	361	3.81	.622	24.800	360	.000
The bank utilizes all its human and financial resources to create positive customer relationship	361	3.75	.671	21.180	360	.000
The bank's working system is fast and preferable	361	3.42	1.070	7.430	360	.000
The bank has accessible branches so that customers can use it easily	361	4.53	.796	36.511	360	.000
The banks renders service in all banking service sector	361	3.32	.817	7.407	360	.000
The banks employees are well trained and capable enough to serve customers	361	4.18	.853	26.347	360	.000
The bank's employees go beyond their regular tasks to better serve the customer	361	3.26	1.030	4.854	360	.000
The banks Customer relationship management team know their duty well	361	3.75	.784	18.269	360	.000

Source: SPSS data analysis output, 2016

Hence, the above mean scores can be thoroughly explained as apart from having convenient and accessible branches this study revealed that customer relationship officers/managers know their responsibilities and customers respondents indicated that most of the time their needs and wants are met by CRM managers and officers related staff. Moreover it indicated CBE staff on CRM is well aware of their duties and responsibilities. Overall, since the aggregate mean score is above the simple average of the scale it is of a significant achievement as compared to the other three dimensions.

To confirm the mean figures a t-test was conducted. As shown in the above table the highest mean score of 4.53 is matched with the t-test score of 36.511 while the least mean score of 3.26 referring to convenience to do business with the Bank is matched with the respective smallest t- score of 4.854.

The detail level of agreement and disagreement is shown in the bar charts are annexed. The charts are headed by the various questions asked during the data collection. The details of the response are shown for each of the items tested. They were to be rated on strongly disagree, disagree, agree and strongly agree with the latter being the highest. The bar charts show the percentages of responses for scale item.

4.4.2.3 Knowledge Management

The assessment to evaluate to what extent CBE practice the knowledge management dimension of CRM is done using a five-point scale that measures the level of agreement or disagreement with the respective statements to be measured. The items that are included in this dimension represent practical aspects of knowledge management which is mainly manifested by uncovering customer needs through the analysis of customer information. This involves tactful customer information management that is used as a knowledge power to align the products and service of the firm to the dynamic needs of the customers.

Customer's perception of to what extent CBE has been deploying the knowledge management aspects of CRM is shown in the one-sample statistic output of table 4.2.2.13 where the mean and standard deviation results are used in a way that analyze the higher

level of agreement to have high mean score while the low score representing high level of disagreement with the particular statement to be tested.

Table 4.2.2.4- one- sample statistics – Knowledge Management

One-Sample Statistics				test value = 3		
	N	Mean	Std. Deviation	T	df	Sig. (2-tailed)
The bank guarantees compensation on service failure	361	2.78	.798	-5.146	360	.000
The bank takes comment from customer and gives proper feed back	361	3.42	.833	9.600	360	.000
The bank use comments and use it to strengthen the current service in new and improved form	361	4.00	1.010	18.870	360	.000
The banks is confidential when it comes to customers and their information	361	3.75	.715	19.874	360	.000
The banks awards customers that are key to its profitability	361	3.70	.964	13.705	360	.000
The bank makes effort to recapture customers that discontinued their relationship	361	3.41	.752	10.365	360	.000
The banks gives service to customers according to their share in bringing profit to the bank	360	4.05	.733	27.164	359	.000

Source: SPSS data analysis output, 2016

As observed from the above table the highest mean figure 4.05 is recorded for CBE rewarding customers that contribute to its profitability while its practice of lost customer survey and exit interview for the same score the least mean figure of 2.78. Moreover, the well-developed privacy policy average where it shows CBE’s failure to do so.

Thus, it is possible to say that customers perceive CBE as a bank that rewards customers that are key to its profitability though lottery games and so on yet the practice of surveying lost customers with the aim to win back again is almost non-existent in the Bank followed by the failure to give service breakdown guarantees. On the other hand, the practice of taking customers feedback to be used as an input for service enhancements and serving customers by classifying them based on their contribution to the profitability of the bank are perceived to be practiced by CBE in a considerable manner.

The above t-test is conducted to confirm the one- sample statistics results. Congruently, t-test statistics confirm the mean results whereby the highest mean figure for service giving according to profit contribution is matched with the highest t-score of 27.164 and the same is true for all items therein. This confirm that CBE has a well-developed customer rewarding system having demonstrated by the highest mean and t- test figure while the lowest mean and t-test scores signify the impracticality of lost customer surveys in CBE.

The tables annexed show the detail distribution of scale point responses for each statement tested to assess CBE`s level of knowledge management practices. The distribution of responses is shown using frequency tables generated by SPSS program along with their respective percentage.

4.4.2.4 Technology-Based CRM

Technology based CRM, as the name indicates, refers to the usage of the latest technology in CRM deployment as an enabler of greater customization and better service at lower cost (Sin *et al.*,2005). Currently there are various applications that are specifically designed for CRM with the aim of identifying customers trend of buying behavior to enhance customer satisfaction while incrementing customer retention potentials at the same time.

In the sample statistics shown below, the aim is to solicit customers perception as to CBE`s deployment of technology based CRM practices in their dealings with the Bank. To do so, a five point Liket scale was used the highest being strongly disagree and the lowest representing strongly disagrees. Accordingly, the two items were tested using the mean and standard deviation sample statistics. The resultant mean scores were below the simple average of the scale i.e. 4.00 and 4.16 for having well organized information system and provision of automated services, respectively. Likewise, the overall mean figure shows the same fact with the score of 4.08 where CBE`s performance in this dimension is perceived to be very weak.

Table 4.2.2.5 one - sample statistics – Technology-based CRM

One-Sample Statistics				test value = 3		
	N	Mean	Std. Deviation	t	df	Sig. (2-tailed)
The banks is supported by modern technology to render service	362	4.00	.712	26.797	361	.000
The banks keeps all information regarding to its customers so that it knows what the customers want	362	4.16	.845	26.048	361	.000

Source: SPSS data analysis output, 2016

Furthermore, a t-test was undertaken on the two items to confirm the above sample statistics as shown in table 4.2.2.23 below. The resultant output of the t-test confirm the mean figures where the highest mean among the two is matched with the respective highest t-score of 26.048 while the mean figure of 4.00 has a t-score of 26.797.

Overall, it is evident from the scores that CBE’s extent of application of technology-based CRM is very low as measured by the resultant sample statistics of the tested items in the Likert scale.

The detailed responses that show the level of agreement or disagreement with the two statements is shown in the histograms generated by SPSS. The frequency of the responses with their respective percentages, valid and cumulative percentages are shown in the histograms for each item is annexed.

4.4.3 Independent sample T test result

The previous two sections presented CRM dimensions application in CBE as perceived by the employees and customers of the sampled branches. This section presents the result of, the findings from the two groups of respondents is presented in a summarized and informative manner.

Table 4.2.3 Independent sample T test

Group Statistics							
Category		N	Mean	Std. Error Mean	T	Df	Sig. (2-tailed)
key Customer focus	Employee	75	3.7048	.07125	-2.638	434	.009
	Customer	361	3.9141	.03300			
CRM_organization	Employee	75	3.7941	.07723	.663	434	.508
	Customer	361	3.7452	.02957			
Knowledge management	Employee	75	3.6493	.08214	.967	434	.334
	Customer	361	3.5870	.02397			
Technology based CRM	Employee	75	3.7733	.11322	-3.306	434	.001
	Customer	361	4.0817	.03545			

Source: SPSS data analysis output, 2016

The independent sample T test revealed that, there lies no significant difference between the perceptions on the two groups on the dimensions: CRM organization and knowledge management. Moreover the independent sample T test revealed that, there lies a significant difference between employees and customers perception in two of the dimensions i.e. Key customer focus and technology based CRM. This means the employees of CBE perceive that their organization is not performing to its level best on the aforementioned dimensions. On the contrary customers of CBE perceive that the bank is key customer focused and technology supported in applying CRM.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

From the findings uncovered in the previous chapter, one can conclude and forward possible recommendations and solutions to CBE's extent of CRM application and forward prospective measures that are aimed at moderating the prevailing deficiencies and further promote CRM practices of the Bank.

5.1 Summary of the Findings

Both groups were asked to assess CBE's extent of CRM practice in a five point Likert scale where the extent of its application is derived from the assessments made on the four behavioral dimensions therein. Accordingly, the resultant T test for employee group of respondents shows that CBE's level of performance in deploying technology based CRM is at the infant stage while customers perceive that it's at satisfying level. Both agree on its considerable achievement in CRM organization and knowledge management as the independent T test confirmed there is no significant difference.

As to the knowledge management dimension, though the overall mean score for both groups of respondents is not significantly different, customers perceive CBE's level of knowledge management practices less favorably than the employees resulting in a mean score of 3.5870 and 3.6493, respectively. When we analyze the detail frequency of responses as to the level of agreement and disagreement a significant difference is found between the perception of the two groups in the item that assesses CBE's practice of deploying a differential reward system for customers that contribute to its profitability. While the employees perceive CBE's practices to be adequate, customers perceived it to be insufficient as compared to their contribution to the profitability of the Bank.

On the contrary, concerning the key customer focus dimension, the independent T test conducted between the two mean scores of the group reveal that customers perceive CBE's level of performance on this dimension to be more satisfying than employees in the than

the rest dimensions, while employees perceive the performance to be less than that of knowledge management aspects.

Still, customer's perception as to CBE's level of focus on key customers is slightly higher in mean score when compared to that of the employees mean score of 3.68. Thus, the extent of deploying the key customer focus practices in CBE is said to be significant following the CRM organization dimension aspects of the Bank as perceived by its customers. Since the four behavioral dimensions were used to assess the extent to which CRM is practiced in CBE, a cumulative mean score is calculated for each group of respondents resulting in significant difference between two dimensions namely Key customer focus and technology based CRM for employee and customer respondents, respectively. At glance, it is evident that customers perception as to CBE's level of CRM practices is more favorable than that of its employees and when we compare and see the T test statistics results of each dimensions for the two groups.

Overall there is a significant difference in two CRM dimensions i.e. technology based CRM and key customer focus. That CBE and its customers are not in in the same page, for the rest there is no significant difference in response for the dimensions as the independent T test confirms. But this difference puts CBE to positive side because customers' perceive the bank to give a service that is based on technology based CRM and giving due attention to key customers including the CRM. But this contradicts with employees view and it's a matter of time since customers notice that, other banks render service fully applying CRM and by far better technology and where key customers are treated more way better.

5.2 Conclusions

Based on this premises, the CRM practices of CBE has been assessed from four behavioral dimensions where both employees and customers of the selected sample branches are included.

Per the foregoing findings the following conclusions are drawn;

- In the CRM practices of CBE the technology-based CRM performance as observed from the level of automation in the service along with its employees and other functions is low and in slack from employees perspective while being high from customers perspective. There is significant difference.
- In the Key customer focus dimension, though CBE has been doing well in delighting and surprising key customers strengthening the emotional bonds with its customers from customers and both, its practice in terms of applying differential pricing schemes and cross-selling products/services is low be attention has to give regarding this aspect from this dimension. Regarding this dimension there is difference in fact the two groups are not on the same page including rank.
- Regarding the knowledge management dimension, CBE`s performance as to undertaking lost customer survey and provision of service failure guarantee is low while the performance regarding a well-developed privacy policy that keeps customers data confidentiality is significant. This achievement leads to an average level of performance in this particular dimension. There is slight difference in response to this dimension being low as perceived by customers while high by employees.
- Concerning the dimension CRM organization, customer perceive that employees that are well informed of their CRM responsibilities. Also employees perceive that they are well aware of their duties and responsibilities regarding CRM. CBE has well educated and motivated employees as the study revealed this is an asset that is hard to match and it`s a competitive advantage. In this dimension, the deficiency in performance is observed as to the handiness of the working procedures and the reliability of the services therein.

- Regarding the dimension technology based CRM employees perceive that the bank needs to adopt new technologies and make the current working system computerized. On the contrary customers perceive that CBE has a well-developed technology based CRM system.
- Overall there lies a significant difference in perception of the two groups across two dimensions i.e. Key customer focus and technology based CRM. Employees perceive that more has to be invested regarding technology and man power to satisfy key customers and reducing the paper working by adopting new technologies. Customers are satisfied with current level of CBE's service rendering pattern in terms of technology based CRM and key customer focused.

5.3 Recommendations

From the findings unrevealed in the aforementioned part of the study, one can recommend the following measures for CBE in order to exploit the benefits sought in adopting CRM.

- There is significant difference between the customer's and employee's perception on key customer focus dimension, CBE's level of service cross-selling is perceived to be low from customer point of view while it is perceived to be high in employees perspective. This implies that, CBE's services have not been well promoted by the employees at hand. Moreover, CBE has to strengthen its referral marketing programs, this can be done via enhancing its marketing effort regarding promotion of services particularly that of employees recommending the Bank's services for customers. This has the potential to contribute further to the Bank's profitability. Also adopting new marketing strategies which are in the financial, labor and technology limit of CBE.
- In the CRM organization dimension, customers perceive CBE as providing unreliable services in fact it has one of the lowest mean score and being cumbersome to do business with the Bank. CBE has to augment its service delivery using flexible and compliant working procedures that can accommodate the ever-changing needs of customers. Furthermore, developing organizational capability in technological as

well as administrative aspects is alleged to result in the provision of reliable services the Bank claims to be its distinctiveness.

- Referring back the response of employees and customers regarding Knowledge Management aspects, CBE has to establish a customer review mechanism to determine customer defect rates and learn from its service quality gaps through customer exit interview.
- In the technology-based CRM practices, CBE's performance is at the lowest level. This calls for a pervasive adoption and integration of CRM-based technology in the Bank as an enabler of CRM in general and its dimensions in particular customers perspective although it has done well from looking at mobile banking and developing of mobile application but in many technological area it needs to advance so that CBE to be considered technologically based on CRM specifically in automating the sales force and linking all the technology that applied.
- Concurrently, to sustain its CRM practices CBE has to endow its management and customer contact employees with the indispensable theoretical and practical knowledge of customer relationship management aspects through experience sharing and training sessions organized in cooperation with foreign banks that are operating in a similar competitive environment.
- The bank has to give due attention to customer's as well as employee's comment. Because they help in identifying weak sides, in order for the bank to take corrective actions and include them as actions. As a result it will deliver a quality service.
- The aforementioned suggestions forwarded are all within the capacity of skilled human resource, technology advancement and financial standing of CBE.

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Appendix I

Employee Questionnaire

Purpose of the questionnaire

This questionnaire is prepared to solicit primary data from the employees of Commercial Bank of Ethiopia (CBE) to assess **the level of Customer Relationship Management (CRM) application in the CBE** - for the partial-fulfillment of MA in Marketing Management from Addis Ababa University School of Commerce.

The responses are to be kept confidential and will be used for academic purpose only. In addition, all personal data shall be treated collectively rather than on personal levels.

Part A. CRM Best Practices Scale

Please indicate the extent to which you agree/disagree with the following statements. Strongly Disagree carries the least weight of 1 while Strongly Agree carries the highest weight of 5. Please put \surd mark accordingly.

Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Key customer focus dimension					
1. My bank provides customized services and products to its key customers.					
2. We strive to constantly surprise and delight our key customers.					
3. We strengthen the emotional bonds with our key customers by wishing them on important occasions.					
4. We use the concept of 'Relationship Pricing' in pricing our different products/ services.					
5. We do Co-branding/Affinity partnering programs i.e. programs that associate the Bank with reputable organs to provide increased value to our customers					

6. We leverage the power of word of mouth by using Referral Marketing programs i.e. marketing programs that make use of satisfied customers to promote the Bank for related others. /					
7. We do cross selling of products/ services to increase customer share. For example; instigate saving customers to use the credit products of the bank and the like.					
CRM organization dimension					
1. Our top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the bank.					
2. CBE commits time and resources in managing customer relationships.					
3. Our systems are designed to make it easy for customers to do business with us.					
4. We provide increased customer convenience using a variety of distribution channels/branches.					
5. We deliver a reliable customer experience across all customer contact points.					
6. Customer-centric performance standards are established and monitored at all customer contact points.					
7. CRM responsibilities of customer contact employees are clearly defined, assigned and understood.					
8. Our employee training programs are designed to develop the skills required for acquiring and deepening customer relationships.					
9. Our frontline employees are encouraged and empowered to positively exceed customer expectations.					
	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Knowledge Management Dimension					
1. We take customer feedback seriously and reply to them.					
2. We have effective customer recovery strategies including guarantees for service failures.					
3. Customer and employee feedback is taken using a variety of direct and indirect measures.					
4. We broadcast to the employees the feedback given by our customers.					
5. We use information from customers to design or improve our products or services.					
6. We analyze the causes of customer defection through exit interviews and lost customer surveys with the aim to win back customers who have strong profit potential.					
7. We do customer classification using Customer Lifetime Value (CLV) / revenue contribution or other related metrics.					

8. CBE has a process in place to check and obtain customers' permission to interact with them using various channels like telephone, internet etc.					
9. We have a well-developed privacy policy to ensure confidentiality of data collected from customers.					
10. We have a differential reward system that rewards customers based upon their profit/ revenue contribution.					
Technology-based CRM dimension					
1. Our bank uses technology to automate marketing, sales, and service functions.					
2. Our information systems are designed to give comprehensive data about all aspects of our customers, so that we can be responsive to them.					

Part B. General and Demographic Information

1. Please indicate your gender.

Male Female

2. Please indicate your highest level of education.

Diploma Degree
 MA PhD

3. Please indicate your job title in the Bank.

Branch Manager Customer Service Manager
 Customer Relationship officer
 Customer Relationship Manager – Business and Corporate Customers
 Customer Relationship Manager – Commercial Customers

4. Please indicate your years of job experience in CBE.

1-3 years 11-20 years
 4-10 years 20 years

Thank you for your cooperation.

Customer's Questionnaire



በአዲስ አበባ ዩኒቨርሲቲ የንግድ ስራ ት/ቤት

የማርኬቲንግ ማጅሪመት ድህረ-ምረቃ ትምህርት ክፍል

ከቡር ደንበኛ በቅድሚያ ይህን መጠይቅ ለመሙላት ፈቃደኛ ስለሆኑ አመሰግናለሁ።

ይህ መጠይቅ የተዘጋጀው የኢትዮጵያ ንግድ ባንክ የደንበኞች ግንኙነት አገልግሎት አሰጣጥን ለመመዘን ነው።

በዚህ መጠይቅ ላይ የሚያሰፍሩት ማንኛውም መረጃ ለትምህርታዊ አገልግሎት ብቻ እንደሚውል እየገለፅኩ፣ ከዚህ በተጨማሪም ግላዊ መረጃዎች በጥቅል ለሚደረግ ምርምር ግብአትነት ብቻ እንደሚውሉ ላረጋግጥሎ እወዳለሁ።

ክፍል 1- የደንበኞች ግንኙነት አገልግሎትን በተመለከተ

ከዚህ በታች ለተዘረዘሩት መግለጫዎች የ ምልክት በማድረግ የሚመርጡትን ያመልክቱ።

መግለጫ	ባጣም አልሰማም (1)	አልሰማም (2)	አስተያየት የለኝም (3)	አሰማለሁ (4)	ባጣም አሰማለሁ (5)
1. ባንኩ ለተቀዳሚ ደንበኞቹ ክፍላጎታቸው ጋር የሚጣጣም አገልግሎት ይሰጣል።					
2. ባንኩ ተቀዳሚ ደንበኞቹን ለማርካት ሁልጊዜ ይጥራል።					
3. ባንኩ በህዝባዊ በዓላት ለተቀዳሚ ደንበኞቹ የመልካም ምኞት መግለጫ ይሰጣል።					
4. ባንኩ ለሚሰጣቸው አገልግሎቶች ከደንበኛው ጋር ባለው የሥራ ግንኙነት መሠረት በስምምነት የተለያየ የአገልግሎት ዋጋ ያስቀምጣል።					
5. ባንኩ ለደንበኞች የላቀ አገልግሎት ለመስጠት ከስሙጥር ተቋማት ጋር በህብረት ይሰራል።					
6. የባንኩ ሠራተኞች ደንበኞች የባንኩን የተለያዩ አገልግሎቶች እንዲጠቀሙ ያበረታታሉ።					
7. ባንኩ ለአገልግሎት መጓደል / መቋረጥ ዋስትና ይሰጣል።					
8. ባንኩ የደንበኞቹን ቁጥር ለማሳደግ ደንበኞች ሌሎች ደንበኞችን እንዲያመጡ ተገቢውን ጥረት ያደርጋል።					
9. ባንኩ የደንበኞችን አስተያየት ተቀብሎ ተገቢውን ምላሽ ይሰጣል።					
10. ባንኩ የደንበኞቹ አስተያየት እንደግብአት ተጠቅሞ የሚሰጠውን አገልግሎት ያሻሽላል፣ አዳዲስ አገልግሎቶችንም ያስተዋውቃል።					
11. የባንኩ አመራር ከደንበኞች ጋር መልካም ግንኙነት መገንባት አስፈላጊ እንደሆነ ያምናል፣ ለተግባራዊነቱም ይሰራል።					
12. ባንኩ ያለውን የገዢነት የሰው ሃይል ተጠቅሞ ከደንበኞቹ ጋር መልካም ግንኙነትን ለመፍጠር ይጥራል።					

13.የባንኩ አሰራር ቀልጣፋና ምቹ ነው።					
14.ባንኩ ለደንበኞች ምቹ አገልግሎት ለመስጠት ተደራሽ የሆኑ ቅርጫፎች አሉት።					
15.ባንኩ በሁሉም የባንክ አገልግሎት ዘርፎች አስተማማኝ አገልግሎት ይሰጣል።					
16.የባንኩ ሠራተኞች ደንበኞችን ለማገልገል የሰለጠኑና ብቁ ናቸው።					
17.የባንኩ ሠራተኞች ከተሰጣቸው ኃላፊነት በተጨማሪ በግል ተነሳሽነት ደንበኛውን የበለጠ ለማገልገል ይጥራሉ።					
18.ባንኩ የደንበኞቹን መረጃ በሚሰጥር ይይዛል።					
19.ባንኩ ለትርፋማነቱ ከፍተኛ አስተዋፅዖ ላይረገጥ ደንበኞች ሽልማት ይሰጣል።					
20.ባንኩ በዘመናዊ ቴክኖሎጂ የታገዘ አገልግሎት ይሰጣል።					
21.ባንኩ የደንበኞቹን መረጃ ሁሉን-ዓቀፍ በሆነ መልኩ ስለሚይዝ የደንበኞቹ ፍላጎት የበለጠ መረዳት ይችላል።					
22. ባንኩ ደንበኝነታቸውን ያቋረጡ ተቀዳሚ ደንበኞችን በማነጋገር ወደ ባንኩ እንዲመለሱ ጥረት ያደርጋል።					
23. የባንኩ የደንበኛ ግንኙነት ሠራተኞች ኃላፊነታቸውን በሚገባ ያውቃሉ።					
24. ባንኩ ለትረፋማነቱ በሚያበረክቱት አስተዋፅዖ መሰረት ደንበኞቹን በተለያዩ ክፍሎች በመመደብ አገልግሎት ይሰጣል።					

ክፍል 2 - መሠረታዊ መረጃዎች

የ ምልክት በማድረግ የሚመርጡትን ያመልክቱ።

1. ያታ፤ ወንድ ሴት

2. የባንኩን አገልግሎት የሚጠቀሙት፤
 ለንግድ ሥራ ለሁለቱም

3. ከዚህ ባንክ ጋር በደንበኝነት ምን ያህል ዓመት ሠርተዋል?
 ≤3 ዓመት 4-10 ዓመት ከ10 ዓመት በላይ

4. በባንኩ የሚጠቀሙት አገልግሎት፤ (ከአንድ በላይ ማመልከት ይችላሉ።)

የተቀማጭ ሂሳብ ተንቀሳቃሽ ሂሳብ የብድር አገልግሎት
 የሃዋላ አገልግሎት ኤ.ቲ.ኤም የክሬዲት ካርድ አገልግሎት

Annex II

Table 4.2.2.5 – The Bank strives to constantly surprise & delight its key customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.5	.6	.6
	Disagree	15	3.6	4.2	4.7
	Neutral	68	16.5	18.8	23.5
	Agree	133	32.2	36.8	60.4
	Strongly agree	143	34.6	39.6	100.0
	Total	361	87.4	100.0	
Missing	System	52	12.6		
Total		413	100.0		

Source: SPSS data analysis output, 2016

Table 4.2.2.6 - Strength emotional Bonds

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	24	5.8	6.6	6.6
	Disagree	8	1.9	2.2	8.9
	neutral	65	15.7	18.0	26.9
	Agree	173	41.9	47.9	74.8
	Strongly Agree	91	22.0	25.2	100.0
	Total	361	87.4	100.0	
Missing	System	52	12.6		

Table 4.2.2.6 - Strength emotional Bonds

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	24	5.8	6.6	6.6
	Disagree	8	1.9	2.2	8.9
	neutral	65	15.7	18.0	26.9
	Agree	173	41.9	47.9	74.8
	Strongly Agree	91	22.0	25.2	100.0
	Total	361	87.4	100.0	
Missing	System	52	12.6		
Total		413	100.0		

Table 4.2.2.7 Relationship Based differential pricing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.5	.6	.6
	Disagree	21	5.1	5.8	6.4
	Neutral	95	23.0	26.3	32.7
	Agree	228	55.2	63.2	95.8
	Strongly Agree	15	3.6	4.2	100.0
	Total	361	87.4	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.5	.6	.6
	Disagree	3	.7	.8	1.4
	Neutral	86	20.8	23.8	25.2
	Agree	146	35.4	40.4	65.7
	Strongly Agree	124	30.0	34.3	100.0
	Total	361	87.4	100.0	
Missing	System	52	12.6		
Total		413	100.0		

Table 4.2.2.16 Use of customer feedback to design and improve its services

Source: SPSS data analysis output, 2016

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	.2	.3	.3
	Disagree	57	13.8	15.8	16.1
	Neutral	113	27.4	31.3	47.4
	Agree	169	40.9	46.8	94.2
	Strongly Agree	21	5.1	5.8	100.0
	Total	361	87.4	100.0	
Missing	System	52	12.6		
Total		413	100.0		

Table 4.2.2.9 – employees encourage customers to use various services of the Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	47	11.4	13.0	13.0
	Neutral	91	22.0	25.2	38.2
	Agree	60	14.5	16.6	54.8
	Strongly Agree	163	39.5	45.2	100.0
	Total	361	87.4	100.0	
Missing	System	52	12.6		
Total		413	100.0		

Source: SPSS data analysis output, 2016

The bank encourages current customers to bring more new customers so that to increase number of customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.5	.6	.6
	Disagree	63	15.3	17.5	18.0
	Neutral	79	19.1	21.9	39.9
	Agree	191	46.2	52.9	92.8
	Strongly Agree	26	6.3	7.2	100.0
	Total	361	87.4	100.0	
Missing	System	52	12.6		
Total		413	100.0		

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	20	4.8	5.5	5.5
	Disagree	93	22.5	25.8	31.3
	Neutral	202	48.9	56.0	87.3
	Agree	37	9.0	10.2	97.5
	Strongly Agree	9	2.2	2.5	100.0
	Total	361	87.4	100.0	
Missing	System	52	12.6		
Total		413	100.0		

Source: SPSS data analysis output, 2016

Table 4.2.2.17 Well developed privacy policy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	1.2	1.4	1.4
	Disagree	7	1.7	1.9	3.3
	Neutral	98	23.7	27.1	30.5
	Agree	215	52.1	59.6	90.0
	Strongly Agree	36	8.7	10.0	100.0
	Total	361	87.4	100.0	
Missing	System	52	12.6		
Total		413	100.0		

Source: SPSS data analysis output, 2016

Table 4.2.2.18 Rewarding customers that contribute to its profitability

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	13	3.1	3.6	3.6
Disagree	13	3.1	3.6	7.2
Neutral	122	29.5	33.8	41.0
Agree	136	32.9	37.7	78.7
Strongly Agree	77	18.6	21.3	100.0
Total	361	87.4	100.0	
Missing System	52	12.6		
Total	413	100.0		

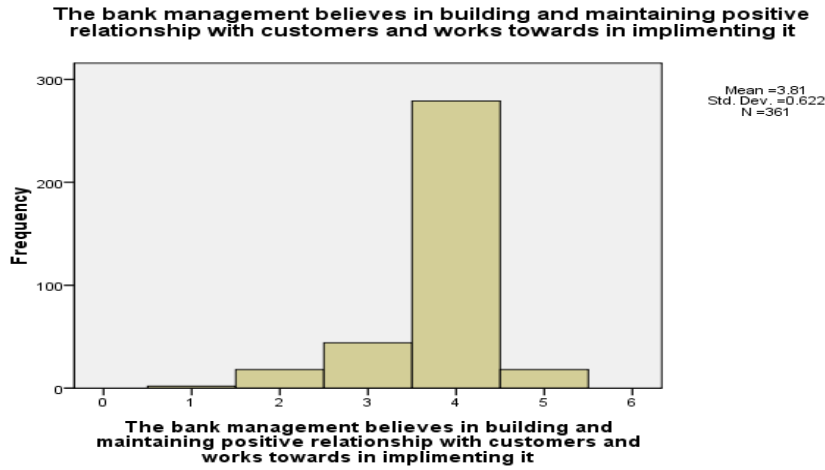
Source: SPSS data analysis output, 2016

Table 4.2.2.20 Classification based on customer life time value

	Frequency	Percent	Valid Percent	Cumulative Percent
Total	413	100.0		
Disagree	11	2.7	3.1	3.3
Neutral	49	11.9	13.6	16.9
Agree	207	50.1	57.5	74.4
Strongly Agree	92	22.3	25.6	100.0
Total	360	87.2	100.0	
Missing System	53	12.8		
Total	361	87.4	100.0	
Missing System	52	12.6		
Total	413	100.0		

Figure 3

Source: SPSS data analysis output, 2016



The bank utilizes all its human and financial resources to create positive customer relationship

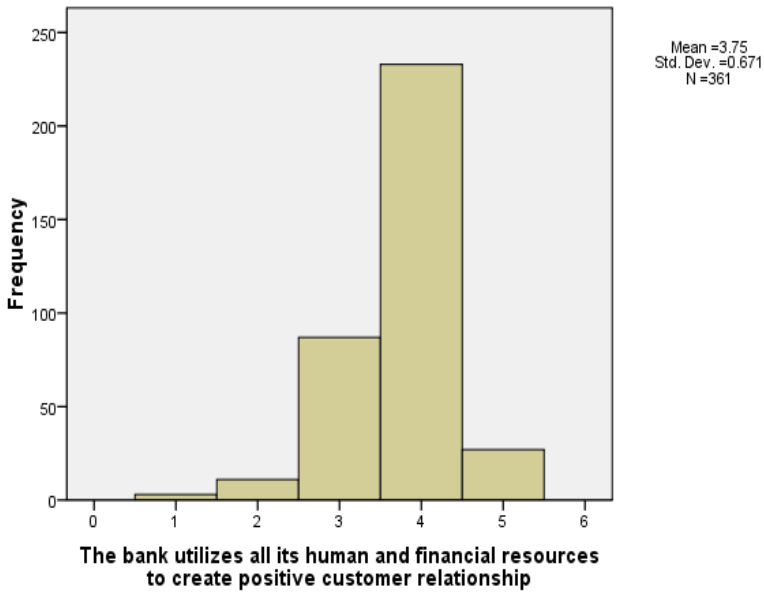


Figure 4

Source: SPSS data analysis output, 2016

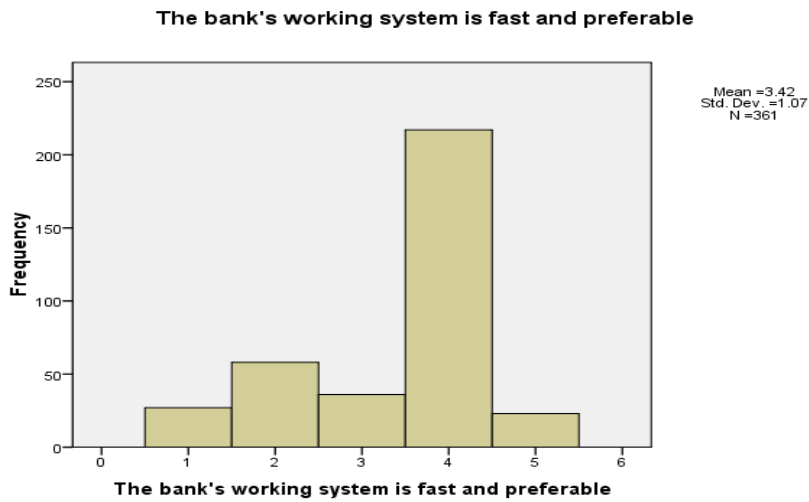


Figure 5

Source: SPSS data analysis output, 2016

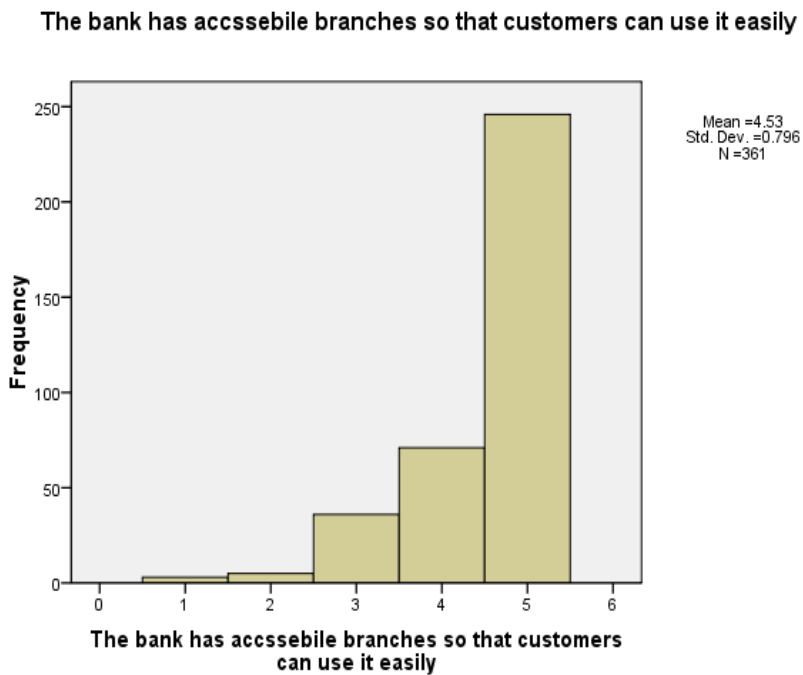


Figure 6

Source: SPSS data analysis output, 2016

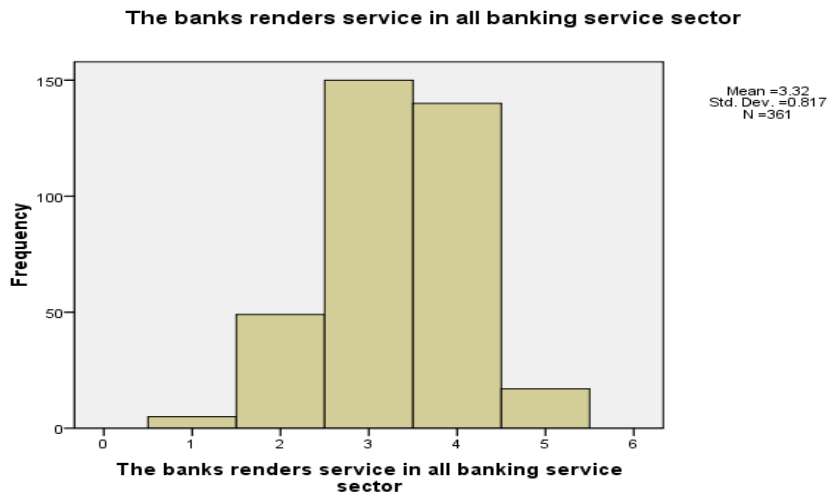
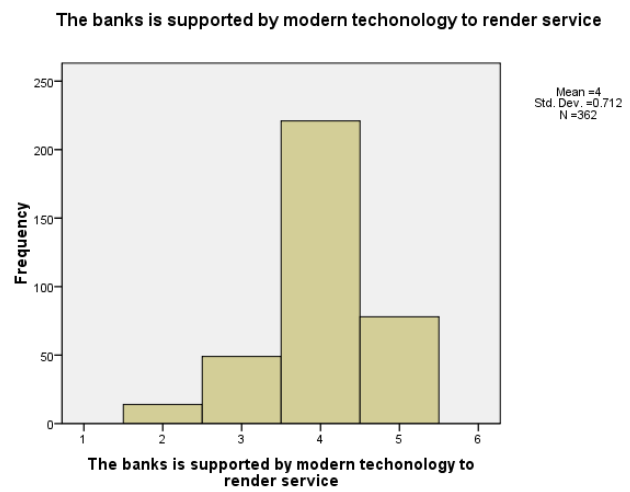


Figure 7

Figure 8

Source: SPSS data analysis output, 2016



Source: SPSS data analysis output, 2016

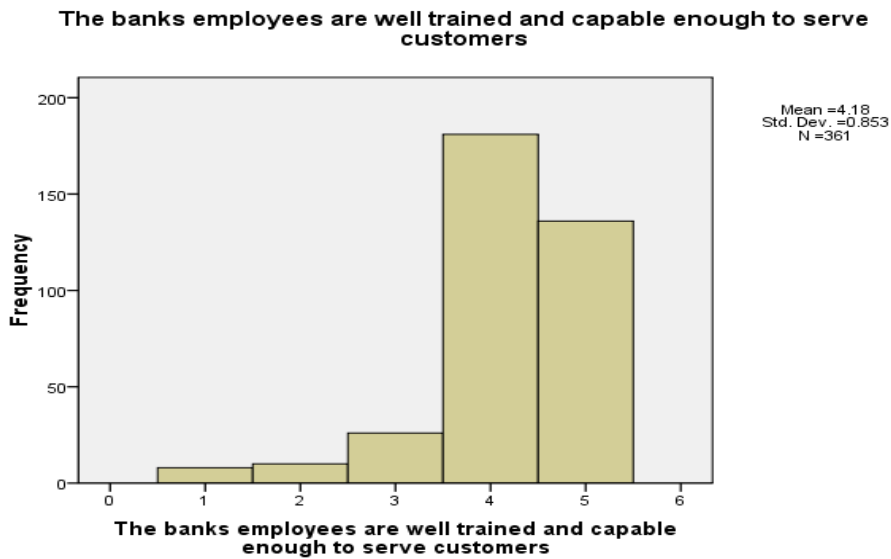


Figure 9

Source: SPSS data analysis output, 2016

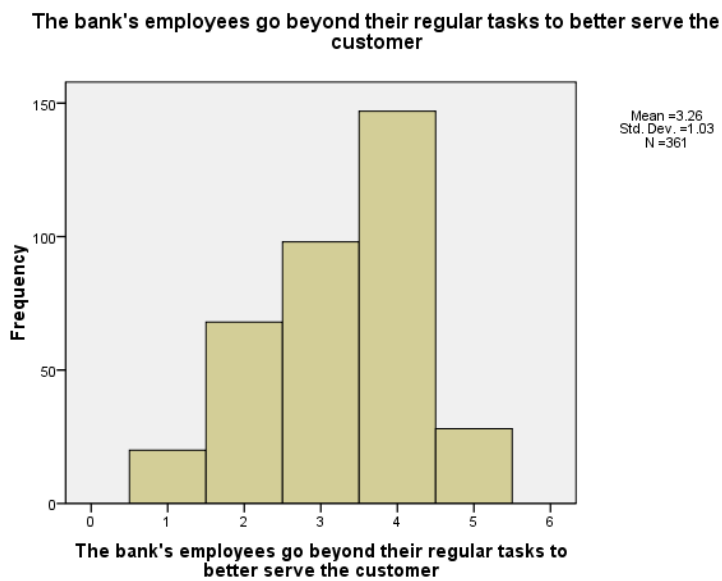


Figure 10

Source: SPSS data analysis output, 2016

The banks Customer relationship management team know their duty well

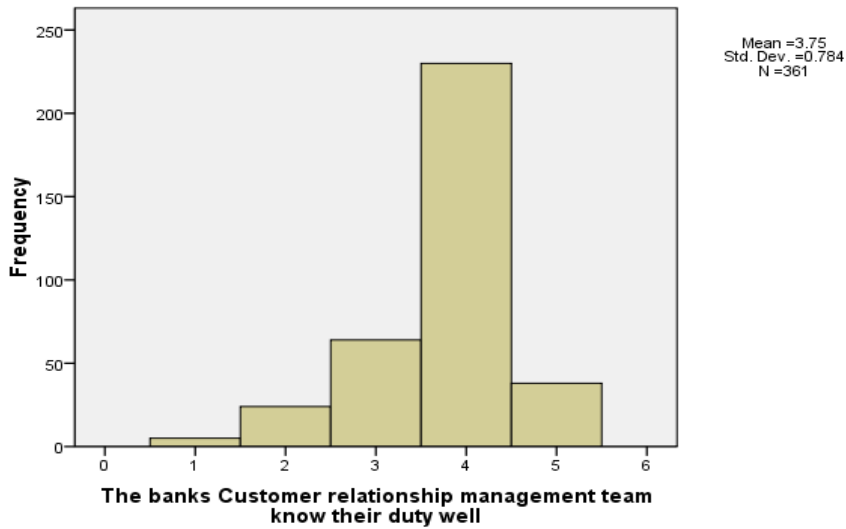


Figure 11

Source: SPSS data analysis output, 2016

The banks keeps all information regarding to its customers so that it knows what the customers want

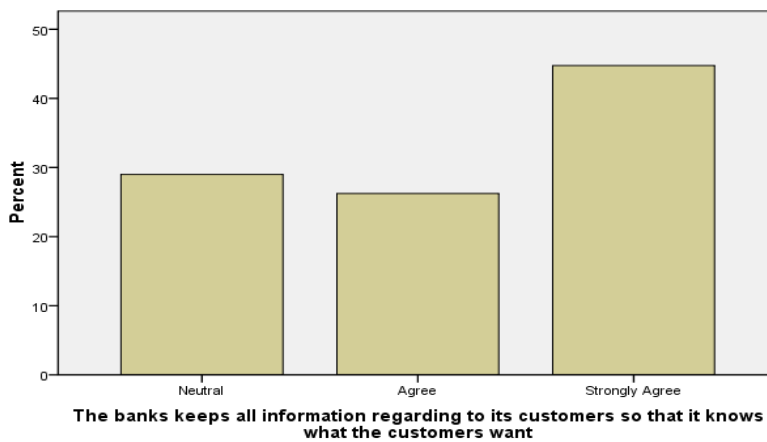


Figure 12

Source: SPSS data analysis output, 2016

