

**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**



**THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT
ON MARKETING PERFORMANCE OF COMMERCIAL
BANK OF ETHIOPIA**

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Addis Ababa, Ethiopia

June, 2015

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This is to certify that the thesis prepared by Semira Ewnetu, entitled “The impact of Customer relationship management on marketing performance of Commercial Bank of Ethiopia” and submitted for partial fulfillment of the requirements for the award of Masters degree in Business Administration compiles with the regulations of the University and meets the accepted standards with respect to originality and quality.

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LIST OF ABBREVIATIONS

ATM- Automatic Teller Machine

BPR- Business Process Reengineering

CBE- Commercial Bank of Ethiopia

CI- Confidence Interval

CRM- Customer Relationship Management

CSM- Customer Service Manager

CSO- Customer Service Officer

EPMS- Employee Performance Measurement System

IT- Information Technology

MM- Marketing Manager

MP- Marketing Performance

RM- Relationship Marketing

SPSS- Statistical Package for Social Science

TQM- Total Quality Management

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ABSTRACT

Customer relationship management plays a key role in the improvement of firms' performance. The importance of Customer relationship management is growing due to the challenging business environment faced by organizations throughout the world today. The purpose of this study is to examine the impact of customer relationship management (key customer focus, customer knowledge management, technology based customer relationship management and organizing around customer relationship management) on marketing performance (customer loyalty, customer satisfaction, customers' perception and service quality and market share) of commercial bank of Ethiopia. In this study both qualitative and quantitative approaches were employed. The study used primary and secondary sources to gather data. Primary data were collected through close ended questionnaire and semi-structured interview. The population of the study was employees (customer service officers, customer service managers and marketing managers) of the selected branches. The total sample size for the study was 246 among these 233 were customer service officers and managers and the rest 13 are marketing managers. These employees were selected because they are concerned about the customer relationship management practices and marketing performance of the bank. To analyze the collected data correlation, simple linear and multiple regression was used. The findings show that customer relationship management dimensions (key customer focus, customer knowledge management, technology based customer relationship management and organizing around customer relationship management) affects customer loyalty, customer satisfaction, customers' perception and service quality and market share. Among the problems faced by the bank on implementation of CRM practices, lack of customer centric performance standards, lack of advanced technological facilities and lack of standardized physical facilities are the major ones. To increase employees' performance, minimize customer waiting time and increase service Excellency, the bank should establishing customer centric performance standards at all customer touch points and use advanced banking technologies and facilities.

Keywords: Customer Relationship Management, Marketing Performance

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Banks have an important role in an economy: they are intermediaries between people with shortages and surpluses of capital. Their products include savings, lending, investment, mediation and advice, payments, guarantees, and ownership and trust of real estate. Surpluses and shortages of the government, the international markets, companies and households are dealt with financial transactions through the financial markets. The importance of the financial markets is evident. In many countries, banks are the most important financial intermediaries in an economy (Jeucken and Bouma, 1999). According to Berry (1983), CRM is developed from the theory of relationship marketing which is defined as marketing activities that attract, maintain, and enhance customer relationships. Payne and Frow (2005), describe CRM as a strategic approach that concerned with creating improved shareholders value through the development of appropriate relationships with key customers and customer segments.

During recent years, RM has been widely promoted both by academics and professional marketers as an alternative strategy to traditional transaction oriented approach. It has been promoted particularly, as a means of retaining customers. RM aims to create a long-term interactive relationship between marketers and customers, understanding that both customer and marketer are equal partners in a win-win relationship. In other words, both parties must see value in it (Gronroos, 1994). Relationship marketing emanates Customer Relationship Management which possess an enviable status in the process of the management of financial institutions (Berry. 1983).

CRM plays a key role in the improvement of firms' performance. In the current competitive world, companies deliver products and services that are personalized for every customer. Indeed, these organizations can achieve competitive advantages in sale and service marketing through customizing their mass services. In today's business world customers play a key role and matter

most to make organizations profitable and it is difficult to achieve sustainable business success in the absence of meaningful customer relationship management practices. Many organizations such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management and its potential to help them acquire new customers, retain existing ones and maximize their lifetime value. The relationship between a bank and its customers involves continuous, two way communication and interaction (Bly, 1993).

Commercial bank of Ethiopia is the leading bank in the country. Commercial bank of Ethiopia facilitates the majority of business transactions and economic activities of the country within its branches across the country. It has a wide range of customers in which the bank deliver different services like loan, saving, transfers and withdrawals. While giving these services, the bank continuously communicate with its customers and these customers are the heart of its existence. Currently commercial bank of Ethiopia tries to use different mechanisms like applying banking technology such as core banking, mobile banking, etc. to fasten its service delivery, improve service quality and its marketing performance. Thus, this study tried to examine the impact of customer relationship management on marketing performance of commercial bank of Ethiopia.

1.2 Statement of the problem

The importance of Customer relationship management is growing due to the challenging business environment faced by organizations throughout the world today. Customer relationship management is increasing in prominence because it focuses on current users who are the source of the majority of business revenue and the best option for improving businesses in uncertain times (Roger, Chirstopher and Michael, 2003). A healthy economy requires a financial system that helps in effective and efficient allocation and utilization of scarce resources. The banking sector is the largest component of the financial system and its role impinges on all aspects of the economy (Zerayehu, Kagnew and Teshome, 2013).

In the contemporary business environment, customers are considered to be the central element of all marketing actions, and customer relationship management has become a priority for firms

marketing strategy. Companies are realizing the need for in-depth and integrated customer knowledge in order to build close cooperative and partnering relationships with their customers. The emergence of new channels and technologies is significantly altering how companies interface with their customers. In recent years, several factors have contributed to the rapid development of CRM. These factors include the growing intermediation process in many industries due to the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end customers. Another force driving the adoption of CRM has been the total quality movement. When companies embraced the total quality movement philosophy to improve quality and reduce costs, it became necessary to involve suppliers and customers in implementing the program at all levels of the value chain. This created the need for closer working relationships with customers, suppliers, and other members of the marketing infrastructure (Parvatiyar and Sheth, 2002).

The size of banking industry and its transaction represents the economic change in a country. The banking industry plays an important role in achieving the desired socio economic development of a country by distributing savings to productive uses and providing mobility to the capital. This shows the economic development of a country depends on the availability of banking industry (Peters and Waterman, 1982). After defining and getting a clear vision of CRM, its use in the private and public banking sectors has been highlighted. It has been found out that through maintaining customer service quality, customer satisfaction can be attained. This leads to profitability and growth of the organization (Brown, 2000). Thus, any bank that wishes to either grow in size of its banking operation or improve its profitability must consider the challenges affecting its customer relationship (Ashok and Rajesh, 2009).

As service companies grow larger and make increasing use of technologies as interactive websites and self-service equipment, maintaining meaningful relationships with customers becomes a significant marketing challenge (Lovelock, Jochen and Jayanta, 2004). With regard to Satisfying customer needs financial institutions face challenges in the introduction and expansion of the use of technological interfaces such as automated teller machines, electronic and mobile banking and it highly affects their relationship with customers (Arderne, 1998). Modern

marketing philosophy advocates the concept of CRM that creates customer delight. This relationship exists between the customers and the bank. However, because of various reasons and apprehensions like financial burdens, risk of failure and marketing inertia, many banks are still following the traditional ways of marketing and only few banks are making attempts to adapt customer relationship management (Durkin, O'Donnell and Crowe, 2008).

In Ethiopia, starting from the past two decades it is shown that there is a high growth and expansion of the banking industry. Banking industry play a key role in country's overall economy and customers are key participants in this industry. As far as the researcher observation is concerned, most of the time banks failed to meet customer needs and requirements. Nowadays there is high competition among banks in the industry to attract new customers and retaining the existing ones. Competition of this industry has been started after developing private banks. Acquiring competitive advantage requires delivering improved services for customers. Currently commercial bank of Ethiopia is among the leading banks in the industry that have great contribution in country's economy. Although CBE is one of the leading banks in the country, there is a problem in the continues improvement of its marketing performance due to different factors like lack of good relationship between the bank and its customers, lack of advanced technologies, lack of knowledge about its customers and competition in the banking industry. Even though few studies were discussed in other problem areas of the banking industry, there is no study which was conducted on this issue in our country especially in case of commercial bank of Ethiopia. This gap initiates the researcher to involve in this problem area. Therefore, to fill this gap and point out possible solutions this study was undertaken to examine the impact of customer relationship management on marketing performance of commercial bank of Ethiopia.

1.3. Basic research questions

1. What is the impact key customer focus, customer knowledge management, technology based CRM and organizing around CRM on customer loyalty of CBE?
2. What is the impact of key customer focus, customer knowledge management, technology based CRM and organizing around CRM on customer satisfaction of CBE?

3. What is the impact of key customer focus, customer knowledge management, technology based CRM and organizing around CRM on customers' perception and service quality of CBE?

4. Do key customer focus, customer knowledge management, technology based CRM and organizing around CRM have impact on market share of CBE?

1.4. Objective of the study

The general objective of this study is to examine the impact of Customer Relationship Management on marketing performance of Commercial Bank of Ethiopia.

Specific objectives

- ✓ To identify the impact of dimensions of customer relationship management on customer loyalty.
- ✓ To find out the impact of customer relationship management dimensions on customer satisfaction.
- ✓ To identify the impact of customer relationship management dimensions on customers' perception and service quality.
- ✓ To identify the impact of dimensions of customer relationship management on market share of Commercial bank.

1.5. Hypotheses of the Study

In order to fulfill the objectives of the study and to provide possible answer to the research problem, the following hypotheses are tested.

1. The dimensions of customer relationship management have significant impact on customer loyalty of CBE.
2. Customer relationship management dimensions have significant impact on customer Satisfaction of CBE.
3. Customer relationship management dimensions have significant impact on customers' perception and service quality of CBE.

4. The dimensions of customer relationship management have significant impact on market share of CBE.

1.6. Significance of the study

This study provides desirable information about the impact of CRM on marketing performance with regards to banks specifically commercial bank of Ethiopia. Other significances of the study are;

- ✓ The result of this study gives insight for decision makers of CBE and other banks on how to attract, retain and manage their customers.
- ✓ The findings of this study provide valuable inputs and directions to concerned parties of CBE and other banks in applying different marketing strategies to improve their marketing and overall performance.
- ✓ This study can help CBE and other financial institutions to identify their customers' need in order to apply well managed customer services.
- ✓ Additionally, it can be used as a reference for other researchers who want to make further investigation in the area.

1.7. Scope of the study

This study only covers or investigates the impact of customer relationship management on marketing performance of commercial bank of Ethiopia. It is difficult and unmanageable to include all branches of CBE due to time and financial constraints. Thus, only grade four branches from East and South Addis Ababa district were chosen for this study. Including customers in the study is also costly and time consuming. Therefore, the study was delimited to collect data only from customer service officers, customer service managers and marketing managers of the selected branches. The study was also delimited to collect primary data using questionnaire and interview.

1.8 Operational definition of terms

- **Customer service officer** - In this study customer service officer refers a person who is hired by the bank to serve in the front and back line and directly deals with customers of the bank.
- **Customer service manager** - In this study customer service manager refers any person who is hired by the bank to control and supervise customer service officers and have contact with customers in different situations in order to give quality service by creating smooth relation with customers.
- **Consumer relationship management-** In this study customer relationship management refers a process and practice which is used by the bank to solve the problems of the customers and effectively handle all the issues related with consumers by creating and building strong relationship with them.

1.9 Organization of the study

The research paper is organized in to five chapters: Chapter one deals with the introductory part which contains background of the study, statement of the problem, research questions, objective of the study, significance, scope and limitations of the study and operational definition of terms. The second chapter deals with review of related literature. Under the third chapter which is methodology part, research and sampling design, sources and methods of data collection, reliability test results, method of data analysis and ethical issues are discussed. Chapter four deals with data presentation, analysis, interpretation and discussion. The final chapter which is chapter five covered summary, conclusions and forwarded recommendations.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

2.1 Definition and History of Customer Relationship Management

Customer relationship management is perhaps the most important concept of modern marketing. Until recently, CRM has been defined narrowly as a customer data management activity. By this definition, it involves managing detailed information about individual customer and carefully managing customer touch points in order to maximize customer loyalty. More recently however, CRM has taken on a broader meaning. In this broader sense, CRM is the overall process of building and maintaining profitable customer relations by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping and growing customers (Kotler and Armstrong, 2008). CRM is a strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations and marketing capabilities that is enabled through information, technology and applications (Payne and Frow, 2005).

CRM is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It is a mutually beneficial relationship built upon a foundation of trust and loyalty through marketing, customer service, and relationship programs (Parvatiyar and Sheth, 2001). CRM is relatively a new field, but its importance is becoming even more evident as time passes. The paradigm shift from focusing on attracting new customers to retaining current ones is at the backbone of CRM (Winer, 2001). With potential profit maximization in mind, businesses are turning to customer relationship management in order to better understand customers. Traditional marketing and mass advertising are proving to be ineffective in such a commoditized environment. With the number of similar products on the market increasing and competition among the firms escalating,

companies must look toward capturing customers on some factor other than product quality, price, or convenience (Brown, 2000).

For over 20 years there has been growing interest in relational aspects of customer management. Conventionally, relationship marketing has been seen to be particularly relevant to industrial and service markets (Berry, 1983). Customer relationship management has evolved from the foundations of mass marketing and brand loyalty. The height of the industrial era brought it with mass production and a division of specialized corporate functions. Firms focused on the amount of products that could be produced and since speed and efficiency were the top priorities, very little attention was given to customization and overall customer satisfaction. The marketing departments used mass advertising for their products in order to increase awareness and build market share (Parvatiyar and Sheth, 1995). Since the firms were only concentrated on persuading the customers to buy similar products, the marketing departments were often completely separated from direct consumer contact and no attempts were made to understand the customers or their purchasing behaviors. However, as competition increased, firms looked to differentiate their products in the highly commoditized market through branding and the ultimate goals of branding were to create brand awareness and brand loyalty among consumers through building relationships of trust, familiarity, and reliability. Because of the focus on the consumer-brand relationship, brand loyalty can be seen as a precursor to customer relationship management (Peppers and Rogers, 2004).

The concept of mass marketing naturally led into the competitive transactional marketing. The primary short term focus of transactional marketing is to attract new customers for single transactions (Hennig, Thureau and Hansen, 2000). In contrary, RM is based on long term trust and satisfaction and is centered on customer retention and customization (Parvatiyar and Sheth, 1995). A number of factors have contributed to the emergence of customer relationship management including technology, total quality management, growth in the service industry, and heightened customer expectations. Technology is at the heart of CRM development and is essential on multiple levels of the process. Some believe that technology can be credited with the wide acceptance of relationship marketing (Hennig et al, 2000).

The practice of total quality management has also contributed to the development of customer relationship management. TQM is the strategic management of cost and quality control. It integrates all divisions and levels of a firm with the goal of emphasizing employee teamwork, constant improvement, quality measurement, and efficient problem solving (Powell, 1995 and Spencer, 1994). TQM results in closer relationships between firms, suppliers and customers in order to add value and ensure quality control all along the production chain. The practice of maintaining and strengthening those relationships result in firms adopting customer relationship management. In addition to the practice of TQM and the advent of new technology, the growth of the service industry has drastically impacted the emergence of customer relationship management. Unlike products, services are intangible and consumption is tied closely with production. Therefore, services are delivered directly from the service provider or the firm to the consumer without the use of middlemen in the distribution channel (Parvatiyar and Sheth, 2001). The necessity of this direct contact fosters an environment in which relationships naturally form, but the service quality of the provider is essential in developing a long term, satisfactory relationship (Crosby, Evans and Cowles, 1990).

As Parvatiyar and Sheth (2001) states, when customers interact with a firm, there is a possibility that customer expectation will not be met. The ending outcome can meet, exceed, or fall short of customer expectations. As competition increases among firms, however, there is a greater emphasis on customer satisfaction and in turn, customer expectations are increasing. Although some customers value price over all other characteristics, many customers are not willing to compromise when it comes to products and services. Therefore, firms are adopting the practices of customer relationship management to ensure those expectations are met.

2.2 Components of CRM

CRM consists of three components:

- Customer
- Relationship
- Management

Customer:-customer is the only source of the company's present profit and future growth. However, a good customer, who provides more profit with less resource, is always scarce because customers are knowledgeable and the competition is fierce. Sometimes it is difficult to distinguish who is the real customer because the buying decision is frequently a collaborative activity among participants of the decision making process. Information technologies can provide the abilities to distinguish and manage customers. CRM can be thought of as a marketing approach that is based on customer information (Wyner, 1999).

Relationship:-The relationship between a company and its customers involves continuous bidirectional communication and interaction. The relationship can be short-term or long-term, continuous or discrete, and repeating or one time. Relationship can be attitudinal or behavioral. Even though customers have a positive attitude towards the company and its products, their buying behavior is highly situational (Wyner, 1999).

Management:-CRM is not an activity only within a marketing department. Rather it involves continuous corporate change in culture and processes. The collected customer information is transformed into corporate knowledge that leads to activities that take advantage of the information and of market opportunities. CRM required a comprehensive change in the organization and its people (Wyner, 1999).

2.3 CRM Dimensions

Customer relationship management is becoming an important issue in marketing in order to gain customer loyalty, improve customer retention rates (Wong and Sohal, 2003) as well as increase profits (Fornell and Wernerfelt, 1987). Sin, Tse and Yim (2005) identified the four dimensions of CRM in their study; key customer focus, CRM organization, knowledge management, and technology based CRM. Additionally, Yim, Anderson and Swaminathan (2005) stated the dimensions of CRM as key customer focus, CRM organization, knowledge management and technology based CRM. These four dimensions were the most frequently used dimension in most of previous studies because together they cover a wide range of CRM activities.

2.3.1 Key customer focus

Marketing concept promotes putting the interest of customers at first and different scholars consider a customer focus to be the most fundamental aspect of customer relationship. It is because the marketing concept encourages a business to be forward looking, a customer focused business is likely to be more interested in long-term business success as opposed to short-term profits (Heiens, 2000). The key customers are defined as the ones that the information is accessible for recognizing and contacting them in the company. Also key customers includes the identified ones that provide more values for company through providing more profits, active long-term relationships, and powerful leadership for the company (Akroush, Dahiyat, Gharaibeh and Abulail, 2011) .

Company-wide understanding and support for key customer focus motivate sales force to cultivate long-term customer relationships by offering more personalized services (Kotler and Armstrong, 2004). An important condition that enables the organization to be truly customer focus is the way in which it delivers value to its customers (Payne and Frow, 2006). The ultimate goal of key customer focus is to achieve deep customer relationships through which the seller organization becomes indispensable to its most profitable customers (Vandermerwe, 2004).

2.3.2 Customer Knowledge Management

Knowledge management is a means in which companies capture, organize, manipulate, and share implicit and explicit data with both internal and external users (Sin et al., 2005). As Yueh, Lee and Barnes (2010) states, current global marketing problems are a result of information handling issues or problems and the success or failure of relationship marketing activities in a company heavily depends on the company's ability to collect and analyze valuable customer information that could be used for developing and establishing individual customers' highly personalized product and services. According to Eid (2007), an organization is said to possess Knowledge only when the available information has been analyzed and effectively used to implement appropriate strategic decisions and actions.

Customer knowledge management is firmly associated with marketing capabilities and it greatly enables organizations to take strategic managerial decisions for improving their performance (Fan and Ku, 2010). To enhance customer profitability, information about customers should be gathered through interactions or touch points across all functions or areas of the firm (Brohman, Richard, Gabriele, and Parasuraman, 2003),

2.3.3 Organizing around CRM

The CRM strategic framework is based on the view that effective and successful CRM is the result of coordinated cross functional processes and activities within organizations (Payne and Frow,2006).A closer relationship exists when there is face to face interaction between customers and organization. Although the service itself remains important, value is added by people and social processes. Interaction may include negotiations and sharing of insights in both directions. This type of relationships has long existed in many environments (Lovelock et al., 2004).Organizing around CRM is an essential means through which fundamental changes in terms of how firms organized and conduct business processes around employees and customers can be actualized. CRM applications requires that the entire strategic business units in firms be design to jointly work together towards achieving a common goal in terms of building a strong long-term customer relationship. Key considerations for any successful CRM to be implemented within the whole firm include organizational structure, organization wide commitment of available resources and human resource management policies (Sin et al., 2005).

Organizational structures that support cross functional communication and coordination, as well as rewards and training programs designed around customers' needs resulted in higher relationship quality, which in turn positively influenced organizational performance (Chang, 2007). With a strong focus on key customers deeply embedded throughout its CRM 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, John and Ove, 2000).

2.3.4 Technology based CRM

CRM based technology enables organizations to plan and implement successful marketing actions for retaining customers long-last and making them more profitable, because of the customer database and other information-storing systems (Roberts, Liu, and Hazard, 2005). Most CRM applications take great advantage of technology innovations with their ability to collect and analyze data on customer patterns, develop prediction models, respond with timely and effective customized communications, and efficiently deliver personalized value offerings to individual customers (Peppard, 2000). CRM technology has also been viewed as providing the glue that integrates front office (i.e. sales, support and marketing) and back office (i.e. order fulfillment) applications for sales and marketing, via tools for detailed analysis and modeling, along with the technology infrastructure to seamlessly provide a single cohesive and comprehensive customer-facing unit (Chen and Popovich, 2003).

Technology improves marketing capabilities by providing valuable information about customers, which, in turn, will help both managers and employees to achieve specific marketing goals much more effectively (Chang, Park and Chaiky, 2010). Similarly, Sin et al., (2005) noted that, development of every organization in information technology area improves its capability in collecting, saving, analyzing, and sharing knowledge about customer. This leads to increase the organization's capability in responding the customers' needs and maintaining them. The customer values analysis and services personalization, that are the results of advances in information technologies revolting from traditional approach to the integrated marketing systems, can be accessible through customer information system and automation of customer support processes.

With the development of sophisticated information management tools, such as database marketing, data warehousing, data mining, and push technology, companies are striving to seamlessly incorporate the latest technology into their CRM systems. In particular, salespeople frequently depend on continually updated software programs to better respond to their customers and build enduring customer relationships (Kotler and Armstrong, 2004). Thus, it enable the organization to personalize its services with high quality and low cost and help employees in contacting customers (Sin et al. 2005). According to Pushkala, Wittmann and Rauseo (2006),

a real successful CRM should integrate information technology (such as basics installation and applicable system) ,information resource (such as customer data base and good interaction with customers), and organizational resource (such as customer oriented business culture) to be effective.

2.4 CRM Benefits in the Banking Industry

Many organizations have large number of customers, many different touch points (for instance, tellers, call center staffs, self-service machines and websites) at multiple geographic locations. Managers historically lacked the tool to practice relationship marketing. However, today CRM system act as an enabler, capturing customer information and delivering it to the various touch points. Well implemented CRM system can offer a “unified customer interface”, which means that at each transaction the relevant account details, knowledge of customer preferences and past transactions or history of service problem are at the fingertips of the person serving the customer. This can result in a vast service improvement (Lovelock et al., 2004).

CRM if used properly would enhance a bank’s ability to achieve the ultimate goal of retaining customers in order to gain a strategic advantage over its competitors (Nguyen, Sherif and Newby, 2007).Thus, the successful management of customer relationship can improve customers’ satisfaction and loyalty in order to give positive effect on upgrading business performance (Liyun, Keyi, Xiaoshu and Fangfang, 2008).Customer relationships are becoming even more important for banks as market conditions get harder. Companies that implement CRM make better relationships with their customers, achieve loyal customers and a substantial payback, increased revenue and reduced cost (Roh, Ahn and Han, 2005).

According to Foss and Stone (2001), CRM permits banks to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers. Lindgreen and Antioco (2005) states that, CRM results both in higher revenues and lower costs, making companies more effective and efficient: effective in targeting the right customer base with the right services via the right channels, and efficient in doing this at the lowest costs.

2.5 Marketing Performance

Performance is the end result of activities that includes the actual outcomes of the strategic management process. The practice of strategic management is justified in terms of its ability to improve the organization's performance. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives (Wheelen and Hunger, 2010).

Marketing performance refers to the improvement of the organizational status in the market, improvement of the customers' perception of organization and its products, and increase in their loyalty toward organization. Nowadays, companies deliver products and services that are personalized for every customer. Indeed, these organizations can achieve competitive advantages in sale and service marketing through customizing their mass services. Successful companies strive to transfer their mass services to the individual customer relationship management (Martin and Camero, 2005)

2.5.1 Customer Loyalty

Customer loyalty is the most important objective of especially those organizations that are involved in Customer Relationship Management (Gronroos, 1991). Customer loyalty is a deeply held commitment to re-buy a preferred product or service consistently in the future, thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1997). It is generally known that customers who are loyal to any organization's products and services become the major profit giver to that organization. Customers become loyal when they are satisfied and they believe that they are getting the best value from that product or service. Customer loyalty as a focus of CRM helps banks to compete better in the highly competitive banking sector. Organizations are trying their best to have closest relations with their customers by focusing more on satisfying their needs and wants better than their competitors (Elsawy and Bowles, 1997).

Organizations need to focus more on the existing customers and to strengthen relations with existing customers rather than focusing on the entire market (Peppers and Rogers, 1995). According to Oliver (1999), if organizations need to develop strong long term competitive edges then they have to make their customers loyal. Making customers loyal is not easy for the organizations because of high awareness of today`s customers. Print and electronic media and other sources of information has increased customer`s knowledge and awareness about most advanced, most attractive products and services offering a benchmark quality in the markets. Similarly, Zeithaml, Berry and Parasuraman (1988) noted that, organizations should take measures to involve customers with them if they need to have loyal customers because involvement results in increased loyalty. According to Lovelock et al. (2004), the foundation for true loyalty lies in customer satisfaction. Highly satisfied or even delighted customers are more likely to become loyal apostles of a firm, consolidate their buying with one supplier and spread positive word of mouth. In contrast dissatisfaction drives customers away and is a key factor in switching behavior.

2.5.2 Customer Satisfaction

Customer satisfaction is a concept beyond the positive effect on the organizational efforts. Customer satisfaction is a customer`s response, or judgments to a product or service in terms of the extent to which consumption meets expectations (Hair, Robert and David, 2003). Customer satisfaction is an important factor in customer retention. If the customer is satisfied then he/she may become volunteer marketer of that product or service. Customer develops an attitude after using any product or service and it is called customer satisfaction. If there is no difference between customer satisfaction and customer`s expectations then the customer is satisfied, otherwise customer is not satisfied. Companies try to not only minimize the difference between these factors but also trying to provide products and services to their customers that exceed their expectations in order to retain them as loyal customers (Jamal and Naser, 2002).

According to Kotler and Armstrong (2008), customer satisfaction depends on product`s perceived performance relative to a buyer`s expectations. Lin(2003)states that, the customer`s past experiences in terms of product consumption or interaction with organization and his

or her satisfaction plays a critical role in the customer's future satisfaction formation. Customers have expectations about products and services they use and these expectations are developed from their previous buying, from friends and relatives opinions. There are two main approaches for customer satisfaction. Based on the first approach, customer satisfaction is a state that resulted for customer after consumption. The second approach implies that the satisfaction is the customer's perceptual process and evaluation that is resulted from his or her personal consumption experiences. Customer satisfaction is important and it is significant source of loyalty and retention.

The key to building lasting relationships is to create customer value and satisfaction .satisfied customers are more likely to be loyal customers and to give the company a larger share of the business(Kotler and Armstrong, 2008).By making creative use of the customer knowledge acquired and by leveraging CRM based on technology, an organization can provide customized offerings to its valued customers, which should boost customer satisfaction (Anderson and Srinivasan, 2003).According to Stefanou, Sarmaniotis and Stafyla, (2003), successful CRM activities must cultivate customer satisfaction by continuously adapting to the evolving needs and wants of customers.

2.5.3 Customers' Perception and Service Quality

Customers' perception of the company's image represents consumers' effective answer to the company's marketing activities. Attraction and loyalty programs can form customers' perception about the company or the service it provides (Izquierdo, cilian and Gutierrez, 2005).According to Dean (2007), Perceived service quality is customers' assessments of the overall superiority of the services provided by the firm, with specific reference to the service interactions and outcomes. Parasumaran, Berry and Zeithamel (1991) suggested the multidimensional character of the service quality. Some of these characters include:

- ❖ **Reliability:** Reliability involves consistency of performance and dependability that is the firm performs the service right the first time, accuracy in billing, keeping records correctly, and performing the service at designated time.

- ❖ **Responsiveness:** Responsiveness concerns the willingness or readiness of employees to provide service. It involves timeliness of service.
- ❖ **Competence:** Competency depends upon possession of the required skills and knowledge to perform the service, i.e. knowledge and skill of the contact personnel and skill of operational support personnel and research capability of the organization.
- ❖ **Access:** Access consists of the approachability and ease of contact, i.e. the service is easily accessible by telephone or free lines with no holding, the waiting time to receive service is not extensive.
- ❖ **Courtesy:** Courtesy in relation with politeness, respect, consideration and friendliness of contact personnel and appearance of public contact personnel.
- ❖ **Communication:** Communication means keeping customers informed in language they can understand and listening to them. It may mean that the company has to adjust its language for different consumers.
- ❖ **Credibility:** Credibility is the result of the trustworthiness, believability, honesty and having the customer best interests at heart.
- ❖ **Security:** Security is viewed as the freedom from danger, risk or doubt, i.e. physical safety while using service, financial security and confidentiality.
- ❖ **Understanding and knowing the customer:** Understanding and knowing the customer is important in terms of customers' perception and satisfaction. This means making the effort to understand the customer's needs i.e. learning the customers' specific requirements, providing individualized attention and recognizing the regular customer.
- ❖ **Tangibles:** Tangibles as element of service quality are the physical facilities, tools or equipment used to provide the service, physical representations of the service, for instance, bank statement. Tangibles influence service quality perceptions by offering indirect clues about the nature and quality of the service itself and indirectly, by the usage of physical aspects in the production of service.

2.5.4 Market share

Market share is the percentage of an industry or market's total sales that is earned by a particular company over a specified time period. Market share is said to be a key indicator of market

competitiveness that is, how well a firm is doing against its competitors. This metric, supplemented by changes in sales revenue, helps managers evaluate both primary and selective demand in their market. That is, it enables them to judge not only total market growth or decline but also trends in customers' selections among competitors. Sales growth resulting from primary demand (total market growth) is less costly and more profitable than that achieved by capturing share from competitors. Conversely, losses in market share can signal serious long-term problems that require strategic adjustments. Firms with market shares below a certain level may not be viable. Similarly, within a firm's product line, market share trends for individual products are considered early indicators of future opportunities or problems (Farris, Neil, Phillip and David, 2010).

As the total market for a product or service grows, a company that is maintaining its market share is growing revenues at the same rate as the total market. A company that is growing its market share will be growing its revenues faster than its competitors. Market share increases can allow a company to achieve greater scale in its operations and improve profitability. Companies are always looking to expand their share of the market in addition to trying to grow the size of the total market by appealing to larger demographics, lowering prices, or through advertising (www.investopedia.com).

2.6 Conceptual Frame Work

Customer relationship management is a multidimensional construct consisting of four broad behavioral components: key customer focus, knowledge management, technology based customer relationship management and organizing around customer relationship management (Sayed, 2011). He investigated these four customer relationship management dimensions on marketing performance of financial institutions in preserving current customers, attracting new customers and increasing market share. Kotler and Armstrong (2004) stated superior customer relationship capability will be achieved when the four dimensions of Customer relationship management work in harmony or as a unit. In other words success in one of the key factors may not necessarily enhance effective and efficient customer relationship management.

The improvement of the organizational status in the market, improvement of the customers' perception of organization and its products, and increase in their loyalty toward organization refers marketing performance (Martin and Camero, 2005). Marketing performance components include customer loyalty, customer satisfaction, customers' perception and service quality and market share.

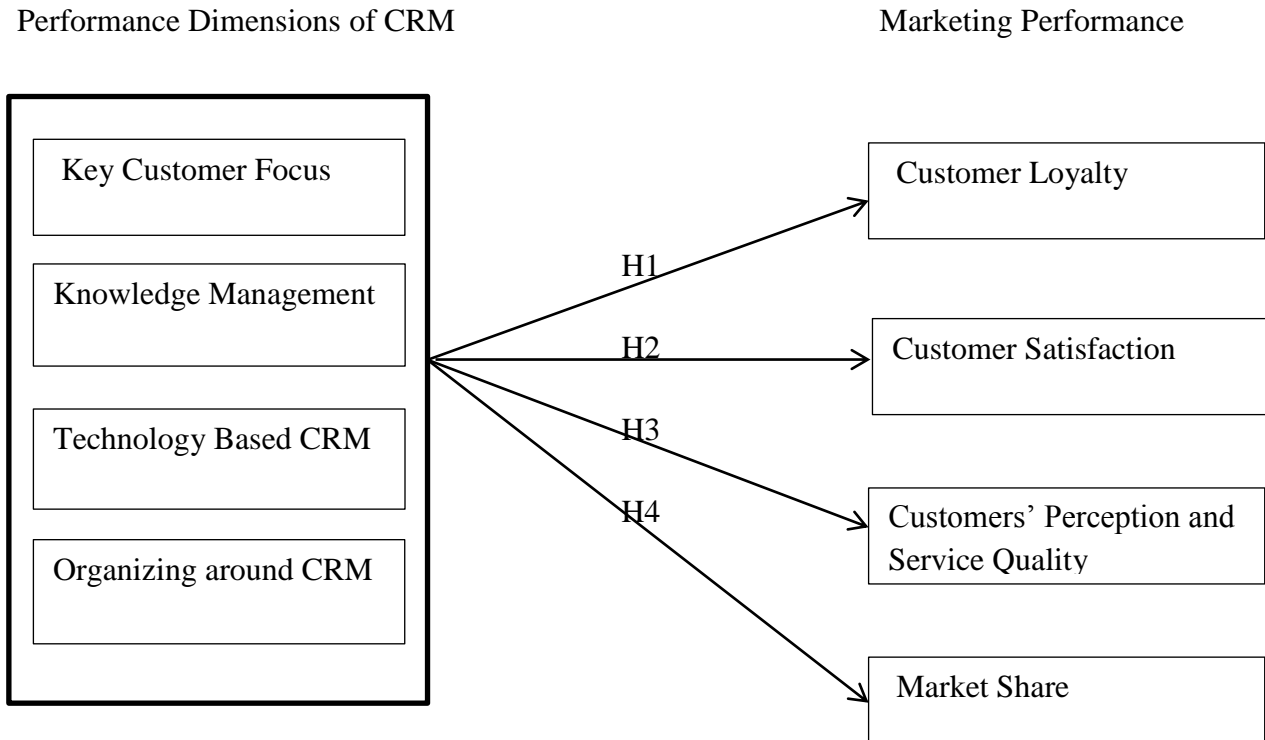


Figure 2.1 Conceptual frame work for performance dimensions of CRM and their impact on marketing performance.

As shown in the above Figure 2.1, customer relationship management performance is considered in terms of proper handling of key customers, customer knowledge management, incorporating technology and organizing around customer relationship management. On the other hand, marketing performance of the bank is considered in terms of loyalty of the customer, customer satisfaction, customers' perception and service quality and market share of the bank. To show the impact of the above mentioned dimensions of customer relationship management on the components of marketing performance of the bank, four hypotheses are developed and each hypothesis was tested.

2.7 Empirical Findings

The extent to which customer relationship management contributes to improve the performance of banking was identified by Coltman (2007). The study composed a sample of banks found in Australia upon the application of technology and number of customers. The ability to apply customer relationship management was measured using human skills and experiences, structure of information technology and skeleton of the organization. Performance was measured by the earning rate of the investment, the revenue of new products and the growth of sales. The study concludes that, ability to apply customer relationship management lead to improvement of performance in overall banking activities.

Swaminathan, (2004) stated the relationship of customer relationship management and performance. The study sample consisted of 1,223 service firms selected on a random probability basis from the Business. The sample frame that the researcher has taken were banks, investment companies, insurance companies and other firms characterized by a high degree of relationship orientation. Questionnaires were sent directly to general managers or similar level senior managers at each of the companies selected for the study. The selected senior level respondents were highly knowledgeable about customer relationship management implementation and practice within their companies. A total of 215 returned questionnaires were complete and used for analysis. The finding shows that focusing on key customers and managing knowledge have significant effects on customer satisfaction. Organizing around customer relationship management affects customer retention directly. Customer satisfaction is not directly affected by organizing around customer relationship management and technology based customer relationship management. Similarly, managing knowledge has a significant effect on customer retention and sales growth through customer satisfaction.

Payne and Frow, (2005) emphasize the role of customer relationship management in achieving value for customers, shareholders, employees and reducing costs. The study mentioned customer satisfaction and retention have been achieved in 36% and 51% of the companies respectively when it the company applied customer relationship management practices.

Sayed (2011) explore the theoretical foundation of customer relationship management and its relationship to marketing performance. The research population represented 197 financial institutions working in Egypt. From these financial institutions 39 were banks, 20 insurance companies and 138 brokerage companies. The researcher used a stratified random sample that constitutes 50% of the society. The sample consisted of 20 banks, 10 insurance companies and 69 brokerage companies. The finding of the study showed that there is a significant relation or correlation between marketing performance and focusing on the main customers, organizational efficiency and customer knowledge management.

Colgate and Danaher (2000), undertake the study to show the effect of customer relationship management on customer satisfaction and loyalty. Their study title is the effect of implementing the strategy of customer relationship in the domain of banks on the customer satisfaction and loyalty. The study is undertaken in New Zealand, a systematic random sample of 1917 subjects was taken from the telephone directory data was collected by mail. The researchers got back 784 investigation lists. The study noticed the presence of both positive and negative effects; the positive effects appear when the strategy of customer relationship management is carried out in a highly skillful way, resulting in enhancing the customer satisfaction and loyalty, while the negative effects appear when the execution of such strategy is deficient, resulting in the customer dissatisfaction and disloyalty.

Ndubisi and Wah (2005), undertake the study to show the relationship between relationship marketing and customer satisfaction. The population of the study was the bank customers of Kota Kinablu city in Malaysia. The number of banks in the city was 20 but only 15 banks was agreed to have their customers interviewed by the researchers inside the banks. Likewise, only 400 customers of the banks customers agreed to fill the investigation lists. Only 220 usable lists were authenticated, and the response average was 55%. The study concluded that all dimensions of relationship marketing were related to the customer satisfaction and that the dimension of the strongest relationship was represented in the improvement in the relationship quality with the customer.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The study employed both qualitative and quantitative approach in order to answer the research questions and it is more of explanatory type. This study is institutional based inferential study that is designed to examine the impact of customer relationship management on marketing performance. The target population of the study includes employees of commercial bank of Ethiopia that are customer service officers, customer service managers and marketing managers who are found in the selected branches. Qualitative data was gathered from the sample respondents using semi-structured interview and the related data with questionnaire was collected and analyzed.

3.2 Sampling Design and Techniques

CBE is one of the most leading banks in the industry that facilitate different business transactions and economic activities. These business transactions and economic activities are undertaken mainly in Addis Ababa. Thus, taking branches of CBE in Addis Ababa is ideal for the study. The bank clustered its branches geographically in four districts namely north, south, east and west Addis Ababa district. CBE also divides its branches in different levels and grade on the basis of their size, number of customer they serve, their profitability and different criteria. From these four districts, only south and east districts were randomly chosen for this study. The study sticks to those branches which are found only in East and South Addis Ababa district and from these branches specifically branches which are grade four are selected. These grade four branches have large number of potential customers who communicate with the bank frequently and play a key role in the bank's profitability. Operations and Services delivered by the bank in all branches are the same. Therefore, taking these grade four branches is logical.

The population of the study was employees (customer service officers, customer service managers and marketing managers) of CBE who works in the selected branches. To divide the population, stratified sampling method was used and the population was divided in to two; the

first stratum includes customer service officers and customer service managers and the second stratum contains marketing managers. This stratum was formed to put samples that have homogeneous characteristics (on the basis of their job) together and to separate samples with heterogeneous characteristics from the former one. While using stratified sampling method, simple random sampling technique was used to select samples from each stratum. The selected branches have a total of 555 CSO and CSM and 13 marketing managers. The total sample size for this study is 246.

The sample size determination is calculated using the formula and it is shown in the table below;

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

Where, n is sample size

N is the number of total employees and

e is the 95% confidence interval (0.05)

Sr. No	Employees	N	E	N
1	CSO+CSM	555	0.05	232.46~233
2	MM	13	0.05	12.59~13
	Total			246

3.3 Source of Data

The study used both primary and secondary sources to gather data. The Primary sources for gathering primary data were employees of CBE (CSO, CSM and MM). On the other hand, secondary sources were books, internet and published journal articles related with customer relationship management and marketing performance.

3.4 Methods of Data collection

Primary data was collected through closed ended questionnaire and semi- structured interview. The researcher used questionnaire because it can be given to large samples, the cost and time

involved in using questionnaire is less than interview and respondents can complete the questionnaire at their own convenience. Additionally, interview was used because it is possible to schedule a mutually convenient time and place, it is easy to take notes during the interview, interview can probe deeply into respondents' beliefs, attitudes and inner experiences by following up with questions to obtain more info and clarify vague statements and possible to obtain information that might not have been revealed using another data collection. The questionnaire was adapted from Swaminathan (2004) and modified in convenient way for the study. Closed ended questionnaire were distributed to customer service officers and customer service managers. Semi- structured interview was conducted to gather the necessary data from marketing managers. Whereas, secondary data was collected from books, published journal articles which are related with the topic and Internet.

3.5 Validity and Reliability Issue

To collect the necessary data from the study subjects the researcher used or adapted the standardized questionnaire. The instruments (questions) internal consistency and stability was checked using Cronbach's alpha reliability index. According to Sekaran (1992), the closer the Alpha coefficient is to integral one, the more it is considered consistent and internally stable. Pilot test was done for ten percent of the sample and the instruments (questions) internal consistency was checked according to their related groups. The Cronbach's alpha reliability index gave the following results: key customer focus 0.79, customer knowledge management 0.83, technology based CRM 0.81, organizing around CRM 0.86, customer loyalty 0.78, customer satisfaction 0.76, customer perception and service quality 0.82 and market share 0.85. All these are indicating good internal consistency and stability among items, because all the results are near to one or greater than 0.7.

3.6 Method of Data Analysis

The collected data from both sources were analyzed and interpreted using both qualitative and quantitative techniques. The data collected using semi-structured interview was analyzed qualitatively and the data which was gathered through close ended questionnaire was analyzed with the aid of SPSS version 20. Data analysis was done by using statistical tools that are

correlation and regression. The association or inter-correlation among explanatory variables was tested using Pearson Correlation Coefficient. Simple linear and Multiple Regression analysis were carried out to test the explanatory variables independent and joint prediction. Descriptive analysis was also used for the demographic factors such as sex, age, position, years of service, educational level and field of specialization. The analyzed data is presented using tables.

3.7 Ethical considerations

The study has approval from St. Mary's university school of graduate studies, department of Masters of Business Administration. To collect primary data through questionnaire from CSOs and CSMs, permission was obtained from both CSOs and CSMs. The respondents were instructed not to write their names on the questionnaire and assured of that the responses would be used only for academic purpose and kept confidential. The purpose of the study and the potential benefit of the research result were mentioned in the introductory part of the questionnaire. Similarly, before conducting interview MMs were informed about the objective of the research and interview was conducted after obtaining their permission.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Background Characteristics of the Respondents

The researcher has designed to take information from 233 respondents (subjects) in the total questionnaire. However, 26 (97%) respondents successfully returned the requested questionnaire. The rest 7(3%) respondents were not voluntary to give back the questionnaires even though they were asked repeatedly.

Table 4:1 Background of the Respondents

No	Variables	N	Percent	
1	Sex	Male	155	68.6
		Female	71	31.4
		Total	226	100.0
2	Age	20-25	118	52.2
		26-35	92	40.7
		36-45	13	5.8
		46-55	3	1.3
		Total	226	100.0
3	Educational qualification	College diploma	17	7.5
		BA/BSc degree	192	85.0
		Master's degree	17	7.5
		Total	226	100.0
4	Field of specialization	Economics and related fields	49	22.0
		Management and related fields	102	45.7
		Accounting and related fields	72	32.3
		Total	223	100.0
5	Years of service	1-5	179	79.2
		6-10	30	13.3
		11-15	12	5.3
		16-20	1	.4
		≤26	4	1.8
		Total	226	100.0
6	Position	CSO	205	90.7
		CSM	21	9.3
		Total	226	100.0

As seen in table 4:1 among the total 226 respondents, 155 (68.6%) are male. The rest 71 (31.4%) are female. Males account more than two times than female. Regarding the age distribution of the respondents, 118 (52.2%) were 20-25 years, 92 (40.7%) were 26-35 years and the other 16 (7.1%) was between 36-55 years. About 92.9% were between 20 to 35 years in effective and energetic age to work. This indicates that as majority of employees are young, they can easily communicate with all kind of customers and customers can order them easily. As a result, it contributes to the bank to maintain the existing customers.

The educational qualification of the subjects lay into three major areas namely:

- Economics and related fields which encompass development economics, finance and development economics accounted 49 (22.0%).
- Management and related fields that includes marketing management, business administration, public administration etc...are about 102(45.7%).
- Accounting and related fields that are accounting and finances, cooperative accounting and auditing, etc... contain 72 (32.3%) of the respondents. From these description one can clearly understand that most of the respondents-nearly half or about 45.7% trained in management. This indicates that employees know well how to manage their customers and it plays a key role in creating good relationship with their customers.

Regarding the duration of the service years of the respondents; 179 (79.2%) are 1-5 years, 30 (13.3%) are 6-10 years, 12 (5.3%) are 11-15 years and the rest 5 (2.2%) are between 16 to 26 years. This indicates that most of the respondents are young. The status of the respondents also categorized into CSO 205 (90.7%) and CSM 21 (9.3%). It means 90.7% of the workers are customer service officers. This shows majority of the subjects directly communicate with customers while they provide services.

4.2 CRM Dimensions that Affects the Marketing Performance of CBE

As mentioned in many studies and observed in this research, there are four main dimensions that affect the marketing performance. Customer relationship management composed of four behavioral components, such as; key customer focus, customer knowledge management,

organizing around CRM and technology based CRM are crucial to gain customer loyalty, to improve customer satisfaction ,to provide quality services/products and to increase market share.

4.2.1. CSOs’ and CSMs’ opinion about key customer focus

Five Likert scale type questions were presented to the subjects concerning the continuous communication to customize the bank’s offerings, the treatment of customers by the bank employees with great care, the bank’s effort to find out the needs of the key customers, the provision of customized products/services to the key customers and the bank’s employees coordinated efforts to meet the key customer demand when they need modified products/services. They responded as seen in table 4:2.

Table 4:2 Respondents opinion regarding key customer focus; survey data 2014

key customer focus	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Actual value	0	5	38	122	61	226
Percent	0	2.2	16.8	54	27	100
Weight	1	2	3	4	5	15
Weighted value	0	10	114	488	305	917
Calculated table mean						3
calculated weight mean						4.1

Based on the respondents opinion in table 4:2, 81% were agree or strongly agree about the positive activities of the bank regarding key customer focus. Only 19% of the respondents were remaining neutral or disagree. On the other hand, the calculated weighted mean which is greater than the calculated table mean ($4.1 > 3$) indicates the effectiveness of the bank in focusing on its key customer. This shows that the bank give emphasis to its potential customers as a result this helps to retain its customers who contribute to the improvement of is performance.

4.2.2. Respondents' opinion about customer knowledge management

Acquiring, sharing and developing the customers knowledge among employees is essential for marketing profit to both the organization and customers.

Table 4:3 Respondents opinion regarding customer knowledge management; survey data,2014

Customer knowledge Management	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Actual value	0	16	72	102	36	226
Percent	0	7.1	31.9	45.1	15.9	100
Weight	1	2	3	4	5	15
Weighted value		32	216	408	180	836
Calculated table mean						3
calculated weight mean						3.7

As seen in table 4:3, about 61% of the respondents or six to ten subjects replied agree or strongly agree. The rest 39% were rejecting or neutral about the knowledge management activities of CBE. On the other side, the calculated weighted mean is pointing how the customer knowledge management is successful in CBE. As the mean indicated majority of the respondents prefer agree or more option. The calculated mean 3.7 which is greater than the table mean clearly shows this reality. This indicates that the bank use customer information and provide customized services to satisfy the demand of its customers and improve performance.

4.2.3 Respondents' attitude towards technology based CRM

Technology is very important to improve the capability of CBE in collecting, saving, analyzing and sharing knowledge about the customer. Technology enables CBE to personalize its services with quality and affordable cost and help the organization employees to reach the individual customers.

Seven Likert scale type questions were presented to the respondents about maintaining a comprehensive database of the bank’s customers, having appropriate software to serve customers, having appropriate hardware to serve customers, availability of individual customer information at every point of contact, the ability of the bank to serve customers outside the banking hall with the help of Automatic Teller Machines, if the bank uses phone calls, e-mails, and personnel visits to communicate with its customers and if the bank has the right technical staff to provide technical support for utilization of computer technology in building customer relationships. They responded as seen in table4:4.

Table 4:4 Respondents opinion regarding technology based CRM; survey data 2014

Technology based CRM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Actual value	1	8	66	123	28	226
Percent	0.4	3.5	29.2	54.4	12.4	100
Weight	1	2	3	4	5	15
Weighted value	1	16	198	492	140	847
Calculated table mean						3
calculated weight mean						3.7

Based on table 4:4, among the total 226 respondents more than 2/3 or 66.8% were responding agree or strongly agree about the uses of technology in the bank. The calculated mean 3.7 is greater than the table mean 3. The calculated weighted mean also strengthen their opinion. This shows that the bank uses different methods to communicate with its customers and the bank serves its customers using technology in order to create good relationship with them and this helps in improving performance.

4.2.4. Respondents’ opinion about organizing around CRM

The main things in CRM regarding successful organizations include organizational structure, organizational resources commitment and human resources management commitment. Reaching individual customer is the most difficult activity in CRM. However, organizing the business

institute in such way is creating conducive area for CRM and to increase the marketing profit. Regarding with the coordination of various functional areas and activities to improve the quality of customer experience, the bank's structure, employee training programs designed to develop the skills required for acquiring and improving customer relationships, Customer centric performance standards at all customer touch points, time and resources to manage customer relationship and bank's business goals related to customer acquisition, development and retention, 226 subjects were asked to give their opinion.

Table 4:5 Respondents opinion regarding organizing around CRM; survey data 2014

Organizing around customer relationship management	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Actual value	0	11	50	122	43	226
Percent		4.9	22.1	54	19	100
Weight	1	2	3	4	5	15
Weighted value	0	22	150	488	215	875
Calculated table mean						3
calculated weight mean						3.9

As seen in the above table 4.5 75% of the respondents replied agree or strongly agree. Only 27% gave negative response by disagree or neutral. On the other hand the calculated weighted mean 3.9 is pointing this reality. It is more than the average table mean 3. This shows that the bank considers its customers as part of the member of the organization and tries to create good relationship with them through establishing customer related business goal. This also has its own importance in performance improvement.

4.3. The Effect of CRM on Marketing Performance

In order to assess the effects of CRM on marketing performance of CBE, the marketing components such as customer loyalty, customer satisfaction, customer perception and services quality and market share were observed by analyzing the response of 226 respondents' opinion.

4.3.1. Attitude of CSOs and CSMs towards Customer Loyalty

Question related to the bank attempt to build long term relationship with valued customers by giving priority for retention of its customers, the effort of the bank to meet the customers demand and having customers' confidence on the bank, loyalty of its customers if the bank focuses on key customers and if the bank customizes customer interactions to optimize value and loyalty were presented to 226 respondents. They respond as seen in table 4:6.

Table 4:6 Respondents' Opinion Regarding Customer Loyalty; survey data 2014

Customer Loyalty	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Actual value	1	3	27	122	73	226
Percent	0.4	1.3	11.9	54	32.3	100
Weight	1	2	3	4	5	15
Weighted value	1	6	81	488	365	941
Calculated table mean						3
calculated weight mean						4.2

Based on the information in table 4.6, more than 86% of the respondents gave positive response by agree or strongly agree. Only less than 15% subjects opposed the customer loyalty to CBE. The other result, the calculated weighted mean 4.2 shows how the customer loyalty is successful. The calculated mean 4.2 is greater than the average table mean 3.

4.3.2. Respondents' opinion about Customer Satisfaction

Customer satisfaction can be seen based on two approaches either resulted from customer satisfaction after consumption or the customer perceptual process and evaluated that is resulted from his/her personal consumption experiences. Accordingly, questions that is related customer satisfaction with the services delivered by the bank, customer satisfaction based on the varieties of services, overall service quality and employees interaction with customers were asked to the

subjects. After analyzing and concluding their response, the result is summarized in table 4.7 below.

Table 4:7 Respondents Opinion Regarding Customer Satisfaction; survey data 2014

Customer Satisfaction	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Actual value	0	5	25	113	83	226
Percent	0	2.2	11.1	50	36.7	100
Weight	1	2	3	4	5	15
Weighted value	0	10	75	452	415	952
Calculated table mean						3
calculated weight mean						4.2

Based on the respondents response, nearly 9 out of 10 respondents replied by supporting customer satisfaction by agree or strongly agree. Small amount i.e. 13.3% of the subjects respond disagree or neutral to the questions about the customer satisfaction. The calculated mean is also greater than the table mean ($4.2 > 3$).

4.3.3. Respondents’ attitude towards Customers’ Perception and Services Quality

The bank’s on time delivery of services, employees’ commitment to respond customer request, the quality of the services given to the customer using technology, the customers image towards the bank and improvements of services quality as the bank’s interaction increase with clients were investigated to measure customers’ perception and services quality. Regarding these issues table 4.8 shows the respondents’ opinion as follows.

Table 4:8 Respondents Opinion Regarding Customer Perception and Services quality; survey data, 2014

Customers' Perception and Service Quality	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Actual value	0	8	48	128	42	226
Percent	0	3.5	21.2	56.6	18.6	100
Weight	1	2	3	4	5	15
Weighted value	0	16	144	512	210	882
Calculated table mean						3
calculated weight mean						3.9

More than 3/4 or 75.2% of the respondents were agree or strongly agree to the respective questions. It means they gave positive responses concerning customer perception and service quality. Small amount i.e. less than 1/4 or 24.8% of the respondents negated this issue. The weighted mean also shows how the result is true. The calculated weighted mean is greater than the table mean.

4.3.4 Respondents' opinion about Market Share

Market share is said to be a key indicator of market competitiveness that is, how well a firm is doing against its competitors. Regarding with market share respondents were asked if the bank implements different customer relationship practices and whether it helps the bank to increase its market share, whether the bank uses different marketing strategies to attract new customers, whether the bank applies different marketing strategies to retain the existing customers and whether the success in increasing market share of the bank depends on implementing various marketing strategies.

Table 4:9 Respondents Opinion Regarding the Market Share of CBE; survey data 2014

Market Share	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Actual value	0	4	16	92	114	226
Percent	0	1.8	7.1	40.7	50.4	100
Weight	1	2	3	4	5	15
Weighted value	0	8	48	368	570	994
Calculated table mean						3
calculated weight mean						4.4

As it is seen in the above table 4:9, More than 91% of the respondents responded agree or strongly agree for most of the question regarding market share of the bank. Among the total respondents, only one in ten were opposing by disagree or strongly disagree. The calculated weighted mean 4.4 also supported this issue. The calculated weighted mean 4.4 is > the table mean 3. This indicates that CBE has huge market share in the research area.

4.4. The Impact of CRM on Marketing Performance of CBE

To determine the designed objectives and test the formulated hypotheses, instruments (questions) were analyzed in terms their relation. In this study 49 questions were used and they were divided in three main groups. The first group was to measure demographic information, the second group was to measure customer relationship management and the third group was to measure marketing performance. The CRM and marketing performance scale together were 43 items, 24 for CRM and the rest 19 to marketing performance. All the items were Likert scale scoring format ranging from strongly disagree (1), disagree (2), neutral (3), agree (4) to strongly agree (5).

4.4.1. Testing Hypotheses

In order to examine the impacts of CRM on marketing performance of CBE, four hypotheses were formulated and tested based on data collected from the subjects.

4.4.1.1 Testing Hypothesis One

H₁= The dimensions of customer relationship management have significant impact on customer loyalty of CBE.

This hypothesis was formulated to examine whether focusing on key customer, managing customer knowledge, technology based CRM and organizing around CRM will independently or jointly predict customer loyalty or not. Simple and multiple linear regression were carried out to test the explanatory variables independently and jointly prediction. Before running simple and multiple regressions, outliers, normality, linearity and multi-collinearity effects were observed.

- **The Independent Impacts of Each explanatory variable on Customer Loyalty**

Simple linear regression was made for each explanatory variable; key customer focus, customer knowledge management, technology based CRM and organizing around CRM with dependent variable customer loyalty. As seen in table 4:10 each explanatory variable is able to predict customer loyalty. The results show that:-

- The simple regression of key customer focus with dependent variable customer loyalty is significant with $F(11, 224) = 146.16$ with $p < 0.01$ indicating that the model is fit or significant to predict the independent effects of the explanatory variable. The R value = 0.63, $R^2 = 0.39$ and adjusted R^2 is 0.39. Based on this result, key customer focus is predicting customer loyalty. The $R^2 = 0.39$ shows that key customer focus account for a variation of about 39% on customer loyalty.
- The simple linear regression of customer knowledge management is significant with $F(1, 224) = 102.22$, $P < 0.01$, $R = 0.56$, $R^2 = 0.31$ and adjusted $R^2 = 0.31$. The $R^2 = 0.31$ shows that customer knowledge management account for a variation of about 31% on customer loyalty.

- The simple linear regression of technology based CRM to customer loyalty is also significant with $F(1, 224) = 105.22$, $P < 0.01$, $R = 0.57$, $R^2 = 0.32$ and adjusted $R^2 = 0.32$. The $R^2 = 0.32$ shows that technology based CRM account for a variation of about 32% on customer loyalty.
- Simple linear regression of the explanatory variable organizing around CRM to dependent variable customer loyalty is significant with $F(1, 224) = 229.62$, $P < 0.01$, $R = 0.71$, $R^2 = 0.51$ and adjusted $R^2 = 0.50$. The $R^2 = 0.50$ shows that organizing around CRM account for a variation of about 50% on customer loyalty.

Table 4:10 Simple linear regression results of each explanatory variable with dependent variable customer loyalty; survey data 2014

No	Variable	F-Ratio	Sig of P	R	R²	Adj R²	B	T	P	Lower Bound	Upper Bound
1	Key Customer Focus	146.16	.000	0.63	0.39	0.39	0.65	12.09	0.000	0.54	0.76
2	Customer Knowledge Management	102.22	.000	0.56	0.31	0.31	0.49	10.11	0.000	0.39	0.59
3	Technology Based CRM	105.52	.000	0.57	0.32	0.32	0.57	10.27	0.000	0.46	0.68
4	Organizing Around CRM	229.62	.000	0.71	0.51	0.50	0.66	15.15	0.000	0.57	0.74

▪ **The Join Impact of Explanatory Variables to Dependent Variable Customer Loyalty**

In order to examine the joint effect of the explanatory variables with dependent variable customer loyalty, multiple linear regression was conducted by checking the assumptions regarding linear regression. The association or inter-correlation among explanatory variables was tested using Pearson Correlation Coefficient. Based on the result, organizing around CRM has showed high association ($r = 0.7$) with other explanatory variables. As to Hoffmann (2010)

explained in his Linear Regression analysis: application and assumptions, correlation among explanatory variables ≥ 0.7 have multi-collinearity effect on regression analysis. So, the explanatory variable organizing around CRM was avoided from the multiple regression model and hypothesis one has modified as follows.

H_1 = Key customer focus, customer knowledge management and technology based CRM have significant impact on customer loyalty of CBE.

$H_1: \beta_1, \beta_2, \beta_3 \neq 0$ (the explanatory variables are useful in predicting customer loyalty)

H_0 = Key customer focus, customer knowledge management and technology based CRM have no significant impact on customer loyalty of CBE.

$H_0: \beta_1, \beta_2, \beta_3 = 0$ (the explanatory variables are not useful in predicting customer loyalty)

Table 4: 11 Summary of the regression Model (Customer loyalty)

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \Sigma$.707	.500	.494	.4759
a. Predictors: (Constant), technology based CRM, Key Customer Focus, customer Knowledge Management				
b. Dependent Variable: Customer Loyalty				

Table 4:12 The ANOVA of the Regression (customer loyalty)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	50.383	3	16.794	74.148	.000
	Residual	50.282	222	.226		
	Total	100.665	225			
a. Dependent Variable: Customer Loyalty						
b. Predictors: (Constant), technology based CRM, Key Customer Focus, customer Knowledge Management						

Table 4: 13 the Regression Coefficients (customer loyalty)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.783	.224		3.500	.001	.342	1.224		
	Key Customer Focus	.410	.063	.397	6.543	.000	.287	.534	.610	1.639
	Customer knowledge Management	.136	.057	.156	2.394	.018	.024	.248	.533	1.876
	technology based CRM	.292	.059	.289	4.921	.000	.175	.409	.651	1.537
	a. Dependent Variable: Customer Loyalty									

The multiple regression results in tables 4:11-Model summary, 4:12-ANOVA and 4:13 Coefficients shows that key customer focus, customer knowledge management and technology based CRM have effect on customer loyalty. The result was significant with $F(3, 222) = 74.15$ and $P < 0.01$. This indicates, the model $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \Sigma$ is fit to predict customer loyalty and the result is significant at 1%. The R value = 0.707, $R^2 = 0.500$ and adjusted $R^2 = 0.494$ reflects that the explanatory variables jointly account for a variation of about 50% of the dependent variable. It means that the $R^2 = 0.50$ indicates that key customer focus, knowledge management and technology based CRM account for about 50% of the customer loyalty.

On the other hand, as it is shown in table 4:13, the regression equation is: $Y = 0.783 + 0.410X_1 + 0.136X_2 + 0.292X_3$. In this equation no values of the slope (β) is zero i.e. $\beta_1, \beta_2, \beta_3 \neq 0$ which proves to accept the hypothesis H_1 or the research hypothesis and reject the null hypothesis or H_0 . All the explanatory variables are significantly predicted at $P < 0.05$ in 95% CI for β as it is explained in the lower and upper boundary columns.

4.4.1.2. Testing Hypothesis Two

$H_1 =$ Customer relationship management dimensions have significant impact on Customer Satisfaction of CBE.

This hypothesis was formulated to examine whether key customer focus, managing customer knowledge, technology based CRM and organizing around CRM will independently or jointly predict the Customer Satisfaction or not. Simple and multiple linear regression were conducted to test the explanatory variables independent and joint effect. Like the previous hypothesis one, all the assumptions were observed before running simple and multiple linear regression analysis.

- **The independent impacts of each variable on customer satisfaction**

Simple linear regression was carried out for each explanatory variable; key customer focus, customer knowledge management, technology based CRM and organizing around CRM with dependent variable customer satisfaction. As seen in table 4:14 each variable has predicted customer satisfaction.

- The simple regression which is carried out on key customer focus with dependent variable customer satisfaction is significant with $F(1, 224) = 125.97$ with $p < 0.01$ indicating that the model is fit or significant to predict the independent effects of explanatory variable. The R value = 0.60, $R^2 = 0.36$ and adjusted R^2 is 0.36. Based on this result, focusing on key customer is predicting customer satisfaction. The $R^2 = 0.36$ shows that key customer focus account for a variation of about 36% on customer satisfaction.

Table 4:14 simple linear regression results of each explanatory variable with dependent variable customer satisfaction; survey data 2014

Variables	F-Ratio	Sig of P	R	R^2	Adj. R^2	B	T	Sig	Lower Bound	Upper Bound
Key Customer Focus	125.97	0.000	0.60	0.36	0.36	0.63	11.22	.000	0.515	0.735
Customer Knowledge Management	83.98	0.000	0.52	0.27	0.27	0.46	9.16	.000	.362	0.561
technology based CRM	82.89	0.000	0.52	0.27	0.27	0.53	9.11	.000	0.415	0.644
Organizing Around CRM	178.82	0.000	0.67	0.44	0.44	0.62	13.37	.000	0.53	0.714

- The simple linear regression of customer knowledge management with customer satisfaction is significant with $F(1, 224) = 83.98$, $P < 0.01$, $R = 0.52$, $R^2 = 0.27$ and adjusted $R^2 = 0.27$. The $R^2 = 0.27$ shows that customer knowledge management account for a variation of about 27% on customer satisfaction.
- The simple regression of the explanatory variable technology based CRM to dependent variable customer satisfaction is also significant with $F(1, 224) = 82.89$, $P < 0.01$, $R = 0.52$, $R^2 = 0.27$ and adjusted $R^2 = 0.27$. The $R^2 = 0.27$ shows that technology based CRM account for a variation of about 27% on customer satisfaction.
- Simple regression of the explanatory variable organizing around CRM to dependent variable customer satisfaction is significant with $F(1,224) = 178.82$, $P < 0.01$, $R = 0.67$, $R^2 = 0.44$

and adjusted $R^2 = 0.44$. The $R^2 = 0.44$ shows that organizing around CRM account for a variation of about 44 % on customer satisfaction.

▪ **The Joint Impact of Explanatory Variables to Dependent Variable Customer Satisfaction**

The joint effect of the explanatory variables .i.e. focusing on key customer, customer knowledge management and technology based CRM on dependent variable customer satisfaction were tested by running multiple linear regression analysis. Like the previous hypothesis, assumptions related to multiple linear regression were conducted before doing the regression analysis. Due to this reason, the explanatory variable organizing around CRM again avoided because of its correlation index is ≥ 0.7 . So, hypothesis two was rearranged as shown below.

H_1 = Key customer focus, customer knowledge management and technology based CRM have significant impact on customer satisfaction of CBE.

$H_1: \beta_1, \beta_2, \beta_3 \neq 0$ (the explanatory variables are useful in predicting customer satisfaction)

H_0 = Key customer focus, customer knowledge management and technology based CRM have no significant impact on customer satisfaction of CBE.

$H_0: \beta_1, \beta_2, \beta_3 = 0$ (the explanatory variables are not useful in predicting customer satisfaction)

Based on the results indicated in table 4:15 the summary of the regression model, in table 4:16 the ANOVA of the regression and in table 4:17 in the regression coefficients, the model $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$ is solved by the equation $Y = 0.944 + 0.412X_1 + 0.123X_2 + 0.258X_3$.

Table 4: 15 Summary of the regression Model (customer satisfaction)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.665	.442	.434	.5076
a. Predictors: (Constant), Key Customer Focus, technology based CRM, customer Knowledge Management				
b. Dependent Variable: Customer Satisfaction				

Table 4:16 The ANOVA of the Regression (customer satisfaction)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45.278	3	15.093	58.578	.000
	Residual	57.198	222	.258		
	Total	102.476	225			
a. Dependent Variable: Customer Satisfaction						
b. Predictors: (Constant), Key Customer Focus, technology based CRM, customer Knowledge Management						

Table 4: 17 The Regression Coefficients (customer satisfaction)

Variables	Unstandardize		Standardize	t	Sig.	95.0% CI for B		Collinearity	
	d Coefficients		d Coefficients			Lower	Upper	Tolerance	VIF
	B	Std. Error	Beta						
(Constant)	.944	.239		3.952	.000	.473	1.414		
Key Customer Focus	.412	.067	.396	6.166	.000	.281	.544	.610	1.639
Customer Knowledge Management	.123	.061	.139	2.031	.043	.004	.243	.533	1.876
1 technology based CRM	.258	.063	.253	4.070	.000	.133	.383	.651	1.537

a. Dependent Variable: Customer Satisfaction

Table 4:15 and 4:16 in the above show that $F(3, 222) = 58.58$ with $P < 0.01$ and R value = 0.665, $R^2 = 0.44$ and adjusted $R^2 = 0.43$. In this regard, the model is well fitted to predict the dependent variable customer satisfaction by the explanatory variables key customer focus, customer knowledge management and technology based CRM. The $R^2 = 0.44$ indicates the variation of the explanatory variables about the dependent variables. All the three explanatory variables together account a variation of about 44% of the dependent variable customer satisfaction. Regarding the acceptance of the hypotheses of the null hypothesis and the research or alternative hypothesis, there is no slope or $\beta_1, \beta_2, \beta_3 \neq 0$ having value zero in equation $Y = 0.944 + 0.412X_1 + 0.123X_2 + 0.258X_3$. This means the research or alternative hypothesis is accepted and the null hypothesis is rejected. The explanatory variables; key customer focus, knowledge management and technology based CRM are able to predict the dependent variable customer satisfaction at $P < 0.05$ of significant in 95% CI for β as explained in each row (table 4:17).

4.4.1.3. Testing Hypothesis Three

Hypothesis three was formulated to test the impact of key customer focus, customer knowledge management, technology based CRM and organizing around CRM on customers' perception and service quality. It was stated as follows.

H_1 = Customer relationship management dimensions have significant impact on customers' perception and service quality.

In order to measure the impact of these explanatory variables with the dependent variable, simple and multiple regressions were taken place in the same way like the previous hypothesis. Simple linear regression was taken to test each explanatory effect on customer perception and service quality whereas multiple regression was conducted to examine the common impact of the four explanatory variables on single dependent variable-customer perception and service quality.

- **Independent Impacts of each Explanatory variable on Customers' Perception and Service Quality**

Table 4:18 indicates the result of regression analysis of each explanatory variable with customers' perception and service quality. The simple linear regression model representing the relationship of key customer focus with customers' perception and service quality is significant with $F(1, 224) = 137.52$ at $P < 0.01$ and R value = 0.62, $R^2 = 0.38$ and adjusted $R^2 = 0.38$. The R^2 value 0.38 is the variation of the explanatory variable in dependent variable i.e. key customer focus account about 38% in the variation of customer perception and service quality. On the other hand, when $P < 0.000$ at α is < 0.05 and $\beta \neq 0$, the null hypothesis "the explanatory variable has no significance effect" is rejected and the research hypothesis "the explanatory variable has significance effect" is accepted. Hence, key customer focus is useful as a predictor of customers' perception and service quality.

➤ The other explanatory variable customer knowledge management is significant with $F(1, 224) = 144.45$, $P < 0.01$, R value is 0.63, $R^2 = 0.39$ and adjusted $R^2 = 0.39$. The value of $R^2 = 0.39$ is indicating the explanatory variable variation in the dependent variable i.e. customer knowledge management accounts about 39% in the variation of dependent variable. Besides,

$P < 0.000 < 0.05$ α and the slope or $\beta \neq 0$ has proved the significance of the model. So, customer knowledge management has significant impact to predict customer perception and service quality.

- As seen in table 4:18, technology based CRM is another explanatory variable that predict customers' perception and service quality with $F(1, 224) = 113.20$, $P < 0.01$, R value 0.58, $R^2 = 0.34$ and adjusted $R^2 = 0.33$. It means that the explanatory variable technology based CRM is accounted about 34% in the variation of dependent variable. Since $P < 0.001 < 0.05$ α and the slope or $\beta \neq 0$, technology based CRM has predicted customer perception and service quality.

Table 4:18 simple linear regression results of each explanatory variable with dependent variable customers' perception and service quality; survey data 2014

No	Variable	F-Ratio	Sig of P	R	R ²	Adj. R ²	B	T	P	Lower Bound	Upper Bound
1	Key Customer Focus	137.52	.000	.62	.38	.38	.63	11.73	.000	.524	.736
2	Customer Knowledge Management	144.45	.000	.63	.39	.39	.54	12.02	.000	.45	.63
3	Technology based CRM	113.20	.000	.58	.34	.33	.58	10.64	.000	.47	.69
4	Organizing Around CRM	210.17	.000	.70	.48	.48	.64	14.50	.000	.55	.72

- The last explanatory variable is also significant with $F(1, 224) = 210.17$, $P < 0.01$, R value is 0.70, $R^2 = 0.48$ and adjusted $R^2 = 0.48$. As we see here in table 4:18, the coefficient of variation is $R^2 = 0.48$; therefore about 48% of the variation in customers' perception and service quality is explained by organizing around CRM. So, the model is useful to predict

dependent variable based on explanatory variable. In addition, the $P < 0.000 < 0.05 \alpha$ and the slope or $\beta \neq 0$ is indicating evidence to reject the null hypothesis and to accept the research hypothesis. Therefore, organizing around CRM is significant in predicting customers' perception and services quality.

- **The Joint Impact of Explanatory Variables to Dependent Variable Customer Perception and Service Quality.**

Similar to the previous hypothesis, assumptions related to multiple linear regression were conducted before the regression analysis. Due to this reason, the explanatory variable organizing around CRM again avoided because of its correlation index is ≥ 0.7 . So, hypothesis three was rearranged as explained below.

The joint effect of the explanatory variables .i.e. Key customer focus, customer knowledge management and technology based CRM on dependent variable customers' perception and service quality was tested by running multiple linear regression analysis.

H_1 = key customer focus, customer knowledge management and technology based CRM have significant impact on predicting customers' perception and service quality of CBE.

$H_1: \beta_1, \beta_2, \beta_3 \neq 0$ (the explanatory variables are useful in predicting customer perception and service quality)

H_0 = key customer focus, customer knowledge management and technology based CRM have no significant impact on predicting customers' perception and service quality of CBE.

$H_0: \beta_1, \beta_2, \beta_3 = 0$ (the explanatory variables are not useful in predicting customer perception and service quality)

Based on the results indicated in table 4:19 the summary of the regression model, in table 4:20 the ANOVA of the regression and in table 4:21 in the regression coefficients, the model $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$ is solved by the equation $Y = 0.630 + 0.327X_1 + 0.243X_2 + 0.269X_3$. Tale 4:19 and 4:20 show that $F(3, 222) = 82.99$ with $P < 0.01$ and R value = 0.727, $R^2 = 0.53$ and adjusted $R^2 = 0.52$.

Table 4: 19 Summary of the regression Model (Customers' Perception and Service Quality)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.727	.529	.522	.4576
a. Predictors: (Constant), Key Customer Focus, Technology based CRM, Customer Knowledge Management				
b. Dependent Variable: Customers Perception and Service Quality				

Table 4:20 the ANOVA of the Regression (Customers Perception and Service Quality)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	52.132	3	17.377	82.990	.000
	Residual	46.485	222	.209		
	Total	98.617	225			
a. Dependent Variable: Customers' Perception and Service Quality						
b. Predictors: (Constant), Key Customer Focus, technology based CRM, Customer Knowledge Management						

Table 4: 21 the Regression Coefficients (Customers' Perception and Service Quality)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% CI for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	.630	.215		2.929	.004	.206	1.055		
Key Customer Focus	.327	.060	.320	5.429	.000	.209	.446	.610	1.639
Customer Knowledge Management	.243	.055	.280	4.440	.000	.135	.351	.533	1.876
Technology based CRM	.269	.057	.269	4.703	.000	.156	.381	.651	1.537

a. Dependent Variable: Customers' Perception and Service Quality

In this regard, the model is well fitted to predict the dependent variable customer perception and service quality by the explanatory variables key customer focus, customer knowledge management and technology based CRM. The $R^2 = 0.53$ indicates the variation of the explanatory variables about the dependent variables. All the three explanatory variables together account a variation of about 53% of the dependent variable customers' perception and service quality. Regarding the acceptance of the hypotheses of the null hypothesis and the research or alternative hypothesis, no slope or β having value zero in equation $Y = 0.630 + 0.327X_1 + 0.243X_2 + 0.269X_3$ ($\beta_1, \beta_2, \beta_3 \neq 0$). This means the research or alternative hypothesis is accepted and the null hypothesis is rejected. The explanatory variables; key customer focus, knowledge management and technology based CRM are able to predict the dependent variable customers' perception and service quality at $P < 0.05$ level of significant in 95% CI for β as explained in each row (table 4:21).

4.4.1.4 Testing the Last or the Fourth Hypothesis

In reality, market share enable manager to judge not only total market growth or decline but also trends in customers' selection among competitors. Therefore, success in market share clearly indicates the performance of the organization, in this context the performance of CBE.

The last or the fourth hypothesis is to test the independent and joint impacts of explanatory variables on marketing share of CBE. So, the hypothesis was formulated as follows.

H₁= The dimensions of customer relationship management have significant impact on marketing share.

Simple and multiple linear regressions were carried out to test the independent and joint impact of the explanatory variables on marketing share of CBE.

- **The Impacts of each Explanatory Variable on Marketing Share of CBE**

Table 4:22 shows simple linear regression results of each explanatory variable with market share. In each respective model the null hypothesis is rejected and the research hypothesis is accepted. This means in each model each explanatory variable is significantly predict the dependent variable market share.

- Key customer focus is significant with $F(1, 224) = 78.95$, $P < 0.01$, R value 0.51, $R^2 = 0.26$, adjusted $R^2 = 0.26$ and $\beta \neq 0$ at $P < 0.000 < 0.05 \alpha$ to predict market share of CBE. Market share is explained about 26% by the explanatory variable key customer focus.
- Customer knowledge management is significant with $F(1, 224) = 70.34$, $P < 0.01$, R value is 0.49, $R^2 = 0.24$, adjusted $R^2 = 0.24$ and $\beta \neq 0$ at $P < 0.000 < 0.05 \alpha$ to predict market share. The explanatory variable Customer knowledge management accounts about 24% in the variation of marketing share.
- Technology based CRM is significant predictor of market share with $F(1, 224) = 67.86$, $P < 0.01$, R value is 0.48, $R^2 = 0.23$, adjusted $R^2 = 0.23$ and $\beta \neq 0$ at $P < 0.000 < 0.05 \alpha$

significance level. Therefore, market share of CBE is explained about 23% by technology based CRM.

Table 4:22 simple linear regression results of each explanatory variable with dependent variable market share; survey data 2014

No	Variable	F-Ratio	Sig of P	R	R ²	R̄ ²	B	T	P	95.0% CI for B	
										Lower Bound	Upper Bound
1	Key Customer Focus	78.95	.000	.51	.26	.26	.533	8.89	.000	.42	.65
2	Customer Knowledge Management	70.34	.000	.49	.24	.24	.433	8.39	.000	.33	.54
3	Technology based CRM	67.86	.000	.48	.23	.23	.493	8.24	.000	.38	.61
4	Organizing Around CRM	151.66	.000	.64	.40	.40	.595	12.32	.000	.50	.69

➤ Organizing around CRM is also able to predict market share with $F(1, 224) = 151.66$, $P < 0.01$, R value is 0.64, $R^2 = 40$, adjusted $R^2 = 0.40$ and $\beta \neq 0$ at $P < 0.000 < 0.05$ α significance level. Therefore, market share is explained about 40% by organizing around CRM.

• **The Joint Impact of Explanatory Variables on Market Share of CBE**

Similar to the previous procedure, before going to multiple linear regression to test the joint impact of explanatory variables on market share, assumption were observed using different methods. So, organizing around CRM was avoided from the model because of its high correlation coefficient (0.7). With this reason, the model has not included this explanatory variable and done only using three explanatory variables to predict market share of CBE. The hypothesis has adjusted as:-

H_1 = key customer focus, customer knowledge management and Technology based CRM have significant impact on market share of CBE.

Explanatory variables have significance effect to predict market share. $\beta_1, \beta_2, \beta_3 \neq 0$

H_0 = key customer focus, customer knowledge management and Technology based CRM have no significant impact on market share of CBE.

Explanatory variables have no significance effect to predict market share. $\beta_1, \beta_2, \beta_3 = 0$

Table 4: 23 Summary of the regression Model (market share)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.593	.351	.343	.5487
a. Predictors: (Constant), Key Customer Focus, Technology based CRM, Customer Knowledge Management				
b. Dependent Variable: Market Share				

Table 4:24 the ANOVA of the Regression (market share)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	36.217	3	12.072	40.095	.000
	Residual	66.842	222	.301		
	Total	103.059	225			
a. Dependent Variable: Market Share						
b. Predictors: (Constant), Key Customer Focus, Technology based CRM, Customer Knowledge Management						

Table 4: 25 the Regression Coefficients (market share)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% CI for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.564	.258		6.060	.000	1.055	2.073		
	Key Customer Focus	.301	.072	.288	4.163	.000	.159	.444	.610	1.639
	Customer Knowledge Management	.155	.066	.175	2.364	.019	.026	.284	.533	1.876
	Technology based CRM	.252	.068	.246	3.677	.000	.117	.387	.651	1.537
a. Dependent Variable: Market Share										

The multiple linear regression analysis has shown in table 4:23, 4:24 and 4:25 explained the significance of the model with $F(3, 222) = 40.10$ with $P < 0.01$ and able to predict the dependent variable. On the other hand $R = 0.59$, $R^2 = 0.35$ and adjusted $R^2 = 0.34$ indicates that the explanatory variables jointly account a variation of about 35% of the dependent variable. In another word the explanatory variables key customer focus, customer knowledge management and Technology based CRM accounts about 35% in the variation of market share. In table 4:25 no β s are equal to zero i.e. $\beta_1 = 0.301$, $\beta_2 = 0.155$ and $\beta_3 = 0.252$. In this regard β_1, β_2 and $\beta_3 \neq 0$, which indicate the explanatory variables have impact in predicting market share of CBE.

4.5 Marketing Managers' attitude towards CRM and marketing performance of CBE

In order to gather the necessary data which helps to examine the impact of customer relationship management on the marketing performance of CBE, semi structured interview were conducted to the marketing managers of the bank in the selected branches. A total of 13 marketing managers

were interviewed and all of them gave response for the questions. They are asked to answer 5 yes or no questions that require justification. First, they were asked to answer the questions by saying yes or no and then to justify their answer for both options.

Table 4:26 Marketing Managers’ Opinion about CRM and Marketing Performance of their Bank: Survey data 2014

Questions	Yes	Percent	No	Percent	Total
Do you think that, your bank gives more emphasis for key customers and provides customized services for them	13	100	0	0	13
Do you think that your organization provides and use appropriate channels to communicate with its customers	13	100	0	0	13
In your opinion, do you think that your bank maintains a comprehensive database of customers and have the necessary hardware and software	12	92.3	1	7.7	13
In your opinion, do you think that customer centric performance standards are established and monitored at all customer touch points	9	69.2	4	30.8	13
As a marketing manager, do you think that customer relationship management practices help your bank in improving marketing performance in terms of creating loyal customers, improving service delivery, Increasing customer satisfaction and market share	13	100	0	0	13

The first question was about the banks key customers and the respondents were asked if they think that the bank gives more emphasis for its key customers and provide customized services for these customers. With regards to this question, as seen in Table 4:26, a total of 13 (100%) respondents were agreed that CBE gives more emphasis for its key customers. In order to justify their answer, respondents mentioned that the bank opened special windows dedicated for premium and business customers to serve them with minimum waiting time. The respondents

also mentioned that, the bank gives financial award and recognition to premium and business customers, give premium customer card for its key customers which allows them to get special services in all CBE branches through their dedicated window and the bank gives platinum and golden visa cards for premium customers to withdraw cash from ATM above the normal settled amount. In addition to this, respondents stated that their bank considers its customers as a king and these customers are key profit providers of the bank.

Secondly, the respondents were asked if their bank provides and use appropriate channels to communicate with its customers. As seen in Table 4:26 13 (100%) of the respondents were agreed that the bank provides and use appropriate channels to communicate with its customers. As respondents describe, the bank advertise its existing and new products and services in electronic and printing Medias. They also stated that, the bank has suggestion boxes and book in every branch in which customers put their suggestion and complain. Telephone is one of the tools that commercial bank of Ethiopia use to communicate with its customers. Some of the respondents explain that the bank has free telephone line that helps the bank to communicate with its customers and any customer who wants to get information about the services (like internet banking, visa card, mobile banking etc) that the bank provides, can get the relevant information with free call. In addition to this, CBE provides door to door service for regular customers and this face to face communication helps the bank to get more ideas on how to improve its services. As respondents mention, the bank visit its customers within fixed time interval and get feedback and also communicates with customers by sponsoring special events.

Marketing managers of commercial bank of Ethiopia were asked if their bank maintains a comprehensive database of its customers and have the necessary hardware and software to serve customers. As seen in table 4:26 majority of the respondents (92.3%) were responded positively by agreeing with the statement. According to the their response, the bank have a dream to inter and be competitive in the international banking industry and to succeed in this, CBE uses world class software called T-24 which is the best product in the current market and with the help of this software, the customers data is maintained .CBE establish a central server and modern hardware to handle and facilitate its services. On the other hand, 7.7% of the respondents response was no. These respondents justify their response by saying even if the bank have world

class software to support service transactions, its hardware is not compatible with the software and physical facility of the bank is not as good as it has to be. They also mentioned that the bank lacks in maintaining comprehensive data base of its customers.

With regard to customer centric performance standards, respondents were also asked to say yes or no if customer centric performance standards are established and monitored at all customer touch points. As shown in table 4:26 69.2% of the respondents agree that customer centric performance standards are established and monitored at all customer touch points. They stated that, CBE always work to satisfy the needs of its customers. Recently the bank implements EPMS to measure its employees performance at all customer touch points and implementing this system helps the bank to increase its employees performance, minimize customer waiting time and increase service Excellency. Respondents also described that, the bank established its own standard for all customer touch points and through this system (EPMS), employees daily, monthly, quarterly and yearly performance is measured at all customer touch points. After the employees performance is measured and monitored at all customer touch points, the bank gives different kind of rewards for employees who meet the standard. On the other hand 30.8% of the respondents replied no without giving justification for their answer.

Finally the marketing managers of CBE were asked if customer relationship management practice helps their bank to improve its marketing performance in terms of creating loyal customers, improving service quality, increasing customer satisfaction and market share. As seen in table 4:26 all (100%) of the respondents agree that CRM practices help their bank to improve its marketing performance. Respondents described that, the bank starts to practice CRM after the implementation of BPR and when compared to before its implementation, the marketing performance of the bank is improved after implementation of CRM practices. As respondents state, before the bank implemented CRM practices, customers were not aware of the services delivered by the bank, the relationship between the bank and its customers were not strong enough to create loyal customers, advanced banking technologies were not used by the bank and the bank's customers were also dissatisfied. However, currently CRM practice helps the bank to improve its marketing performance in terms of creating loyal customers, attracting new customers, making customers satisfied, improving service quality and increasing share of market.

4.6 Discussion of the study

CRM applications facilitate organizational learning about customers by enabling firms to analyze purchase behavior across transactions through different channels and customer touch points (Mithas, Krishnan and Fornell, 2005). CRM systems provide the infrastructure that facilitates long-term relationship building with customers (Hendricks, Singhal and Stratman, 2006).

On his study under the title “Creating a Superior Customer-Relating Capability” Day (2003), noted that Successful implementation of CRM systems depends on four pillars: focusing on key customers, organizing around CRM, managing knowledge and incorporating technology based CRM. This author also mentioned that despite the apparently straightforward nature of each of these four pillars, all four are connected and must work in unison to achieve superior customer relationships. CBE implement CRM practices considering these pillars of successful CRM system to build long lasting relationship with its customers, increase customer loyalty, improve service quality, increase customer satisfaction and market share.

The findings of Robert, Graham and Mike (2008) indicated that organizations must understand what drives both value and delight for their customers and adopting a customer centric vision enables an organization understand their customers, deliver customer delight and drive for loyalty. CBE customizes its interactions with customers to optimize value and loyalty, build long term relationship with valued customers by giving priority for retention of its customers and always tries to meet the demand of its customers. This effective application of CRM practices helps the bank to create loyal customers and have its own impact on its marketing performance.

Chonko, Alan, Eli and James (2003) emphasizes the need to establish a continuous organizational learning environment to acquire and creatively use customer knowledge, to foster long-term relationships and, thereby business performance. In their study Mithas et al.(2005), concluded that CRM applications help firms to gain customer knowledge and this knowledge helps firms improve their customer satisfaction .They suggest that firms that make investments in CRM applications reap significant intangible benefits, such as improved customer knowledge

and customer satisfaction. Achieving such customer- focused business objectives is a critical ingredient for success in increasingly competitive markets. CBE established clear business goals related to customer acquisition, development and retention, Collects and updates customer information and its employees have good knowledge about their customers. This has its own effect on the bank's overall performance and marketing performance in specific.

The study conducted by Huseyin, Salih and Salime (2005) has shown that customers are looking for banks that keep their promises, instill confidence in the customer about the way they handle transactions, provide prompt service and have employees that are competent and always willing to help the customer. CBE employees know well how to deal with all types of customers and are committed to respond the customers' request. The bank also has a good image on its customers' mind and deliver services on promised times.

Sanjay (2012) described that, a greater focus on CRM is the only way the banking industry can protect its market share and boost growth. With intensifying competition, declining market share, deregulations, smarter and more demanding customers, there is competition between the banks to attain a competitive advantage over one another or for sustaining the survival in competition. As marketing managers of CBE mentioned during the interview, CBE implement CRM practices to gain competitive advantage over its competitors. The bank provides door to door service, advertise its new and existing products/services, etc. This in turn helps the bank to gain a huge share of market and have an effect on its marketing performance.

Since the 1980s, things have been really changing with the advent of multiple technologies and applications. Different organizations got affected from this revolution; the banking industry is one of it. In this technology revolution, technology based remote access delivery channels and payment systems surfaced. ATM displaced cashier tellers, telephone represented by call centers replaced the bank branch, internet replaced the mail, credit cards and electronic cash replaced traditional cash transactions, and interactive television will replace face-to-face transactions. These services are provided with the help of both hardware and software (Sherif, 2002). As marketing managers of CBE mentioned during the interview, the bank uses different banking technologies with help of its hardware and world class software to deliver fast

and quality services, to maintain customers' data and to communicate with them. However, the hardware lacks compatibility with the software and physical facilities of the bank are not highly standardized.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMENDATION

5.1 Summary of the major findings

- Key customers focus, customer knowledge management, technology based CRM and organizing around CRM independently account for a variation of about 39%,31%,32% and 50% respectively on customer loyalty. Excluding organizing around CRM, the other three dimensions of CRM jointly account for a variation of about 50% of customer loyalty. This shows that the dimensions of customer relationship management affect the loyalty of its customers.
- Key customers focus, customer knowledge management, technology based CRM and organizing around CRM independently account for a variation of about 36%,27%,27% and 44% respectively on customer satisfaction. Excluding organizing around CRM, all the three explanatory variables together account a variation of about 44% of the dependent variable customer satisfaction. This indicates that the dimensions of customer relationship management have an effect on customer satisfaction of the bank.
- Key customers focus, customer knowledge management, technology based CRM and organizing around CRM independently account for a variation of about 38%,39%,34% and 48% respectively on customer perception and service quality. Again excluding organizing around CRM, the rest three explanatory variables together account a variation of about 53% of the dependent variable customer perception and service quality. This indicates that customer relationship management affects customer perception and service quality.
- Market share is explained about 26% by the explanatory variable key customer focus. The explanatory variable Customer knowledge management accounts about 24% in the variation of marketing share. Market share of CBE is explained about 23% by technology based CRM. Organizing around CRM accounts about 40% in the variation of market share. The explanatory variables key customer focus, customer knowledge management and Technology based CRM jointly accounts about 35% in the variation of market share. This shows that dimensions of customer relationship management have an effect on market share of the bank.

- Among the problems faced by the bank on implementation of CRM practices, lack of customer centric performance standards, lack of advanced technological facilities like hardware that is compatible with the latest software and lack of standardized physical facilities are the major ones.

5.2 Conclusion

A long term relationship with customers is the main requirement of firms to survive in a competitive business environment. The dimensions of CRM that were included in this study are key customer focus, customer knowledge management, technology based CRM and organizing around CRM. On the other hand, the marketing performance elements that were used for this study are customer loyalty, customer satisfaction, customer perception and service quality and market share.

Based on the findings of the study the following conclusions are forwarded;

- The dimensions of CRM independently affect customer loyalty. Customer loyalty is more explained by organizing around CRM and least explained by customer knowledge management. The three dimensions (Key customers focus, customer knowledge management and technology based CRM) jointly affect customer loyalty. Therefore, CRM practice of the bank affect customer loyalty.
- The four dimensions of CRM independently affect customer satisfaction. Customer satisfaction is more explained by organizing around CRM. Customer knowledge management and technology based CRM equally explained customer satisfaction. The three dimensions (Key customers focus, customer knowledge management and technology based CRM) jointly explain customer satisfaction. So, the activity of the bank regarding with customer relationship management affect customer satisfaction.
- Key customers focus, customer knowledge management, technology based CRM and organizing around CRM independently affect customer perception and service quality. Like the previous two elements of marketing performance customer perception and service quality is more explained by organizing around CRM. All the three explanatory variables (key customer focus, customer knowledge management and technology based CRM) together

affect customer perception and service quality. Therefore, customer relationship management practice of the bank affects customer perception and service quality of the bank.

- All the dimensions of CRM independently affect market share. The market share of CBE is highly explained by Organizing around CRM. Key customer focus, customer knowledge management and technology based CRM jointly affect CBE's share of market. In general customer relationship management practice of the bank has an effect on market share.
- Lack of customer centric performance standards, lack of advanced technological facilities like hardware that is compatible with the latest software and lack of standardized physical facilities are the main problems that the bank faces in implementing CRM practices.

5.3 Recommendation

Based on the findings and conclusions made above, the following possible recommendations are forwarded as being valuable to CBE to enhance CRM practices, continue with its strength and work hard on its weakness in order to improve its marketing performance.

- ✓ To increase the loyalty of its customers, CBE should build long term relationship with valued customers, work with individual key customer through continuous communication to customize its offerings, meet the demand of its customers and treat them with great care, customize customer interactions to optimize value and should provide time and resources to manage customer relationships in order to attract new customers and retain the existing ones.
- ✓ To improve the satisfaction of customers, the bank should expand and increase the variety of services and provide these services on promised time, employees should interact friendly with customers while delivering service, different departments of the bank should make coordinated effort to know and meet customers demand.
- ✓ In order to improve service quality there should be all the necessary facilities, employee training should be given to employees to enable them gain the skills required in giving quality services to customers, reward should be given to employees to increase their commitment in responding customers' request and the bank should use more advanced banking technologies.

- ✓ Establishing customer centric performance standards at all customer touch points and using advanced banking technologies and facilities is a solution to increase employees' performance, minimize customer waiting time and increase service Excellency.
- ✓ This study focuses on examining the impact of CRM on marketing performance of CBE in some selected branches in Addis Ababa. This study considers only CSOs, CSMs and MMs of the selected branches. This research can be further explored from customers' perspective by adding more variables. Future researchers can also conduct the research by covering wide range of area with large sample size.

5.4 Limitation of the study

The study was limited to selected branches in east and south Addis Ababa districted because taking all the four districts and their branches is costly and the distribution and collection of questionnaires is time consuming due to the dispersed location and number of branches. Secondary data were mainly collected from published journal articles due to lack of sufficient studies and materials related to the study in the country.

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APPENDIX A

**ST. MARY'S UNIVERSITY
SCHOOL OF GRAGUATE STUDY
MASTERS OF BUSINESS ADMINISTRATION PROGRAM**

**QUESTIONNAIRE TO BE FILLED BY CUSTOMER SERVICE OFFICERS AND
CUSTOMER SERVICE MANAGERS**

Researcher; Semira Ewnetu

Email;semnoone@gmail.com

Research Topic; Impact of Customer Relationship Management on Marketing Performance of Commercial Bank of Ethiopia.

Dear Respondents I would like to express my heartfelt appreciation for your willingness to fill this questionnaire and for your generous time and prompt responses.

Questionnaire Objective; The purpose of this questionnaire is to collect data about the impact of Customer Relationship Management on Marketing Performance of Commercial Bank of Ethiopia. The information you provide in response to the items in the questionnaire will be used as part of the data needed for the study which I am conducting as a partial fulfillment of the requirements for the degree of Masters of Business Administration at St. Mary's University under the School of graduate study. The results of the study are anticipated to supply the understanding of the impact of Customer Relationship Management on marketing performance. This questionnaire has two sections and 3 pages that contain questions related to CRM practices in your organization and it will be expected to take approximately 25 to 30 minutes to complete. I assure you that the information you provide will be used only for academic purpose and kept confidential. Your honest and thoughtful response is valuable.

Instructions;

- There is no need of writing your name.
- In all items where answer options are available please tick (✓) in the appropriate box.

Thank you for your co-operation!

SECTION I; PARTICIPANT INFORMATION

1. Sex;

Male Female

2. Age;

20-25 26-35 36-45 46-55

56 and above

3. Position;

CSO CSM

4. For how many years you have worked for the Bank;

1-5 6-10 11 -15 16-20

21-25 Above 25

5. Educational Qualification;

Technical school graduate College Diploma BA/BSc Degree

Masters Degree PhD Other

6. Field of specialization; _____

SECTION II; Questions related to Customer Relationship Management and Its impact on Marketing Performance.

The following statements are related with the Customer relationship management practices of your Bank. Please indicate the extent of your agreement or disagreement with each statement by ticking (√) in the box corresponding to a number from 1 to 5 that represents your level of agreement or disagreement. Your answers to these questions will enable the researcher to explore the impact of Customer Relationship Management on Market Performance of the bank.

No	Statement	Strongly agree (5)	agree (4)	Neutral (3)	Disagree (2)	Strongly disagree
Questions related to customer relationship management in your bank						
• Questions about key customer focus						
1	My bank works with individual key customer through continuous communication to customize our offerings.					
2	Our customers' relationship with my bank depends on whether the					

	employees in my bank treat them with great care.					
3	Customers' relationship with my bank depends on whether my bank makes an effort to find out what our key customer needs are.					
4	My Bank provides customized services to our key customers.					
5	In cases where customer needs to have modified service than the existing one, concerned parties involved and make coordinated effort to meet their demand.					
• Questions about customer knowledge management						
6	My bank Use customer information to identify appropriate channel of Communication.					
7	My bank clearly Understand our key customers need and offer customization through knowledge learning.					
8	My bank Collects and updates customer information on a regular basis.					
9	My bank regularly interacts and communicates with its customers to create good relationship with them.					
10	I have good knowledge about our customers.					
• Questions about technology based Customer relationship management						
11	My Bank maintains a comprehensive database of our customers.					
12	My Bank has appropriate software to serve our customers.					
13	My Bank has appropriate hardware to serve our customers.					
14	In my bank individual customer information is available at every point of contact.					
15	With the help of Automatic Teller Machines, my bank is able to serve customers outside the banking hall.					
16	My bank uses phone calls, e-mails, and personnel visits to communicate with its customers.					
17	My bank has the right technical staff to provide technical support for the utilization of computer technology in building customer relationships.					
• Questions about Organizing around Customer relationship management						
18	My Bank has established clear business goals related to customer acquisition, development and retention.					
19	Customer centric performance standards are established and monitored at all customer touch points.					
20	If my Bank spends time and resources to manage customer relationships, it can attract new customers and retain the existing ones.					
21	Employee performance measurement and reward depends on whether employees serve and meet customer needs.					
22	In my bank there is coordination of various functional areas and activities to improve the quality of customer experience.					

23	My bank's structure is clearly designed by considering our customers					
24	Employee training programs in my bank are designed to develop the skills required for acquiring and improving customer relationships.					
Questions about marketing performance of your bank						
• Questions about customer loyalty						
25	My bank attempt to build long term relationship with valued customers by giving priority for retention of its customers.					
26	My bank always tries to meet our customers demand and they have confidence in my bank.					
27	Our customers will be more loyal if my bank focuses on key customers.					
28	My bank customizes customer interactions to optimize value and loyalty.					
• Questions about customers' perception and service quality						
29	My bank always provides services at promised times.					
30	The employees of my bank know how to cope with all types of customers.					
31	My bank has all necessary facilities for delivering quality service.					
32	The employees of my bank are highly committed to respond to customers' request.					
33	Service quality of my bank depends on the technology used by the bank.					
34	My bank has good image in our customers mind.					
35	My bank's service quality increases, as its interaction with clients increases.					
• Questions about customer satisfaction						
36	Our Customers' relationship with my bank depends on whether they are satisfied with the service delivered by the bank.					
37	The satisfaction of our customers' depends on the variety of services delivered by my bank.					
38	Our customers are satisfied with the overall service quality of my bank.					
39	Our Customers' will have a better relationship with my bank if employees of my bank friendly interact with them.					
• Questions about market share						
40	My bank implements different customer relationship practices and it helps my bank to increase its market share.					
41	My bank uses different marketing strategies to attract new customers.					
42	My bank applies different marketing strategies to retain the existing customers.					
43	The success in increasing the market share of my bank depends on implementing various marketing strategy.					

APPENDIX B

**ST. MARY'S UNIVERSITY
SCHOOL OF GRAGUATE STUDY
MASTERS OF BUSINESS ADMINISTRATION PROGRAM**

SEMI-STRUCTURED INTERVIE FOR MARKETING MANAGERS

Researcher; Semira Ewnetu

Research Topic; Impact of Customer Relationship Management on Marketing Performance of Commercial Bank of Ethiopia.

The purpose of this interview is to collect data about the impact of Customer Relationship Management on Marketing Performance of Commercial Bank of Ethiopia. The information you provide in response to the questions will be used as part of data needed for the study which I am conducting as a partial fulfillment of the requirements for the degree of Masters of Business Administration at St. Mary's University under the School of graduate studies.

Note: The marketing managers of the Bank will be considered as an interviewee.

1. Do you think that, your bank gives more emphasizes for key customers and provides customized services for them?

Yes No

2. If your answer is "No" Why and if your answer is "Yes", would you please justify it?

3. Do you think that your organization provides and use appropriate channels to communicate with its customers?

Yes No

4. If your answer is "No" Why and if your answer is "Yes", would you please justify it?

5. In your opinion, do you think that your bank maintains a comprehensive database of customers and have the necessary hardware and software?

Yes No

6. If your answer is “No” Why and if your answer is “Yes”, would you please justify it?

7. In your opinion, do you think that customer centric performance standards are established and monitored at all customer touch points?

Yes No

8. If your answer is “No” Why and if your answer is Yes, would you please justify it?

9. As a marketing manager, do you think that customer relationship management practices help your bank in improving marketing performance in terms of creating loyal customers, improving service delivery, Increasing customer satisfaction and market share?

Yes No

10. If your answer is “No” Why and if your answer is Yes, would you please justify it?

Thank you!

D E C L A R A T I O N

I hereby declare that the thesis entitled “The impact of Customer relationship management on marketing performance of Commercial Bank of Ethiopia” has been carried out by me under the supervision of Dr. Temesgen Belayneh in St. Mary’s University, Addis Ababa for the award of Masters Degree in Business Administration. I further declare that this work has not been presented to any other University or Institution for the award of any degree or diploma.

Semira Ewnetu

Signature _____

St. Mary’s University

Addis Ababa, Ethiopia

June, 2015

This Thesis has been submitted for examination with my approval as University Advisor.

Temesgen Belayneh (Ph.D.)

Signature _____