

ST.MARY'S UNIVERSITY



**SCHOOL OF GRADUATE STUDIES
(GENERAL MBA)**

**CUSTOMER RELATIONSHIP MANAGEMENT AND ITS
RELATIONSHIP TO MARKETING PERFORMANCE OF
SELECTED BANKS IN ADDIS ABABA**

BY: ABI SHIMELIS

JUNE, 2016

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SCHOOL OF GRADUATE STUDIES

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SELECTED BANKS IN ADDIS ABABA**

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF GENERAL
MASTER OF BUSINESSADMINISTRATION**

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DECLARATION

I, Abi Shimelis, hereby declare that this submission is my own work towards the General Masters of Business Administration and that, to the best to my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of from this University or any other institution.

Name: Abi Shimelis

Signature: _____

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

Signature & Date

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Acronyms

CRM	Customer Relationship Management
CBE	Commercial Bank of Ethiopia
DB	Dashen Bank
AIB	Awash International Bank
ATM	Automated Teller Machine
CS	Customer Satisfaction
CL	Customers Loss
CA	Customer Acquisition
SPSS	Statistical Package for Social Science

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Abstract

In today's competitive business environment, organizations are in a constant race to increase profitability, retain current customers and gain new ones. Customer Relationship Management (CRM) is aimed at building a strong long-term relationship that keep customers coming back repeatedly. The purpose of this thesis was to assess customer relationship management and its relationship to marketing performance of selected banks in Addis Ababa. The purpose of the study was descriptive. The study adopted both quantitative and qualitative methods of research. The statistical population of this study includes three branches from each selected banks, Commercial Bank of Ethiopia, Dashen Bank and Awash International Bank. Purposive sampling techniques were used to select branches. In order to collect the data, a self-administrated questionnaire has been used. Reliability of this questionnaire has been examined through Crocbachs' Alpha to examine and confirm reliability of the questionnaire. This value is 0.898 for my questionnaire that confirm its reliability. The spearman correlation and descriptive statistics were used to analyze the research question derived from the literature on Customer relationship management and marketing performance. The results of the study generally indicate that there is a positive relationship between customer relationship management and marketing performance. There is the need to evaluate and monitor the current strategies being implemented by the banks in order to reap its full benefits. It will also be necessary to involve customers when introducing these strategies so that the needed impact can be realized.

Key words: Customer Relationship Management, Marketing Perforce

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Customer relationship management (CRM) is increasingly important to business organization as they seek to improve their profits through longer-term relationships with customers. The efficiency of banking industry has been one of the major issues in the new monetary and turbulent financial environment. The efficiency and competitiveness of financial institutions cannot easily be measured, since their services are an intangible in nature. Thus ,the evolution of Customer Relationship Management are found in relationship marketing theory which is intended at improving long term customer relationship by changing from transaction based marketing, with its emphasis on attracting new customers, to customer retention through effective management of customer relationships to cope up with unstable financial crisis Christopher *et al* (1991). According to R.Held and W.Earl (1990) those customers who have been around long enough to get familiar with the company's rules and principles, will make more valuable business relationships, will acquire more products and will be less price sensitive on individual offers.

Berry (1983) stated CRM as attracting, maintaining and multi-service organizations increasing customer relationship stages. This relational concept has been explained in the forms of supplier partnerships, lateral partnerships, buyer partnerships, internal partnerships, as well as business to consumer relationship. Relationship marketing received more attention from scholars and practitioners in the last decade of 20th century because of two main issues: vitals to organization and the involvement of generic service characteristics. This theoretical paradigm redefines the focus of transactional marketing from attracting new customers to retaining existing customers for the purpose of achieving greater long-term profitable returns. Keeping long term customer relationships brings into higher opportunities to sharpen competitive edge and greater Profitability from higher satisfaction, greater customer loyalty and lifetime value, lower customer defection rate, more revenue generated and lower customer attraction costs.

Relationship marketing arise Customer Relationship Management (CRM) which occupies an enviable status in the process of the management of banking institutions now days. Customers are highly regarded as the assets of the modern banks and other institutions.

The present age is also known as the age of the people who matter most in the business environment. No organization can achieve commendable business success in the absence of meaningful Customer Relationship Management practices. Banks are trying to win over the hearts and souls of customers who are the force to be considered with. Relationship between a bank and its customers involves continuous, two-way communication and interaction. Such a relationship on the part of management is not an activity only within a marketing department, but also involves continuous corporate change in organizational culture and process Bly (1993). This study aims to assess the relationship between customer relationship management and marketing performance of banking industry considering Commercial Bank of Ethiopia, Dashen Bank, and Awash International Bank.

1.2. Statement of the Problem

The adoption of Customer relationship Management as a tool of competitive edge is in ascendance worldwide. Yet there is no doubt that an effective and efficient practice of customer relationship management is important to the successes of a firm; Parvatiyar and Sheth (2002). They stated that most of the firms adopting Customer relationship Management are yet to highly benefit of it, because there are no laid down guidelines and procedures on adoption; implementation and practices. Most empirical banking systems experience some degree of inefficiency in utilization of their resources and, especially with regard to managing the quality of buyer-seller relationships and services. Many studies have concluded that these arise for the following major reasons: the service is very complex and customized in the transaction process; the external environment is dynamic rather than stable; and the marketing is uncertain when sellers are not sure what the service buyers want. Banks have always focused on customers, but today the focus is much more of tension. In part it's result of the fact that customers are better informed and more likely to analyze their options so far.

The introduction of company portals and e-commerce applications of various kinds have increased the focus on customers and provides new ways to assure the processes support

customers. It also placed a new attention on integrated processes and thinking about how processes work together to satisfy customers Harmon (2003). Customer oriented e-business Patterns include all the e-business activities that aim at increasing relationships with new customers, providing them with information, providing services online. Different companies with individual needs emphasized different reasons for developing customer relationship management. Some of the common reasons cited by companies are reducing time to market improvement, organizational efficiency, reducing the latency of business event, integrating multiple channels, and maintaining more customer data on customer interests Harmon (2003). From a purely economic point of view, firms learnt that it is less costly to retain a customer than to find a new one. For these reasons customer has started receiving high attention as a key banking resource to gain competitive advantages. Banks are most important constituents of the financial infrastructure of a country. They play a vital role in bringing about desired change in the economic development of a country. The size and banking transactions represent the economic changes in a country and also it is an established fact that banking industry by channelizing the scattered savings to productive uses and providing mobility to the capital plays an important role in achieving the desired socio-economic development of a country. This shows the economic development of a country dependence on the availability of banking industry. On the other hand, customer is regarded as the most important factor in the banking industry. That is why the phrase Customers are always right is known to all employees in any organization to enable them to satisfy the customer at all times; Peters T., and Waterman R.H., (1982). Thus, a country to attract investments must have a solid and profitable banking industry Goosenet *al* (1999). Investment tasks cannot be achieved without the bank's ability to attract and retain customers. It is possible, even in the age of the customer to keep clients. Providing based on their expectations and run a successful business based on high client retention through continual client satisfaction Bly, R.W (1993).

According to Arderne, J.M., (1998) satisfying customer needs, specifically in terms of all quality performance has been found lacking, despite the importance customers attach to quality service in their banking choice. Furthermore, financial institutions face challenges as the introduction and expansion of the use of technological interfaces such as automated teller machines (ATMs), electronic banking and mobile banking affects their relationships with customers. As stated

by Durkin et al, (2008), there are customers who still seek staff contact or personalized banking. (According to Boot A.W., and Thakor, A.V (2000), studies on relationship banking and its effect on customer relationship management). Singh A., (2004) noted banks need to know who they are providing service, what their needs and problems are, and what their financial priorities are. In addition to the above shortcomings, like any other service company, the banks also experiences customer turnover.

Therefore, it is important for banks to focus on retention of customers, because it is more profitable to retain a customer than to obtain a new customer Payne A., and Frow P., (2005). Even though many theories were discussing how clients are satisfied, they have not yet investigated customer relationship management and its relationship to marketing performance of banks. Besides, they have not yet assessed the association between customer relationship management and marketing performance of the banks. The banks are unable to balance customer relationship management and marketing performance. This is due to in Ethiopia almost the past two decades has shown that there were high expansions of banking industry throughout the country and there is high competition among banks in attracting the customers of one another. Thus, customer retention becomes difficult for banks and customers switch between banks easily. Therefore, to overcome the above mentioned problems a study on CRM and its relationship to marketing performance of selected banks with reference to Commercial Bank of Ethiopia, Dashen Bank, and Awash International Bank can be a fruitful work.

1.3. Research Questions

On the basis of the rationale outlined, the study seeks to address the following questions?

1. What is the relative relationship of CRM (key customer focus, customer knowledge management, CRM organization and technology based CRM) to market performance of selected banks?
2. What is the market performance of each selected banks?
3. What is the relationship between CRM (key customer focus, customer knowledge management, CRM organization and technology based CRM) and market performance?
4. What is the perception of employees towards CRM among the selected commercial banks?

1.4. Objective of the Study

1.4.1. General objectives

The general objective of this study is to assess the relationship of customer relationship management to market performance of the selected banks in Addis Ababa city.

1.4.2. Specific objectives

In conformity with the above general objective the following specific objectives are set.

- ❖ To examine the perceptions of employees towards CRM among the selected commercial banks.
- ❖ To investigate the relative relationship of CRM (key customer focus, customer knowledge management, CRM organization and technology based CRM) to market performance of selected banks.
- ❖ To analyze the relationship of Customer Relationship Management and Marketing performances for maximizing the profit of the banks.
- ❖ To assess the marketing performance of selected banks.

1.5. Significance of the study

The result of this study was expected to be taken up by Commercial Bank of Ethiopia, Dashen Bank and Awash International Bank, to improve their Customer Relationship Management and marketing performance. Also, it helps to provide important information for decision makers of the Banks. Therefore, the findings of this study specifically significant for the following reasons.

- The result of this study would be providing valuable inputs and directions to the banks to consolidate their marketing strategy, organizational efficiency, and customer knowledge management.
- It can also help the banks to identify the needs of their customers in delivering advanced technologies to improve the quality of their services.
- The study also helps to maintain the existing customer and attract the new customer by providing technology based service in light of its competitors.

1.6. Scope of the study

Conducting a research in all service industries is not an easy task; it requires much money, time and effort. Considering money, time and willingness of the banks to give necessary data for the study, this study was delimited to assess CRM and its relation to market performance of the banks regarding to Commercial Bank of Ethiopia, Dashen Bank, Awash International Bank in Addis Ababa.

In terms of the constructs showing in the research framework (figure 1), only four ways of CRM underpinnings (key customer focus, knowledge management, technology based CRM and CRM organizations) and their influence on market performance has been examined. Other elements or underpinnings measurements of customer relationship management were excluded from this study.

1.7. Limitation of the study

The study limited to collect data from three banks employee; Commercial Bank of Ethiopia, Dashen Bank and Awash International Bank employees. In Ethiopia, there is lack of sufficient research conducted on the study. Thus, it is difficult to obtain adequate data from published articles; journals concerning the financial institution working in the country. As a result of this, the study only considered employees perception about customer relationship and marketing performance.

1.8. Organization of the study

The study consists of five chapters. The first chapter deals with introductory part which consists of background of the study, statement of the problem, objectives of the study, significance of the study, delimitation and limitations of the study. The second chapter deals with review of related literature and empirical findings; the third chapter deals with research methods and methodology. The fourth chapter presents the analysis and discussions from assessment of customer relationship management and its relationship to market performance considering Commercial Bank of Ethiopia, Dashen Bank and Awash International Bank from where the data were gathered. After collecting the data, the results of the study were analyzed and interpreted. Finally, based on the analysis and interpretation, conclusions and recommendations were forwarded.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter reviews the existing studies related to the stated objectives of the study. The issues discussed include Customer Relationship Management, customer relationship management and information technology, Customer Relationship Management in banking industry, Market performance, Customer Retention, Customer Satisfaction and Benefits of customer Relationship Management in Banking Industry.

2.1 Theoretical Review

2.1.1 What is Customer Relationship Management?

According to Peppers & Rogers (2004) a firm most valuable asset is its customers, and given the new and unfolding technological capabilities to recognize, measure, and manage relationship with each of those customers in order to succeed, a firm must focus in deliberately increasing the value of the customer base. Therefore, the competitive advantage for any enterprise can be gained only by leveraging knowledge of customers' expectations, preferences and behavior, which involve creating an ongoing dialog with customers and manipulating the information and insight obtained at every customers touch points (Payne, 2004). It's worth mentioning that, building good life time value with customers is not a brief assignment of the marketing department rather it's an ongoing process which required the involvement of the entire organization. This is true for nonprofit (when the customers may be donors or volunteers), as well as for-profit, large or small, public or as well as for private enterprise" (Peppers, 2004, p.6).

The case can be more difficult when talking about the concept of CRM philosophy and the new definition of relationship marketing in the public sector. Therefore, the public sector has different objectives and faces different challenges regarding customer management, customer satisfaction, customer retention, customer attraction and acquisition. In addition to this, the fact that, the public sector organization can't choose the proper people they serve; they oriented to serve the entire customer's knocking their doors. The segmentation and targeting process which considers essential requirements for the private sector companies marketing strategy are not valid.

However, many scholars give various definitions for customer relationship management, among these definitions technological and relationship aspects of customer relationship management are the fundamental ones. Some authors from marketing experience emphasize the marketing side to define customer relationship management while others consider information technology view point to define CRM. However, from marketing point of view, CRM is defined according to (Could well, 1998) as “CRM is a blend of business process and technology that are used to realize a company’s customers from the viewpoint of who they are, what they do, and what they are like”. But, according to Swift (2000,p.11), more emphasis is given for customer relationship management and is defined as “it is a system of business approach that are thoughtful and manipulating customer behavior by managing relationships via meaningful communication in order to improve customer turnover”. In these circumstances, customer relationship is defined as a multidimensional construct composed of four behavioral components:-key customer focus, CRM organization, Knowledge management and technology-based CRM in order to implement the CRM in a successful way for increasing the market performance (Sadek et al., 2011).

2.2. Customer Relationship Management and Information Technology

According to Buttle (2009) customer relationship management puts more attention on the improvement of quality service and marketing function, and then worries about cross-selling and providing product or service indeed at right time for the right customers. Distinguished information technology applications are the central point and sales force automation in this extent. Information technology in customer relationship management deployed issues related to business sales programs and effectiveness, campaign management, channel assimilation and increasing, increasing product and management, devotion and retention, cost minimization, customer service, and after-sales support.

Nowadays, CRM-based information technology with its categories like operational, analytical, and collaborative support systems complements the processes involved in all aspects of customer-facing interactions. It incorporates marketing, customer services, and various contact channels and offers personalized services by modeling a customer’s behavior so as to maximize the value of the enterprise. Information technology through the Internet has not only provided a

completely new communications channel, but has forever changed the role and function of customer interaction.

2.2.1. Service Automation in Banking Industries

The knowledge of service automation plays a vital role in business and it's the application of computerized system used to support service staffs and management in order to achieve their work related activities. For the moment customer service departments are responsible for managing inbound call center operations, complaint handling and resolution, order entry and processing, providing field sales support, managing outbound call center operations, and acting as liaison to other departments. Contact centers are configured to communicate with customers across multiple channels, including voice telephony, e-mail, SMS, instant messaging, web collaboration and fax.

According to Buttle (2009) service agents need to be able to access an entire communication history, regardless of channel when communicating with customers about service issues. However, call centers are generally dedicated to telephony communications, whether through a public switched telephone network, cell phone network. But the information desks are usually associated with information technology environments where assistance is offered to information technology users. Many companies now compromise web based self service to customers, customers can place orders, pay, track service issues, or perform service diagnostic online at any time of day or night.

2.2.2. Marketing Automation in Banking Industry

According to Buttle (2009) in addition to service automation, marketing automation also plays a crucial role in service giving business especially in banks and it can be defined as “the application of computerized technologies to support marketers and marketing management in the achievement of their work related objectives”. A very extensive range of marketing positions can make use of marketing automation as well as marketing managers, campaign managers, market analysts, promotion managers, database marketers, and direct marketing managers. Hardware and software are the key technological elements of marketing automation. Hardware includes desktop, laptop, and handheld devices whereas software consist of both point solutions that are

designed to assist in a single area of marketing or marketing management, and integrated solutions that offer a range of functionality.

2.3. Customer Relationship Management Objectives in Banking Industry

In business transaction the objective of CRM is that, it helps businesses to use know-how and human resources in order to gain understanding into the manners of customers and the value of those customers. In this case business can deliver improved services, making their activities more efficient, developing positive and close relationship with staffs, modernize marketing and selling activities, discover new customers, and increase customer revenues. According to Semih and Ibrahim (2000) for CRM to be truly effective and successful primarily, an organization must understand and identify what kind of customer information is allowing for and it is indispensable to select what it intends to do with that information. For instance, most of banking institutions keep trail of customer life phases in order to market suitable banking products like mortgages to them at the right time to fit their needs.

However, the organization must look into all of the various facts about customers into a business, where and how this data is warehoused and how it is currently used. One organization may have a relationship with customers through mail campaigns, websites, call centers, mobile sales force staff and marketing and promotion efforts. Mehrota (2006) stated that, before the introduction of internet era, customers most of the time selected their banks based on how appropriate the location of banking branches was to their homes or office. However, with the introduction of new technologies in the business of bank services, such as providing banking services through internet ‘internet banking’ and ‘‘ATMs’’, now customers are more valuable and they can easily choices any bank for their transactions. This phenomena increased customer base of banks, and also has expand the choices of customers for selecting the different banks as per their interests. Due to fierce competition in the business environment, public sector banks are also becoming more technology focus and customer oriented. Accordingly, non-traditional competition, market partnership, new equipment, and the conception of the internet are varying the competitive landscape of the retail banking institutions. Through the increased number of banks, offers and services and basically nil switching costs, customers are easily switching banks whenever the find better services.

2.3.1. Benefits of Customer Relationship Management in the Banking Industry

Customer relationship management is a philosophy that are providing incredible importance for any businesses particularly for banking industries since the knowledge's of CRM enhance how to attract, attain ,retain ,and catch potential and new customers for a business in order to compete and survive in stiff competition. According to Liyun et al. (2008) the emphasis of CRM is to focuses on keeping and maintaining long-term relationship with customers, leading to customer satisfaction and hence creating business performance in the banking industry.

However, Kalakota and Robinson (2001), Shani and Chalasani(1992) emphasize that the companies' objectives from using customer relationship management is to know their personalized customers and to offer tailored services, in order to intensify both customer satisfaction and their marketing performance in the long run through keeping customers loyal to them. Nguyen et al. (2007) sustained that the customer relationship management if used appropriately, would develop a bank's ability to attain the ultimate goal of holding customers in order to improve a strategic advantage over its competitors. Accordingly, the successful management of customer relationship can increase customers' satisfaction and loyalty, in order to give optimistic effect on promoting market performance (Liyun et al., 2008). Furthermore, customer relationships are charming, especially important for banks as market conditions get solider. Competition is increasing, returns are declining, customers are becoming more challenging and the life-cycles of products and services are shortening dramatically. All these factors make it essential for banks to increase the relationship with their customers and provide them the services they need via the channels they prefer. Furthermore, the implementation of customer relationship management benefits banks to offer a lot of benefits to their customers; some crucial benefits are as follows:

CRM provide businesses to delivery service effectively and efficiently all the way through the entire life cycle of the business customer, from the introduction to the establishment of a close, continuing relationship with profitable clients (Could well, 1999). CRM enables the organization substantial reduction and constraint of operational costs via system computerization and regulation, offers low maintenance and widening of costs paid for the use of modern administration tools with authorization bank employees to make a widespread range of

modifications to the system. CRM provides organizations particularly banks in order to control flow of information from their databases to achieve customer retention and to cross-sell new products and services to ongoing customers (Foss and Stone, 2001). In any business organizations, which implement customer relationship management sustainably, they able to improve relationships with their customers, attain loyal customers and a significant payback, increased revenue, market share, attracting new customers and minimized cost (Roh, T.H., et al, 2005).

As far as previous research stated, customer relationship management in the business arena, particularly in the banking sector provides convenience of location for customers, fairness of price, endorsements from others and advancements are not important selection criteria for business firms. However, for a business to be successfully and sustainably implement their activities they can use criteria's like account and transaction, accuracy and suspicion, competence in correcting mistakes and sociability and helpfulness of personnel on the customer's perspective. Hence, customer relationship management, superior quality features of the product / service and distinction proved to be the most important factors for customers (Zineldin, 2005). Furthermore, also other studies are conducted in a European banks emphasis that taking customer relationship management as a frame work, the bank institution was capable to focus on long term customers through efficient segregation according to individual behavior. The effective implementation of customer relationship management results both in higher revenues and lower costs, making companies more effective and efficient, effective in focusing the right customer base with the right services through the right channels, and efficient in doing this at the lowest costs (Lindgreen and Antioco, 2005) .

2.4. Empirical Findings on Customer Relationship Management

2.4.1. Empirical Findings in Developed Countries

Most of the research conducted on Customer Relationship Management is based on evidence from majority of prior empirical studies that are done in developed countries. Here, in this section a certain empirical findings conducted based on developed countries are reviewed. According to Swaminathan(2004) the association of customer relationship management and its customer outcome has been done by considering banks, investment companies, insurance

companies and other firms as a sample study which characterized as high degree of relationship orientation and thus well suited for testing CRM framework. Although for the purpose of data collection questionnaire was used and for these case questionnaires were sent directly to general managers and similarly level senior managers.

These senior-level respondents were highly knowledgeable about CRM implementation and practice within their companies as indicated by their ability to answer fully virtually all questions. Accordingly, the results shows that focusing on key customers and managing knowledge have significant effects on market performance in terms of customer satisfaction. However, customer satisfaction is not directly affected by organizing around CRM and incorporating CRM-based technology. Furthermore, organizing around CRM affects customer retention directly. Similarly, managing knowledge has a significant effect on customer retention and sales growth via customer satisfaction. Incorporating CRM-based technology shows no sign of significant effect on the performance metrics.

Also another research has been conducted on the fundamental role of customer relationship management on customer knowledge and customers 'satisfaction. For this research the necessary data was gathered from experienced managers of information technology almost from 300 institutions working in United States of America. The finding showed that the applications of CRM have a positive effect as they contribute to improve the knowledge of the customer and enhance the market performance (Mithas and Frow, 2005). Also studies are conducted in Turkey on the customer relationship management process within a business and recommend a tool or customer relationship management measurement. For this matter the research is designed according to scale development literature. The feedbacks from several industries like manufacturing, information technologies, tourism, service, retail, finance, and logistics were collected. The study enables shortages of information about the relationship between the processes and outcomes of CRM such as CS, CL. As a result a wide-ranging model can be assembled and the relationship between CRM results, customer relationship management processes and other organizational factors can be investigated. The effect of organizational philosophy, arrangement and other organizational features on CRM processes and results can be analyzed (Oztaysi, 2011).

2.4.2. Empirical findings in Developing countries

In developing countries most of the studies on customer relationship management have been done on the basis of data obtained from developed countries. For instance, a research was conducted on customer relationship management and customer orientation on the Hotel industry. Accordingly the study tried to classify hotels in Ashanti region of Ghana into a category of low, middle, or high customer relationship management conscious. The result of the findings suggests that significantly majority of the hotels have low orientation to CRM (Hamdallah and Evelyn, 2011). According to Sayed (2011) research was conducted on exploring the hypothetical bases of customer relationship management and its relationship to the marketing performance from the several perspectives. However, the population of the study includes all the financial institutions working in the Arab Republic of Egypt. The Result of the research shows that there is a significant correlation between marketing performance and focus on the main customers, organizational efficiency and customer knowledge management. Furthermore, the research was conducted on how information technology could enhance firm performance in the organizations that are providing services for the customers and in order to enhance profitability in the Nigerian insurance industries (Oghojafor et al, 2011). Accordingly, the researcher was used survey methods to collect data among insurance companies in Nigeria. Also the researcher was selected a sample from Lagos state, the commercial center of the country. Finally according to the result of the finding shows, despite the fact that all most all organizations have a widespread data base of their customers, but not almost make provisions for their customers to make major businesses online because they have not fully incorporated their customer relationship management with information technology.

Furthermore, another research has been done by Hamid (2009). Hence the research was not only taking a non-traditional method of evaluating success; by approaches stakeholders' expectations as an evaluation criterion but also concentrating a case study from Pakistan, wherever ICT industry and specifically CRM is in the initial stages of adoption. The only suggestion the researcher would like to make is that instead of reinventing the wheel, stakeholders should learn from the mistakes of the western companies. If they have imported the solution from these developed countries, then those failure lessons should also be imported and applied in order to avoid damage and financial losses. The result shows that the loyalty card program has significant

positive effect on the customers' loyalty. Although loyalty card program may not be the best choice for some stores, also there are many other ways to develop and maintain customer loyalty.

Having all the above studies conducted by various scholars, the measurement of CRM earning can be different from researchers to researchers, some studies measured them through the customer's satisfaction and loyalty, others studies measured them through the return rate on investment and others measured it through increasing sales and profits. According to the result of different researchers, there was less interest in the market performance.

2.5. Conceptual Framework of CRM

According to Langerak and Peter (2003) in marketing management the essence of customer relationship management philosophy originates from three concepts. Those are:-customer orientation, relationship marketing, and database marketing. Due to the advancement of information communication technology, these three marketing views combined together in the paradigm of CRM. However, CRM may be used to express different perspectives at different hierarchical arrangement of management. For instance, at the tactical level of management customer relationship management may be related to data-base marketing or electronic marketing; at the strategic level, customer relationship management may be understood as customer retention or partnering with customers (Peppers and Rogers, 1995); whereas at the theoretical level, it may be seen as developing research paradigm in marketing most often loosely associated to existing perspectives.

According to Sayed(2011) CRM is a multidimensional construct consisting of four broad behavioral components; those are: "key customer focus, CRM organization, knowledge management, and technology-based CRM". Also he investigated the four CRM behavioral dimensions on market performance of financial institutions in maintaining current customers, attracting new customers, increasing market share, enhancing the standard of sales growth and adding the net profit standard to sales. Bearing in mind the model, the researcher focuses on the banks among many financial institutions. Performance dimension of CRM considers their performance in terms of combining technology, appropriate handling of key customers, customer knowledge management and organizational efficiency in relation with market performance of the

selected banks. According to Kotler and Armstrong (2004) the greater customer relationship capability will be achieved when the four dimensions of CRM work in coordination.

2.5.1. Key customer focus

According to Shelth et al., (2000) and Vandermerwe (2004) key customer focus involves an overall customer-centric focus and continuously delivering superior and added value through customized offers to the key customers. According to Armstrong and Kotler (2004) in today's business environments the ultimate goal of any key customer focus is to achieve a deep customer relationship that makes an organization a necessary partner to its most profitable customers. The overall company understanding and support for key customer focus encourage sales force to foster long-term customer relationships by offering more personalized services.

Evelyn and Hamadallah (1996) stated that firms are engaged in enough amounts of transactions with significantly diverse customers in terms of their needs, preferences and expectations. Also they consider customer relationship management to some extent as challenging. In order to reduce the CRM challenges, most of the firms have option to formal customer relationship management programs. CRM programs are generally classified as either database-driven refers to recognizing profitable segments through statistical techniques or customer-needs-driven refers to the use of database to supply information that benefits in the development and keep of long-term relationships with key customers. Furthermore, Evelyn and Hamadallah (1996) viewed that customer's needs-driven customer relationship management programs are common with firms that adopt business-to-business marketing strategies because, customers-needs-driven customer relationship management programs improves inter-firm relationships. In summary, key customer focus can be considered as a function of customer relationship management of a retailer's integrity as well as firms' ability to perform their services, to keep its promises and commitment and in general to do the right things' consistently.

2.5.2. Customer Relationship Management Organization

The key considerations in order to successfully organize the entire company around customer relationship management are as follows: organizational structure, organization-wide commitment of resources, and human resources management. CRM means indispensable variations in the way

that firms are systematized and business progressions are directed (Hoffman and Kashmeri, 2000). As a result, firms should take into consideration the organizational challenges inherent in any customer relationship management advantage (Agarwal et al., 2004).

According to Anderson and Swaminathan (2005) strong focus on key customers deeply surrounded throughout its CRM system, the whole company should be structured around promoting, encouraging, stimulating these valuable relationships. The organizational arrangement and structure needs to be flexible and, if necessary, reassembled to generate customer-centric values and develop coordination of customer-focused, cross-functional teams in order to attract potential pool of customers. They stated that with meticulous efforts by all organizational functions to constantly provide a stream of value-rich actions and customer outcomes. This enables the organizations and its sales force is secure that they can satisfy customers' needs and enhance customer relationships. The success of CRM programs call for commitment of resources at all levels and functions of the firm. In summary, well organized customer relationship management can be considered as a function of customers' personal attachment to a retailer, as well as their perception of the company in relation to its competitors, and their orientation towards a long- term relationship with the retailer.

2.5.3. Customer Knowledge Management

According to Salomoun et al. (2005) in today's competitive world, knowledge is well- thought-out as one of the competitive factors in global economy. It is compulsory to think and consider for a business firms in order to attract customer as another important factor in order to come in today's dynamic market successfully. Despite of this customer knowledge management can be defined as the system of attaining, allocating, and increasing the customer knowledge among employees for making profit to the organization and customers. With the intention of improving the organizational productivity and value, assure from delivering required products and services to the customers and acquire their satisfaction, it is compulsory to manage the organization's knowledge about customers. Accordingly, it can be decided that knowledge management is an integrative part of CRM.

In today's business environment firms are encouraging towards the implement of customer relationship management applications to trail customer behavior to gain understanding into

customer tastes, preferences and evolving needs (Mithas et al., 2005). CRM applications help firms to gather and use customer knowledge through CRM applications in order to facilitate customer employees to record relevant information about each customer transaction. Later information is taken from employees can be administered and converted into customer knowledge on the basis of information processing rules and organizational policies and businesses organizations can segment their stored customer knowledge with customers to allow those customers to serve themselves by defining the service and its delivery to suits their needs. However, a firm cannot be customer focused without knowing the needs and preferences of customers. Customer needs and preferences driven CRM strategies require unrecognized customer needs and preferences through the analysis of customer information. Customer knowledge management is the system used to provide firms with market intelligence that can be used to retain and build profitable portfolios of customer relationships in order to build customer life value. The value of knowledge management is improved by its level of accessibility in order to address customer's current and anticipated needs by providing an offer and services as per their needs and expectations. Successful dissemination of knowledge management requires firms to develop both information technology systems, such as marketing management support systems to spread explicit knowledge and other processes and procedures to encourage the distribution of implicit knowledge (Ryals et al., 2001).

2.5.4. Technology-Based CRM

According to Abbott et al. (2001) to measure the CRM performance successfully, relevant and reliable customer data is necessary. Therefore, to accurately gather customer data technology has a vital role in CRM in addition to firm intelligence (Boyle, 2004). Indeed, the development and improvement of information technology provide the ability to gather, investigate, and share customer information which will lead to a customer satisfaction, customer loyalty and retaining customers (Bulter, 2000). The CRM demands for "information-wide strategies" which exploit computer technologies in maintaining relationships (Harding et al., 2004) such as: computer-aided design or manufacturing, data warehouses, data mining and CRM application systems that allow the firms to offer maximum customization with better quality at lower cost. Moreover, it helps the staff at all contact points or touch points to serve the customers in a better way. Hence,

many customer focus activities would be impossible without the use of an appropriate technology (Sin et al., 2005).

According to Zeblah (2004), knowledge management is considered as one of CRM oriented activities which cannot be optimized without influencing the latest technology. And also CRM technology considered as one of the organizational resources commitments that serves as an input into the CRM process and is intended to enhance firms' ability to successfully build and maintain a maximum profit portfolio for relationships with customer. According to Osborne, & Ballantyne (2012), as cited by Robinson, (1999), CRM tools are particularly designed to support sales in order to outlook management, developing marketing management campaign, and service and support tasks in order to develop case management, and serve to either support the coordination of tasks within a process or across functions, systematize routine tasks, offer detailed insight regarding organizational and individual employee performance, or standardize common tasks and processes. They noted that the expansion of sophisticated information management tools, such as database marketing, data warehousing, data mining, and push technology keep firms in a continuous such for the latest technology that could be built-in into their CRM systems. With the right customer relationship management technology, firms are able to collect, analyze, and distribute information firm-wide.

According to Yim, Anderson and Swaminathan (2005), firms will be in the position to enhance prospecting, improve communication and sales presentations, and able to customize their product configurations by using appropriate customer relationship management technology for data collection and distribution.

2.6. Market performance

In today's world as competition increasing at increasing rate, companies were able to deliver their offer and services that are tailored for every customer. Certainly, these organizations can accomplish competitive advantage in sale and service marketing through tailoring their mass services. At the moment, the profitable companies endeavor to transfer their mass services to the individual customer. Market performance refers to the enhancement of the organizational standing in the market, improvement of the customers' perception of organization and its

products, and increase in their loyalty toward organization (Martin, 2005). Market performance consists of the following components:

2.6.1. Sales Growth

According to Buttle (2009), improving profitability at the customer level is an indicator of effort within the marketing discipline towards a less comprehensive view of markets. On the other way, the single customer rather than segments of customers is increasingly stressed as the unit of analysis. This occurrences has given birth to labels such as “one-to-one marketing” and “micro marketing”. Understood from this viewpoint, customer profitability is rising as an important measurement in which each customer can be defined. An emphasis on customer-level profitability can also be considered as a mirror image of marketing’s changing role within the firm. A significant aspect of the new role is that “marketing is too important to be left to the marketing department”. For that reason, in any case in marketing literature, other departments are encouraged to deal with marketing issues. This can be understood predominantly in terms of controlling cost, in the logic that marketing performance measures are being introduced in cost accounting literature and practice. However, Reichheld and Sasser (1990) stated that, reducing customer defections by 5 percent can increase profits by 25 percent to 85 percent. Recently, although the precise numbers may vary, empirical findings consistently show a substantial jump in revenue and profits with a small gain in customer retention (Oliver, 1999; Pfeifer and Farris, 2004).

2.6.2. Customer retention

According to Ghavami (2006), customer retention has a significant relation on firm profitability and they conclude that “1% improvement in retention can increase firm value by 5%”. In this case firms are interested in maximizing their lifetime value in order to understand that customer retention is a key to increasing long run firm profitability. An understanding of forces for customer’s defection can help companies in designing customer relationship management strategies and interventions aimed toward increasing customer retention and prolonging the lifetime of customers to increase market performance better than before. Customer retention is the safeguarding of continuous trading relationships with customers over the long term. According to Buttle (2009) positive retention strategies are strategies that lock the customer in by

rewarding a customer for remaining in a relationship. These positive retention strategies include the following:

- Customer delights, when customer expectation exceeding, this is going further than what would usually satisfy the customer. It means being responsive of what it usually takes to satisfy the customer and what it might take to pleasure or pleasantly surprise the customer.
- Adding customer perceived value: - companies can explore ways to create additional value without creating additional costs. If cost is suffered accordingly the value-added may be expected to recover those costs. Value can be added through programs such as, loyalty schemes, customer clubs and sales promotions.

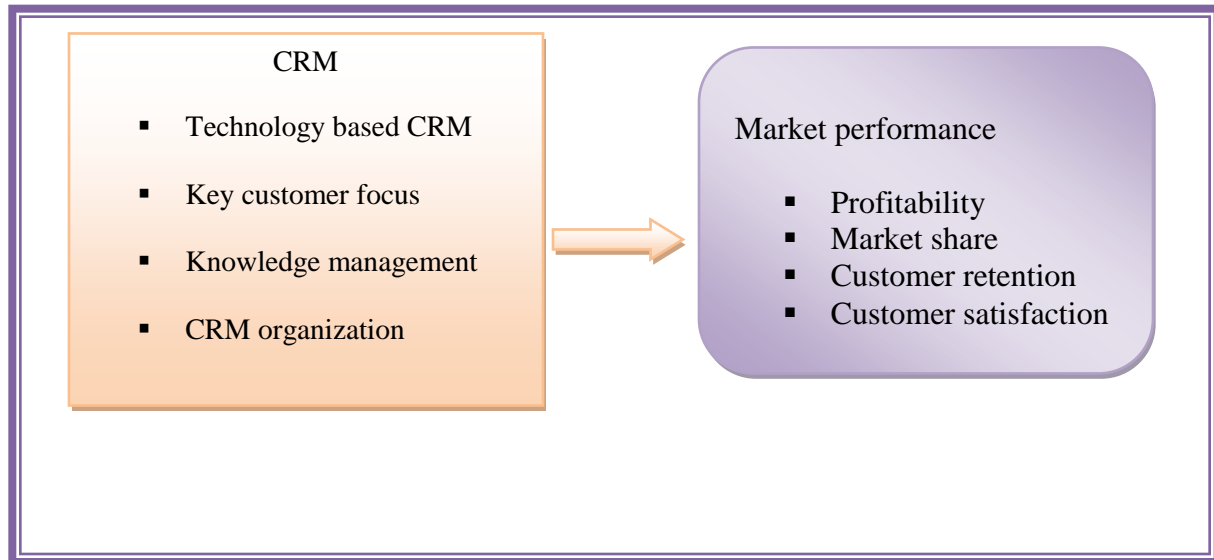
2.6.3. Customer Satisfaction

According to Hansemark and Albinsson (2004) the major goal of business organizations is customer satisfaction, since customer satisfaction affects customer retention and companies' market share, profitability, sales volume. However, customer satisfaction is a complex construct which has been defined in various ways (Hair, et al., 2003: Fournier et al., 1999: Sheth and Sisodia, 2001). According to Hair, et al. (2003), customer satisfaction is defined as "customer's response to a product or service in terms of the extent to which consumption meets expectations". Indeed, customer satisfaction is crucial for successful application of the marketing concept. Various organizations mission statements and marketing strategies are designed around the goal of increasing customer satisfaction (Fournier et al., 1999). In implementing customer relationship management, a firm pursues to establish and retain a long-term relationship with customers based on increasing full customer satisfaction as opposed to transaction-specific customer satisfaction.

According to Sheth and Sisodia (2001) successful customer relationship management implementation requires a committed organizational wide in order to focus on significant customers in customized marketing efforts to fully realize and fulfill their needs and wants on an enduring basis. The seller's entire organizational structure should be centered on customers, often with customer-focused teams designed to create fully satisfying customer experiences. According to Stefanou et al. (2003) successful customer relationship management activities must

cultivate customer satisfaction by continuously adapting to the evolving needs and wants of customers.

Figure 1 Conceptual framework of Customer relationship management and its relationship to business performance



Source: Sayed, (2011)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter of the study deals with the research design and methodology of the study. It includes the research design, target population, sample and sampling designs, data collection instruments, methods of data analysis, and data quality assurance of the study.

3.1. Research Design

The study has adopted both qualitative and quantitative research methods to obtain the desired results and to describe the relation between customer relationship management and marketing performance. In the course of analyzing the problems, both primary and secondary data collection procedures were employed. To achieve this goal, questionnaires, interviews and document reviews were the main tools.

3.2. Sampling Design

The researcher is interested to assess CRM and its relation to marketing performance in selected commercial banks in Addis Ababa. However, eventually the researcher finds out the difficulty of conducting on the industry base in the city commercial banks, because it requires great deal of time and money. Hence, the researcher selected three commercial banks based on their branch base and from each selected banks the researcher purposively selected three branches; Commercial bank of Ethiopia Addis Ketema, Somaletara and Girar branch, Dashen Bank Mesalemia, Ayertena and Mexico branch and Awash International Bank Ayertena, Sebategna and Mexico branch. Therefore, from the selected branches, the data has been collected through interview and questionnaire. The researcher conducted interview with three branch managers, one from each selected banks and quantitative data was collected from customer service officers through questionnaire.

3.3. Target population and sample size

The target populations of the study was the branch managers, employees of the selected commercial banks excluding secretaries, guards and other supportive staffs whom they are

insignificant for the study. In the determination of sample size the three criteria is very important to gather the required data from sample respondents. These included the level of precision, the level of confidence or risk and the degree of variability in the attributes being measured that enable the researchers to determine appropriate sample size (Miauous & Michener, 1976). Therefore, the total numbers of employees in selected branches were 271 employees; commercial bank of Ethiopia 112 employees, Dashen Bank 81employees and Awash International Bank 78 employees. The researcher used Yamane' (1967) formula to calculate sample size;

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

Where **n** is the sample size, **N** is the population size, and **e** is the level of precision. By using this formula at 95% confidence level and 5% level of precision the sample size was as follows:-

$$n = 271 / 1 + 271(0.05)^2$$

$$n = \underline{\underline{162}}$$

Proportional sample size from each stratum is calculated by using the following formula:

$$ni = Ni \left(\frac{n}{N} \right)$$

Where: ni= sample size for each Bank, Ni= the total number of employees in each Bank, N=the total number of employees in the selected Banks (3 Banks), n= the total sample size for selected Banks.

Accordingly, the table below shows the proportionate sampling for each Banks based on the above given formula.

Table 1 Proportionate Sampling of Selected Banks

S.No	List of Banks	Total Number of Employees	No. Sample Size
1	CBE	112	67

2	Dashen Bank	81	48
3	AIB	78	47
Total		271	162

Source: Own computation based on census taken from each Banks (2016)

By taking the above table in to consideration, the researcher selected only 162 respondents from the total members of these employees using proportionately. Having selected number of respondents, the questionnaires were distributed by using simple random sampling to give each respondent equal chance of being selected.

3.4. Reliability Test Result

The reliability test is an important instrument to measure the degree of consistency of an attribute which is supposed to measure. As stated by Mahon and Yarcheski (2002) the less variation of the instruments produces in repeated measurements of an attribute the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. Cronbach's alpha is one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale. It indicates that the extent to which the items in a questionnaire are related to each other. It also indicates that whether a scale is one dimensional or multidimensional.

The normal range of Cronbach's coefficient alpha value ranges between 0-1 and the higher values reflects a higher degree of internal consistency. Different authors accept different values of this test in order to achieve internal reliability, but the most commonly accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Hair et al., 2003).

S.No	Field	Number of Items	Cronbach's Alpha
1	Key customer focus	6	0.741
2	CRM organization	8	0.788
3	Customer knowledge management	5	0.751
4	Technology based CRM	6	0.870
5	Market Performance	5	0.762
Entire		30	0.898

Table 2 Cronbach's Alpha for the questionnaire

The Cronbach's coefficient alpha was calculated for each field of the questionnaire. The table 2 shows the values of Cronbach's Alpha for each field of the questionnaire and the entire questionnaire. For the fields, values of Cronbach's Alpha ranged from 0.741 and 0.870. This range is considered high as the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals 0.898 for the entire questionnaire which indicates very good reliability of the entire questionnaire. Therefore, based on the test, the results for the items are reliable and acceptable.

3.5. Methods of data collection

Methods of data collection relatively dependence on standard questionnaires prepared by (Swaminathan, 2004) which was prepared in the form of Likert five scales. However, to describe CRM and its relationship with market performance the researcher modify in relation to the study for that matter the researcher test the reliability and check the dependability. For the purpose of data collection, the researcher was used closed-ended questionnaires and both structured and semi structured interviews. Closed-ended questionnaires were prepared on the basis of customer relationship management dimensions and banks market performance. Thus, closed ended questionnaires helps to avoid pressure up on the respondents in any direction and better be able to obtain the required data in the study area. The questionnaire was divided in to two sections. The first section contained the demographic characteristics of the respondents were requested to provide information about their gender, age, year of service or experience and education level.

The second section of the questionnaire was designed to enable the researcher to gather information about CRM and its relationship to market performance of selected commercial banks. For all questionnaire included in section 2, the respondents were requested to indicate their feeling on a five point Likert scale type to measure weighted as follows: 1=strongly disagree, i.e., very much dissatisfied with the case described, 2=disagree, i.e., not satisfied with the case described, 3=neutral, i.e., uncertain with the case, 4=agree, i.e., feeling alright with the case described, and 5= strongly agree, i.e., very much supporting the case described.

3.6. Data type and Sources

The study employed both qualitative and quantitative data .The qualitative data was those data which primarily collected through interview, whereas quantitative data includes objective items collected through the questionnaires. Regarding the data source, the study used both primary and secondary source of data. Primary source of data was collected through closed ended questionnaires and structured and semi-structured interviews with the selected branch managers. Secondary sources of data for the study were obtained from books, published journals, articles and relevant documents extensively reviewed as references.

3.7. Methods of Data Analysis

The researcher analyzed the data gathered through close ended questionnaires with the aid of SPSS (Statistical Package for Social Science) version twenty (20) which consists of descriptive statistics in terms of mean, percentage, tables, figures, charts and standard deviation. In addition to this, the researcher was also concerned with the interpretation and the representation of justification. Besides, spearman rank correlation used to analyze the relationship between customer relationship management and marketing performance due to the ordinal nature of the data employed in the study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter presents the Results and discussions of the responses gathered from the respondents through questionnaire and interview. In this chapter, the data collected from respondents were analyzed and interpreted using quantitative analysis which involves analysis of the demographical information of respondents and the descriptive and inferential statistics employed assess relationship between independent variables and dependent variable. To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS version 20.

4.1 Response rate on questionnaire

A total of 162 questionnaires were distributed to employees of the three branch banks to assess CRM and its relationship to marketing performance and almost all questionnaires were filled up and returned making the response rate 96 percent.

Table 3 Response Rate on Questionnaire distributed to Bank Employees

Name of Bank	Questionnaire distributed	Questionnaire responded	Response rate (%)
CBE	67	64	95.52%
DB	48	46	95.83%
AIB	47	45	95.74%
	162	155	95.68%

Source: own survey 2016

4.2. Demographic Information of the Customer Officers' Respondents

This descriptive analysis is used to look at the data collected and to describe data captured through the questionnaire. It was used to describe the demographic factors for more clarification. It is mainly important to make some general observations about the data gathered for general or demographic questions. The demographic factors used in this research were gender, age,

educational qualification, and work experience of respondents in the banks and all are described and summarized in the subsequent Tables and Figures.

Figure 2 Sex of respondents

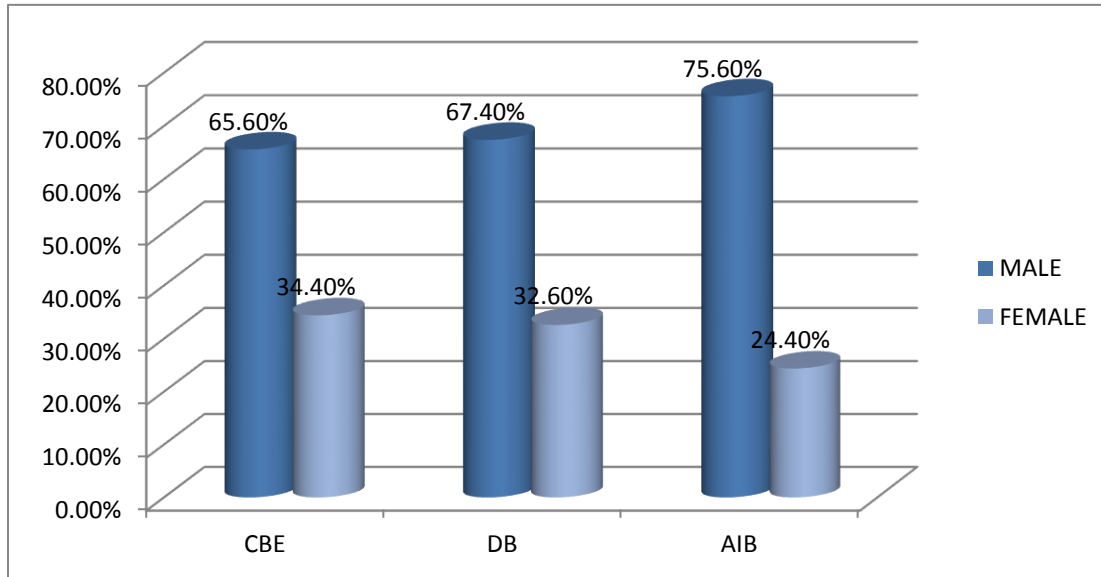


Figure 2 above shows that, the number, percentages, and sex of customer officers of the selected banks in Addis Ababa. As indicated in Figure 4.1, 42 (65.60%) of the respondents were male and 22(34.4%) of the respondents were female in Commercial Bank of Ethiopia. 31(67.40%) of the respondents were male and 15(32.60%) were female in Dashen Bank. On the other hand, 34(75.60%) of the respondents were male and 11(24.40%) were female in Awash International Bank. From this datum, we can easily observe that majority of the respondents were male in each banks and the percentage of male respondent in relation to female respondent in Awash International Bank is higher than the percentage of respondent in Commercial Bank and Dashen Bank. As evidenced from the above Figure 2, the majority of the data gathered were represents the responses of the male respondents which are highly significant to collect the necessary data. Even though the proportion of female and male were differ, its sufficient number for the study to gather the desired data. The ultimate goal of the study was not considering the number of females and males, but to incorporate both sexes.

BANKS	Age of Respondents					TOTAL
	20 TO 25	26 TO 35	36 TO 45	46 TO 55	>55	
CBE	34(53.1%)	30(46.9%)	0			64(100%)
DB	19(41.3%)	27(58.7%)	0			46(100%)
AIB	11(24.4%)	30(66.7%)	4(8.9%)			47(100%)
TOTAL	67(41.3%)	91(56.2%)	4(2.5%)	0	0	155(100%)

Table 4 Summary of the number, Percentages, and Age of Customer Officers' respondents of the Banks

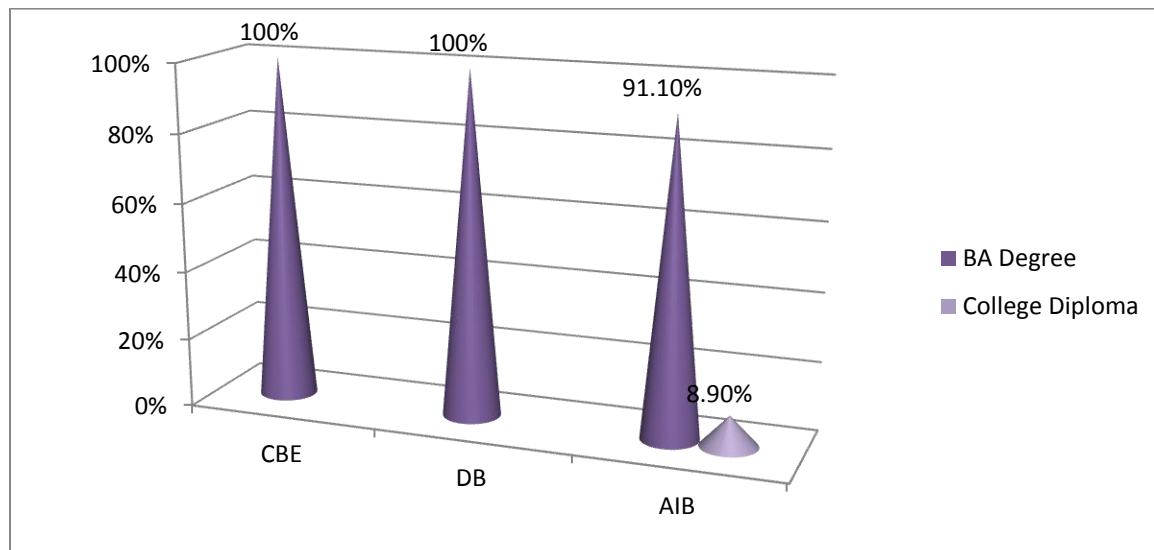
According to Table 4, out of the total customer Officers respondent of Commercial Bank of Ethiopia, 34(53.1%) of them were between the age of 20-25, 30(46.9%) of them were between 26-35 years , and there was no respondents in the age interval of 36 to 45, 46-55 and above 55 years age. In the same Table 5, 19(41.3%) of Dashen Bank customer Officer respondents age lies in the category of 20-25 years, 27(58.7%) of them were between 26-35 years, and this was maximum age interval in Dashen Bank. on the other hand , customer officer respondents of Awash International Bank 11(24.4%) of them were in between 20-25 years, 30(66.7%) of them were found between 26-35 years and the remaining 4(8.9%) of them were found between the age interval of 36-45 years. From this data the researcher can conclude that most of the respondents of Commercial Bank of Ethiopia were between 20to 25 years while most of the respondents from Dashen Bank and Awash International Bank were with the age interval of 26 to 35 and only a respondents from Awash International Bank were found to be between the age interval of 36 to 45. In general, the age proportionality of the respondents of the banks in Addis Ababa reveals that there was adequate in balancing both sexes. Besides, the maturity levels of the individuals, the banks in takes the knowledge and potentials of individuals into account. In general, the age of the respondents of the banks was between 20 to 35 years. This shows that, the level of the age (determines) how to deal with customers and contributes to the banks to preserve the existing customers.

BANKS	Work experience of the participant					TOTAL
	1 to 4	5 to 12	13 to 18	18 to 30	>30	
CBE	56(87.5%)	8(12.5%)	0			64(100%)
DB	44(95.7%)	2(4.3%)	0			46(100%)
AIB	26(57.8%)	17(37.8%)	2(4.4%)			45(100%)
TOTAL	132(81.48%)	28(17.28%)	2(1.23%)	0	0	162(100%)

Table 5 Summary of the number and Percentage of Customer Officer Respondent by Bank and Experience

As we can observe from Table 5, majority of CBE respondents were 56(87.5%) have working experience of 1 to 4 years; 8(12.5%) of them have working experience of 5 to 12 years, and there were no respondent with work experience of above 12 years. Whereas Dashen Bank respondents were 95.7% of them have a working experience in the range of 1 to 4 years, and the remaining respondents 4.3% of them have got work experience of 5 to 12 years. However, Awash International Bank respondents 26(57.8%) have work experience of 1 to 4 years, 17 (37.8%) have work experience between 5 to 12 years, and the remaining 2(4.4%) of them have a work experience of 13 to 18 years. To this end, the experience of respondents in the selected banks was fulfilled the minimum requirements of the study for the collected data.

Figure 3 Summary of the number, percentages, and Educational qualification of respondents of customer Officers' of the Banks



As far as their educational qualification of customer officers were concerned (Figure 3), Almost all Commercial Bank of Ethiopia and Dashen Bank Customer officers respondents 64(100%) and 46(100%) respectively were BA/BSc holders and Awash International Bank customer officer respondents 4(8.9%) were diploma holders and 41(91.1%) of them were BA/BSc holders. Definitely, the educational status of the given individual has a great value to do with the efficiency and effectiveness of what he/she performs to the banks. Moreover, the education level of employees has a direct relationship with the ability to understand and analyze things.

Thus, it can be inferred that, the majority of the respondents are first degree holders. This shows that, most of Customer officers of the banks holds appropriate academic qualification which can be contribute a lot towards the collected data.

4.3. Descriptive Statistics of Scaled Type Questionnaires

In this part descriptive statistics in the form of mean and standard deviation were presented to illustrate the level of agreement of the respondents with their implications of the three selected Banks. The responses of the respondents for the variables indicated below were measured on five point Likert scale with: 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree. But, while making interpretation of the results of mean and standard deviation the scales were reassigned as follows to make the interpretation easy and clear. 1 - 1.8= Strongly Disagree, 1.81 – 2.6 = Disagree, 2.61 – 3.4= Neutral, 3.41 – 4.20= Agree and 4.21 – 5 = Strongly Agree (Best, 1977, as cited by Yonas, 2013).

4.3.1. Perception of respondents towards Key customer focus

Key customer focus is one of the most important dimensions of customer relationship management that involves an overall customer-centric focus and continuously delivering superior and added value through customized offers to the key customers. In today's business environments, the ultimate goal of any key customer focus is to achieve a deep customer relationship that makes an organization a necessary partner to its most profitable customers. The overall company understanding and support for key customer focus encourages sales force to foster long-term customer relationships by offering more personalized services (Armstrong and Kotler, 2004).

Table 6 Descriptive statistics of Key customer focus

S.No	Variables of key customer focus	CBE		DB		AIB	
		Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
1	Provides customized services to key customers	4.20	.912	4.28	.455	4.02	.839
2	Work with individual key customer to customize offerings	3.81	.941	3.72	1.148	3.42	.753
3	Make coordinated efforts to modify service.	3.72	1.031	3.91	.755	3.96	1.021
4	Meeting and ensuring key customers needs	4.03	.755	3.96	.631	3.69	.821
5	All employees treat customers with great care.	3.83	.918	4.20	.980	4.33	.905
6	Customer lifetime value is the essential criterion for key customer selection	3.88	.766	3.70	.465	3.47	.991
	Avarage Mean	3.91		3.96		3.81	

As it can be seen from Table 6 in Commercial Bank of Ethiopia providing customized services to key customers has scored mean of 4.20 with standard deviation of 0.912, working with individual key customer to customize offering has scored mean of 3.81 with standard deviation of 0.941, make coordinated efforts to modify service has scored mean of 3.72 with standard deviation 1.031 meeting and ensuring key customers needs has scored a mean of 4.03 with standard deviation of 0.755, all employees treat customers with great care has scored a mean of 3.83 with standard deviation of 0.918, and life time value has scored a mean of 3.88 with standard deviation of 0.766. Yet in Commercial Bank of Ethiopia providing customized services to key customers, meeting and ensuring customers need and customer life time value are the most important variables that play decisive role to achieve market performance of the bank.

As the interview conducted with the branch manager of Commercial Bank of Ethiopia, concerning on key customer focus has taken as strategy and the bank has selected and segmented its key customers as business and premium customers. The manager was described business customers as a customer who has frequent transactions with the bank and premiums are those

customers whose transactions and their relationship with the bank highly add value to the bank's profitability.

When we come to Dashen Bank the providing customized services to key customers has scored mean of 4.28 with standard deviation of 0.455, working with individual key customer to customize offering has scored mean of 3.72 with standard deviation of 1.148, make coordinated efforts to modify service has scored mean of 3.91 with standard deviation .755 meeting and ensuring key customers needs has scored a mean of 3.96 with standard deviation of 0.631, treating customers with great care has scored a mean of 4.20 with standard deviation of 0.98, and customer life time value has scored a mean of 3.70 with standard deviation of 0.465. In Dashen Bank providing customized service to key customers, treating customers with great care, and meeting and ensuring key customer needs are the most important variables that play a vital role to achieve marketing performance of the bank.

As the information obtained through interview with the Dashen Bank selected branch manager, the bank was emphasizing on key customer focus. Towards this issue the bank manager confirmed as without key customer focus there is no profit and even difficult to achieve the goals of the bank. Additionally, the manager stated that the bank provides loans, holiday gifts to the key customers to make them to feel like their own business. Furthermore, the bank has given attention not only to key customers but also for "All customers of the bank" and considering using the idea of a customer focus to ramp up business and appeal to their client base as stated by the branch manager.

As it is clearly pointed out in the Table 6 in Awash International Bank providing customized services to key customers has scored mean of 4.02 with standard deviation of 0.839, working with individual key customer to customize offering has scored mean of 3.42 with standard deviation of .753, make coordinated efforts to modify service has scored mean of 3.96 with standard deviation 1.021 meeting and ensuring key customers needs has scored a mean of 3.69 with standard deviation of 0.821, treating customers with great care has scored a mean of 4.33 with standard deviation of 0.905, and customer life time value has scored a mean of 3.47 with standard deviation of 0.991. Thus, treating customers with great care and providing customized

services to key customer are the most important variables that play a decisive role to achieve market performance of the bank.

According to the information obtained through the interview with the selected branch manager of AIB indicates that the bank was giving more emphasis to key customer focus by giving loans and accepting their money for deposit. The manager also stated that, the bank is always working to satisfy its customers by meeting and ensuring customer needs. The bank has set clear objective and strategies for key customers because, the bank can't maximizes its market share without giving special attention to key customers. Hence, the bank provides different types of loan and foreign currency to key customer up on their request.

In addition to this, Table 6 also reveals that the mean rating score of all the entire subcontract variables in the three banks i.e. providing customized services to key customers, working with individual key customer to customize offering, make coordinated efforts to modify service, meeting and ensuring key customers needs, treating customers with great care and customer life time value were falling between the ranges of 3.41- 5. This shows that respondents agreed that all those entire sub-construct variables are the important and has strong relationship with market performance.

4.3.2. Perceptions of respondents towards CRM organization

Customer Relationship Management is an enterprise wide initiative. It requires that all areas of the organization work toward the common goal of building stronger customer relationships. Strong focus on key customers are deeply surrounded throughout its CRM system, the whole business were structured around promoting, encouraging, stimulating the valuable relationships. The organizational arrangement and structure needs to be flexible and, if necessary reassembled to generate customer-centric values and develop coordination of customer-focused, cross-functional teams in order to attract potential pool of customers. Furthermore, with meticulous efforts by all organizational functions to constantly provide a stream of value-rich actions and customer outcomes the business can satisfy customers' needs and enhance customer relationships. The success of CRM programs call for commitment of resources at all levels and functions of the firm (Anderson and Swaminathan, 2005).

Table 7 Descriptive statistics of CRM organization

S.No	Variables of CRM Organizations	CBE		DB		AIB	
		Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
1	Customer-centric performance standards are established and monitored	3.39	1.149	3.85	0.729	3.29	1.100
2	Clear business goals	4.08	0.719	3.91	0.725	3.67	0.798
3	Sales and marketing expertise and resources	3.95	1.030	4.04	0.788	3.96	0.952
4	Commits time and resources to managing customer relationships	3.84	0.801	3.52	0.781	3.87	1.100
5	Employee performance is measured and rewarded	3.45	1.194	3.59	1.066	3.42	0.941
6	Training programs are designed to develop employees skills	3.53	1.023	3.98	0.577	3.89	1.283
7	Bank Structure is meticulously designed around customers	3.77	0.850	3.83	0.486	4.22	0.735
8	The bank has good organizational image	3.98	0.807	4.30	0.465	4.53	0.505
	Average Mean	3.75		3.88		3.86	

As it can be seen from Table 7 in Commercial Bank of Ethiopia, customer-centric performance standards scored a mean of 3.39 with standard deviation 1.149, Clear business goal score mean of 4.08 with standard deviation 0.719, sales and marketing expertise and resources scored mean of 3.95 with standard deviation 1.030, commit time and resources to manage customer relationships scored mean of 3.84 with standard deviation 0.801, employees performance is measured and rewarded scored mean of 3.45 with standard deviation 1.194, training programs are designed to develop employees skills scored a mean of 3.53 with standard deviation 1.023, organizational structure scored mean of 3.77 with standard deviation 0.850 and organizational image has scored a mean of 3.98 with standard deviation of 0.807. As the value of mean indicates in Commercial Bank of Ethiopia business goal, organizational image, and sales and marketing expertise are the most important variables of CRM organization. In addition the mean value of all variables; establishing and monitoring customer centric performance standard at all customers touch points, clear business goals, existence of sales and marketing expertise, commits

time and resources to manage customer relationship management, employee performance is measured and rewarded based on meeting customer needs, training programs are designed to develop the skills of employee, organizational structure, and organizational image fallen between the interval of 3.41 to 4.2, this tells us majority of the respondent agreed that all those variables are important variables that have a relationship with market performance of the bank.

When we come to Dashen Bank, customer-centric performance standards scored a mean of 3.85 with standard deviation 0.729, Clear business goal score mean of 3.91 with standard deviation 0.725, sales and marketing expertise and resources scored mean of 4.04 with standard deviation 0.788, commit time and resources to manage customer relationships scored mean of 3.52 with standard deviation 0.781 employees performance is measured and rewarded scored mean of 3.59 with standard deviation 1.066, training programs are designed to develop employees skills scored a mean of 3.98 with standard deviation 0.577, organizational structure scored mean of 3.83 with standard deviation 0.486 and organizational image has scored a mean of 4.30 with standard deviation of 0.465.

As that of Commercial Bank of Ethiopia, Dashen Bank mean value of establishing and monitoring customer centric performance standard at all customers touch points, clear business goals, existence of sales and marketing expertise, commits time and resources to manage customer relationship management, employee performance is measured and rewarded based on meeting customer needs, training programs are designed to develop the skills of employee, organizational structure, and organizational image were above 3.41, this tells us majority of the respondent agreed that all those variables are important variables that have a relationship with market performance of the bank.

As it can be seen from Table 7 in Awash International Bank, customer-centric performance standards scored a mean of 3.29 with standard deviation 1.100, Clear business goal score mean of 3.67 with standard deviation 0.798, sales and marketing expertise and resources scored mean of 3.96 with standard deviation 0.952, commit time and resources to manage customer relationships scored mean of 3.87 with standard deviation 1.100, employees performance is measured and rewarded scored mean of 3.42 with standard deviation 0.941, training programs are designed to develop employees skills scored a mean of 3.89 with standard deviation 1.283,

organizational structure scored mean of 4.22 with standard deviation 0.735 and organizational image has scored a mean of 4.53 with standard deviation of 0.505.

In Awash International Bank, the mean value clear business goals, existence of sales and marketing expertise, commits time and resources to manage customer relationship management, employee performance is measured and rewarded based on meeting customer needs, training programs are designed to develop the skills of employee, organizational structure, and organizational image were above 3.41 this tells us the majority of the respondent agreed that those variables are important variables that can influence market performance. Whereas, the mean value of establishing and monitoring customer centric performance standard at all customers touch points fallen between the interval 2.61-3.4, and this show us majority of the respondents were neither agreed nor disagreed with the existence of monitoring customer centric performance standards at all customer touch point in the bank.

In addition to this, Table 7 also reveals that the mean rating score of all the entire subcontract variables in the three banks i.e. Customer-centric performance standards are established and monitored, clear business goals, availability of sales and marketing expertise and resources, commits time and resources to managing customer relationships, employee performance is measured and rewarded, training programs are designed to develop employees skills, and Bank structure is designed around customers were fallen between the ranges of 3.41- 4.20. This shows that respondents agreed that all those entire sub-construct variables are important and selected bank's organizational wide commitment, human recourse management and organizational structure organized around customer relationship management.

Satisfied customers aren't enough. To drive profitability generating customer loyalty and orienting the entire organization around that mission necessary. Real customer loyalty is not a short-term proposition; rather, it is a long-term commitment to organization's products or services, company or brand. In order to create and build Loyal Promoters and improve customer retention, the organization must be customer-centric. Customer-centric organizations consistently attain higher profits than those companies that are not customer-centric. Having said this information has been gathered through the interview conducted with general managers of the three banks indicates that the bank target are improving services using different measures

such as designing organizational structure that attract and promote customers, intensive manpower training to implement totally performance standards through all customer touch points. In addition to this, the managers stated as to be customer-centric companies need to collect and store meaningful information in a comprehensive customer database. As they stated customer database is an organized collection of information about individual customers or prospects. The database must be current, accessible, and actionable in order to support the generation of leads for new customers while supporting sales and the maintenance of current customer relationships. Smart organizations are collecting information every time a customer comes into contact with the organization. Based on what they know about the individual customer, organizations can customize market offerings, services, programs, messages, and choice of media (Agarwal et al., 2004).

4.3.3. Perception of respondent towards managing customer knowledge in Bank

Knowledge is well-thought-out as one of the competitive factors in global economy. It is compulsory to think and consider for a business firms in order to attract customer in today's dynamic market successfully. Despite of this customer knowledge management can be defined as the system of attaining, allocating, and increasing the customer knowledge among employees for making profit to the organization and customers. With the purpose of improving the organizational productivity and value, assure from delivering required products and services to the customers and acquire their satisfaction, it is necessary to manage the organization's knowledge about customers (Salomoun et al, 2005).

Table 8 Descriptive statistics of Managing Knowledge

S.No	Variables of Managing Knowledge	CBE		DB		AIB	
		Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
1	Provides channels to enable ongoing two-way communication	3.61	0.953	3.78	0.758	3.71	1.014
2	Customers can expect exactly when services will be performed	3.64	1.014	4.04	0.556	3.73	0.889
3	Detail knowledge of every procedures	2.67	0.960	3.11	1.269	3.02	0.753
4	Fully understands the needs of key customers	3.31	1.022	3.57	1.276	3.38	0.777
5	Ability to transform locally acquired new knowledge into organization level knowledge	3.42	0.851	3.65	0.482	3.62	0.834
Average Mean		3.33		3.63		3.49	

Table 8 illustrates that the perception of the respondents towards managing knowledge in a Bank. Accordingly, in Commercial Bank of Ethiopia providing channels to enable ongoing two-way communication has scored a mean of 3.61 with standard deviation 0.953, customers can expect exactly when services will be performed has scored a mean of 3.64 with standard deviation 1.014, detailed knowledge of every procedures scored a mean of 2.67 with standard deviation of 0.960, understanding needs of key customers scored a mean of 3.31 with standard deviation 1.022, and ability to transform locally acquired new knowledge into organization level knowledge has scored a mean of 3.42 with standard deviation 0.851. As the mean value indicates majority of the respondent were agreed that the bank provides channels for two way communication, customers expect exactly when services is performed and the bank has ability to transform locally acquired new knowledge in to organizational knowledge. Whereas, they were neutral about their detail knowledge of every procedures and understanding the needs of customers.

When we come to Dashen Bank providing channels to enable ongoing two-way communication has scored a mean of 3.78 with standard deviation 0.758, customers can expect exactly when services will be performed has scored a mean of 4.04 with standard deviation 0.556, detailed knowledge of every procedures scored a mean of 3.11 with standard deviation of 1.269, understanding needs of key customers scored a mean of 3.57 with standard deviation 1.276, and ability to transform locally acquired new knowledge into organization level knowledge has scored a mean of 3.65 with standard deviation 0.482. As the indicated in Table 8 the mean value of providing channels to enable ongoing two-way communication, customer can expect exactly when service performed, understanding the needs of key customers and the ability to transform locally acquired new knowledge into organization level knowledge fallen in the interval of 3.41 to 4.2, which tells us majority of the respondent agreed with those variables. And the mean value of one variable, detail knowledge of every procedure fallen between 2.6 – 3.4 which tells us the respondent were not agreed or disagreed with having the knowledge of every procedure.

As it is depicted in Table 8 in Awash International Bank providing channels to enable ongoing two-way communication has scored a mean of 3.71 with standard deviation 1.014, customers can expect exactly when services will be performed has scored a mean of 3.73 with standard deviation 0.889, detailed knowledge of every procedures scored a mean of 3.02 with standard deviation of 0.753, understanding needs of key customers scored a mean of 3.38 with standard deviation 0.777, and ability to transform locally acquired new knowledge into organization level knowledge has scored a mean of 3.62 with standard deviation 0.834. As that of Commercial Bank of Ethiopia, In Awash International Bank majority of the respondent were agreed that the bank provides channels for two way communication, customers expect exactly when services is performed and the bank has ability to transform locally acquired new knowledge in to organizational knowledge. Whereas, they were neutral about their detail knowledge of every procedures and understanding the needs of customers which its mean value was fallen between 2.6–3.4. From this the researcher concludes that, employees of selected banks were not provided with detail procedures of the bank which is essential for employee to clearly know how to do things and deal with customers.

In addition the aggregate mean of all banks for variable customer knowledge management scored 3.48, which were fallen between 3.41 and 4.2. This shows that respondents agreed that selected

banks are attaining, allocating, and increasing the customer knowledge among employees for making profit to the organization.

As information gathered through interview with branch managers of the three banks indicates that customer knowledge management plays a decisive role in any business firms especially in service giving businesses through the knowledge of understanding customers, needs, wants and aims. The managers also said that it is essential for a business to align its processes, products and services to build real customer relationships. It includes intimate and tacit knowledge such as key account managers, and distant or analytic knowledge including database information about sales, web-behavior or other analytical piece of data. Furthermore, obviously companies know about their customers, but frequently this is in a fragmented form and difficult to share or analyze and often it is incomplete or just in the head of one or two people. To be effective customer knowledge needs to be visible throughout the organization to ensure the voice of the customer is heard (Mithas et al., 2005).

4.3.4. Perceptions of respondents towards CRM-based Technology

Technology and the Web has changed the way companies approach CRM strategies because advances in technology have also changed consumer buying behavior and offers new ways for companies to communicate with customers and collect data about them. With each new advance in technology especially the proliferation of self-service channels like the Web and smart phones, customer relationships are being managed electronically. The development and improvement of information technology provide the ability to gather, investigate, and share customer information which will lead to a customer satisfaction, customer loyalty and retaining customers (Bulter, 2000). The CRM demands for “information-wide strategies” which exploit computer technologies in maintaining relationships (Harding *et al.*, 2004) such as: computer-aided design or manufacturing, data warehouses, data mining and CRM application systems that allow the firms to offer maximum customization with better quality at lower cost. Moreover, it helps the staff at all touch points to serve the customers in a better way. Hence, many customer focus activities would be impossible without the use of an appropriate technology (Sin *et al.*, 2005).

Table 9 Descriptive statistics of CRM-based Technology

S.No	Variables of CRM based Technology	CBE		DB		AIB	
		Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
1	Maintains a comprehensive database of customers.	3.89	0.893	4.11	0.434	3.91	0.848
2	The right hardware	3.66	1.042	3.61	0.802	3.73	1.074
3	The right software	3.80	1.086	4.20	0.654	3.33	1.087
4	The right technical personnel to provide technical support	3.50	1.098	4.20	0.582	3.18	0.834
5	Individual customer information is available at every point of contact	3.19	1.167	3.80	0.910	3.38	1.093
6	Provide Automated Teller Machines (ATM) at all branches	3.44	1.097	4.00	0.000	3.56	1.271
Average Mean		3.58		3.99		3.51	

As we can observe from Table 9 in Commercial Bank of Ethiopia maintaining a comprehensive database of customers has scored a mean of 3.89 with standard deviation 0.893, has the right hardware scored a mean of 3.66 with standard deviation 1.042, has the right software scored mean of 3.80 with standard deviation 1.086, the right technical personnel to provide technical support has scored a mean of 3.50 with standard deviation 1.098, individual customer information is available at every point of contact scored a mean of 3.19 with standard deviation 1.167, providing automated teller machines at all branches scored a mean of 3.44 with standard deviation 1.097. As it can be seen from Table 10 the mean value of Maintains a comprehensive database of customers, the right hardware, the right software, the right technical personnel to provide technical support, and Provide Automated Teller Machines at all branches fallen between 3.41 and 4.2, which tells us majority of the respondent were agreed with those variables whereas, the mean value of one variable, individual customer information is available at each touch point fallen below 3.41 and it shows majority of the respondent were neutral about the availability of individual customers information availability in the bank.

In Dashen Bank maintaining a comprehensive database of customers has scored a mean of 4.11 with standard deviation 0.434, has the right hardware scored a mean of 3.61 with standard deviation 0.802, has the right software scored mean of 4.20 with standard deviation 0.654, the right technical personnel to provide technical support has scored a mean of 4.20 with standard deviation 0.582, individual customer information is available at every point of contact scored a mean of 3.80 with standard deviation 0.910, providing automated teller machines at all branches scored a mean of 4.00 with standard deviation .00. As it can be seen from Table 10 the mean value of all subcontracting variables under variable CRM based technology was greater than 3.41, this shows that, majority of the respondents were agreed with all variables; Maintains a comprehensive database of customers, the right hardware, the right software, the right technical personnel to provide technical support, Individual customer information is available at every point of contact, and Provide Automated Teller Machines at all branches

When we come to Awash International Bank maintaining a comprehensive database of customers has scored a mean of 3.91 with standard deviation 0.848, has the right hardware scored a mean of 3.73 with standard deviation 1.074, has the right software scored mean of 3.33 with standard deviation 1.087, the right technical personnel to provide technical support has scored a mean of 3.18 with standard deviation 0.834, individual customer information is available at every point of contact scored a mean of 3.38 with standard deviation 1.093, providing automated teller machines at all branches scored a mean of 3.56 with standard deviation 1.271. The mean value of AIB shows that, majority of the respondent were agreed with some variables; maintains a comprehensive database of customers, the right hardware, and Provide Automated Teller Machines (ATM) at all branches while they disagree with other variables; the right software, the right technical personnel to provide technical support, and Individual customer information is available at every point of contact.

In addition to this, Table 9 also reveals that the mean rating score of all the entire subcontract variables in the three banks i.e. Maintains a comprehensive database of customers, the right hardware, the right software, the right technical personnel to provide technical support, individual customer information is available at every point of contact, and providing Automated Teller Machines (ATM) at all branches were fallen between the ranges of 3.41- 4.20 and the aggregate mean for variable CRM based Technology of the three banks scored a mean of 3.69.

These shows that majority of respondents agreed that selected banks are using latest technology that could be built-in into their CRM systems.

Based on the information gathered through interview with the general managers of the CBE, Dashen and AIB shows that CRM-based technology enhance their market performance through providing information about the customer to be stored in databases, businesses to analyze data, pull out customer preferences and make clear their behavior, easy access to data across departments that may be widely geographically disperse, easy access for customers in terms of online transactions, speedy personalized communications that enable the customer to feel valued and special even though in reality they may be just one of hundreds of thousands of customers.

4.3.5. Perceptions of respondents towards Market Performance

Market performance refers to the enhancement of the organizational standing in the market, improvement of the customers' perception of organization and its products and increase in their loyalty toward organization (Martin, 2005). In today's world as competition becomes tough, firms are able to deliver their offer and services that are customized for every customer. Certainly, these organizations can accomplish competitive advantage in sale and service marketing through tailoring their mass services. At the moment, the profitable companies endeavor to transfer their mass services to the individual customer.

Table 10 Descriptive statistics of Marketing Performance

S.No	Variables of Market Performance	CBE		DB		AIB	
		Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
1	Putting customer- center operation enables the bank to increase its sales growth	4.05	0.999	4.63	0.711	4.04	0.903
2	Marketing strategy is effective in promoting and attracting new customers	3.67	1.209	4.33	1.012	4.09	1.203
3	Marketing strategy is successful in increasing market share and sales growth	3.63	1.189	4.26	0.976	3.60	0.780
4	Marketing strategy satisfies customers	3.38	1.076	3.52	1.005	3.47	0.842
5	Marketing strategy is successful in retaining customers	3.41	0.955	3.72	0.861	3.84	0.562
Average Mean		3.63		4.09		3.81	

As it can be seen from Table 10 in Commercial Bank of Ethiopia putting customer center operation has scored a mean of 4.05 with standard deviation 0.999, effectiveness of marketing strategy in attracting new customers has scored a mean of 3.67 with standard deviation 1.209, successfulness of marketing strategy in increasing market share and sales scored a mean of 3.63 with standard deviation 1.189, marketing strategy in satisfying customers scored a mean of 3.38 with standard deviation 1.076 and marketing strategy in retaining customers scored a mean of 3.41 with standard deviation 0.955. As the value of mean shows majority of the respondent agreed with Putting customer- center operation enables the bank to increase its sales growth, marketing strategy is effective in promoting and attracting new customers, marketing strategy is successful in increasing market share and sales growth, and marketing strategy is successful in retaining customers whereas they were neither agreed nor disagrees with one variable, marketing strategy satisfies customers.

When we come to Dashen Bank putting customer center operation has scored a mean of 4.63 with standard deviation 0.711, effectiveness of marketing strategy in attracting new customers

has scored a mean of 4.33 with standard deviation 1.012, successfulness of marketing strategy in increasing market share and sales scored a mean of 4.26 with standard deviation 0.976, marketing strategy in satisfying customers scored a mean of 3.52 with standard deviation 1.005 and marketing strategy in retaining customers scored a mean of 3.72 with standard deviation 0.562.

As it can be seen from Table 10 in Awash International Bank putting customer center operation has scored a mean of 4.04 with standard deviation 0.903, effectiveness of marketing strategy in attracting new customers has scored a mean of 4.09 with standard deviation 1.203, successfulness of marketing strategy in increasing market share and sales scored a mean of 3.60 with standard deviation 0.780, marketing strategy in satisfying customers scored a mean of 3.47 with standard deviation 0.842 and marketing strategy in retaining customers scored a mean of 3.84 with standard deviation 0.562.

As it can be seen from the Table 10 in Dashen Bank and Awash International Bank, the mean value of entire variables under marketing performance fallen between 3.41 and 4.2 this shows that majority of the respondent were agreed that the banks marketing performance has a potential to attract new customers, increase sales and market share.

4.4. Correlation Analysis

Like the demographic factors, the scale typed questionnaire entered to the SPSS software version 20 to process correlation analysis. Based on the questionnaires which were filled by employees of the selected Commercial Banks, the following correlation analysis was made.

Table 11 Correlations between customer relationship management and market performance

Customer Relation Management	Market Performance	
	Pearson correlation	Sig.(2-tailed)
Key customer focus	0.255	0.000**
CRM organization	0.380	0.000**
Knowledge management	0.436	0.000**
Technology based CRM	0.382	0.000**

Since all variables are interval, the relationship between the independent variables i.e. key customer focus, customer knowledge management, CRM organization and technology based CRM and the dependent variable i.e. market performance was investigated using Pearson product –moment correlation coefficient. The results of correlation analysis in the Table 11 shows that all the independent variables were positively correlated with the dependent variable i.e. market performance at 99 percent confidence level ($P < 0.01$). The highest correlation is signified by knowledge management ($r = 0.436$), followed by technology based CRM ($r = 0.382$), CRM organization ($r = 0.380$) and key customer focus ($r = 0.255$) and. Based on the Pearson correlation test shown in the Table 11, technology based CRM dimension is positively and significantly correlated with market performance. The correlation coefficient between technology based CRM and market performance is the second of all correlation results of CRM dimensions which is ($r = 0.382$). This means if the bank improves the technology based CRM the bank's market performance will be improved. Therefore, technology based CRM have direct relationship with market performance. Technology based CRM is one of the important tools to create long term relationship with customers in service provider organizations and CRM technology considered as one of the organizational resource commitments that serves as an input into the CRM process and is intended to enhance firms' ability to successfully build and maintain a maximum profit portfolio for relationships with customer (Zebalah, 2004).

CRM organization is another element of CRM dimensions that taken into account to explain the relationship between CRM and market performance. The correlation result ($r = 0.380$) shows the relationship between CRM organization and market performance is positive and any improvements on CRM organization directly affect the market performance of the bank. With regard to CRM organization dimension, the banks can be perceived by their employees as good organizational structure has able to build strong and lasting relationship with customers. CRM organization has a significant role in building long-term relationship with customers and achieving market performance (Berry, 1983). So, the finding of Berry (1983) is similar with the results of this research. Also, the findings of Anderson and Swaminathan (2005) suggested that the organizational arrangement and structure needs to be flexible and reassembled to generate customer-centric values and develop coordination of customer-focused, cross-functional teams

the more its market performance will tend to be. Therefore, the result of this research is consistent with the findings of (Anderson and Swaminathan, 2005).

The other factor that is included in the CRM dimension is knowledge management. Based on the correlation result as it is shown in the Table 11, customer knowledge management dimension is positively and significantly correlated with market performance. The correlation coefficient between knowledge management and market performance is the first of all correlation results of CRM dimensions which is ($r=0.436$). This shows that knowledge management has strong relationship with market performance comparing other CRM dimensions.

The last factor included in the CRM underpinnings is key customer focus. As it is indicated in Table 11 of the correlation analysis, key customer focus dimension has positive relationship with market performance. The correlation coefficient between key customer focus and market performance is 0.255. This means if the bank focuses on key customers, the firm will improve its market performance. Furthermore, as a relatively broad sort of outreach strategy, achieving a customer focus is not a one-size-fits-all solution, but if firms are looking at how to approach their enterprise with this sort of outlook, they're not alone. Many business leaders are considering the idea of a customer focus to ramp up business and appeal to their client base (Mithas and Frow, 2005). Hence, this study is consistent with the finding of (Mithas and Frow 2005).

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

In this chapter conclusions of the research findings that have been analyzed and discussed in the previous chapter are briefly presented. Furthermore, based on the findings of the study possible recommendations are forwarded.

5.1. CONCLUSION

This research has numerous functions in management of bank customers because commercial banks are interested in obtaining and retaining of customers to achieve market performance. During the investigation the researcher used both descriptive and inferential statistics and based on the findings of the study the following conclusion were made.

- ❖ The findings of the study showed that the employees in the three banks have good customer relationship management of key customer focus, customer knowledge management, CRM organization and technology based CRM. Therefore, the researcher can convincingly conclude that the concept of customer relationship management is well understood by the majority of employees of the selected banks from key customer focus, customer knowledge management, CRM organization and technology based CRM point of view and they were able to relate them with market performance.
- ❖ The study indicated that there was no customer centric performance standard and supervision at all touches point of Commercial Bank of Ethiopia and Awash International Bank.
- ❖ The study also shows, there are variations among banks in providing technical support on utilization of computers and banking technologies
- ❖ Individual information is not available at every point of contact in the banks.
- ❖ The three banks are exerted effort on increasing market share and sales growth to improve marketing performance.
- ❖ The study indicated that, three banks employee do not have detailed knowledge of procedures

- ❖ The study indicated that, customer needs are not fully understood in Commercial Bank of Ethiopia and Awash International Bank
- ❖ Banks are paying relatively high attention on customer retention to reduce customer's turnover and improving marketing performance through providing quality services.
- ❖ The study also shows that there is positive relationship between customer relationship management and marketing performance.

5.2. Recommendations

This study has demonstrated the relationship between customer relationship management and market performance in selected commercial banks in Addis Ababa. In light of the findings and conclusions made above, the following possible recommendations are suggested as being valuable to the banks for improving customer relationship management activities to assure market performance.

In selected commercial banks the activities of customer relationship management (key customer focus, customer knowledge management, CRM organization and technology based CRM) have to be enhanced and reinforced in order to keep and increase market performance.

This can be enhanced and developed through the following:

- ❖ The selected banks have to improve the level of key customer focus by continuous development of services and benefits, working with key customers, increasing its ability to meet its promises, fulfilling obligation, providing consistent quality services and continuously delivering superior and added value for key customers.
- ❖ The selected banks have to improve the level of customer knowledge management, by enabling ongoing and two-way communication, successful dissemination of knowledge management and detail knowledge of every procedure.
- ❖ The selected banks have to developing meticulously designed around customers through good organizational structure, organizational wide commitment resources, cross-functional teams and good organizational images.
- ❖ The selected banks have to improve technology based CRM through maintain comprehensive databases of customers to improve their services, necessary hardware and

software facilities to address the dynamic need of customers towards advancement of banking technologies, technical personnel support for utilization of computers and banking technologies to improve the capability of employees.

Particularly, the following possible recommendations are suggested for each bank.

- ❖ Commercial Bank of Ethiopia and Awash International Bank has to give attention to establish customer centric performance standards at all customer touch points.
- ❖ CBE and AIB have to give attention to understanding key customer needs.
- ❖ CBE and AIB has to exerting more attention to provide individual customer information availability at every point of contact.
- ❖ For CBE it is necessary to assign clear business goals related to obtaining and attracting new customers.

5.3. Further Research

The study focused on three banks in Addis Ababa. Additional research is necessary to determine if the relationships identified can be generalized to other banks through comparative studies. In addition to this, variables which are not included under this study such as enhancing the standard of sales growth and adding the net profit standard to sales can be studied. Furthermore, future researchers can be conduct research as banks in Ethiopia or regional wise.

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Appendices

Appendix I

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION

Questionnaires to be filled by employees

This questionnaire is designed to collect data about the Customer Relationship Management and its relationship to Market Performance of selected banks in Addis Ababa. The information that you offer me with this questionnaire is used as a primary data in my case study which I am conducting as a partial fulfillment of the requirements for the degree of General Masters of Business Administration at St.Mary's University. Therefore, this research is to be evaluated in terms of its contribution to our understanding of Customer Relationship Management and its relationship to Market Performance of banks and its contribution to improvements in the area.

General Instructions

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

Confidentiality

I want to assure you that this research is only for academic purpose authorized by the St. Mary's University. No other person will have to access the data collected. In any sort of report I might publish, I will not include any information that will make it possible to identify any respondents.

I remain grateful for your kind cooperation.

April 2016

Section I: Participant Information

1. Sex: Male Female

2. Which of the following age categories describes you?

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

3. Number of years you have worked for the Bank (in years):

- 1-4 13-17
 5-12 18-30
 30 years or more

4. Educational Qualification:

- High school graduate BA/BSc Degree
 College Diploma Masters and above

PART II: Please state your level of opinion for each given statement using the following scales:

1 = strongly disagree 2 = disagree 3 = Neutral 4 = Agree 5 = strongly agree

No	Perceptions of respondents towards the effects of CRM on market Performance	Agreement scale				
		1	2	3	4	5
	<i>Items</i>					
	Key customer focus					
1.	My Bank provides customized services to our key customers.					
2	Through ongoing dialogue, we work with individual key customer to customize our offerings					

3	When my Bank finds that customers would like to modify a service, the departments involved and make coordinated efforts to do so.					
4	Meeting and ensuring key customers needs					
5	All employees in our Bank treat customers with great care.					
6	Customer lifetime value is the essential criterion for key customer selection.					
Questions about Organizing around Customer relationship management in your Bank						
7	Customer-centric performance standards are established and monitored at all customer touch points					
8	My Bank has established clear business goals related to customer acquisition, development, retention, and reactivation					
9	My Bank has the sales and marketing expertise and resources to succeed in Customer Relationship Management					
10	My Bank commits time and resources to managing customer relationships					
11	Employee performance is measured and rewarded based on meeting customer needs and successfully serving them.					
12	Our employee training programs are designed to develop the skills required for acquiring and deepening customer relationships					
13	Our Bank structure is meticulously designed around our customers					
14	My bank has Good organizational image					
Questions about Managing Knowledge in your Bank						

15	My Bank provides channels to enable ongoing two-way communication between our key customers and us.					
16	Customers can expect exactly when services will be performed.					
17	Employee has detail knowledge of every procedures					
18	My Bank fully understands the needs of our key customers					
19	Ability to transform locally acquired new knowledge into organization level knowledge					
Questions about incorporating Customer relationship management-based Technology in your Bank						
20	My Bank maintains a comprehensive database of our customers.					
21	My Bank has the right hardware to serve our customers.					
22	My Bank has the right software to serve our customers.					
23	My Bank has the right technical personnel to provide technical support for the utilization of computer technology in building customer relationships.					
24	Individual customer information is available at every point of contact.					
25	Provide Automated Teller Machines (ATM) at all branches					
Questions about marketing performance in your Bank						
26	Putting customer- center operation enables the bank to increase its sales growth					
27	My Bank marketing strategy is effective in promoting and attracting new customers					
28	Marketing strategy of my Bank is successful in increasing marketshare					

	and sales growth					
29	My Bank marketing strategy satisfies customers					
30	Marketing strategy of my Bank is successful in retaining customers					

THANK YOU!

Appendix II

Section III: Questions for interview with branch managers

1. Do you think that, your bank gives more emphasizes on key customers and provides customized services for them?
2. In your opinion, do you think that customer-centric performance standards are established and monitored at all customer touch points?
3. Do you think that, in your opinion your organization provides channels to enable ongoing two-way communication between key customers?
4. In your opinion, do you think that your bank maintain a comprehensive database of the customers having the necessary hardware and software?
5. Do you think that, customer relationship management practices helped your bank in Business performance in terms of increasing number of customers, increasing customer satisfaction, market share, and sales growth than before?
6. What are the customer relationship management strategies that your bank used to make customers satisfied and loyal?
7. According to your opinion, to what extent does good relationship with the customer is important for market performance?
8. How much do you think that the acts of employees of the bank, especially those on the front line, affect the level of customer satisfaction and intent to remain in your bank?
9. How do you see your employee's efforts in the bank to create good relationship with customers?
10. To what extent the bank informs customers' in advance about any change that takes place in the bank?