



**Addis Ababa University School of Graduate Studies**

**Department of Marketing Management**

**AN ASSESSMENT OF KEY ACCOUNT MANAGEMENT ORIENTATION  
PRACTICES BY TRAVEL AGENCIES IN ETHIOPIA**

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**May, 2014**

**Addis Ababa, Ethiopia**



**AN ASSESSMENT OF KEY ACCOUNT MANAGEMENT  
ORIENTATION PRACTICES BY TRAVEL AGENCIES IN  
ETHIOPIA**

*( A thesis submitted to the school of Graduate Studies of Addis Ababa  
University in Partial Fulfillment of the Requirements Degree of Master  
of Arts in Marketing Management)*

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## Declaration

I declare that the research entitles “**Key Account Management Orientation in Travel Agencies in Ethiopia**” is my original work and has not been presented in Addis Ababa University or any other University, and that all source of material used for the research have been duly acknowledged.

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## Letter of Certification

This is to certify that Alemayehu Teressa has carried out this thesis on the topic entitled “**An Assessment of Key Account Management Orientation Practices by Travel Agencies in Ethiopia.**” This work is original in nature and is suited for submission for the award of Master of Marketing Management.

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**AN ASSESSMENT OF KEY ACCOUNT MANAGEMENT ORIENTATION  
PRACTICES BY TRAVEL AGENCIES IN ETHIOPIA**

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## **ACKNOWLEDGMENT**

First of all I praise God for his timeless love and endless mercy on my life.

I would like to express my special appreciation and thanks to my thesis advisor Mr. Teklegiorgis Assefa (Asst. Prof.) for his initial blessing on the research topic, and for his understanding, patience, and encouragement throughout my research.

Special thanks go to my friends and family. Words cannot express how grateful I am for all of the guidance, encouragement and support that I have been receiving throughout my study. A special thanks also goes to Temima Nassir, Manager Ethiopia at Emirates; this wouldn't have been possible without your push, encouragement and support all the way through.

I would also like to thank my colleagues at Emirates for giving me the confidence to seek their support any time any place.

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## ACRONYMS

**AC:** Ability to Customization

**B2B:** Business to Business

**IATA:** International Air Transport Association

**IC:** Inter-functional Coordination

**IS:** Inter-functional Support

**KAM:** Key Account Management

**KAMO:** Key Account Management Orientation

**KM:** Overall KAMO

**MO:** Market Orientation

**TC:** Top Management Commitment

**TI:** Top Management Involvement

## ABSTRACT

*This research was conducted to investigate the extent of Key Account Management Orientation (KAMO) of travel agents in Ethiopia that can be explained by the key account management orientation model that was conceptualized and empirically tested in Greece by Gounaris & Tzempelikos in the year 2012. Key account management being a relatively new phenomenon in Marketing, and due to the environmental circumstances that led to its existence, it has become an important concept in B2B marketing. This is a descriptive and inferential paper which tries to find out if the travel agencies key accounts management orientation could be explained in terms of the KAMO model of Gounaris and Tzempelikos developed in 2012. The attitudinal and behavioral dimensions of the model were found to be important and it is also found to be applicable to all managerial levels of the travel agencies. To be able to do this, different statistical tools were used in the research which include, descriptive statistics, mean score, one-way ANOVA, correlation and finally regression. With an overall model fit of 95%, the model will have an important managerial and academic implications in preparation and implementation of key account management orientation by travel agencies in Ethiopia.*

**KEYWORDS** Key Account Management, Key Account Management Orientation, B2B marketing, Relationship Marketing



# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

The origin of the concept of Key Accounts Management (KAM) can be traced back to the late 80's and beginning of the 90's (Woodburn, 2011). Some even push it a little bit back to the 70's (Cheverton, 1999). The driving forces in the development of the concept are mainly market maturity, globalization, consolidation, and the increased power and sophistication of important customer (Woodburn, 2011).

The increase in power of the customer is especially a major factor for marketers to completely rethink their way of doing business. The apocryphal story below, about the buying director of General Motors was never denied: (Malcolm M. & Diana Woodburn, 2007)

He called his suppliers together in Detroit and announced that they were all to drop their prices by 20 per cent and asked for questions. One brave chief executive officer of a supplying company told the GM buying director that his technology was years ahead of any competitor, was already 20 per cent cheaper than his competitors and that he could not reduce his prices by 20 per cent. The GM buying director asked his commissionaires to escort this supplier out and announced GM would never deal with GM ever again. He then asked for further questions.

It was clear for the supplying companies that this issue of the power shift was a double-sided sword- it has become hard to attract new buyers and it has become even harder to keep the existing customer base. Therefore, they were required to react and adapt or face the ultimate fate of being wiped out of the market. This heralded the coming of Key Account Management in to the picture.

In explaining the precedents and pushing factors of KAM, Cheverton, (2002) states that, products or technology gets harder, customers grow larger, and become more genuinely global, become more complex, and more demanding, the purchasing role become sophisticated. Hence the change in the supplier side becomes inevitable.

### **What are Key Accounts**

Key accounts are the most valuable customers for a company, due to size, turnover volume, strategic fit, reference potential, etc. In times of exchangeable products and services it is more than ever crucial to build up excellent relations with these important customers (Dirk Zupancic, 2008).

Value, if not carefully taken, it always wrongly associated with revenue only. Large accounts may not necessarily be considered Key Accounts. Key account is a customer in which we are prepared to invest a significant share of our company's resources (time, people, money) in the belief that that customer represents the best route to achieving our long-term business ambitions (Cheverton, 2002). He further stated that if your marketplace is so dynamic, or for that matter, to take the other extreme, so homogeneous, that you can't safely distinguish one customer from another in terms of their importance in the future, then devoting an unequal share of resources to any selected group will be a very risky activity. What you gain with the chosen few you may lose with the others, and learning that you did indeed back the wrong horses always comes too late to change your mind.

Therefore, the focus point is not only revenue or size of transaction. Their current importance or their potential importance for achieving our long term business objective is the key determinant of Key Accounts (Cheverton, 2002).

## **1.2 Highlights on Travel Agents in Ethiopia**

As this research is conducted on the travel agents in Ethiopia, some general introduction about who they are will put the picture in to perspective. There are basically two categories of travel agencies in the Ethiopian market;

**1.2.1 IATA Accredited Agents:** These are agents that have qualified to the requirements of the International Air Transport Association (IATA) which is the biggest regulatory body in the industry that among other things evaluates and gives accreditations to travel agent on behalf of its member airlines. The evaluation is both at the entry level, and an ongoing one. To become IATA accredited, an agency needs to provide equivalent of USD 50,000 in Birr as a bank guarantee ticket sales. Its one year audited financial statement is also evaluated, and its location, equipment, and staff are scrutinized to ensure they fit IATA standards for safety, security and performance. These type of agencies are authorized to hold airline ticket stocks, which makes their operation easier and their income better.

**1.2.2 Non-IATA Travel Agents:** These are travel agents yet to qualify for the IATA accreditations as stated above, and work through accredited agents by sharing their earnings. They more often than not are, new agencies and they need to work for at least one year before applying for IATA accreditation.

## **1.3 Statement of the problem**

Previous researches conducted on KAM and the books written about it support that proper planning, adoption and implementation of KAM will lead to both financial and nonfinancial performance improvement (Gounaris & Tzempelikos, 2012).

Gounaris & Tzempelikos (2012) also came up with the diagram below depicting how key account management orientation affects the performances of the selling organization. It also depicts the impacts of relationship quality and relationship capability variables that put their mark on the output by playing a mediating role in the process.

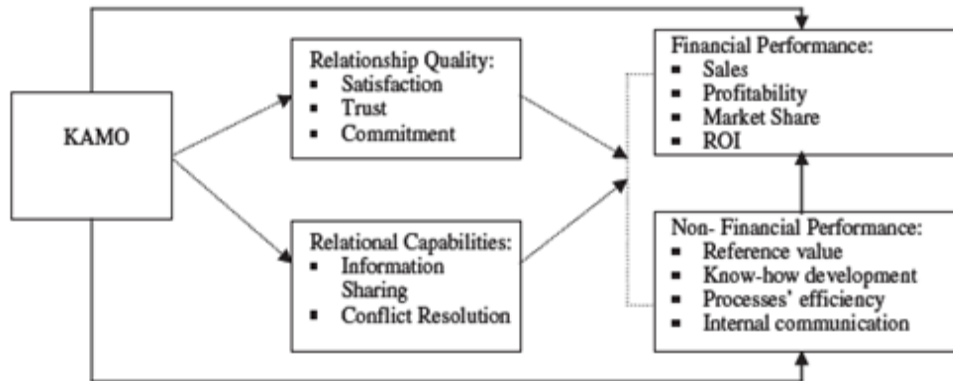


Figure1, Model of Key Account Management (KAMO) and Its Impact on Performance

*Source: Gounaris & Tzempelikos (2012)*

Hence, the importance of KAM for the travel agencies seem imminent mainly due to the change in the market that are very similar to the market forces that eventually led to the original conception of KAM as discussed in the first part of this chapter.

The increase in the number of travel agencies is a result of the gradual increase in passenger traffic out of Ethiopia, which makes the travel industry which has relatively lower entry barrier and relatively lower initial investment, very lucrative for new entrants.

For example, a major shift in recent years in the air travel industry is the change from commission based earning to a service fee system. All major airlines operating out of Ethiopia have shifted moved to a zero commission, which means travel agencies that used to earn a commission of minimum of 7% previously on the basic fare they sold, are now getting fixed amount the ticket they sold, are now getting fixed service fee per ticket, irrespective of the value of the ticket with slight variation on the service fee amount for

travels made in different class of travel (Economy, Business, and First). This factor has changed the sales orientations of the travel agencies from seeking a high value ticket, for the sake of higher commission, to a volume approach of issuing as many tickets as possible to increase their earning.

This and other factors have contributed to the shift towards getting as many new customers as possible while retaining existing customer.

Among the proven ways of retaining and growing a customer base, one is through strategic relationship management. Even though the importance of KAM in today's market scenario is so much obvious from most publications in the field, little is being noticed from the travel agencies side in Ethiopia to properly strategize and deploy KAM elements, for a better long-term result. This is however, without forgetting the flicker of KAM initiatives seen in some proactive Travel Agents. Hence, this research will try to unearth the key account management orientation (KAMO) level of the travel agents towards KAM by using KAMO dimension model of Gounaris & Tzempelikos, (2012) as depicted in the figure below

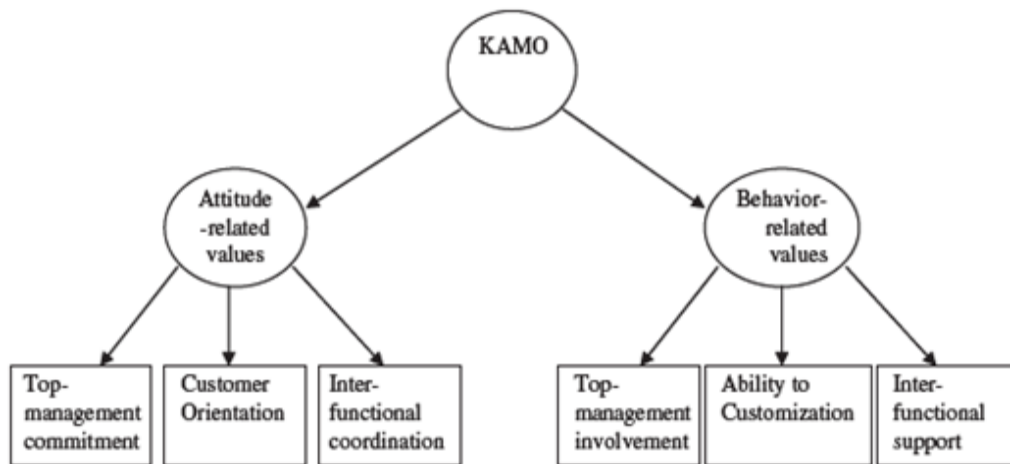


Figure 2, Key Account Management orientation (KAMO) and its dimension

Source: Gounaris & Tzempelikos (2012)

## **1.4 Research Question**

The exposure to the above mentioned background led the following research question

1. Is there a marked difference between the management group of a travel agency with that of the non-management group?
2. Is top management commitment as well as involvement an integral part of travel agencies' key account management endeavors?
3. Are customer orientation and ability to customization an important ingredient of travel agencies key account management orientation
4. Do they feel the importance of inter-functional coordination as well as inter-functional support as a vital element of their KAMO scheme?

## **1.5 Research objectives**

### **1.5.1 General Objective**

General objective of the research is to find out that if the KAMO model along with its dimensions that was conceptualized and develop by Gounaris & Tzempelikos, in the year 2012 can be used to explain the KAMO of Travel agencies in Ethiopia.

### **1.5.2 Specific Objective**

The specific objectives of the research are;

- To find out if there are a marked differences in understanding and applying the KAMO dimensions by the managerial and non-managerial employees of the travel agencies in Ethiopia,
- To find out the importance of top-managements' commitment as well as involvement in the KAMO of travel agencies in Ethiopia,

- To find out the importance of customer orientation as well as ability to customization in the KAMO of travel agencies in Ethiopia, and
- To find out the importance of inter-functional coordination as well as support on the KAMO of the travel agencies in Ethiopia

### **1.6 Significance of the Study**

As discussed in the introduction, the level of competition in the Travel market is intensifying and the buyer's power is continuously increasing, and major changes are happening now than before. Hence, if appropriate strategic approach is not applied in good time, there is a greater chance that these change-inducing factors will force the travel agencies to downsize and eventually wipe them out of the market completely. KAM is believed to be among the top strategic alternatives that the travel agents should consider seriously and make use of it in order to survive and grow of change and grow in these dynamic market conditions. Through proper planning and implementation of KAM strategies and by properly administering KAMO elements, the researcher believes the above stated goal can be realized.

### **1.7 Scope and Limitation of the research**

In spite of, its potential contribution to the proper alignment of travel agencies' key account management practices, and to the local body of knowledge in terms of systematic application of KAM practice in the travel agencies in Ethiopia, this research has its own limitations. The major ones are;

- It is conducted from the supplier's side of the market only. However the buyer side is also equally important and future research in the area will

make the entire picture complete.

- It doesn't take the intensity of the competition in to consideration. Competition is believed to be a potential factor in determining the output of the research.
- Due to their newness to the market and due to the nature and type of customer they handle, the Non-IATA agents are excluded from the research, which more or less realizes the conclusion to IATA agencies only.
- As travel agents are representatives of the commercial airlines operating in the market, the services they sell are provided to them by the airlines. It is these airlines that have given them the authority to issue tickets and other travel related document. Even if their potential impact in the outcome of the research is believed to be considerable, this research does not cover them.
- The actual outcome in terms of financial and nonfinancial performance of the selling organization is believed to be an interesting topic for upcoming researches that are interested in KAM. The conceptual model on page 4, figure 1 depicts the importance of KAMO on financial and nonfinancial performance. This is moderated by intensity of competition and mediated by relationship quality and relationship capability. Based on initial observation and personal expertise in the market, it has been decided to remove it from the scope of the research. The main reasons are availability of financial data and even if it is available its credibility is questionable. Time and cost are also other factor to exclude this model.

## 1.8 Hypotheses

Based on the KAMO dimensional element the objectives of the research discussed earlier in this chapter, the following seven hypotheses are developed to be tested

### Hypothesis 1:

**Ho:** *There is no statistically significant difference on KAMO practice , based on the designations of the respondents*

**Ha:** *There is statistically no significant difference on KAMO practice when the designation changes*

### Hypothesis 2:

**Ho:** *Top management commitment is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *Top management commitment is at the core of KAMO practice of travel agencies in Ethiopia*

### Hypothesis 3:

**Ho:** *Ability to customization is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *Ability to customization is at the core of KAMO practice of travel agencies in Ethiopia*

### Hypothesis 4:

**Ho:** *Inter-functional coordination is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *Inter-functional coordination is at the core of KAMO practice of travel agencies in Ethiopia*

**Hypothesis 5:**

**Ho:** *Inter-functional coordination is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *Inter-functional coordination is at the core of KAMO practice of travel agencies in Ethiopia*

**Hypothesis 6:**

**Ho:** *Top management involvement is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *Top management involvement is at the core of KAMO practice of travel agencies in Ethiopia*

**Hypothesis 7:**

**Ho:** *customer orientation is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *customer orientation is at the core of KAMO practice of travel agencies in Ethiopia*

**1.9 Organization of the paper**

The research report is organized under five chapters.

Introduction is the first chapter where the general background of the concept along with a birds-eye view of the target group of the research is discussed. The scope of research along with its limitations is also stated in this part of the proposal. The problem of the research and the objective at which the research has aiming at are of presented along with the planning of the research to be conducted. The second chapter of the research is literature review. In this chapter related concepts and theories from different books, previous researches are presented and discussed. The third chapter of the research is methodology. This chapter deals with reporting the population of the study

along with how the data is collected, and how they are analyzed to arrive at the objective. This is to be followed by the Results and Discussion, where the data collected through the questionnaire are presented, analyzed and discussed. The final chapter of the research is for summary of major findings, conclusion and recommendations. In this chapter summary of the output of the analysis are presented from, conclusions are drawn and recommendations will be put forth.

## **CHAPTER TWO**

### **LITRATURE REVIEW**

#### **2.1. Introduction to Key Account Management and its elements**

Key Account Management is a supplier initiated approach to sales (Noor & Ahmmed, 2013). It is targeting the most important customer that holds a strategic importance to the selling company. They are those customers in a business-to-business-market, identified by the selling company as the most important customers, and serviced with dedicated resources as such (Workman, Homburg & Jensen 2003). They also continue to discuss the basic requirements for KAM saying it always require the willingness as well as the ability to commit significant amount of resource for it proper implementation.

The needs of the Key Accounts are much bigger and more complicated than that of the other customers whose importance is not a strategic one. Managing these customers with a great emphasis on operational, organizational and relational factors is pivotal to ensure mutual interests. As organizations are adopting key account management (KAM) approach more and more, it is imperative for them to clearly understand which operational, organizational and relational factors are important for key account management performance and how they influence the KAM approach (Noor & Ahmmed, 2013).

Aiming at the most important customers to solve their complex requirements with special treatment that eventually ensures both parties' financial and nonfinancial objectives, KAM has been regarded as a pressing concern of many companies' sales efforts, (Noor & Ahmmed, 2013). The importance of building long term relationship in a way that drives strategic benefit for the key account and the selling company is the ultimate objective of the KAM. Hence KAM can also be considered as marketing approach aimed at building

relationships with a loyal customer base in business markets (McDonald, Millman, & Rogers 1997).

Account management can be seen as a practical implementation of long-term buyer/seller relationships (Gosselin & Heene, 2005), where perennial interaction takes place between seller and key account. Zupancic (2008) calls it as systematic selection, analysis and management of the most important present and future customers of the company with the set up and maintenance of needed infrastructure to meet their requirement in a mutually beneficial way in the long-run. For Brehmer & Rehme (2009), KAM is a marketing action that the organization caters for the management and the development of the relationship in a more or less formal structure. Here in this definition it is important to note that key account management is a relationship management that needs to be done in a more of systematic and structured way that will be advantageous to make the relationship robust.

Traditionally, many firms have been interpreting the “strategic importance” of a customer by emulating following the Pareto effect paradigm (i.e., 20% of customers account for 80% of revenues) suggesting that the importance of a customer is mainly determined by the sales volume or profits that it generates (Stevenson, 1980), a pattern that still exists and accepted by many to be valid (Wengler, Ehret, and Saab 2006). But this approach does not necessarily guarantee the key element of KAM which is strategic alliance. It emphasizes on the volume of the transaction rather than the quality and capability of the relationship that is being forged by the two which eventually drive strategic bond and benefit for both. A number of previous works in marketing have been confirming that the size of a customer is just one criterion for classification as key account (Pardo, 1999). The importance of a customer is actually determined by various criteria besides purely economic, such as status, know-how, and location (Boles, Johnston, & Gardner 1999; Millman & Wilson 1999) and more, suggesting that a relationship with a key account is more than a relationship with a large customer, it is a strategic alliance between the two firms (Lambe & Spekman 1997), (Gounaris & Tzempelikos, 2013). According to which

the scope of KAM is to develop long-term relationships of mutual benefit. As such, implementing KAM

represents a driver of corporate performance for suppliers because successful KAM programs affect performance at organizational and account level, Homburg, Workman, & Jensen (2003); Workman, Homburg & Jensen (2003). And the performance that will be affected through KAM includes both financial and nonfinancial performance (Gounaris & Tzempelikos, 2013).

According to Ojasalo, (2001) KAM development consists of four basic elements:

- (1) Identifying the key accounts- This is the preliminary step in the ladder. Suppliers should review current and potential customer profiles and shortlist those that seem to have the capacity to grow in to a key account
  
- (2) Analyzing the key accounts- After listing them down, we set on to analyzing the information that we gathered about them including their business perspective and strategy if possible.
  
- (3) Selecting suitable strategies for the key accounts- The analysis is to be followed by our own strategy formulation in a way that goes in tandem with the key customer.
  
- (4) Developing operational level capabilities to build, grow, and maintain profitable and long-lasting relationships with them

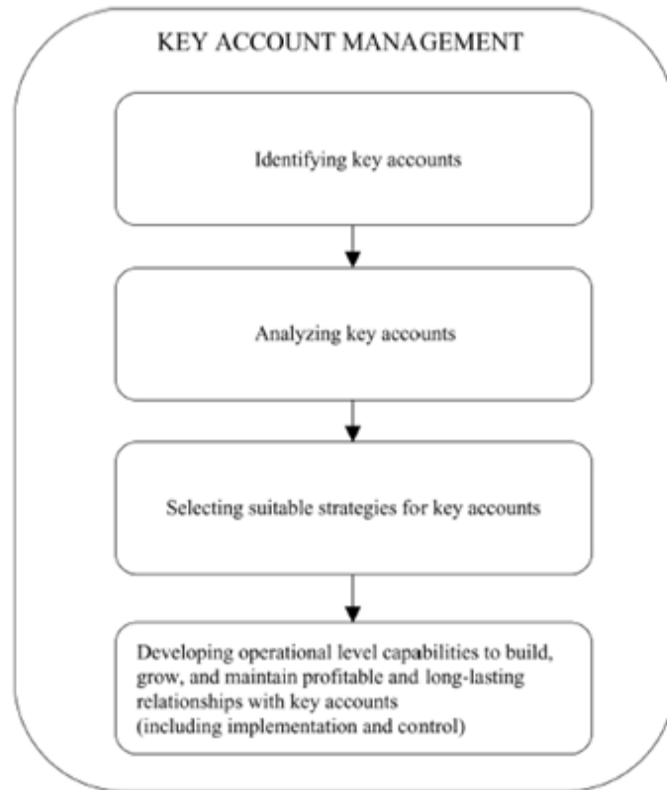


Figure 3, Elements of KAM

*Source: Ojasalo(2001)*

Each of the above elements requires a set of activities and analysis from the supplier that are well planned and communicated in the organization to be well prepared at all level, for a better execution of the plan to the desired effect.

KAM is B2B in Nature. KAM can be understood as a relationship-oriented marketing management approach focusing on dealing with major customers in the business-to-business market (Ojasalo, 2001). Accordingly KAM approach tends to focus on long-term relationships and it has both managerial and theoretical orientation. KAM's primary goal is typically to increase profitability and shareholder value. It has got both strategic and operational aspects that belong to it. And both goods and services are important in overall offering management (Ojasalo, 2001).

Mere relationship is not the type of relationship that is referred to when dealing with key account relationship. In marketing, relational intimacy brings buyers and sellers together

in a common cause or emotion and sustains the key account relationship. Relational intimacy can be defined as the investment of time and energy that produce positive interpersonal relationships between the partners (Perry, Cavaye, & Coote (2002).

In terms of direction of orientation, KAM is more of future oriented strategic relationship management. It is a means of managing the future, that requires a balance of objectives, resources and opportunity (Cheverton, 1999)

## **2.2 . Origin of KAM**

A lot of references are used to refer to the key account managers today ``Key account manager" or ``client manager" is one of the most popular job titles in the area of marketing management in companies operating in the business-to-business market. Among academics, the term has been used by several researchers from as early as the 1970s (Ojasalo, 2001). The concept has been developing through a lot of changes that have made up the relationship marketing order of the day.

The gradual shift that came to the market was primarily induced through a shift in the balance of power of the market towards the customer. Due to this new order of the day, suppliers were forced to change their approach in order to remain competitive in the eye of the customer. Little was known about Key account management as a higher construct even in the first half of the 90's (McDonald & Woodburn, 2007). The change was so rapid that it required swiftness from the suppliers' side to adopt and live by it. McDonald and Woodburn (2007) put this as a precedent for the ascendance of the concept of key account management as a separate and significant discipline.

## **2.3. Key Account Management Orientation (KAMO)**

Key account management orientation (KAMO) is the system of value set forth by the organization to effectively apply key account management techniques and earn from the benefits thereof, ( financial benefits and nonfinancial benefits). Gounaris & Tzempelikos

(2013) explain KAMO as a framework (ref. Figure 1, page 5) for depicting the system of values that reflect the supplier's willingness and ability to adapt and meet the unique needs of key accounts and called this framework key account management orientation (KAMO). Here it is made clear that the willingness only is not enough, it requires the ability to commit the required resources as such. The Framework requires the supplier to be willing to adopt KAM concepts and techniques to be prepared for implementation. And the ability to implement the framework should also be there as implementing key account management entails a commitment of additional resources to better handle the unique and complex requirements of the key accounts.

## **2.4. Components of KAMO**

Gounaris and Tzempelikos (2013) conceptualized a framework for KAMO that was tested empirically. According to them KAMO has two components, attitudinal and behavioral component. Each has got its own subcomponent called top management commitment, market orientation, and inter-functional coordination under the attitudinal side. The behavioral side also has three subcomponents namely, top management involvement, ability to customization, and inter-functional coordination (Gounaris & Tzempelikos, 2013)

### **2.4.1 Attitudinal Components.**

Attitudinal component is the first of the two components, comprising top management commitment, customer orientation, and inter-functional coordination as its dimensional elements.

#### **A) Top Management Commitment**

Many companies have developed an executive sponsorship program, which formally assigns one senior executive to key customers. These programs constitute a long-term commitment to creating valuable relationships, but can require training for the sponsors to fully understand the solutions that they were giving to customers, as well as metrics to

assess the benefits that the program brings to customers and the company (Guesalaga & Johnston 2008)

Securing top-management commitment is critically important and it highly correlates with customer orientation development (Kohli and Jaworski 1990). Top-management commitment involves the demonstration of top management's belief about the importance of KAM (Millman and Wilson 1999). Top-management has the responsibility to initiate and monitor the implementation of programs tailored to the needs of specific key accounts (Millman and Wilson 1999). They are also supposed to affirm the importance of the KAM program as a major strategic orientation for the company (Pardo, 1999).

#### B) Market Orientation

In comparison with the research on KAM effectiveness, significantly more conceptual and empirical research has been done on the outcomes of market orientation. Research conducted by Homburg & Pflesser (2000); Jaworski & Kohli (1993); Narver & Slater (1990) are among the prominent ones. In a relatively recent attempt at integrating varying perspectives of market orientation (behaviors vs. underlying culture), (aradarajan & Jayachandran, 1999) characterized market orientation as a set of tangible actions that a firm initiates as well as the underlying culture that enables a firm to keep track of demand and supply variations in the marketplace and orchestrate appropriate responses to such changes.

#### C) Inter-functional Coordination

Inter-functional coordination is the third dimension under attitudinal elements. Even though there is an ongoing reasonable debate whether to consider inter-functional coordination as exclusively showing market orientation (Henderson 1998), it is particularly crucial for KAM relationships because efficient customization of the supplier's output (products and features, service and processes). It is fundamental in ensuring the key account's satisfaction (Ivens and Pardo 2007; Workman, Homburg &

Jensen 2003). According to Cheverton, (1999), inter-functional coordination encompasses a well designed and defined communication system that is capable of sharing important data and information to all concerned functional units effectively. Inter-functional coordination also requires knowledge management (Cheverton, 1999). This comes as result of the need for capturing information, storing it, sharing it and putting it to use. What many organizations are calling knowledge management is becoming a vital source of competitive advantage in the market. Those companies that can not only ‘discover’ valuable information, but also disseminate it to those that need to know, and put it to positive use, have a significant advantage (Cheverton, 1999).

Key account managers have to work across boundaries, but they normally have to fall back on goodwill and good corporate citizenship to achieve their objectives. At times, that is not enough (Cheverton, 1999). Key account managers may encounter internal functional boundaries, and global account managers have to tackle extra barriers from national boundaries in order to coordinate the collection of information and commitment to business deals they are trying to negotiate across numerous countries. If each occasion has to be approached as a new occurrence, key account manager talent will wear out very quickly (McDonald & Woodburn, 2007)

#### **2.4.2. Behavioral Components**

Behavioral components are the second component comprising top management involvement, ability to customization, and interfunctional support as its building dimensional elements

##### **A) Top Management Involvement**

Thoma (2007) argues for the top management involvement by listing activities that are necessary if taken by top management. Accordingly, top managers should engage in customer strategy meetings, business plans development, and also support the key

account manager by helping him or her access the customer's top executives as it is relatively easier to do these things at the top.

Harro, (2006) has raised a reservation in the top management involvement in the overall key account management initiative. He has written a series of article under the title "the executive dilemma," which is based on the experience of several companies implementing the executive sponsorship program, has found out that senior executive involvement can also be detrimental. However, Borntraeger (2006) contends that the main benefit of having an executive sponsorship program is to build a solid relationship and increase customer satisfaction, and that it is critical to have a good match between the sponsor and the customer, based on the sponsor's expertise.

Top management needed to be more involved with its key accounts in order to open doors in the customers and to gain support internally, (McDonald & Woodburn, 2007). As Capon (2001) said 'Because key accounts are so important for the firm's future, the overall manner in which they are addressed is a serious matter worthy of top management concern, good KAM requires consideration of several complex elements in an overall management process.' The delivery of commitments and innovations to key customers will involve a much wider range of functions in the supplier organization, but that is not the only reason why top management has to be involved. KAM carries with it implications for potential dependency and the future of the whole business (Piercy & Lane, 2006), and there may be no other options. In such circumstances, top management needs to engage with KAM unequivocally, and it is curious to observe that it often fails to do so.

Hence with a cautious approach to avoid the risk of micro-managing, top management can certainly contribute to the KAMO practice to a better effect. Top-management involvement is helpful in both the external relationship as well as the internal relationship.

#### B) Ability to customization

When buyer's investment takes place in the relational arena then the performance of key account programs is fostered (Sharma, 2006) and develops credible commitment between the parties and eventually supports continuing exchange with the supplier. Strategic relationship requires meeting the complex requirements of the key account which more often than not require the ability to customize the product, service or process to meet them. It is very difficult to get the perception of the buyers that they are being treated as a strategic partner in the relationship with the supplier. Meeting the complex demands of the key account is the basic requirement for key account management to exist.

### C) Inter-functional Support

Inter-functional support in key account management context refers to the extent other departments provide the required help and support to the people responsible for managing key accounts, (Gounaris & Tzempelikos, 2012). This is an end result or output on the application of the inter-functional coordination of the attitudinal element set. What it can bring about is a synergetic output of satisfying the key account, who otherwise has gotten a complex need that can hardly be met through sales and marketing department effort alone.

Salespeople may have very clear ideas. But what about the views of other functions, the functions that will be called up on to support the key account process? As Cheverton (2008) puts it, 'perhaps you are in sales and perhaps you already think you know your key accounts, maybe you are certain; but what if the rest of your business doesn't seem to see it your way?' this is where the real need of the interfunctional support lies. If the strategy is not owned by all concerned units, the entire effort exerted will eventually become a futile exercise. Christopher, Payne & Ballantyne (1991), argues that relationships outside the organization depend on the quality of relationships within it, making the important point that strategic intent and shared internal values become part of the product/services offered.

If the internal relationship is so important, it should be seriously considered while at the planning stage of KAM. According to Dibb (2002), indeed, internal relationships play a

vital role in the planning process and participation of all the concerned units in planning is a key indicator of its effectiveness (Phillips, Davies & Moutinho, 2001). Even if obtaining the buy-in is difficult (Lane & Clewes, 2000), gaining internal acceptance is critical in key account planning. It is common to hear key account managers say they do more selling internally than in front of the customer.

According to Cheverton (1999), several factors contribute to this. A very common obstacle to KAM is the existence of performance measures that work against a customer orientation. These measures often reside in the functions that support the KAM effort. For example consider production measure that is based on ensuring the maximum utilization of machinery and other capital investment items, or a logistics and distribution system that naturally crave regularity and order with longer lead times. However this hardly applies to the new type of customers that we call key accounts as just-in-time production system is becoming the order of the day.

## **2.5. Relationship Quality and Capability**

In marketing, relational intimacy brings buyers and sellers together in a common cause or emotion and sustains the key account relationship. Relational intimacy can be defined as the investments of time and energy that produce positive interpersonal relationships between the partners (Perry, Cavaye, & Coote (2002). It is a relational tool that includes familiarity, friendship and personal confidence and this bond built through the exchange process (Rodriguez & Wilson, 2002). Thus, relational intimacy or bonding has been considered as an important component of relationship marketing orientation (Sin et al., 2005; Eisingerich & Bell, 2006) which helps the long-term survival of key account relationship (Sharma, 2006).

In the key account relationship greater commitment is required to ensure the greater performance of key account management approach and relational intimacy leads to a greater commitment to maintain the relationship between buyer and seller ( Yim et al., 2008).In this regard, Sharma (2006) states that strong personal relationship generates the

relationship-sustaining factors like trust and commitment. Furthermore Sharma (2006) explains that a large number of key account relationships are sustained through strong social and personal bond that means through relational intimacy between buyer and seller personnel.

Relationship capability is also equally important in relationship management. According to Ivens & Pardo (2007) the supplier companies have gotten a power that can be translated in to key in terms of their competitiveness in the eye of their Key Accounts. This would make the supplier company an important asset to the buying company and eventually leads both to a win-win relationship. This concept is also supported by Newbert, (2007) as he believed that the resource allocated to the buyer to make them to be competitive in their market, will eventually make the supplier company an important. This will create an important key competency ingredient to the supplying company. The is exactly what nourishes the relationship and keeps it alive while making it difficult for other competitors that have a n interest in the account.

## **2.6. Outputs of KAMO**

All the efforts that have been put in place should be somehow justified with something that the supplier gets in return. KAM is proven to be rewarding to the organization that opted to apply it both in terms of financial returns and nonfinancial benefits, Gounaris and Tzempelikos (2013).

### **2.6.1. Financial Performance**

The first thing that a relationship based selling could do is repeat order. Repeat order refers to the continuation of purchasing goods and services from an organization (Molinari, Abratt, & Dion, (2008) by key account customer. Through the performance of key account management approach suppliers can be more aware about the customer's requirements and able to meet those requirements with more customized attention that eventually ensuring the repeat purchase.

Homburg, Giering & Menon (2003) argue that, in general, if a customer's expectations for the required attributes are met by the seller, the customer will be less likely to search for a replacement alternative, thus ensure repeat purchase.

### **2.6.2. Nonfinancial performance**

The benefits to KAM planning goes beyond the financial benefits it actually enriches the relationship in a synergetic fashion and create an environment which is more conducive for increased performance. According to Lynette Ryals and Beth Rogers, (2007), the nonfinancial benefits included: Better customer understanding, New thinking, Customer involvement and buy-in, Sharing of information, Formulation of strategy, Guidance for implementation, Learning, Better management overview, and customer portfolio management

### **2.7. KAMO vs. Market Orientation**

These tow concepts are often taken as synonymous with each other and often KAMO is taken as an extension of the endeavors of market orientation. Hence the need to give some groundwork in clarifying the two becomes important. The concept of Key account management and market orientation seem somehow similar at face value. However when we critically look in to their attributes and what they really refer to, we come to know that they are not as such identical. Customer-oriented culture, traditionally, captures the supplier's focus on the overall customer basis without differentiating between key accounts and other, average, customers (Homburg et al. 2002). Differentiating the customer base in to key, average and transactional is the key to differentiating between the two. We can adapt market orientation to all the customers that the company could possibly have, whereas, only those customers with strategic importance could be considered to be key accounts. In the conceptual model developed by Gounaris and Tzempelikos (2013) market orientation is put just as one attitudinal component (figure 1).

Accordingly it is easy to see that Key account management goes way beyond from being just market oriented.

## **2.8. Increasing complexity of key account relationships**

Building and running a sound key account management plan is not as easy as it seem at first. A lot of factors make the process ever complicated hence apart from the planning phase; it requires a real-time and rigorous monitoring of the strategy. McDonald and Woodburn (2007) have come up with the list below as a summary of the factors that make the key account management relationship more of a complex one.

- The consolidation of customers into large, multidivisional companies
- The consolidation of customers leading to the adoption of dual roles: the customer may be 'competitor' as well as 'client'
- The development of global businesses that demand global supply
- The accelerating pace of change, particularly as new IT reshapes markets
- The emphasis on strategic alliances as a fast and flexible, but less clear-cut, approach to growth

## **2.9. Considerations and Implication of KAMO implementation.**

As much as it has numerous benefits, KAM also has got some important aspects to be carefully considered for its proper adoption and implementation. We should also find out its implication before and after implementation.

### **2.9.1. Need for Additional Resource Allocation related**

Adopting customer orientation for a supplier practicing KAM means paying more attention in satisfying key account's needs even if this is translated in dedicating fewer resources and attention to the other average customers (Piercy & Lane 2006). This additional requirement in terms of resource deployment due to the adaption of key account management comes at significant increase in terms of cost and time. Hence the long term benefit should justify the additional resources deployed (Gounaris and Tzempelikos (2012). If the strategic return over time cannot justify the allocation of additional resources, it will be very difficult to practice key account management.

## **2.9.2. Other Implications Of KAM**

Some issues are worth pondering while assessing KAM. According to Cheverton (1999) however far you intend to take KAM in your business, the following three implications will almost certainly have occurred to you by now:

### 1. How many key accounts can you have?

Everything we have said so far would tend to suggest that key accounts are relatively small number. How would you go about the following?

- If you are to prioritize your resource on these customers,
- If you are to behave differently,
- If you are to allow their needs to drive your business processes, etc.

### 2. How should you use your team?

This is really the heart of KAM in practice. Asking who is in your team, how should they be used and what help will they require? How are you to solve any potential conflict in the team, conflict with their specific objectives etc are crucial.

### 3. How will KAM impact on the running of the business?

Depending on how far you wish to take it, KAM might be anything from a sales initiative (rarely successful!) through to a revolution in how you run your business. Just how far do you wish KAM to change the way you operate?

## 2.10 Conceptual Model

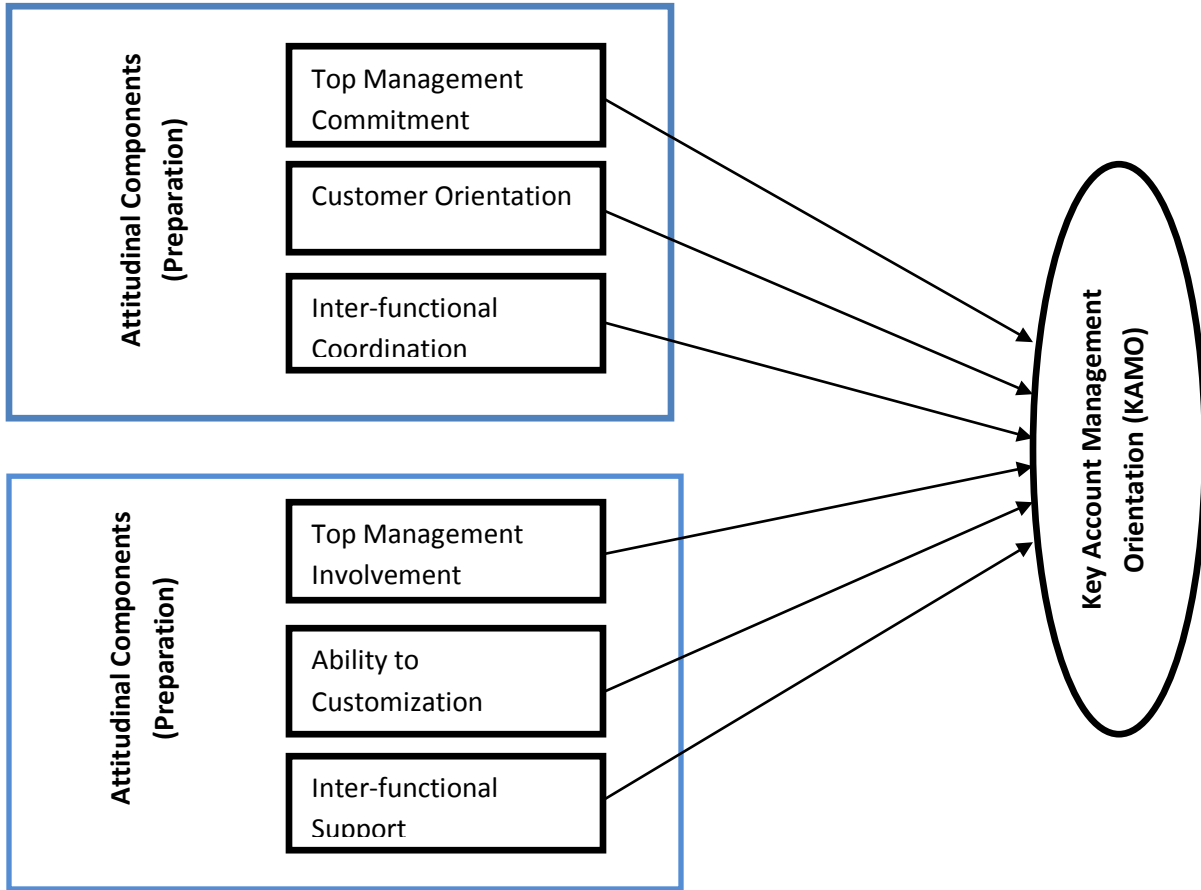


Figure 4, Conceptual Model

Adopted from Gounaris and Tzempelikos (2012)

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

This chapter deals with the research design and methodology deployed in conducting the research. The research population will be presented along with the method of selection of the sample. The collection instrument and the method of analysis and techniques of analysis are all discussed in this chapter.

#### **3.2 Research Design**

A descriptive research design and quantitative research approach with descriptive and inferential statistics were used in conducting this study. The study measures the key account management orientation (KAMO) dimensions (customer orientation, top management commitment, inter-functional coordination, ability to customization, top management involvement, and inter-functional support) of the IATA travel agencies in Ethiopia, and tries to find out the usability of the model in their market.

#### **3.3 Population and Sampling Techniques**

The sampling techniques applied in this research are judgment sampling that was followed by quota sampling as explained below.

The populations of the research are IATA travel agencies that are operational in Ethiopia. Non-IATA travel agencies are excluded due to their relative newness and lack of the necessary input for relationship based account management. Out of the total of 92 IATA accredited agencies in the period of May 2013 up to April 2014, six of them had defaulted at some time during this period for payment settlement and other reasons, and they were no longer IATA member. Hence they were also excluded from the research. Based on the researchers own personal expert knowledge in the market, and from the informal

discussions conducted with top travel agency owners, managers, and senior airline staffs of Emirates, Lufthansa, Turkish Airlines, Ethiopian airlines, Galileo (sole provider of computerized reservation system in Ethiopia) agencies with at least 'zero' sales in the period stated above were also excluded, leaving us with 64 agencies to be available for the research.

Two predesigned research questionnaires were distributed to the 64 agencies to be responded to by one management group and one non-management group. This is done for two possible reasons. One is minimizing the risk of personal bias of the respondents while responding to the questions regarding their specific tasks in the agency. For example, a manager may take a biased stand towards his/her commitment level and involvement level, whereas the supervisor or senior agents may take the same stand while responding to the ability to customization or inter-functional support part of the questionnaire. The other reason is to help the research in getting fair representation of the two groups in order to check hypothesis 1

### **3.4 Data Source and Collection Instrument**

Primary data that was collected through a structure questionnaire survey from a sample size of 107 respondents was used in this research. Of the total expected sample size based of the design 107 were collected, which is 84% response rate.

A structured questionnaire adapted from the work of Gounaris and Tzempelikos (2012) was used after modification based on discussions held with stakeholders. The questionnaire has two parts. The first part was designed for collection of demographic data of the respondent and it consists of three questions, and the second part of the questionnaire comprises 33 key account management orientation items in a 5 point Likert scale starting from 1= "strongly disagree" to 5="strongly agree"

### **3.5 Procedure of Data Analysis**

Two questionnaires were distributed to each travel agency that is included in the survey, one to be filled out by the management group and the other one by the non-management

group of the travel agency. By the 12<sup>th</sup> of May 107 questionnaires were collected back which is a response rate of 84%.

### **3.6 Analysis techniques**

Data was analyzed by using statistical software called SPSS version 21. Descriptive and inferential statistics instruments like mean, frequency, correlation, One-Way ANOVA, and multiple linear regressions were deployed at different levels to achieve the research objective by testing the hypotheses in the first chapter.

### **3.7 Reliability and Validity**

#### **3.7.1 Reliability**

The scale was tested using SPSS's reliability and internal consistency testing tool called Cronbach's Alpha. The result of this test for all dimensions and the KAMO practice practice by the travel agencies turned out to be above the cutoff point of 0.7, with the least them being 0.710. The KAMO practice reliability was 0.920. Output levels of 0.7 and above are considered to be internally consistent and hence, reliable.

#### **3.7.2 Validity**

The research uses key account management orientation (KAMO) model that was developed and empirically tested in Greece in 2012. According to the original researchers Gounaris and Tzempelikos (2013) the research is the first of its kind in terms of determining and empirically testing the KAMO model.

The same model is used in the research with no modification to find out if it fits to the relationship marketing practiced by the travel agencies in Ethiopia.

### **3.8 Ethical Considerations**

In order to have unbiased and representative response, the respondents were clearly assured in the questionnaire that their response will be kept confidential and will only be

used for the attaining the research objectives. The respondents were clearly indicated in the covering letter of the questionnaire that they have the option of keeping their anonymity.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.1 Introduction**

In this chapter results of the statistical analysis are presented and based on the outcome of the analysis, discussion will be made. It begins by explaining the demographic characteristics of the study, the reliability test, and mean scores of the construct. This will be followed by a correlation analysis of the KAMO dimension and KAMO practice result. Finally, the hypothesis will be tested using multiple regressions.

#### **4.2 Demographic Analysis of the Respondents**

Source: Own survey (2014)

**Table 4.1 Demographic Distribution of Respondents**

<b>Gender of Respondents</b>		<b>Frequency</b>	<b>Percent</b>
	Female	68	63.6
	Male	39	36.4
	Total	107	100.0
<b>Education</b>		<b>Frequency</b>	<b>Percent</b>
	Completed High School	3	2.8
	College Diploma	25	23.4
	B.A and Above	79	73.8
	Total	107	100.0
<b>Designation</b>		<b>Frequency</b>	<b>Percent</b>
	Manager	51	47.7
	Supervisor/Sr. Agent	56	52.3
	Total	107	100.0

A total of 128 questionnaires were distributed to 64 travel agents (two questionnaires per agency) that were selected based on no zero sales reported from May 2013 up to April 2014, a total of 107 was collected and used to make the analysis. This represents a response rate of 84%.

The demographic profile of the respondents' shown above in table 4.1 indicates that, out of the 107 total respondents, 68 were female and 39 of them were male, representing 64% and 36% of the total respondents respectively. Significant majority of the respondents are holders of at least a diploma and only 3% of the respondents have completed high school. Those respondents with at least a collage diploma account for 79%.

The respondents were broadly classified into two groups; owner/managers and supervisor/senior agents. This is done to check the spread of their response if there is a marked difference between them in their KAM orientation. Of all the questionnaires collected from respondents, 48% of them were responded to by managers/owners and the remaining 52% were responded to by senior agents/Supervisors.

### **4.3 Reliability Test**

Reliability test was conducted to check the internal consistency between the constructs and the variables used in the questionnaire. Cronbach's Alpha takes the average of all possible split-half measures that result from different ways of splitting the scale items. The coefficient value can range from 0 to 1, and, in most cases, a value of less than 0.6 would typically indicate marginal to low (or unsatisfactory) internal consistency (Joseph F. Hair, Jr., Robert P. Bush, David J. Ortinau, 2003). However a Cronbach's alpha of 0.7 and above is mostly used as an indicator of the existence of internal consistency (Nunnaly, 1978).

### 4.3.1 Overall Reliability Test

Table 4.2 Overall Reliability Statistics

Cronbach's Alpha	N of Items
.920	33

Source: Own survey (2014)

As shown in the table 4.2 above, the overall reliability test for all the 33 KAMO attributes under the six dimensions (customer orientation (5 items), top management commitment (5 items), inter-functional coordination (4 items), ability to customization (5 items), top management involvement (5 items), inter-functional support (3 items)) and the KAMO practice Practice dimension (6 items), showed a Cronbach's Alpha coefficient of **0.920** (higher than the acceptable cutoff point of **0.7**). This implies that the dimensions of various items/attributes show a true measure of KAMO with a high degree of internal consistency of the attributes. Therefore the KAMO dimensional model is a reliable tool in measuring KAMO of the travel agents under this study.

### 4.3.2 Reliability Test of Variables

A reliability test was carried out on all the variables involved, independent and dependent alike using Cronbach's alpha. The table below is the result of the analysis

Table 4.3 Reliability Statistics of the Variables

Variables	Cronbach's Alpha	N of Items
<b>CO</b>	.710	5
<b>TC</b>	.824	5
<b>IC</b>	.732	4
<b>AC</b>	.761	5
<b>TI</b>	.778	5
<b>IS</b>	.727	3
<b>KM</b>	.745	6

Source: Own Survey (2014)

From table 4.3 we can see all the independent variables, customer orientation (CO), top management commitment (TC), inter-functional coordination (IC), ability to customization (AC), top management involvement(TI), and inter-functional support (IS), have resulted in a Cronbach's alpha that is greater than 0.70; hence they are internally consistent and reliable. The dependent variable, KAMO practice also has resulted in a Cronbach's alpha of 0.745; hence it is also internally consistent and reliable.

Tom management commitment scored the highest reliability output with a Cronbach's alpha of 0.824, and customer orientation has resulted in the lowest score of 0.710. Therefore all the reliability tests conducted overall, and on individual variable basis found out to be internally consistent and reliable.

#### 4.4 Analysis of the Mean Score of the Variables

The mean score, which is the actual calculated arithmetic average value based on interval or ratio data of the drawn sampling units (Joseph F. Hair, Jr., Robert P. Bush, David J. Ortinau, 2003) of the dimension on the KAMO model dimensions and KAMO practice is presented in the table 4.10 below.

Table 4.4 Mean Score of the Dimensions and KAMO practice

	Mean	Std. Deviation	N
KM	4.24	.392	107
CO	4.47	.454	107
TC	4.21	.642	107
IC	4.14	.599	107
AC	4.25	.526	107
TI	4.16	.477	107
IS	4.45	.516	107

Source: Own survey (2014)

The mean score table 4.10 above shows the mean score of the respondents observation of the KAMO dimensions and the KAMO practice . Customer orientation has gotten the

highest mean score of 4.47, and inter-functional coordination scored the lowest mean score of all dimensions. All the other variables lie somehow in between these two extreme means. All the mean values are at the highest side for a Likert Scale of 5. An implication of these mean score affirms that all the dimensions of KAMO are important, and are viewed as such by the travel agencies.

#### **4.5 Correlation Analysis**

Among the statistical tools employed in this study is correlation analysis. Correlation analysis investigates the strength and direction of relationship of the variables under the spotlight. Pearson correlation was used to provide evidence of convergent validity. The Pearson correlation coefficient measures the degree of linear association between two variables. It varies between  $-1.00$  and  $+1.00$ , with  $0$  representing absolutely no association between two variables, and  $-1.00$  or  $+1.00$  representing a perfect link between two variables. The higher the correlation coefficient, the stronger the level of association. Joseph F. Hair, Jr., Robert P. Bush, & David J. Ortinau, (2003). According to Marczyk, Dematteo & Festinger, (2005) , general guideline for correlation, correlation coefficient of  $.01$  to  $.30$  are considered small, correlation coefficient of  $.30$  to  $.70$  are considered moderate, correlation coefficient of  $.70$  to  $.90$  are considered strong, and correlation coefficient of  $.90$  to  $1.0$  are considered very strong. Based on this assumption, all dimensions of KAMO were correlated to the independent variable which is KAMO practice . The table below shows the outcome of the correlation.

Table 4.6 Correlations

		CO	TC	IC	AC	TI	IS	KM
CO	Pearson Correlation	1	.290**	.265**	.417**	.307**	.258**	<b>.544**</b>
	Sig. (2-tailed)		.002	.006	.000	.001	.007	<b>.000</b>
	N		107	107	107	107	107	<b>107</b>
TC	Pearson Correlation		1	.560**	.505**	.485**	.295**	<b>.791**</b>
	Sig. (2-tailed)			.000	.000	.000	.002	<b>.000</b>
	N			107	107	107	107	<b>107</b>
IC	Pearson Correlation			1	.503**	.330**	.101	<b>.715**</b>
	Sig. (2-tailed)				.000	.001	.302	<b>.000</b>
	N				107	107	107	<b>107</b>
AC	Pearson Correlation				1	.498**	.304**	<b>.791**</b>
	Sig. (2-tailed)					.000	.001	<b>.000</b>
	N					107	107	<b>107</b>
TI	Pearson Correlation					1	.129	<b>.635**</b>
	Sig. (2-tailed)						.185	<b>.000</b>
	N						107	<b>107</b>
IS	Pearson Correlation						1	<b>.453**</b>
	Sig. (2-tailed)							<b>.000</b>
	N							<b>107</b>
KM	Pearson Correlation							1
	Sig. (2-tailed)							
	N							

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Own survey (2014)

From the Pearson correlation result we can observe that all the 6 dimension of KAMO are positive and significant at  $p < 0.01$ . Among the independent variables, customer orientation and top management involvement, have got a moderate correlation and the remaining independent variables, top management commitment, inter-functional coordination, and ability to customization resulted in a strong positive correlation. All the correlation between the explanatory variables are also found to be all positive. Except for correlation between inter-functional coordination and inter-functional support, and

between top management involvement inter-functional support, all correlations are significant at  $p < 0.01$ .

#### 4.6 One-Way ANOVA

Analysis of variance (ANOVA) is used to determine the statistical difference between three or more means (Joseph F. Hair, Jr., Robert P. Bush, David J. Ortinau, 2003). In order to investigate if there is marked difference in terms of the KAMO practice between the two broad demographic groups based on their designation, namely management group which includes, owners, managers, and the non-management group which includes, supervisors and senior agents, of the travel agencies, one-way ANOVA was employed in the research.

##### 4.6.1 ANOVA of Demographic group with KAMO practice

Table 4.6 One-Way ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.085	2	.042	.272	.762
Within Groups	16.174	104	.156		
Total	16.259	106			

*Source: Own survey (2014)*

Based on the result of the Own-Way ANOVA above, there is no statistically significant difference in the KAMO practice for the two demographic groups.

#### Hypothesis 1:

**HO:** *There is no statistically significant difference on KAMO practice, based on the designations of the respondents*

**HA:** *There is statistically significant difference on KAMO practice when the designation changes*

**Decision:**  $F=0.272$ , and  $P= 0.762$  ( $p>0.05$ ), **Ho Accepted**

#### 4.7 Regression Analysis

Regression analysis is a statistical technique that uses information about the relationship between an independent or predictor variable and a dependent or criterion variable, and combines it with the algebraic formula for a straight line to make predictions. Particular values of the independent variable are selected, and the behavior of the dependent variable is observed (Joseph F. Hair, Jr., Robert P. Bush, David J. Ortinau, 2003).

An important factor to note and check before conducting a multiple regression is whether there is a problem of multicollinearity among the predictors. According to Hair, Bush, & Ortinau (2003), multicollinearity is a situation in which several independent variables are highly correlated with each other. What this means is if multicollinearity is a problem it means that it is difficult to find out the independent coefficient while holding the other predictors constant.

To assess multicollinearity we look at the sizes of the Tolerance and VIF. For the tolerance small values indicate the absence of collinearity. The VIF is the inverse of tolerance, so we look for large values. If the tolerance value is smaller than .10, we conclude that multicollinearity is a problem. Similarly, if the VIF is 10 or larger, then multicollinearity is a problem. This being the case, there are no problem of multicollinearity amongst the independent variables of this research. Result of the multicollinearity test is attached in Appendix II.

##### 4.7.1 Key Account Management Orientation and its Dimensions

**Table 4.7 KAMO as explained by its Dimensions, model Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.975 <sup>a</sup>	.950	.947	.090
a. Predictors: (Constant), IS, IC, TI, CO, AC, TC				
b. Dependent Variable: KM				

Source: Own survey (2014)

As can be seen from table 4.13 above, 95% of the variability in KAMO is explained by the six KAMO dimension (customer orientation, top management commitment, inter-functional coordination, and ability to customization, top management involvement, and inter-functional support). This is highly suggestive of the adaptability of the model in developing and implementing KAM in travel agencies in Ethiopia.

#### 4.7.2 Multiple Regression

Multiple regression analysis is a statistical technique which analyzes the linear relationships between a dependent variable and multiple independent variables by estimating coefficients for the equation for a straight line. (Joseph F. Hair, Jr., Robert P. Bush, David J. Ortinau, 2003).

Accordingly this research deploys this technique by making the KAMO practice as dependent variable and the six KAMO dimensions as independent variables. The table below shows for the result of the multiple regression analysis.

**Table 4.7 Multiple Regression Result**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-.059	.117		-.506	.614
CO	.138	.022	.160	6.367	.000
TC	.183	.019	.299	9.809	.000
IC	.185	.019	.283	9.859	.000
AC	.211	.023	.284	9.342	.000
TI	.150	.022	.183	6.676	.000
IS	.140	.019	.185	7.570	.000
Dependent Variable: KM					

Source: Own survey (2014)

As depicted on table 4.7 the independent variables (customer orientation, top management commitment, inter-functional coordination, ability to customization, top management involvement, and inter-functional support) have gotten a significant positive relationship with the KAMO practice at 99% confidence level ( $p < 0.01$ ).

**Top management commitment** accounts for the highest beta coefficient of ( $B=0.299$ ), with a statistically significant level of  $p$  value of ( $p < 0.01$ ).

**Hypothesis 2:**

**Ho:** *Top management commitment is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *Top management commitment is at the core of KAMO practice of travel agencies in Ethiopia*

**Decision:** at  $B=0.299$  at ( $p < 0.01$ ), **Ha Accepted**

Top management commitment should be in place to make the overall effectiveness of KAMO of the travel agency. Hence top management should play a leading role and set an example in affirming the importance of KAM, and should demonstrate a higher level commitment in terms of allocating the necessary resources. Top managements also have to make sure that all units are on the same page in understanding the importance of the key accounts.

**Ability to customization** is the second highest independent variable in terms of statistical significance at ( $p < 0.01$ )

**Hypothesis 3:**

**Ho:** *Ability to customization is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *Ability to customization is at the core of KAMO practice of travel agencies in Ethiopia*

**Decision:** at  $B=0.284$  at ( $p < 0.01$ ) **Ha Accepted**

The result shows that for a successful KAMO, travel agencies should possess an ability to quickly adjust the product in accordance with the needs of their customer. This may require the adaptation of new or improved processes and a higher level of information sharing with key accounts.

**Inter-functional coordination** scored very close to ability to customization in terms its beta coefficient of  $B=0.284$  at statistical significance at ( $p<0.01$ )

**Hypothesis 4:**

**Ho:** *Inter-functional coordination is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *Inter-functional coordination is at the core of KAMO practice of travel agencies in Ethiopia*

**Decision:** at  $B=0.284$  at ( $p<0.01$ ), **Ha Accepted**

This outcome attests the importance of the inter-functional coordination in the KAMO practice s of the travel agencies in Ethiopia. All units of the travel agency, that in one way or another get involved in the management of the key accounts should integrate and synchronize to meet and exceed the needs of key accounts. They need to realize that their inputs, no matter big or small, are important in the eye of the customer, and their absence will be felt by the customer and adversely affect the overall outcome.

**Inter-functional support** also comes out to be statistically significant at ( $p<0.01$ ) with a beta coefficient of  $B=0.18$

**Hypothesis 5:**

**Ho:** *Inter-functional coordination is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *Inter-functional coordination is at the core of KAMO practice of travel agencies in Ethiopia*

**Decision:** at  $B=0.183$  at ( $p<0.01$ ), **Ha Accepted**

This result affirms the importance of the inter-functional support amongst different units of the travel agency as an important part of their KAMO endeavors. The support is the

result of a system of coordination set forth during the planning phase of the KAMO. The support could be transactional and/or strategic. It may require the functional units that are involved in the KAMO to see the bigger picture than focusing on achieving their unit's objectives only.

**Top management involvement** in the KAMO dimension has resulted very close to inter-functional support with statistically significant at ( $p < 0.01$ ) with a beta coefficient of  $B = 0.183$

**Hypothesis 6:**

**Ho:** *Top management involvement is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *Top management involvement is at the core of KAMO practice of travel agencies in Ethiopia*

**Decision:** at  $B = 0.183$  at ( $p < 0.01$ ), **Ha Accepted**

Based on this result, top management is expected not only show commitment to the KAMO practice s, but also involve in the implementation as it is found to a factor in determining success. In order to make the KAMO practice successful, top management should allocate the necessary resources, monitor the level on KAMO in the different units of the agency, should involve initial designing, implementation, and properly reward for the employees as applicable.

Finally, the effect customer orientation of the travel agency was found to be statistically significant at ( $p < 0.01$ ) level with a beta coefficient of  $B = 0.160$

**Hypothesis 7:**

**Ho:** *customer orientation is not at the core of KAMO practice of travel agencies in Ethiopia*

**Ha:** *customer orientation is at the core of KAMO practice of travel agencies in Ethiopia*

**Decision:** at  $B=0.160$  at ( $p<0.01$ ), **Ha Accepted**

Customer orientation is also seen to be an important dimension of KAMO of travel agencies in Ethiopia. Hence a successful KAMO practice should integrate need assessment of the customers, come up with a product that meets and exceeds the needs and continuously monitor the satisfaction level of the customers.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

#### 5.1 Summary of Findings

It is an observed fact that travel agencies in Ethiopia are deploying an element of KAM in their marketing and sales endeavors. The research was aimed at finding out how far the dimensions as developed in the KAMO model are put in to use. All the findings of the SPSS statistics tool that were used in the research came out with larger suggestion that the model developed by Gounaris & Tzepelikos (2012) is adaptable by the travel agencies. The major findings of the research are summarized below.

- The reliability and internal consistency of all variables used in the questionnaire that were used to collect the data for their respective construct were found to be reliable, using a statistical tool called Cronbach's Alpha.
- All the six dimension of KAMO, which are customer orientation, top management commitment, inter-functional coordination, ability to customization, top management involvement, and inter-functional support are found to be highly practiced in the key account management orientation of the travel agents surveyed in this research, all with a mean score of above 4 in a 1-5 Likert scale.
- The Pearson correlation analysis done to measure the strength and direction of the relationship of the independent variables namely, customer orientation, top management commitment, inter-functional coordination, ability to customization, top management involvement, and inter-functional support with the dependent variable, KAMO practice , came out to be all positively correlated with significant level at  $p < 0.01$ . Of the six independent variables, top management commitment, inter-functional coordination, and ability to customization were strongly correlated the independent variable, KAMO practice , with a correlation

coefficient of above 0.7. The remaining three dimensions, customer orientation, top management involvement, and inter-functional support resulted in a moderate positive relationship.

- The One Way ANOVA result shows that there is no statistically significant difference between the management groups in the travel agencies with that of the non-management groups.
- The output of the multiple regression analysis can be summarized into two broad groups. The first one is the test of model summary that turns out to be 95% of the changes in KAMO can be explained by the six dimensions of the KAMO model. The second major finding is that, based on their beta coefficient level and their t values which are higher than the cutoff point with a statistical significance at ( $p < 0.01$ ), all dimensions are found to be very important for KAMO of the travel agents in Ethiopia.

## **1.2 Conclusion**

This study primarily focused on finding out if the KAMO dimensions that were conceptualized and developed into KAMO model in Greece by Gounaris & Tzepelikos (2012) are applicable in the key account management endeavors of travel agencies in Ethiopia. Key Account Management is a relatively recent concept in the business to business marketing arena. Traditionally KAM has been viewed as the responsibility of the sales managers or account managers of large accounts. But KAM goes beyond technique of selling. Recent developments in the area suggest that KAM is actually an application of relationship marketing in a business market. The basic concept behind relationship marketing in business marketing goes well beyond mere transaction. It is actually coming up with and maintaining strategic relationship with the account. This approach eventually will create a mutually benefiting, robust relationship between the buyer and seller.

All the analysis done in this research indicate that for travel agencies in Ethiopia, KAMO model is well explained by the six dimensions of customer orientation, top management commitment, inter-functional coordination, ability to customization, top management involvement, and inter-functional support, implying travel agencies in Ethiopia can adopt the model.

The model is also found to be applicable to all the managerial and non-managerial designations which will make it even more attractive to adopt and make proper use of, for better financial and non-financial results.

### **1.3 Recommendations**

Based on the findings of the research and the conclusions drawn from it, the following recommendations are suggested to travel agencies in Ethiopia that have already implemented, or are planning to implement key account management as a marketing tool.

- In order to have an effective key account management, all the concerned functional units of the travel agency should be integrated in a set of system that avoids conflict of interest and they should take part from the inception as they ought to own the plan. This is to mean that all units in managerial and non-managerial positions alike should clearly understand what is expected of them for the overall effectiveness of the KAMO scheme, which is the bigger picture here.
- An excellent key account management plan includes both aspects of the KAMO dimension, namely the attitudinal dimension, which explains the desire and preparation part of the plan, and the behavioral dimension of KAMO, which deals with the implementation aspects, for its success. As explained in the literature review section of this research, the attitudinal part of the dimension shows the readiness, and the behavioral part of the dimension is the implementation part of the model. The behavioral part is unique in the sense that it is actually what is perceived by the key customer. This is however not to imply that the attitudinal part is not as such important. It is the attitudinal part that eventually results in the behavioral dimension. Therefore for the overall effectiveness of KAMO, travel agencies should have both the attitudinal and the behavioral dimensions of KAMO, as one is nothing without the other one.
- Management should be ready to accept additional costs that are associated with the implementation of the model. This is mainly due to the fact that in trying to

meet the unique needs of the key account as explained in the literature and the dimension of KAMO, customization of products, process and resource may be required, and that doesn't come without cost. As a strategic marketing technique, the benefits may not be realized in the short run. Therefore travel agencies should expect a cost increase in the short run to avoid a premature withdrawal from the scheme.

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# APPENDIX

## Appendix-I

### Addis Ababa University School of Graduate Studies, School of Commerce

#### Questionnaire (English Version)

Dear Respondent,

My name is Alemayehu Teressa. I am conducting a research for fulfillment of my Master of Arts Degree in Marketing Management at the School of Commerce, Addis Ababa University.

I kindly request you to **fill all questions** in this questionnaire in order to help me collect the most important pieces of information regarding Key Account Management Orientation, KAMO in Travel Agencies in Ethiopia.

I am grateful for you for taking your valuable time to respond to the questionnaire. I would like to assure you that all your responses will be **kept confidential and will only be used for research purpose**. You can contact me through my cell phone **+251-911-505404** or email me at [foralex@gmail.com](mailto:foralex@gmail.com)

#### Part I: General Information

In answering this part of the questionnaire, please use tick (✓) mark in the boxes provided.

1. Gender

Female  Male

2. Educational Background

Completed High School  College Diploma  B.A. Degree & Above

3. Designation:

Owner/Manager  Supervisor/Sr. Agent

#### Part II: Specific Information

Customer Orientation	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
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This part of the questionnaire is intended to collect information related to the topical area of the research which is Key Account Management Orientation, KAMO in Travel Agencies in Ethiopia.

1	Satisfying the needs of our accounts is a major objective for us	5	4	3	2	1
2	We always monitor the extent that we satisfy our accounts' need	5	4	3	2	1
3	We try to deliver superior value to our accounts through our products/services	5	4	3	2	1
4	We frequently measure the level of satisfaction of our accounts	5	4	3	2	1
5	We pay a lot of attention on the after-sale service of our accounts	5	4	3	2	1
<b>Top Management Commitment</b>		<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
1	Top management affirms the importance of key account management as a major strategic orientation for the company	5	4	3	2	1
2	Top management sets an example on key account management for the rest of the organization	5	4	3	2	1
3	Top management closely overviews all the activities concerning the management of our accounts	5	4	3	2	1
4	Top management has no hesitation to spend a lot of time/cost in order to contribute in the management of our accounts	5	4	3	2	1
5	Top management always stresses the importance that all units can contribute in developing value to our accounts	5	4	3	2	1
<b>Interdepartmental Coordination</b>		<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
1	All units in the travel agency share information with regard to accounts	5	4	3	2	1
2	All units in the travel agency realize that can contribute in the delivering of superior value to accounts	5	4	3	2	1
3	All units in the travel agency are willing to contribute when a problem of an account occurs	5	4	3	2	1

4	There is integration among the different units of the travel agency in order to satisfy the accounts' needs	5	4	3	2	1
Ability to customization		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	We adapt our products/ services according to our accounts' needs	5	4	3	2	1
2	We respond immediately to our accounts' problems	5	4	3	2	1
3	We adapt the level of our service quality according to our accounts' needs	5	4	3	2	1
4	We adapt our internal processes in order to meet our accounts' needs	5	4	3	2	1
5	We frequent and informally communicate with our accounts	5	4	3	2	1
Top-management involvement		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Top management allocates the required resources (money, time, personnel) for the key account management function	5	4	3	2	1
2	Top management systematically monitors the key account management function within the company	5	4	3	2	1
3	Top management interprets, when necessary, in order to find solutions to problems that our accounts face	5	4	3	2	1
4	Top management actively participates in the designing of activities regarding our accounts	5	4	3	2	1
5	Top management compensates/ rewards the actions and initiatives that lead to the development of the relationships with our accounts	5	4	3	2	1
Inter-functional support		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The other units contribute when needed for improving the management of our accounts	5	4	3	2	1

2	The managers who are responsible for managing our accounts shouldn't have to try hard in order to obtain help from other units regarding our accounts	5	4	3	2	1
3	The key account is viewed as 'competitor' by other functional units	5	4	3	2	1
Overall, how do you rate KAMO in your travel agency		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	It is correct to overall conclude that your agency is market oriented	5	4	3	2	1
2	Overall, top management shows commitment to key account management	5	4	3	2	1
3	In general there exists inter-functional Coordination in our travel agency	5	4	3	2	1
4	Overall there exists ability to customize our offerings in our travel agency	5	4	3	2	1
5	Overall top managements of our agency get involved in key account activities	5	4	3	2	1
6	All in all, there exists an inter-functional support in our travel agency	5	4	3	2	1

**THANK YOU!!!**

## Appendix-II

### SPSS Analysis Results

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	IS, IC, TI, CO, AC, TC <sup>b</sup>		Enter

a. Dependent Variable: KM

b. All requested variables entered.

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
(Constant)	-.059	.117		-.506	.614	-.292	.173					
CO	.138	.022	.160	6.367	.000	.095	.181	.544	.537	.142	.789	1.267
TC	.183	.019	.299	9.809	.000	.146	.220	.791	.700	.219	.534	1.871
IC	.185	.019	.283	9.859	.000	.148	.222	.715	.702	.220	.604	1.655
AC	.211	.023	.284	9.342	.000	.167	.256	.791	.683	.208	.539	1.855
TI	.150	.022	.183	6.676	.000	.105	.195	.635	.555	.149	.664	1.506
IS	.140	.019	.185	7.570	.000	.104	.177	.453	.604	.169	.833	1.200

Dependent Variable: KM

Collinearity Diagnostics<sup>a</sup>

Model	Eigenvalue	Condition Index	Variance Proportions						
			(Constant)	CO	TC	IC	AC	TI	IS
1	6.943	1.000	.00	.00	.00	.00	.00	.00	.00
2	.018	19.458	.03	.04	.15	.21	.00	.00	.16
3	.011	25.221	.01	.07	.44	.07	.03	.05	.31
4	.010	26.241	.00	.00	.09	.43	.01	.39	.10
5	.007	31.026	.09	.08	.06	.02	.81	.01	.04
6	.006	32.826	.05	.63	.16	.12	.03	.26	.11
7	.004	42.993	.82	.18	.10	.14	.12	.29	.28

Dependent Variable: KM