



ST MARY'S UNIVERSITY

SCHOOL OF GRADUATES STUDIES

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

A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ST MARY'S  
UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE  
OF MASTERS OF MARKETING MANAGEMENT

BY

NURHUSSEN MOHAMMED

ADVISOR: TEMESSGEN BELAYNEH (PhD)

Addis Ababa, Ethiopia

June, 2017

1.1. Background of the Study.....	12
1.2. Statement of the Problem .....	13
1.3. Research Questions .....	15
1.4. Objective of the Study .....	15
1.5. Significance of the study .....	16
1.6. Scope of the study .....	16
1.7. Limitation of the study.....	16
1.8. Organization of the study .....	17
CHAPTER TWO .....	18
2. REVIEW OF RELATED LITERATURE .....	18
2.1. Definition of Customer Relationship Management.....	18
2.2. Conceptual Framework of Customer Relationship Management .....	19
2.2.1. Key Customer Focus.....	20
2.2.2. Customer Relationship Management Organization .....	21
2.2.3. Customer Knowledge Management .....	21
2.2.4. Technology-Based Customer relationship management.....	22
2.2.5. Customer Satisfaction .....	23
2.2.6. Sales Growth .....	24
2.2.7. Customer retention.....	24
2.3. Prerequisites and Performance of Customer Relationship Management.....	24
2.4. Customer Relationship Management and Information Technology .....	25
2.4.1. Service Automation in Banking Industries .....	25
2.4.2. Marketing Automation in Banking Industry.....	26
2.5. Customer-Related Performance Measures .....	26
2.6. Customer Relationship Management Objectives in Banking Industry .....	27
2.6.1. Customer Relationship Management in Financial Services Sector.....	28
2.6.2. Benefits of customer relationship Management in the banking industry.....	28

2.7. Customer relationship management and Shareholder value .....	30
2.8. Empirical Findings on Customer Relationship Management .....	30
2.8.1. Empirical Findings in Developed Countries.....	30
2.8.2. Empirical findings in Developing countries.....	32
CHAPTER THREE .....	37
3. RESEARCH DESIGN AND METHODOLOGY .....	37
3.1. Research Design .....	37
3.2. Sampling Design .....	37
3.3. Methods of data collection .....	39
3.4. Sources of Data .....	39
3.5. Methods of Data Analysis .....	40
CHAPTER FOUR .....	40
4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION .....	41
4.1. Demographic Information of the Customer Officers’ Respondents .....	41
4.1.1. Summary of the number, Percentages, and Sex of Customer Officers’ respondents of the Banks .....	41
4.1.2. Educational qualification of customer officers of the bank.....	44
4.2. Managerial Perception on key customers focuses and customized services.....	47
4.3. Managerial perception on communication among customers and the banks.....	49
4.4. Maintaining comprehensive database of customers.....	50
4.5. Customer Relationship Management Practices and Marketing performance of the Banks.....	51
4.6. Employees’ Perception of Customer Relationship Management and Marketing Performance of the Banks (AIB, Zemen and CBE).....	52
4.7. Customer Officers attitude on Organizational Efficiency .....	57
4.8. Attitudes of customer officers towards customer knowledge management.....	64
4.9. Customer Officers perception about incorporating Customer Relationship Management based Technology in the banks .....	67
4.10. Attitudes of customer officer towards marketing performance in the banks.....	72
4.11. Descriptive statistics Analysis for the selected Banks (Awash International Bank, Zemen Bank, and Commercial Bank of Ethiopia).....	77
4.12. Data analysis quality assurance/reliability analysis .....	81

CHAPTER FIVE .....81

5. SUMMERY, CONCLUSIONS AND RECOMMENDATIONS.....81

    5.2. Recommendation.....84

    5.3. Further research .....87

REFERNCE.....I

**ANNEX.....II**

## List of table

Table 1 : Age of Customer Officers' respondents of the Banks.....	42
Table 2: Experience of Customer Officer Respondent .....	43
Table 3: Sex of Manager Respondents of the Banks.....	44
Table 4: Experiences of Managerial Respondents of the Banks. ....	46
Table 5: Educational qualification of manager Respondents of the Banks .....	46
Table 6: Managerial Perceptions on key Customers focuses and Customized Services.....	47
Table 7: perception on providing two way communication channels .....	49
Table 8: Summary of perception on having comprehensive customers database .....	50
Table 9: Customer Relationship management practices and marketing performance .....	51
Table 10: Making effort to key customers need.....	52
Table 13: Customer centric performance standards .....	57
Table 14: Perception of Employees on Performance Measurement and Rewards.....	58
Table 15: officer's perception on banking structure .....	60
Table 19: Maintaining customer databases .....	67
Table 20: Availability of information .....	68
Table 21: Effectiveness in promoting and attracting new customers.....	73
Table 22: Increasing market share and sales growth.....	74
Table 23: Successfulness in retaining customers to the banks .....	75
Table 24: Customer officer attitudes on retaining customers.....	76
Table 25: Summary of marketing strategy .....	76

**List of figure**

Figure 1: Sex of Customer Officers Respondents ..... 41

Figure 2: Summary of the number, percentages, and Educational qualification of respondents of customer Officers’ of the Banks ..... 44

Figure 3: Age of manager respondents of the banks ..... 45

Figure 5: Coordinated effort of departments in modifying the services..... 54

Figure 6: Employee training programs and designs in the banks..... 59

Figure 7: Attitudes of customer Officers perception towards Business goals of the Banks..... 61

Figure 8: Summary of sales and marketing experts of the banks ..... 62

Figure 9: shows, commitment and resources ..... 63

Figure 10: Technical personnel to utilize in the Banks ..... 69

Figure 11: Summary of customers Officers perception that the bank has right hardware ..... 71

Figure 12: availability of software facilities to serve the customers ..... 72

**The Application of Customer Relationship Management in  
Commercial Bank of Ethiopia, Awash and Zemen Bank**

**By: Nurhussen Mohammed**

**Approved by Board of Examiners**

_____	_____
<b>Name</b>	<b>Signature</b>
_____	_____
<b>Name</b>	<b>Signature</b>
_____	_____
<b>Name</b>	<b>Signature</b>

## Statement of Certification

This is to certify that **Ato Nurhussen Mohammed** has carried out his research work on the topic entitled **The Application of Customer Relationship Management in Commercial Bank of Ethiopia, Awash and Zemen Bank.**

The work is original in nature and is suitable for submission for the award of Masters Degree in Marketing Management.

**Advisor: Dr. Temsegen Belayneh**

**Date:** \_\_\_\_\_



### Statement of Declaration

I hereby declare that **The Application of Customer Relationship Management in Commercial Bank of Ethiopia, Awash and Zemen Bank**. Project is wholly the work of **Nurhussen Mohammed**. I have carried out the present study independently with the guidance and support of the research advisor, **Dr. Temsegen Belayneh**. Also any other contributors or sources have either been referenced in the prescribed manner or are listed in the acknowledgements together with the nature and the scope of their contribution. And the study has not been submitted for award of any Degree or Diploma Program in this or any other Institution. It is in partial fulfillment to the requirement of the program Masters Degree in Marketing Management.

\_\_\_\_\_  
Nurhussen Mohammed

Date: \_\_\_\_\_

## ACKNOWLEDGEMENTS

The completion of this study would have not been realized without the help of others and I would like to take this opportunity to thank everyone who helped me with this thesis. First I would like to express my thanks and appreciation to my Advisor Dr. Temesgen B., for his guidance, continual advice, patience, vast knowledge, and critical review of the thesis. It has helped me to improve the quality of the report and compilation of my thesis work.

I am not indebted only to these contributors but also to many other institutions such as Awash International Bank, Commercial Bank of Ethiopia and Zemen Bank S.C. who have showed me a welcoming face and were willing to devote their valuable time filling the questionnaires. Without their kind cooperation, this study would not be complete and become a reality.

Finally my special gratitude goes to my lovely wife Amra Mohammed, my mother W/ro Bierhan Berhie, my sisters Fetya Mohammed, Muna Mohammed and Mekya Mohammed. And I also acknowledge all people participate in the preparation of of this study.

## ABSTERACT

In this study attempt has been made to investigate customer relationship management and its relationship to marketing performance of the selected banks in Addis Ababa. The relationship of customer relationship management dimensions that relate to the necessity of focusing on key customers, organizational efficiency, customer knowledge management and technology based customer relationship management were assessed using primary data through distributing close ended questionnaire in the form of likert five scale and dichotomies questionnaires to 100 customer officers and 22 managers working in the selected banks in Addis Ababa, Ethiopia. The spearman correlation and descriptive statistics were used to analyze the research question derived from theLiterature on Customer relationship management and marketing performance. The findings indicate that there are positive relationship between customer relationship management and marketing performance. The findings also suggest some measures which can be taken into consideration in order to enhance customer relationship management and marketing performance of the banks in Addis Ababa. The study contributes to Customer relationship management and marketing performance literature by indicating a mediating role of customer relationship management for marketing performance of the banks in Addis Ababa. Moreover, it also contributes to close the gapof empirical research in the field, which exists particularly due to the diverse attitude of customers in developing countries, like Ethiopia, to bring changes in building customer relationship in the selected banks.

**Keywords:**Customer Relationship Management, Marketing Performance, Relationship Marketing, Customer Orientation.

## CHAPTER ONE INTRODUCTION

### 1.1. Background of the Study

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 basedMarketing, 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 Reich Held and W.Earl Sasser (1990) those customerswho have been around long enough to get familiar with the company's rules and principles, willmake more valuable business relationships, will acquire more products and will be less pricesensitive on individual offers.

Berry, L.L (1983) stated CRM as attracting, maintaining and multi-service organizationsincreasingcustomer relationship stages. This relational concept has been explained in the formsof supplier partnerships, lateral partnerships, buyer partnerships, internal partnerships, as well as Business to consumer relationship. Relationship marketing received more attention from scholarsand practitioners in the last decade of 20th century because of two main issues: vitals toorganization and the involvement of generic service characteristics. This theoretical paradigm redefinesthe focus of transactional marketing from attracting new customers to retaining existingcustomers for the purpose of achieving greater long-term profitable returns. Keeping long termcustomer relationships brings into higher opportunities to sharpen competitive edge and greater profitability from higher satisfaction, greater customer loyalty and lifetime value, lower customerdefection rate, more revenue generated and lower customer attraction costs. Relationship marketing arise Customer Relationship Management (CRM) which occupies an enviable status inthe process of the management of banking institutions now days. Customers are highly regardedas 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 businessenvironment.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 R.W., (1993). The study tried to assess the relation between customer relationship management on marketing performance of banking industry considering Awash International Bank, Commercial Bank of Ethiopia, and Zemen 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 A. and Sheth, T.N., (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.

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. Thus, there is high competition among banks in attracting the customers of one another and difficulties in retaining the lost customers one from the other. According to mini research done by the researcher it shows gap in handling customers (30 percent of respondents), lack of advanced banking technologies (20 percent of respondents), and the remaining respondents concluded less emphasis to customer relationship management in relation to marketing performance in adding wealth to the shareholders of the selected three banks will be assessed.

This problem (less emphasis to customer relationship) motivates the researcher to undertake the selected banks for the study to address the observed problems in relation with their marketing performance and to solve relationship among their customers to be loyal for lifelong.

### **1.3. Research Questions**

Considering the objectives of the study the following research questions are deemed value for the study.

1. What is the relationship between customer relationship management and marketing performance of the Banks?
2. Does focusing on key customers associate to marketing performance of the Banks?
3. What is the association of customer knowledge management to marketing performance of the Banks?
4. What is the relationship between customer relationship-based technology and marketing performance of the Banks?
5. What is the relationship between organizational efficiency and marketing performance of the Banks?

### **1.4. Objective of the Study**

#### **The general objective**

This study is to assess the relationship between Customer Relationship Management and marketing performance of the banks operating in Addis Ababa considering Awash International Bank, Commercial Bank of Ethiopia, and Zemen Bank.

#### **Specific objectives of the study**

- ✚ To identify the relationship between customer relationship management and marketing performance.
- ✚ To investigate the concerns of focusing on key customers by analyzing their demand to minimizing customers turnover.
- ✚ To indicate the association of customer relationship management based technology and marketing performance.
- ✚ To analyze the relationship of Customer Relationship Management and Marketing performances for maximizing the profit of the banks.
- ✚ To forward possible recommendation to address the problems in relation to customer relationship management and market performance of the banks.

### **1.5. Significance of the study**

The result of this study would expect to be taken up by Awash International Bank, Commercial Bank of Ethiopia, and Zemen 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 provide 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**

Due to time and financial constraints in taking large sample size, it is difficult and unmanageable to include all branches of the selected banks in Addis Ababa. Thus, the study would be delimited to collect data from Awash International Bank considering Art kilo, Mehal Arada and Habte Georgis Dildiy branches and also Commercial Bank of Ethiopia considering Sidist kilo, Mehal Arada, Habte Georgis, St. Mary, Arat kilo, and Silahasie branches. Additionally, the data will collect from Zemen Bank (employees refers in this study, only managers and Customer Officers having two or more years of experiences) working in the selected banks.

### **1.7. Limitation of the study**

The study covered employees (customer officers and managers) considering Awash International Bank, Commercial Bank of Ethiopia, and Zemen Bank employees working in the Head Office and branch banks located in Addis Ababa. 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 (Ethiopia). As result of this, the study only considers from employees point of 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 marketing performance considering Awash International Bank, Commercial Bank of Ethiopia, and Zemen 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 would forward.

## CHAPTER TWO

### 2. REVIEW OF RELATED LITERATURE

#### 2.1. Definition of Customer Relationship Management

In literature, many definitions were given to describe customer relationship management (CRM). The main difference among these definitions is technological and relationship aspects of CRM. Some authors from marketing background emphasize the marketing side while others consider IT perspective of CRM. From marketing aspect, CRM is defined according to Couldwell (1998) as “A combination of business process and technology that seeks to understand a company’s customers from the perspective of who they are, what they do, and what they are like”. Technological definition of CRM was given as “The market place of the future is undergoing a technology-driven metamorphosis” Peppers and Rogers (1995).

Furthermore Buttle, F., (2009) defines: “It is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer related data and enabled by information technology”. The definition given by Buttle, F., (2009) only considers CRM can be achieved its target from the angle of technology base. Semih, O., and Ibrahim E., (2000) stated that the main difference of CRM definitions was technological and relationship aspects.

In addition to this he stated that “some authors from marketing back ground emphasize Technological side of Customer relationship management.” But one of the weakness of this view as suggested by the researcher, the author ( Ibrahim E., 2000) defined inversely, authors from marketing back ground emphasizes on the marketing perspective and authors from the technology side emphasizes more of technology perspectives.

Payne and Frow (2005) stated that “CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments”. Moreover, Swift, R.S., (2000) defined as: “It is a management approach to understanding and influencing customer behavior by managing relationships through meaningful communication to improve customer turnover”.

In this study, 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 of the banks Sadek et al., (2011).

## **2.2. Conceptual Framework of Customer Relationship Management**

The essence of Customer Relationship Management thinking originates from three concepts in marketing management: customer orientation, relationship marketing, and database marketing. With the advancement of information communication technology (ICT), these three marketing views have come together in the paradigm of Customer Relationship Management Langerak, F., and Peter C., (2004).

More recently, Yim, Anderson and Swaminathan (2005) identified three marketing concepts: customer orientation, relationship marketing and database marketing as the evolution of the idea of CRM. At different hierarch of management, CRM may be used to express different perspectives. For instance, at the tactical level of management CRM may be equated to data-base marketing or electronic marketing; at the strategic level, CRM may be interpreted as customer retention or partnering with customers (Peppers and Rogers 1995) at the theoretical level, it may be seen as an emerging research paradigm in marketing most often loosely equated to existing perspectives. According to Yim (2002) noted that to provide more conceptual clarity of Customer Relationship Management by synthesizing the relevant marketing, management, and Information Technology. Besides theoretical level, there are four key areas necessary for successful Customer Relationship Management implementations these are strategy, people, processes, and technology considered as precondition for the effectiveness of implementing CRM behavioral dimensions Crosby (2001). On the other hand, each of these components by itself is, relatively straightforward; it is only when all four work in unison that a superior customer relationship capability is developed Day (2003); Kotler and Armstrong (2004).

Based on the analyses of the Customer Relationship Management literature, Customer Relationship Management implementations usually involve four specific ongoing activities: focusing on key customers Srivastava, Shervani, and Fahey (1999); Vandermerwe (2004), organizing around Customer Relationship Management Homburg, *et al* (2000); managing knowledge Stefanou, *et al* (2003), and incorporating Customer Relationship Management-based technology Bhaskar (2004).

Based on the concepts of Customer Relationship management mentioned in the theoretical framework, the study tried to examine activities regarding to customer Relationship management and market performance of the banks for the selected banks in Addis Ababa considering Awash International Bank, Commercial Bank of Ethiopia, and Abyssinia Bank. Thus, focusing on key customers of the banks, Efficiency of organization, incorporating CRM-based technology and customer knowledge management, with the aim of enhancing the effectiveness of the organization decisions related to customer relationship management to assess its relation on marketing performance in particular and the organizational performance in general.

### **2.2.1. Key Customer Focus**

The fundamental goal of key customer focus is to achieve a deep customer relationship that makes an organization a necessary partner to its most profitable customers. Company-wide understanding and support for key customer focus motivate sales force to cultivate long-term customer relationships by offering more personalized services Yim, Anderson and Swaminathan (2005); Armstrong and Kotler (2004).

Evelyn and Hamadallah (1996) noted that, firms are engaged in numerous transactions with significantly diverse customers in terms of their needs and expectations; they consider Customer relationship management as quite challenging. To reduce the Customer relationship management challenges, most of the firms have resorted to formal customer relationship management (CRM) programs.

Customer relationship management programs are generally classified as either database-driven refers identifying profitable segments through statistical techniques or customer-needs-driven refers the use of database to supply Information that aids in the development and maintenance of long-term relationships with key customers.

Evelyn and Hamadallah (1996) observed that customers-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 boost inter-firm relationships. According to the customer relationship management Behavioral component model of Sin, Tse and Yim (2005), Key customer focus is a composition of dialog with customers on customizing their needs, customer needs assessment, and implementation of customer needs information.

### **2.2.2. Customer Relationship Management Organization**

Yim, Anderson and Swaminathan (2005) stated that with a strong focus on key customers deeply embedded throughout its Customer Relationship Management system, the entire company should be organized around cultivating these valuable relationships. The organizational structure needs to be flexible and, if necessary, reconstructed to generate customer-centric values and improve coordination of customer-focused, cross-functional teams. They noted that with concerted efforts by all organizational functions to continuously provide a stream of value-rich actions and customer outcomes. This enables the company and its sales force are assured that they can satisfy customers' needs and enhance customer relationships. The success of customer relationship management programs call for commitment of resources at all levels and functions of the firm.

### **2.2.3. Customer Knowledge Management**

Mithas *et al.*, (2005) noted that, the primary motivation for a firm to implement CRM applications is to track customer behavior to gain insight into customer tastes and evolving needs. Customer relationship management applications help firms gather and use customer knowledge through two mechanisms. First, CRM applications enable customer employees to record relevant information about each customer transaction. After this information is captured, it can be processed and converted into customer knowledge on the basis of information –processing rules and organizational policies. Second firms can share their accumulated customer knowledge with customers to enable those customers to serve themselves by defining the service and its delivery to suits their needs. A firm cannot be customer focused without knowing the needs of customers. Customer needs driven Customer Relationship

Management strategies require uncovering customer needs through the analysis of customer information.

Yim, Anderson and Swaminathan (2005) asserted that, effectively transforming customer information to customer knowledge is an indicator of successful Customer Relationship Management. Evelyn and Hamadallah indicated in Brohman *et al* (1996) stated a 360-degree customer view is established, maintained, and continually updated.

Knowledge management provides firms with market intelligence that can be used to maintain and build profitable portfolios of customer relationships. The value of knowledge is enhanced by its level of accessibility. Ryals *et al.*, (2001) to address customer's current and anticipated needs. Successful dissemination of knowledge requires firms to develop both information technology systems, such as marketing management support systems to disseminate explicit knowledge and other processes and procedures to encourage the dissemination of tacit knowledge.

#### **2.2.4. Technology-Based Customer relationship management**

Many Customer relationship management oriented activities, such as knowledge management, cannot be optimized without leveraging the latest technology. Zebalah, (2004) described Customer relationship management technology as one of the organizational resources that serves as an input into the Customer relationship management process and is intended to enhance firms' ability to productively build and maintain a profit maximizing portfolio of customer relationships. Although the specific Customer relationship management tools individual firms choose to deploy are likely to vary significantly, customer relationship management technology can be categorized according to the organizational function it is intended to support and by its functionality. More specifically, Customer relationship management tools are designed to support sales (e.g. opportunity management), marketing (e.g. campaign management), and service and support tasks (e.g. case management), and serve to either (1) enable the coordination of tasks within a processor across functions, (2) automate routine tasks, (3) provide detailed insight regarding organizational and individual employee performance, or (4) 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 Customer relationship management systems. With the right Customer relationship management technology, firms are able to collect, analyze, and distribute information firm-wide.

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

### **2.2.5. Customer Satisfaction**

Customer satisfaction is a customer's response, or judgments, to a product or service in terms of the extent to which consumption meets expectations Hair, *et al* (2003). Indeed, customer satisfaction is central to successful application of the marketing concept. Many company mission statements and marketing plans are designed around the goal of increasing customer satisfaction Fournier *et al*, (1999). In implementing Customer relationship management, a firm seeks to establish and maintain a long-term relationship with customers based on cumulative full customer satisfaction as opposed to transaction-specific customer satisfaction Garbarino *et al*, (1999); Reinartz and Kumar (2002).

Specifically, successful Customer relationship management implementation requires a dedicated company-wide focus on key customers in one-to-one marketing efforts to fully understand and satisfy their needs and wants on an ongoing basis.

The seller's entire organizational structure should be centered on customers, often with customer-focused teams Sheth and Sisodia (2001) designed to create fully satisfying customer experiences Ahmed *et al*, (2003). By making creative use of the customer knowledge acquired and by leveraging Customer relationship management based technology, an organization can provide customized offerings to its valued customers, which should boost customer satisfaction Anderson and Srinivasan (2003). Successful Customer relationship management activities must cultivate customer satisfaction Stefanou *et al*, (2003) by continuously adapting to the evolving needs and wants of customers.

### **2.2.6. Sales Growth**

Reichheld and Sasser (1990) stated that, reducing customer defections by 5 percent can boost 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).

### **2.2.7. Customer retention**

Customer retention has a significant relation on firm profitability. According to Appiah and Kingsley, quoted in Gupta et al. (2004) find that “1% improvement in retention can increase firm value by 5%”. Marketers interested in maximizing lifetime value realize that customer retention is a key to increasing long run firm profitability. An understanding of drivers for customer’s defection can help companies in designing CRM 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 maintenance of continuous trading relationships with customers over the long term. Buttle, F., (2009) noted 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 delight or exceeding customer expectation: This is going beyond what would normally satisfy the customer. It means being aware of what it usually takes to satisfy the customer and what it might take to delight or pleasantly surprise the customer.
- ✚ Adding customer perceived value: Companies can explore ways to create additional value without creating additional costs. If cost are incurred then the value-adds may be expected to recover those costs. Value can be added through programs such as, loyalty schemes, customer clubs and sales promotions.

Based on the components of customer relationship management/dimensions and marketing performance indicators as pointed out in the study, the researcher was designed close ended questionnaires for the participants to assess the relation between customer relationship management and marketing performance in the selected banks in Addis Ababa.

## **2.3. Prerequisites and Performance of Customer Relationship Management**

### **Initiatives**



Customer Relationship Management helps to identify the most Profitable customers through the Customer Relationship Management system and places these customers at the center of the organization according Reichheld and Sasser, (1990). Effective Customer Relationship Management solutions help to cut costs through a number of activities.

In addition to this, Customer Relationship Management helps organizations to avoid wasting marketing money on ineffective marketing programs and enables them to reduce sales inventory costs through better Forecasting. It also reduces costs by eliminating errors that occur from multiple uncoordinated interaction points Kalakota and Robinson (2001).

#### **2.4. Customer Relationship Management and Information Technology**

Customer relationship management puts more attention on the improvement of service quality and marketing function, and then stresses on cross-selling and providing product or services quickly and precisely. Well-known IT applications are the call center and sales force automation in this extent. Business sales programs and effectiveness, campaign management, channel integration and optimization, product optimization and management, loyalty and retention, cost reduction, customer service, and after-sales support now fall under the IT applications in the CRM deployment. Today, CRM-based IT with its operational, analytical, and collaborative support systems complements the processes involved in all aspects of customer-facing interactions. It integrates marketing, customer services, and diverse contact channels and provides customized services by modeling a customer's behavior so as to maximize the value of the enterprise. IT on the Internet has not only provided a completely new communications channel, but has forever changed the role and function of customer interaction Buttle, F., (2009).

##### **2.4.1. Service Automation in Banking Industries**

Service automation is the application of computerized technologies to support service staff and management in the achievement of their work related. Customer service departments are responsible for managing inbound call center operations, complaint handling and resolution, order entry and processing, providing field sales support, managing outbound call center operations, and acting as liaison to other departments. Contact centers are configured

to communicate with customers across multiple channels, including voice telephony, e-mail, SMS, instant messaging, web collaboration and fax. Service agents need to be able to access an entire communication history, regardless of channel when communicating with customers about service issues Buttle, F., (2009). Call centers are generally dedicated to telephony communications, whether through a public switched telephone network, cell phone network.

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

#### **2.4.2. Marketing Automation in Banking Industry**

Marketing automation is the application of computerized technologies to support marketers and marketing management in the achievement of their work related objectives. A very wide range of marketing positions can make use of marketing automation including marketing managers, campaign managers, market analysts, promotions managers, database marketers, and direct marketing managers.

Hardware and software are the key technological elements of marketing automation. Hardware includes desktop, laptop, and handheld devices. Software comprises both point solutions that are designed to assist in a single area of marketing or marketing management, and integrated solutions that offer a range of functionality Buttle F. (2009).

#### **2.5. Customer-Related Performance Measures**

With increasing competitiveness, banks are concerned with customer satisfaction and profitability, both in the short as well as in the long-term. Long-run profitability can be achieved in customer relationship management through the new focus on customer retention which resulted from an effective management of customer relationships. Thus, the competitive pressures are demanding that banks not only adopt the customer-focused customer relationship management strategy, but also the customer-related measures of performance. Thus, banks are expected to use strategy that focused on customers in order to sustain their competitive advantage. For these banks, the use of the financial measures is not only short-term oriented but also inadequate to capture the customer perspective of performance according to Nor Aziah and Badriyah indicated (2009). Customer-related performance measures are therefore needed to quantify customer relationships and to differentiate customers who are worthy of the customer

relationship management efforts. Customer differentiation requires financial institution such as banks to identify their customers, differentiate them, interact with them and customize their services. Performance measures to measure evaluate and control performance. Hence, within the context of customer relationship management, the use of customer-related performance measures for evaluation is expected to enhance performance.

## **2.6. Customer Relationship Management Objectives in Banking Industry**

The idea of customer relationship management is that it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers. If it works as expected, a business can provide better customer service, make call centers more efficient, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues. It doesn't happen by simply buying software and installing it. For customer relationship management to be truly effective an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customer life stages in order to market appropriate banking products like mortgages to them at the right time to fit their needs. The organization must look into all of the different ways information about customers comes into a business, where and how this data is stored and how it is currently used.

One company, for instance, may interact with customers in many ways including mail campaigns, Websites, call centers, mobile sales force staff and marketing and advertising efforts. The collected data flows between operational systems (like sales and inventory systems) and analytical systems that can help sort through these records for patterns. The Company combines through the data to obtain a holistic view of each customer and pinpoint areas where better services are needed according to Semih Onut and Ibrahim Erdem (2000). Mehrota (2006) stated that, before the introduction of internet era, customers largely selected their banks based on how convenient the location of banking branches was to their homes or office, with the advent of new technologies in the business of bank, such as internet banking and ATMs, now customers can freely choose any bank for their transactions. This customer base of banks has increased, and also has the choices of customers for selecting the banks. This is just the beginning of the story.

Due to forced competition, public sector banks are also becoming more technology focus and customer oriented. Thus, Non-traditional competition, market consolidation, new technology, and the proliferation of the internet are changing the competitive landscape of the retail banking industry. With the increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever they find better services.

### **2.6.1. Customer Relationship Management in Financial Services Sector**

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

### **2.6.2. Benefits of customer relationship Management in the banking industry**

Customer relationship management focuses on keeping and maintaining long-term relationship with customers, leading to customer satisfaction and hence creating marketing performance in the banking industry Liyun *et al* (2008.). In this line of thought, Gebert *et al* (2003); Kalakota and Robinson, (2001); Shani and Chalasani, (1992) assert that the companies' objectives from using CRM is to know their own customers and to offer personalized services, in order to increase both customer satisfaction and their marketing performance in the long run through keeping customers loyal to them. Nguyen *et al* (2007) supported that the CRM if used properly, would enhance a bank's ability to achieve the ultimate goal of retaining customers in order to gain a strategic advantage over its competitors. Thus, the successful management of customer relationship can improve customers' satisfaction and loyalty, in order to give positive effect on upgrading business performance Liyun *et al.*, 2008). Customer relationships are becoming even more important for banks as market conditions get harder. Competition is increasing, margins are eroding, customers are becoming more demanding and the life-cycles of products and services are shortening dramatically. All these forces make it necessary for banks to

intensify their relationship with their customers and offer them the services they need via the channels they prefer. CRM helps banks to provide a lot of benefits to their customers; some key benefits are as follows.

- ✚ Service provisioning throughout the entire life cycle of the corporate customer, from the initial stages to the establishment of a close, long-term relationship with profitable clients
- ✚ Significant reduction in and limitation of operational costs through system automation and standardization,
- ✚ Low maintenance and expansion costs owing to the use of modern administration tools which allow bank employees to make a wide range of modifications to the system.
- ✚ CRM permits banks to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers. Foss, B. and Stone, M. (2001).
- ✚ Companies that implement CRM make better relationships with their customers, achieve loyal customers and a substantial payback, increased revenue and reduced cost. Roh, T.H., *et al.*, (2005).
- ✚ Customer relationship management when successfully deployed can have a dramatic effect on bottom-line performance. For example, Lowe's Home Improvement Warehouse, in a span of 18 months, achieved a 265 percent return on investment (ROI) on its \$ 11m CRM investment. Stringfellow *et al.* (2004). According to a study conducted in the sector of banking, convenience of location, price recommendations from others and advertising are not important selection criteria for banks. From customers' point of view, important criteria are: account and transaction accuracy and carefulness, efficiency in correcting mistakes and friendliness and helpfulness of personnel. Thus, CRM, high-quality attributes of the product / service and differentiation proved to be the most important factors for customers. Zineldin, M. (2005)
- ✚ Another study conducted in a European bank shows that with CRM, the bank was able to focus on profitable clients through efficient segmentation according to individual

behavior. Information about 'who buys what and how much' enabled the bank to have a commercial approach based on the client and not solely on the service. Thus, the bank was able to better satisfy and retain its customers.

## **2.7. Customer relationship management and Shareholder value**

Investors are significant stakeholders in businesses. They are an important source of capital that allows businesses to be established, to operate and grow, and in return they expect the value of that capital to grow. It does so by creating and retaining profitable relationships with customers Buttle F. (2009). Thus, in today's market, customers are the key to maintain a competitive advantage. Banking institutions should be aware of who their customers are, which customer group produce higher profits and what factors keep them happy and influence their loyalty.

Customers affect a bank's success; therefore the winners will be those institutions that succeed in managing their relationship with customers in an effective manner and in quick time Mylonakis(2009). Thus, the best weapons of banking institutions within a strongly competitive environment is the establishment of a customer-centered attitude with the implementation of CRM and the recognition of customers' strategic role in all banking activities. The importance of using CRM lies as personalized customer approach, and the understanding in advance of customer needs constitute the main criteria for achieving a competitive advantage in the banking market. The Egyptian Banking Sector has adopted the CRM, as banks have realized the need to maintain their customers' base and to better use their resources in order to promote their products and services.

## **2.8. Empirical Findings on Customer Relationship Management**

### **2.8.1. Empirical Findings in Developed Countries**

As evidenced from majority of prior empirical studies, the majority of researches on customer relationship management have conducted based on the data obtained from developed countries. Here, in this section a certain empirical findings conducted based on a developed countries data are reviewed. Swaminathan, (2004) Clarified the relationship of customer relationship management and customer outcome. The study sample consisted of 1,223 service firms selected on a random probability basis from the Business. He has taken the sample frame were banks, investment companies, insurance companies, and other firms characterized by a high

degree of relationship orientation, and thus well suited for testing our CRM framework. Questionnaires were sent directly to general managers or similarly level senior managers at each of the companies selected for the study. 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. A total of 215 returned surveys were complete and usable, for a response rate of 17.6 percent.

Focusing on key customers and managing knowledge have significant effects on customer satisfaction. Customer satisfaction is not directly affected by organizing around CRM and incorporating CRM-based technology. Also, organizing around CRM affects customer retention directly. Likewise, 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.

Kosmidou and Zopounidis (2008) conducted research study entitled “Measurement of bank performance: study of Greece bank” the present study evaluates the performance and efficiency of the Commercial and cooperative banks in Greece for the period 2003-2004. In this study the multi-criteria Promethee method was used to evaluate the performance of commercial and cooperative banks in Greece. The data set in this study includes 14 commercial banks and 16 cooperative banks operating in Greece over the period 2003-2004. Data from the financial statements of the banks for the period 2003 to 2004 have been collected. The conclusions are not so uniform, since there are banks that are enjoying considerably increased profits and market shares, and others whose financial indices seem to be deteriorating.

Oztaysi (2011) defined the CRM processes within a company and propose a tool for CRM measurement in Turkey. The research is designed according to scale development literature. The responses from various industries (manufacturing, information technologies, tourism, service, retail, finance, and logistics) were collected. Using exploratory factor analysis, 167 valid responses are analyzed. The study provides limited information about the relationship between the processes and outcomes of CRM (such as CS, CL). A comprehensive model can be constructed and the relationship between, CRM results, CRM processes and other organizational factors can be investigated. The effect of organizational culture, structure and

other organizational characteristics on CRM processes and results can be analyzed. Mithas and Frow, (2005) stated that, the role of customer relationship management on customer knowledge and the customer's satisfaction.

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 customer's satisfaction.

### **2.8.2. Empirical findings in Developing countries**

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

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

Majidul and Yi-Feng (2006) noted that objective of the study is to achieve a better understanding of an e-CRM phenomenon for measuring BSC performance, namely the mediation effect of marketing interaction relationship on its e-CRM process to performance in Taiwan banks. Questionnaires were distributed to 400 e-CRM experienced customers of these banks in the summer of 2006. We received 75% usable responses for the study.



When the level of buy-seller relationships are raised by the bank institute's operation, the level of CRM performance such as customer loyalty, internal process efficiency, channel management, and will increase. According to Sayed (2011) Exploring the theoretical foundations of customer relationship management and its relationship to the marketing performance from the several perspectives. The population of the research is represented in all the financial institutions working in the Arab Republic of Egypt.

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

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

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

Sadek *et al* (2011) intended to measure effect of customer satisfaction and loyalty from the customers' point of view as examples of the non-financial performance measures in Egypt banks. The paper is quantitative in nature and consists of two different structured questionnaires using convenience/quota sampling. The first involved 180 employees in order to measure CRM applicability, and the second involved 270 customers to measure the level of customer satisfaction and loyalty.

The questionnaire was distributed among a sample of 200 employees that have been chosen at different hierarchical levels to fulfill the required questions. A satisfactory response rate of 90% was achieved, as 180 questionnaires were usable for analysis.

On the other hand, the questionnaire was distributed among a sample of 300 banking customers that have been chosen from the selected nine banks in order to measure the level of customer satisfaction and loyalty towards their banks. The questionnaire has been distributed and collected among the banking customers.

A satisfactory response rate of 90% was achieved, as 270 questionnaires were usable for analysis. The findings show that the selected banks apply CRM components but the level of application differs from one bank to another.

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

The response rate based on the number of contacted companies is 4.1%. The customer-related outcomes (customer retention, satisfaction and loyalty) were found to have a positive relation on business performance.

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

Solution from these developed countries, then those failure lessons should also be imported and applied in order to avoid damage and financial losses.

Rittippant *et al* (2009) investigated the effectiveness of loyalty card program in the aspect of customer loyalty in the major competitive grocery stores. We distributed and collected 600 questionnaires to gather information from the customers of Big C, Carrefour, and TOPS (200 for each store).

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

Coltman (2007) identifying the extent to which customer relationship management contributes to improving the performance of banking. The researcher composed a sample of banks working in Australia upon the application of technology and number of customers.

The yielded response rate was 32%. The abilities to apply CRM were measured by the human skills and experiences, the structure of information technology and the skeleton of the organization. Performance was measured by the earning rate of the investment (excluding taxes), the revenue of new products and the growth of sales. The study concludes that, abilities to apply CRM lead to improvement of performance in overall banking activities.

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

Gunsel and tukel, (2011) evaluated the effects of IT capability and human capital support on bank performance. In order to empirically investigate the hypothesis, bank employees were surveyed and bank performance ratios (ROA, ROE and CAR) are estimated using data from their financial reports. 15 banks are identified as the target group because of the availability of their knowledge. Tools such as e-mail, letter and face to face interviews are used for gathering data. A total of 51 questionnaires among 150 from 15 banks has returned.

The ratio of participation is approximately 34%. The findings of the study demonstrate that IT capability and human capital support scales which are developed in Western countries are appropriate for an emerging economy and eastern country. Payne and Frow, (2005) emphasizing the role of CRM in achieving value for customers and contributors, shareholders and employees and reducing costs. The study mentioned customer's satisfaction and retention have been achieved in 36% and 51% of the companies respectively when it was applied CRM. The above studies varied in treating CRM. While some studies treated its humanistic dimension, some treated its technological dimension and some treated its strategic dimension. However, the marketing dimension was of little interest to the studies. The above studies varied in measuring the earnings of CRM. Some studies measured them through the customer's satisfaction and loyalty. Other studies measured them through the return rate on investment. Others measured it through increasing sales and profits. There was less interest in the market share and net profit to net sales. The above studies varied in the results of the effect of the dimensions of CRM on performance. Results showed that some dimensions have effect on performance, and some others have not.

## **CHAPTER THREE**

### **3. 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**

Both qualitative and Quantitative research methods will use in the study through close ended questionnaires and dichotomies questionnaire with descriptions. However, the type of the research is explanatory. The target population of the study comprises employees (managers and customer officers) of Awash International Bank, Commercial Bank of Ethiopia, and Abyssinia bank. The banks respondents will select on the basis of a criterion which demands at least two years experiences in their current job.

#### **3.2. Sampling Design**

The total number of banks in Addis Ababa is eighteen. Among this, three banks will select namely Awash International Bank, Zemen Bank and Commercial Bank of Ethiopia. The selections of those banks are one from the state Bank, and one from the oldest private Banks in Ethiopia. In selecting the research subjects, stratified random sampling will used. The sampling method helps for a population from which sample shall to be drawn does not constitute a homogeneous group. Thus, stratified sampling technique will generally apply in order to obtain a representative sample. Under stratified sampling the population of the study will divided into two: managers and customer Officers.

In the study customer officer refers a person he/she hired by the banks to serve in the front line and directly deals with customers of the banks whereas manager refers any person he/she hired in the banks in any position to control and supervises the overall operation of the banks. The selection of the sample will be limited to customer officers and managers. Because, the objective of the study will only be assessing customer relationship management and marketing performance from customer officers and managers perspective due to some difficulties in getting complete data base of all customers of the banks.

Sub-populations that were individually more homogeneous than the total population and selecting items from each stratum constitute a sample of the study. Since each stratum will be more homogeneous than the total population, the researcher shall be able to get appropriate estimates. For the purpose of the study the strata will be formed on the basis of common characteristics of the items to be put in each stratum. This means that various strata are formed in such a way to ensure elements being most homogeneous within each stratum and most heterogeneous between the different strata. Thus, strata will be purposively formed on the basis of personal judgment of the researcher.

The researcher has been taken small samples of equal size from each of the proposed strata (Managers and customer Officers) and then examining the variances within and among the possible stratifications, deciding an appropriate stratification. While using stratified sampling method, selection of items for the sample from each stratum of the study, resorted to simple random sampling. Considering the study, the researcher will use proportional allocation method under which the sizes of the samples from the different strata will keep proportional to the sizes of the strata. In this study, if  $P_i$  represents the proportion of population included in stratum  $i$  and  $n$  represents the total sample size, the number of elements selected from stratum  $i$  will be  $(n \cdot P_i)$ .

The researcher will design a sample of size  $n = 150$ , desired to be more representative in relation with population of the study size (Awash International Bank, Commercial Bank of Ethiopia, and Abyssinia bank) and the population of the study will represent as  $N_1 =$  Awash International Bank,  $N_2 =$  Commercial Bank of Ethiopia, and  $N_3 =$  Abyssinia Bank. The total population of the study will be 263 (source primary data) which will be divided into three strata of size  $N_1 = 73$ ,  $N_2 = 163$ , and  $N_3 = 27$ . Based on proportional allocation, the sample sizes under the different strata: For

strata with  $N_1 = 73$ , we had  $n_1 = n \cdot P_1 = 150 (73/263) = 42$ . Similarly, for strata with  $N_2 = 163$ , then  $n_2 = n \cdot P_2 = 150(163/263) = 93$ , and for strata with  $N_3=27$ , then  $n_3 = n \cdot P_3 = 150(27/263) = 15$ . Thus, using proportional allocation, the sample sizes for different strata will be 42, 93, and 15 respectively which is proportional to the sizes of the strata viz., 73: 163: 27.

Proportional allocation is considered most efficient and an optimal design when the cost of selecting an item is equal for each stratum, there will be no difference within-stratum variances, and the purpose of sampling happens to be to estimate the population value of some characteristic (Kothari (2004:63)). In addition, purposive sampling will be used, because it is better control of significant variables, homogeneity of subjects and sample groups data can be easily matched to those selected Commercial Banks: Awash International Bank, Commercial Bank of Ethiopia, and Zemen Bank with their head office and branch banks. Accordingly, those respondents meeting the experience required will be selected.

### **3.3. Methods of data collection**

Methods of data collection relatively depend on standard questionnaires prepared in the form of Likert five scales to measure Customer relationship management dimensions by modifying in relation to the study. But, the researcher will incorporate dichotomous questionnaires which require some discussions by managers of the banks assuming them as key informants to gather the necessary data from them. The managers provide their opinion from the questionnaires which deems yes or no and they prescribed their justification for saying Yes or No indicated under each item.

For the purpose of data collection, the researcher will use closed ended questionnaires. Closed ended questionnaires will be prepared on the basis of customer relationship management dimensions and marketing performance of the study. Thus, closed ended questionnaires help to measure respondent's knowledge about the topic.

### **3.4. Sources of Data**

The study used both primary and secondary data. Primary data will be collected through closed ended questionnaires in the form of Likert five scales and dichotomous with description under each item.

Accordingly, the closed ended questionnaires will give to customer officers. Secondary sources of data for the study included books, published journals, articles and relevant documents (documents related the study) will also extensively reviewed as references.

### **3.5. Methods of Data Analysis**

The researcher were analyze the data 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 will use to analyze the relationship between customer relationship management and marketing performance due to the ordinal nature of the data employed in the study. The researcher also include all ethical consideration in analyzing the data collected from the concerned parties specially those data that need special concentration regarding confidentiality of secret data.

### **3.6. Reliability and Validity**

The CRM best practices scale comprises best practices that are limited to the domain of CRM as explained by well-known researchers such as Parvatiyar and Sheth, (2001); Jackson, 1985; Sin *et al.*, 2005, each of which is different from any other. Since the statements have been generated from an extensive review of academic and practitioner's literatures, it is assumed that the construct validity will hold.

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



## CHAPTER FOUR

### 4. DATA PRESENTATION, INTERPRETATION AND ANALYSIS

#### 4.1. Demographic Information of the Customer Officers' Respondents

The first part of the questionnaire consists of the demographic information of the respondents from Awash International Bank, Zemen Bank and Commercial Bank of Ethiopia. This part of the questionnaire requested a limited amount of information related to personal and professional demographic characteristics of respondents. Accordingly, the following variables were described and summarized in the subsequent Tables and Figures. These variables include number of years the employee worked in the banks, age, sex, and their educational qualification of the respondents under each questionnaire. It was distributed to the respondents by categorizing them in to two. The first type of the questionnaire was distributed to customer officers while the second type of questionnaire was distributed to managers those having work experience at least Two years in the current job. Out of 150 questionnaires distributed to customer officer respondents and manager respondents, the response rate is 81%. In general, 150 questionnaires were distributed for both customer officers and managers. Thus, in this chapter the information gathered from the respondents was analyzed in the following sections.

##### 4.1.1. Summary of the number, Percentages, and Sex of Customer Officers' respondents of the Banks

The following Figures 1 shows that, the number, percentages, and sex of customer officers of the selected banks in Addis Ababa.

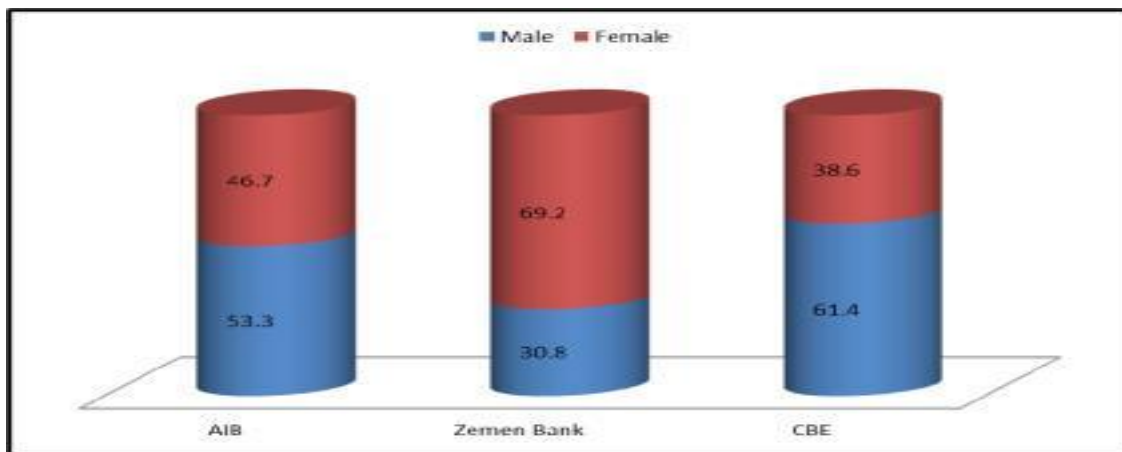


Figure 1: Sex of Customer Officers Respondents

As indicated in Figure 1, 16 (53.3%) of the respondents were male and 14(46.7%) of the respondents were female in Awash International Bank. About, 4(30.8%) of the respondents were male and 9(69.2%) were female in Zemen Bank. On the other hand, 35(61.4%) of the respondents were male and 22(38.6%) were female in CBE. From this datum, we can easily observe as most of Awash International Bank Customer officers respondents were male whereas majority of Zemen Bank customer officer respondents were female, and most of Commercial Bank of Ethiopia customer Officer Respondents were male. To this end, the male proportion is high in the banks of AIB and CBE in Addis Ababa. As evidenced from the above Figure 4.1.1, 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.

**Table 1: Age of Customer Officers' respondents of the Banks**

Banks	Age of Customer Officers Respondent				Total
	20-25	25-35	35-45	45-55	
AIB	3(10.0%)	24(80.0%)	3(10.0%)	0(0.0%)	30(100.0%)
Zemen Bank	4(30.8%)	9(69.2%)	0(0.0%)	0(0.0%)	13(100.0%)
CBE	20(35.1%)	25(43.9%)	10(17.5%)	2(3.5%)	57(100.0%)
Total	27(27.0%)	58(58.0%)	13(13.0%)	2(2.0%)	100(100.0%)

According to Table 1, Out of the total customer Officers respondent of Awash International Bank, 3(10%) of them were between the age of 20-25, 24(80%) of them were between 25-35 years , 3(10%) were found between 35-45 years and there was no respondents in the age interval of 45-55 and 55 years age. In the same Table 4.1.1, 4(30.8%) Zemen Bank customer Officer respondents age lies in the category of 20-25 years, 9(69.2%) of them were between 25-35 years, and this was maximum age interval in Zemen Bank. on the other hand , customer officer respondents of Commercial Bank of Ethiopia 20(35.1%) of them were in between 20-25 years, 25(43.9%) of them were found between 25-35 years while 10(17.5%) were between the age category of 35-45 years, and the remaining 2(3.5%) of them were found between 45-55 years.

From this data the researcher can conclude that most of the respondents of AIB were between 25 to 35 years and below 45 to 55 ages. In spite of this, the majority of Zemen Bank customer officer respondent's age was found in the category of 25-35 years. As a matter of fact, most of CBE respondents customer officer were found between 25-35 years. In general, the age proportionality of the respondents of the banks in Addis Ababa reveals that there was adequate inbalancing 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 25 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.

**Table 2: Experience of Customer Officer Respondent**

Banks	Experience of respondents (in years)					Total
	2-7	7-12	12-17	17-30	>=30	
AIB	20(66.7%)	9(30%)	1(3.3%)	0(0.0%)	0(0.0%)	30(100%)
Zemen Bank	12(92.3%)	1(7.7%)	0(0.0%)	0(0.0%)	0(0.0%)	13(100%)
CBE	37(64.9%)	12(21.1%)	1(1.8%)	6(10.5%)	1(1.8%)	57(100%)
Total	69(69%)	22(22%)	2(2%)	6(6%)	1(1%)	100(100%)

As we can observe from Table 2, majority of AIB respondents were 20(66.7%) have working experience of 2 to 7 years; 9(30%) of them have working experience of 7 to 12 years, and 1(3.3%) have a working experience of 12 to 17 years.

Whereas Zemen Bank respondents were 92.3% of them have a working experience in the range of 2 to 7 years, and the remaining respondents 7.7% of them have got work experience of 7 to 12 years of on the current job. However, Commercial Bank of Ethiopia respondents 64.9% have work experience of 2 to 7 years, 21.1% have work experience between 7 to 12 years, 1.8% of them have a work experience of 12 to 17 years, 10.5% have working experience in the range of 17 to 30 and 1.8% of the respondents have a work experience greater than or equal to 30 years.

To this end, the experience of respondents in the selected banks was fulfilled the minimum requirements of the study for the collected data.

#### 4.1.2. Educational qualification of customer officers of the bank.

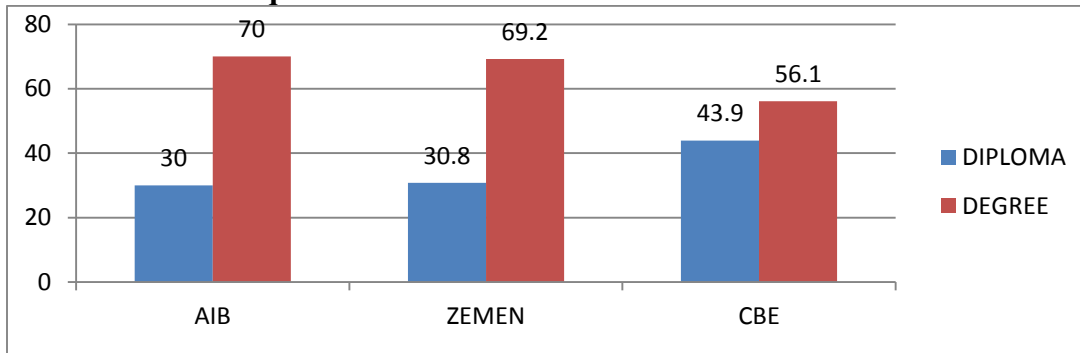


Figure 2: Educational qualification of respondents of customer Officers' of the Banks.

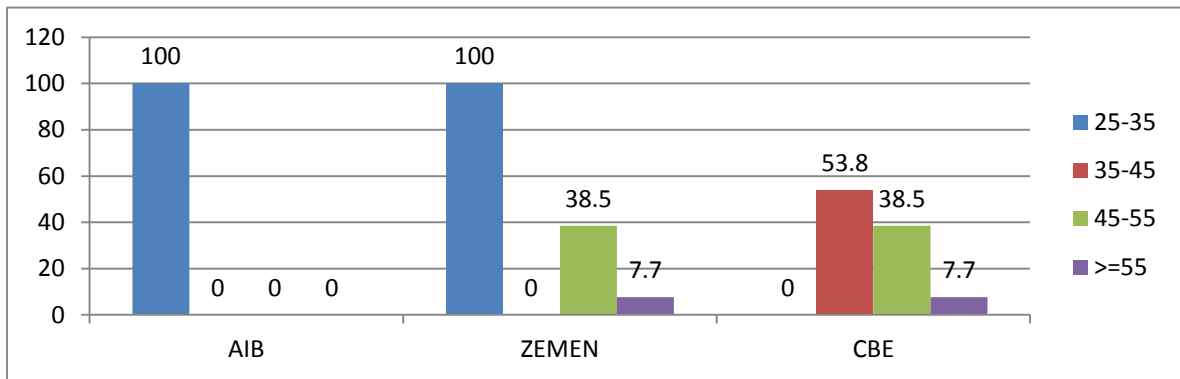
As far as their educational qualification of customer officers were concerned Figure 2, Awash International Bank Customer officers respondent 9(30%) of them were diploma holders, and 21(70%) of them were BA/BSc holders and Zemen Bank customer officer respondents 4(30.8%) were diploma holders and 9(69.2%) of them were BA/BSc holders. In addition to this, Commercial Bank of Ethiopia customer officer respondents, 25(43.9%) were diploma holders, and the remaining 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. Thus, it can be inferred that, the majority of the respondents are first degree holders with little variations between the banks. This shows that, most of Customer officers of the banks holds appropriate academic qualification which can be contribute a lot towards the collected data.

**Table 3: Sex of Manager Respondents of the Banks**

Banks	Sex of manager respondents		Total
	Male	Female	
AIB	3(60%)	2(40%)	5(100%)
Zemen Bank	2(100%)	0(0.0%)	2(100%)
CBE	10(76.9%)	3(23.1%)	13(100%)
Total	15(75%)	5(25%)	20(100%)

As indicated in Table 3, 3(60%) of manager respondents were male and 2(40%) of the respondents were female in the case of Awash International Bank and 2(100%) of the respondents were male and no female respondent in Zemen Bank at managerial position even 10 (76.9%) of the respondents were male and the remaining 3(23.1%) of respondents were female. To this end, it can be easily observed that, most of the bank managers were male. This shows that there are gaps between the banks in putting females as a managerial position and in encouraging them to be staff of their banks. Besides, the bank should assist females to equalize the gender gaps and to use the necessary competencies females possess.

#### 4.1.3. Age of manager respondents of the banks



**Figure 3: Age of manager respondents of the banks**

According to Figure 3, 5(100%) of manager respondents of Awash International Bank were between the age of 25-35 years. On the other hand, in the same Figure 4.1.3, 2(100%) of Zemen Bank manager respondents were in the age category of 25-35 years. Managerial respondents of Commercial Bank of Ethiopia 7(53.8%) were between 35 to 45 years, 5(38.5%) were found between 45-55 years, and 1(7.7%) them were greater than the age of 55 years. In general, the age combinations of the banks were between 25 to 35 years as inferred from the data.

**Table 4: Experiences of Managerial Respondents of the Banks.**

Banks	Experience of Manager respondents (in years)					Total
	2-7	7-12	12-17	17-30	>=30	
AIB	2(40%)	3(60%)	0(0.0%)	0(0.0%)	0(0.0%)	5(100%)
Zemen Bank	1(50%)	1(50%)	0(0.0%)	0(0.0%)	0(0.0%)	13(100%)
CBE	0(0.0%)	1(7.7%)	5(38.5%)	4(38.8%)	3(23.1%)	57(100%)
Total	3(15%)	5(25%)	5(25%)	4(20%)	3(15%)	100(100%)

As Illustrated in Table 4 shows, the majority of AIB managerial respondents 3(60%) were have working experience of 7 to 12 years and the remaining 2(40%) were have a work experience of 2 to 7 years whereas Zemen Bank managerial respondents, 50% were have working experience in the range of 2 to 7 years and similarly 50% were have working experience of 7 to 12 years on the current job.

From this data, Commercial Bank of Ethiopia manager respondents, 7.7% were have working experience of 7 to 12 years, 38.8% was have working experience of 12 to 17 years, and 30.8% were have working experience in the range of 17 to 30. Besides, 23.1% of managerial respondents possess working experience of 30 years and above. To this end, it can be concluded the majority of commercial Bank of Ethiopia manager were more experienced than AIB and Zemen Bank. Therefore, banks that have more experienced employees were more competitive in serving customers in better than other banks.

**Table 5: Educational qualification of manager Respondents of the Banks**

Banks	Educational qualification of managers		Total
	Master's	BA/BSc Degree	
AIB	0(0.0%)	5(100%)	5(100%)
Zemen Bank	1(50%)	1(50%)	2(100%)
CBE	0(0.0%)	13(100%)	13(100%)

As far as their educational qualification of manger is concerned Table 5, regardless of Awash International Bank 5(100%) of all managerial respondents were BA/BSc degree holders. According to Zemen Bank manager responded that 1(50%) were degree holders and 1(50%) of them was holders of master's degree.

In the same manner, Commercial Bank of Ethiopia manager responded (5%) were holders of master's degree, and the majority of respondents were holders of BA/BSc. It is definite that, the educational status of the given individual has a great thing to do with the efficiency and effectiveness of what he/she performs. It be can inferred that, the majority of the respondents of the banks were first degree holders.

Thus, most of the managerial respondents of the bank hold relatively good academic qualification which can contribute a lot towards the effectiveness of the banks. As employees have advanced their educational background, the banks can benefit from the competitive advantages gained from business decision made in this dynamic business environment.

**4.2. Managerial Perception on key customers focuses and customized services.**

The researcher considered managerial respondents as key informants of the study. Because managers are most of the time responsible for all operations or activities taking place in the banks.

Thus the researcher distributed 22 Yes or No questions which require justification for why things were happened under each items.

**Table 6: Managerial Perceptions on key Customers focuses and Customized Services**

No	Questions	Banks	Number			Percentage		
			Yes	No	Total	Yes	No	Total
1.	Do you think that, your bank gives more Emphasizes to key Customers?	AIB	4	1	5	80	20	100
		Zemen	2	0	2	100	0	100
		CBE	12	1	13	92.3	7.7	100

As indicated in Table 6, some of AIB managers justified for their responses regarding to Yes or No. They stated AIB gives more attention for the key customers of the banks to avoid customer turnover to other banks.

Thus, 80% of them said Yes and the remaining 20% were contrary to this view. Some respondents stated that, the bank considers its key customers as “King” due to the today’s market competition being stiff. Without key customers there is no profit and even difficult to achieve the goals of the bank.

Adding to this, the banks provide loans, holiday gifts to the key customers to make them to feel like their own business. Furthermore, the banks have given attention not only to key customers but also for “All customers of the bank” as stated by the respondents of the bank. Zemen Bank manager respondents stated that, 100% of them responded that, the banks have benefited by highly emphasizing on key customers. The respondents underlined that, “As blood is for life; customers are soul of the bank”.In reality, the focus is highly on key customers especially importers and exporters by serving them better than other banks.

In general, the primary strategy of the bank is putting customers at the center and supporting the services with more advanced banking technology. On the same issue in the Table 6, Commercial Bank of Ethiopia respondents forwarded their justification for their relationship with key customers in the bank. Almost majority of managers responded (92.3%) accepted that, their banks give more emphasis to key customers by giving loans and accepting their money to deposit in their banking.

The works of the banks are to satisfy their customers in a better way because, the bank can’t maximize its market if its customers are not satisfied and they are not remained loyal to the bank for a long time of period to avoid customer turnover in the future. Therefore all banks even though the extents that they are providing services are different, majority of them are emphasizing on providing quality services to their customers.



### 4.3. Managerial perception on communication among customers and the banks

Managers of all the selected banks were asked to respond for whether their banks were providing Channels to enable ongoing two way communication between main customers of their banks in Addis Ababa Table 7.

Table 7: perception on providing two way communication channels

No	Questions	Banks	Number			Percentage		
			Yes	No	Total	Yes	No	Total
4.3.1	Do you think that, your organization provides channels to enable ongoing two -way Communication between key customers?	AIB	5	0	5	100	0	100
		Zemen Bank	2	0	2	100	0	100
		CBE	12	1	13	92.3	7.7	100

As shown in Table 7, some managers of AIB stated their views for question number three of the above table, they said “AIB provides channels of communication to customer to express their feelings about the services they get from the bank but it is not satisfactory and the bank should take measures to improve the bank services. It’s better, if the banks give more emphasis to suggestion boxes, electronic mail, face to face communication, and through telephone to get their feedback on the services. The reflection of the manager respondents of Zemen Bank for this question was, almost all the respondents (100%) of them stated that, the bank facilitates online banking service, mobile banking service, SMS banking and call services. Thus, the customers forwarded any question at any given time and the bank solves the problem back immediately.

On the other hand, Commercial Bank of Ethiopia respondents were agreed (92.3%) that, their bank has harmonious relationship with their customers and the bank is also open at any time to receive suggestions and comments. Finally, the level of incorporating communication technology in the banks shows variations among the banks, even though three of the banks have provided two way communications with their customers.

#### 4.4. Maintaining comprehensive database of customers

Managers of the three banks in Addis Ababa were asked to give their justification towards maintaining comprehensive database of their customers in respect to their bank.

no	Questions	Banks	Number		Percentage			
			Yes	No	Total	Yes	No	Total
4.4.1	Do you think that, your bank maintain a comprehensive database of the customers having The necessary hardware and software?	AIB	3	2	5	60	40	100
		Zemen	0	2	2	0	100	100
		CBE	10	3	13	76.9	23.1	100

**Table 8: Summary of perception on having comprehensive customers database**

As indicated under question number four of Table 8, (40%) of the respondents responded as no, because the bank may have transaction software called master banking but it's difficult to say the bank has comprehensive database which supports the banking operations. Even the bank was very late to have ATM machines, mobile banking, and visa card services. In the fear of cost to have those materials, the bank better to think the effect of not having technology based comprehensive data base of its customers. Some of them forwarded their justification we have bank master for online banking with foreign banks and they hope in the future to have better technology which takes us one step forward, even though we have not fulfilled all the necessary hardware and software technologies. On the other hand, all the respondent of Zemen Bank (100%) of them mentioned as there is no comprehensive database of customer supported by the necessary hardware and software. Furthermore, Commercial Bank of Ethiopia managerial respondents believes that at least 76.9% of them responded as the bank maintains comprehensive database of their customers with the necessary software and hardware.

The remaining 23.1% of managerial respondents responded as no, because the bank doesn't have the necessary software and hardware, rather the banks have software which supports transaction process, but the bank has plan for the future to link the operations of the bank with more advanced banking technology to retain customer, and attract newly customers.

**4.5. Customer Relationship Management Practices and Marketing performance of the Banks.**

Respondents were asked to say Yes or No about customer relationship management practices in increasing marketing performance in terms of increasing number of customers, satisfying customers and sales growth. Thus, all manager respondents were justified for saying yes and No as depicted in Table 9.

**Table 9: Customer Relationship management practices and marketing performance**

No	Questions	Banks	Number		Percentage			
			Yes	No	Total	Yes	No	Total
5.	Do you think that, CRM practices helped your bank in increasing marketing performance in terms of increasing number of customers, customer satisfaction, market share, and sales growth than before?	AIB	4	1	5	80	20	100
		Zemen	2	0	2	100	0	100
		CBE	13	0	13	100	0	100

As shown in Table 9 of question number five, majority of AIB managers (80%) of them responded as CRM practices helped their bank to increase marketing performance in better way after dealing more with customer relationship. The marketing performance of the bank (AIB) shows an increment in terms of increasing number of customers; the increase in marketing performance reveals that market share and sales grew in some degree its better. On the other hand, very few of them said, No without justifying their answers why they said no.

On Contrary to this, the majority of the respondents (100%) of the bank (Zemen Bank) expressed as the practice of CRM helped them to increase their marketing performance in terms of attracting new customer, customer satisfaction, market share, and sales growth. This in turn helped the bank, to minimize the number of dissatisfied customers and employees.

In the case of commercial Bank of Ethiopia, managerial respondents are all agreed that (100%) of them responded as the practice of CRM helped the banks to increase its marketing performance. They believe that, CRM integrates the bank and the customer to have positive relationship among them. This helps the banks to minimize the number of customers that dissatisfied.

#### **4.6. Employees’ Perception of Customer Relationship Management and Marketing Performance of the Banks (AIB, Zemen and CBE)**

Based on the responses gathered from the employees (Customer officers and Managers) of the banks, the researcher tried to discuss the employees’ perception on customer relationship management and marketing performance of the banks (AIB, Zemen Bank and CBE). The questionnaires were designed using Likert five scale where almost all the statements were measured on a five point scale with 5 = Strongly agree; 4 = Agree; 3 = Neutral; 2 = Disagree; and, 1 = Strongly disagree. The information obtained from the questionnaire were summarized and discussed in tables and figures below.

##### **4.6.1 The Employees’ Perception towards Making coordinated Effort to key customers’ needs in the banks**

Employees perception of the selected banks in Addis Ababa, were analyzed based on their own insights about the services of their banks towards efforts and coordination made in addressing key customers need as shown in Table 10.

**Table 10: Making effort to key customers need**

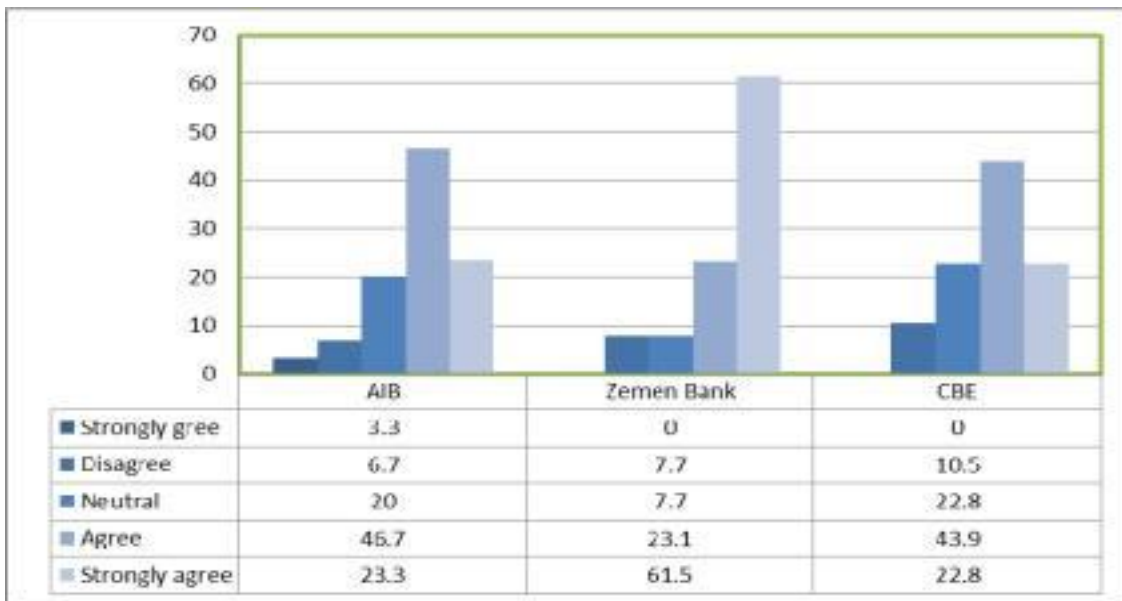
Banks	Making an effort to key customers’ needs				Total
	Disagree	Neutral	Agree	Strongly agree	
AIB	3(10%)	7(23.3%)	15(50%)	5(16.7%)	30(100%)
Zemen Bank	0(0.0%)	0(0.0%)	4(30.8%)	9(69.2%)	13(100%)
CBE	3(5.3%)	5(8.8%)	26(45.6%)	23(40.4%)	57(100%)
Total	6(6.0%)	12(12.0%)	45(45.0%)	37(37.0%)	100(100.0%)

As we can observe from Table 10, 10% of the respondents disagree with the statement about making an effort to find out what the key customer needs considering Awash International Bank.

This helps to give feedback to the bank so that, they can understand the real needs of their customers. However, about 23.3% of the respondents are neutral whereas 66.7% of the respondents agree with the statement. On the other hand, the majorities of the respondents of Zemen bank (69.2%) of them strongly agree and with less extent (30.8%) of them agree with the statement that effort given for key customer needs are high concern from the customer officers of the banks. Moreover, Commercial Bank of Ethiopia 5.3% of the respondents disagreed with the use of customer relationship management about making an effort to key customers of the bank whereas, 86% of the respondents agree with the statement whereas about 8.8% of them become neutral. This shows the majority of the banks that relatively knowing the needs of the customers enabled the bank to retain the existing customers and attracting new customers.

#### 4.6.2 Treatment of customers with great care

Customer officers of the selected banks were asked to rate their level of agreement about treatment given to customers on likert five scales. Based on this, the summary of their agreement were depicted (Figure 4) below.

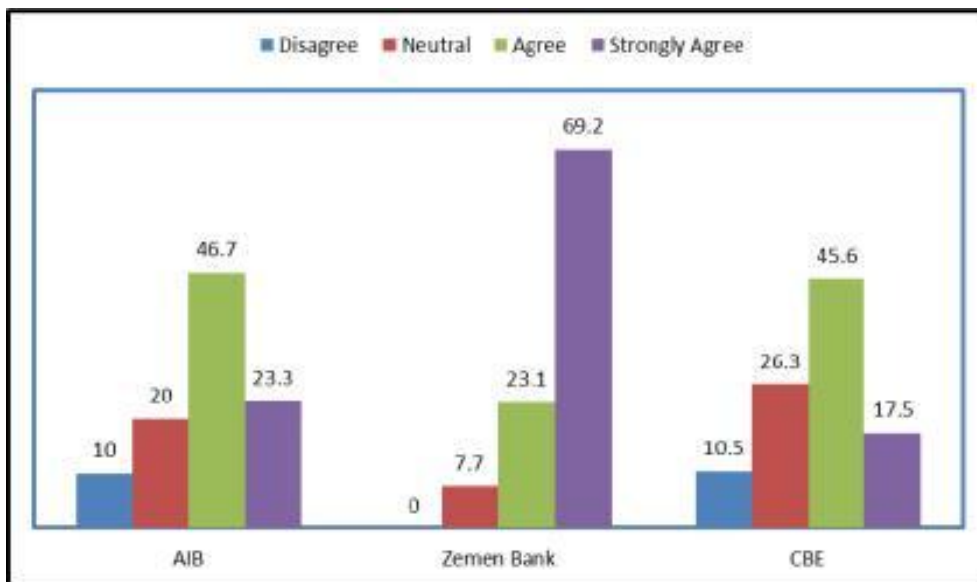


As indicated in Figure 4, about 10% of AIB respondents disagree with the statement of treating customers in great care in the bank. On the contrary, 20% of the respondents are neutral, 70% of the respondents agree with the statement. Similarly, 7.7% of Zemen Bank respondents became neutral with the statement treating customers in great care through understanding while 84.6% of the respondents agree with statement. At the same time 10.5% of CBE respondents disagree on this statement. Moreover, 22.8% of the respondents are became neither agree nor disagree with the statement whereas the remaining 66.7% of them agree that treating customer in great care is offered in their bank through taking their need. From this description, it is possible to infer that the Zemen bank is now also better in serving the customers in great care in relation with AIB, and CBE respectively.

**4.6.3. Customers Officers attitude on coordinated Efforts of Departments in Modifying Services.**

As indicted in Figure 5, the summary of respondent’s perception about coordinated efforts among departments on modifying services were summarized below.

Figure 5: Coordinated effort of departments in modifying the services



As depicted in Figure 5, 10% of the respondents disagree with the statement about customer would like to modify a service and the coordinated efforts among the department in Awash International Bank; This helps to give insight to the bank about the need of employee involvement to modify services to retaining customers and attracting new customers to consolidate marketing performance.

However, about 20% of the respondents are neutral whereas 70% of the respondents agree with the statement. On the other hand, almost all of the respondents (92.3%) of Zemen Bank agree with the statement to modify services through the coordinated efforts among the departments. Conversely, about 7.7% the respondents are neutral with the statement indicated in the above Figure 5. Moreover, on this issue Commercial Bank of Ethiopia 10.5% of the respondents disagreed with about customer would like to modify a service and the coordinated efforts among the departments. About 26.3% of the respondents are neither agreed nor disagreed with the statement whereas 63.1% of them agree with the statement. In conclusion, most of the banks modifying services through using different technologies to address the need of the customers. Awash International Bank and Commercial Bank of Ethiopia are relatively similar in improving service to its customers whereas Zemen Bank is more exerted in modifying services to the customers with modern technology demanded by the customers in today's banks.

#### 4.6.4. Attitudes of customer officers towards giving customized services to key customers

Banks	Giving customized services to key customers				Total
	Disagree	Neutral	Agree	Strongly agree	
AIB	1(3.3%)	3(10%)	19(63.3%)	7(23.3%)	30(100%)
Zemen Bank	0(0.0%)	0(0.0%)	2(15.4%)	11(84.6%)	13(100%)
CBE	1(1.8%)	7(12.3%)	29(50.9%)	20(35.1%)	57(100%)
Total	2%	10%	51%	38%	100%

As we can observe from Table 11, 3.3% of the respondents disagree with the statement about giving customized services to key customers considering Awash International Bank. This helps to give insight to the bank so that, they can understand the real needs of their customers. However, about 10% of the respondents are neutral whereas 86% of the respondents agree with the statement.

On the other hand, all of the respondents of Zemen bank (100%) were agree. Moreover, Commercial Bank of Ethiopia 1.8% of the respondents disagrees with the use of customer relationship management about making an effort to key customers of the bank whereas, 86% of the respondents agree with the statement whereas about 12.3% of them become neutral. In general, all the three banks provide customized services to their key customers to address their interest.

**4.6.5. Attitudes of customer officers towards working with individual key customer to customize our offerings.**

Banks							Total
			Disagree	Neutral	Agree	strongly agree	
AIB	Count % within		2 6.7%	9 30.0%	13 43.3%	6 20.0%	30 100.0%
Zemen	Count % within		0 0.0%	0 0.0%	5 38.5%	8 61.5%	13 100.0%
CBE	Count % within		3 5.3%	12 21.1%	31 54.4%	11 19.3%	57 100.0%
Total	Count % within		5 5.0%	21 21.0%	49 49.0%	25 25.0%	100 100.0%

The above Table 12 shows that, 6.7% of the respondents disagree with the statement about working with individual key customizes offerings considering Awash International Bank. This study helps the bank to get feedback how the works with individual key customer offerings improve their marketing performance in the day to day operations. However, about 30% of the respondents are neutral whereas 63.3% of the respondents agree with the statement. On the other hand, all of the respondents of Zemen Bank, 100% of them were agree working with individual key customers. Moreover, Commercial Bank of Ethiopia respondents 26.4% of the respondents disagrees with working individual key customers.

On the contrary, 21.1% of the respondents are neither agreed nor disagreed with the statement whereas 73.7% of them agree with the statement. This shows that all the three banks work with individual key customers to offer customized offerings. However, the degrees of working with individual key customers in giving customize offerings to key customers.



#### 4.7. Customer Officers attitude on Organizational Efficiency

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 A. and Sheth, T.N., (2002).

Customer officers attitude play a vital role in achieving organizational goal so the organizations give a special care for those factors gathered by the researcher.

##### 4.7.1. Customer Officers perception on Customer centric performance standards in the banks.

Customer officers respondents of the selected banks in Addis Ababa, were asked about customer centric performance standard establishment and continuous supervisions held in all contact points of the selected banks in Addis Ababa Table 13

**Table 13: Customer centric performance standards**

Banks	Customer centric performance standards are established and monitored					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
AIB	1(3.3%)	5(16.7%)	10(33.3%)	9(30%)	5(16.7%)	30(100%)
Zemen Bank	0(0.0%)	0(0.0%)	1(7.7%)	8(61.5%)	4(30.8%)	13(100%)
CBE	0(0.0%)	6(10.5%)	16(28.1%)	27(47.4%)	8(14%)	57(100%)
Total	1(1.0%)	11(11.0%)	27(27.0%)	44(44.0%)	17(17.0%)	100(100%)

The above Table 13 shows that, 20% of the respondents disagree with the statement about customer centric performance standards are established and monitored in all touch point of the bank considering Awash International Bank. This study helps the bank to get feedback how their performance standards improve their marketing performance in the day to day operations. However, about 33.3% of the respondents are neutral whereas 46.7% of the respondents agree with the statement. On the other hand, almost all of the respondents of Zemen Bank, 92.3% of them agree and the remaining of the respondents 7.7%, are neutral with the statement indicated in the above Table 13.

Moreover, on this issue from the Commercial Bank of Ethiopia, 10.5% of the respondents disagree with the establishment of customer centric performance standards and monitoring in all touch points of the bank. In reality, about 28.1% of the respondents are neither agreed nor disagreed with the statement whereas 61.4% of them agree with the statement.

#### 4.7.2. Performance measurement and Rewards in the banks

With increasing competitiveness, banks are concerned with customer satisfaction and profitability, both in the short as well as in the long-term. Long-run profitability can be achieved in customer relationship management through the new focus on customer retention which resulted from an effective management of customer relationships. Thus, the competitive pressures are demanding that banks not only adopt the customer-focused customer relationship management strategy, but also the customer-related measures of performance. Thus, banks are expected to use strategy that focused on customers in order to sustain their competitive advantage.

The perception of customer officers respondents towards performance measurements and criteria of rewards were summarized under Table 14

**Table 14: Perception of Employees on Performance Measurement and Rewards**

Banks	Performance measurement and rewards					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
AIB	2(6.7%)	11(36.7%)	4(13.3%)	8(26.7%)	5(16.7%)	30(100%)
Zemen	1(7.7%)	0(0.0%)	1(7.7%)	7(53.8%)	4(30.8%)	13(100%)
CBE	8(14%)	13(22.8%)	19(33.3%)	11(19.3%)	6(10.5%)	57(100%)
Total	11(11.0%)	24(24.0%)	24(24.0%)	26(26.0%)	15(15.0%)	100(100%)

Tables 14 revealed that, 43.4% of the respondents disagree with the statement about employee performance measurement and reward in Awash International Bank. This statement helps the bank to assess the performance criteria and to measure the rewarding system to evaluate the performance of their employee.

However, 13.3% of the respondents are neutral whereas 40% of the respondents agreed with the statement. On the other hand, almost all of the respondents of Zemen bank 84.6% of them agree while 7.7% of the respondents strongly disagree with the statement and the remaining of the respondents 7.7% of them, are neither agreed nor disagreed. Moreover, on this issue Commercial Bank of Ethiopia 36.8% of the respondents disagrees with employee performance measurement and rewarding system of the bank. However, 33.3% of the respondents are neither agreed nor disagreed with the statement whereas 29.8% of them agree with the statement. From this data we can conclude that there is a variation among the banks about the application of performance and motivating employees to reward based on the level of their output on their current job.

### 4.7.3. Attitude on training programs and Design

Respondents (customer officers) of banks in Addis Ababa were asked how they perceive about training and design of banks in case of the selected banks as shown in Figure 6 and summarized below.

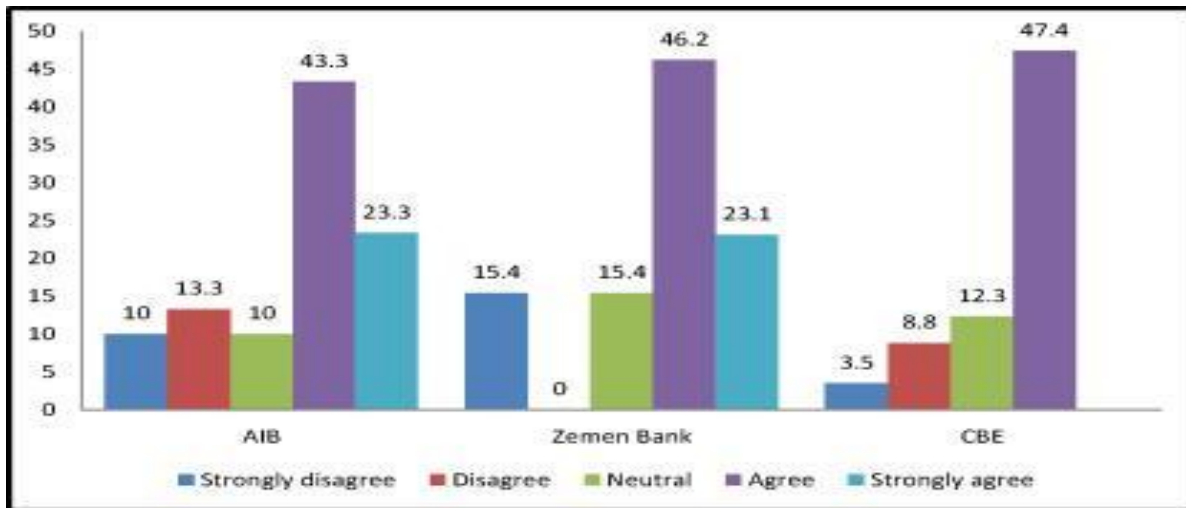


Figure 6: Employee training programs and designs in the banks

As depicted in Figure 6, 23.3% of the respondents disagree with the statement about employee training programs in Awash International Bank; this may help to give insight to the bank about the importance of training programs on employee effectiveness in enhancing marketing performance of the bank. However, about 10% of the respondents are neutral whereas 66.6% of the respondents agreed with the statement. On the other hand, almost all of the respondents of Zemen Bank 69.3% of them agree with the training programs.

Despite of this, about 15.4% the respondents disagree with the statement whereas the remaining of the respondents 15.4% of them is neutral with the statement. Moreover, on this issue Commercial Bank of Ethiopia 12.3% of the respondents disagree with employee training programs of the bank. About 12.3% of the respondents neither agreed nor disagreed with the statement whereas 75.5% of them agree with the statement.

In conclusion, giving training to the employee is inevitably for the operations of the banks to come up with different training program. But it's possible to adjust the cost to train the employee to make more familiar to with working conditions of the changing business environment in terms of strategies and modern banking technologies.

**4.7.4. Customer Officers Perception towards the banking structure design around customers**

Customer officers of the banks in Addis Ababa were asked how they perceive about the structure and Design of banks around the customers in case of the selected banks as summarized Table 15 below.

**Table 15: officer’s perception on banking structure**

	The bank structure is designed around customers					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
AIB	2(6.7%)	5(16.7%)	8(26.7%)	8(26.7%)	7(23.3%)	30(100%)
Zemen Bank	0(0.0%)	0.0(0.0%)	2(15.4%)	5(38.5%)	6(46.2%)	13(100%)
CBE	0(0.0%)	6(10.5%)	11(19.3%)	29(50.9%)	11(19.3%)	57(100%)
Total	2(2.0%)	11(11.0%)	21(21.0%)	42(42.0%)	24(24.0%)	100(100%)

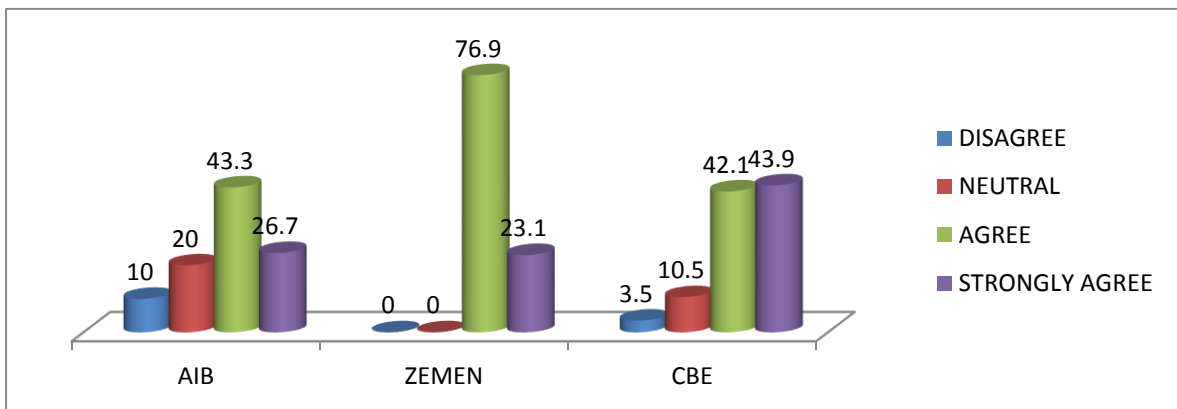
Table 15 shows that, about 23.4% of the respondents of AIB argued against the design of banking structure around customers whereas about 50% of the respondents agree with the statement that the structure of the bank takes customers into consideration.

On the contrary, about 26.7% of the respondents are neutral. On the other hand, almost all of the respondents of Zemen Bank 84.7% of them agree with the design of the bank structure regardless of customers. Moreover, about 15.4% the respondents are neutral with the statement. On the other hand, almost all of the respondents of Zemen Bank 84.7% of them agree with the design of the bank structure regardless of customers. Moreover, about 15.4% the respondents are neutral with the statement. On the other hand, on the same issue the Commercial Bank of Ethiopia 10.5% of the respondents disagrees about the banking structure in relation to emphasis on customers and about 19.3% of the respondents neither agreed nor disagreed with the statement whereas 72% of them agree with the statement.

From this the researcher can cascade the conclusion that, customer involvement in the structure of the bank helps to retaining and attracting the customers. Besides, it helps the bank to consolidate the marketing performance of the banks and building harmonious relationship among them.

**4.7.5. Attitudes of customer Officers perception towards Business goals of the Banks**

Customer officers of the banks in Addis Ababa were asked their attitudes about whether banks have clear business goals in the case of the selected banks as summarized Figure 7 below.



**Figure 7: Attitudes of customer Officers perception towards Business goals of the Banks**

As revealed in Figure 7, about 36.7% of AIB respondents disagree with the statement the bank has established. On the contrary, 20% of the respondents are neutral and 43.3% of the respondents agree with the statement that the bank has clear business goals. In contrast, 23.1% of Zemen Bank respondents disagreed with the statement that the bank has clear business goals while 76.9% of the respondents agree with statement. To this end, 47.4% of CBE respondents disagree on this statement.

On the contrary, about 10.5% of the respondents neither agree nor disagree with the statement whereas the remaining 42.1% of them agree that the bank has established clear business goals related to customer acquisition, development retention, and reactivation. From this description, it is possible to conclude that the Zemen Bank has clear business goals related to customer acquisition, retention, and reactivation. However, the remaining banks have almost similar performance in the issue of business goals and its relationship with marketing performance. Thus, especially the AIB and CBE should consider their business goals in relation to attracting and retaining the existing customer for enhancing their marketing performance.

#### 4.7.6. Attitude of Customer Officers about the bank Sales and Marketing Expertise

Respondents (Customer officers) of the selected banks for the study in Addis Ababa were asked their attitudes about sales and marketing expertise as summarized in Figure 8 below

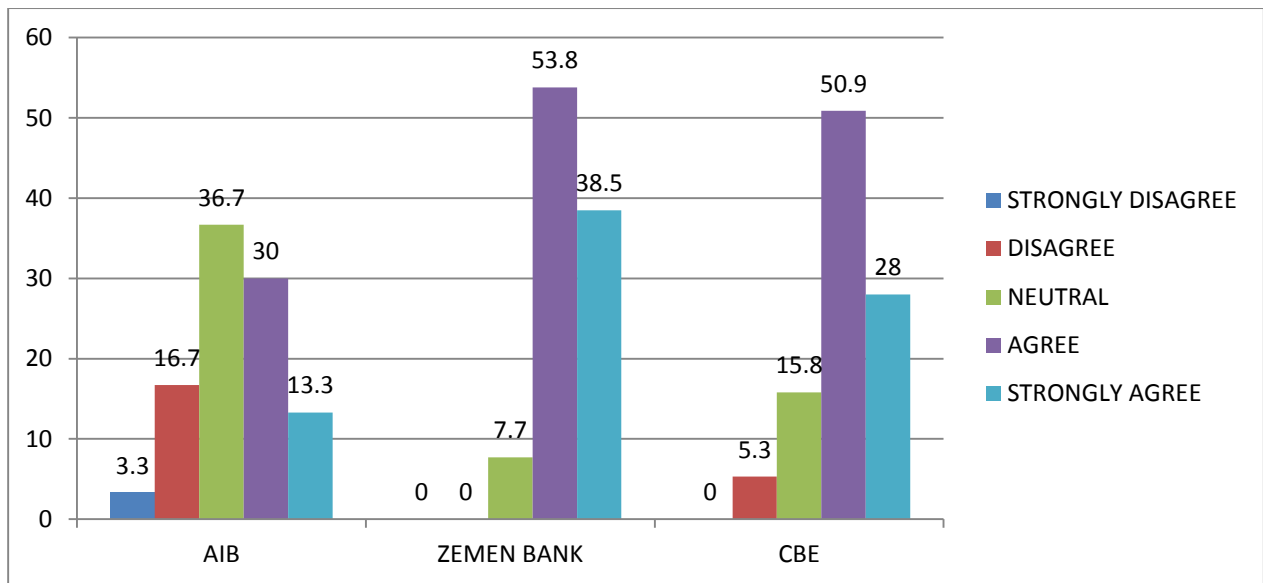


Figure 8: Summary of sales and marketing experts of the banks

As shown in Figure 8, 20% of AIB respondents disagree with the statement the bank has the sales and marketing expertise and resources to succeed in customer relationship management. Besides, 36.7% of the respondents neither agreed nor disagreed with the statement whereas about 43.3% of the respondents agree with the statement that the bank has sales and marketing experts in succeeding customer relationship management. Contrary to this, about 7.7% of Zemen Bank respondents became neutral with the statement about sales and marketing experts in succeeding CRM whereas 92.3% of the respondents agree with statement.

Furthermore, 5.3 % of CBE respondents disagree on the statement that the bank has sales and marketing experts in succeeding customer relationship management. Likewise, 15.8% of the respondents neither agree nor disagree with the statement whereas the remaining 79% of them agree as the bank has sales and marketing experts in succeeding CRM operations.

**4.7.7. Attitude of Customer Officers towards their Commitment time and Resource To Manage Customer Relationship.**

The following Figure 9 shows, the summary of respondents about commitment and resources to succeed in building life long relationship with customers.

**Figure 9: shows, commitment and resources**

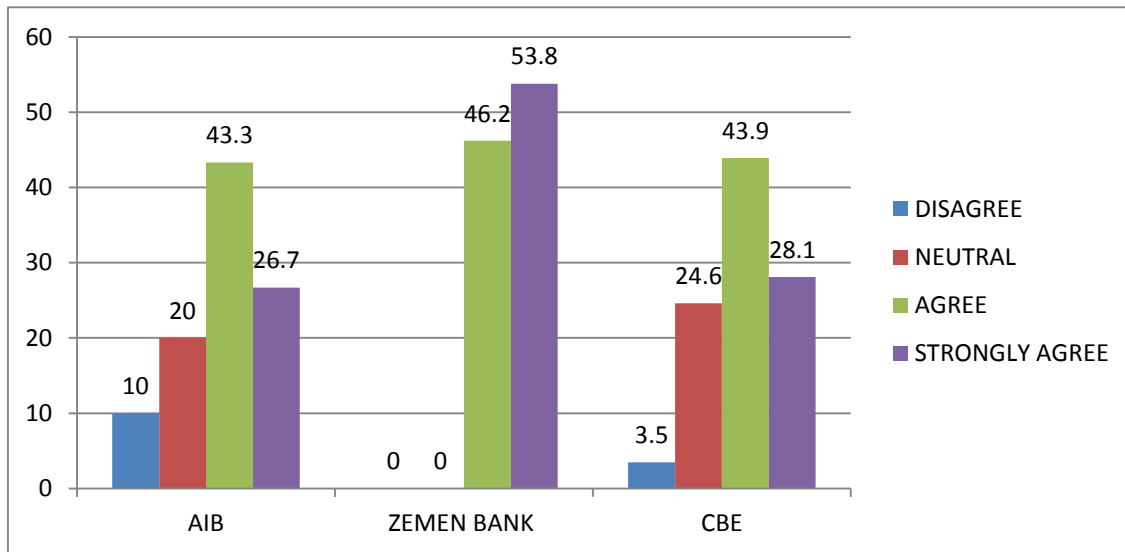


Figure 9 summary of customers Officers perception on committing resources and to manage customer relationship as observed from the above Figure 9, 10% of AIB respondents disagree with the statement the bank commits time and resources to manage customer relationship management. On the contrary, 20% of the respondents are neutral regarding to the statement whereas 70% of the respondents agree with the statement.

On other hand, 100% of Zemen Bank respondents agreed with the statement that the bank commits time and resources to manage customer relationship management. Furthermore, 3.5% of CBE respondents disagree on this statement.

On the reverse, 24.6% of the respondents became neither agree nor disagree with the statement whereas the remaining 72% of them agree that the bank time commitment and resources to manage customer relationship management.

Finally, majority of banks exerting time and resource for the purpose of providing services for their customers and to increase their marketing performance better than before even though the degree of their commitment are varies.

#### 4.8. Attitudes of customer officers towards customer knowledge management

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

##### 4.8.1 Customer officer expectations when service will be performed

			Expectation		services will be performed			Total
			strongly disagree	disagree	neutral	agree	strongly agree	
	Banks		0	6	6	15	3	30
AIB	%	with	0.0%	20.0%	20.0%	50.0%	10.0%	100.0%
	Banks	in						
	Cou		0	0	1	3	9	13
Zemen	%	with	0.0%	0.0%	7.7%	23.1%	69.2%	100.0%
	Banks	in						
	Cou		1	8	13	23	12	57
CE	%	with	1.8%	14.0%	22.8%	40.4%	21.1%	100.0%
	Banks	in						
	Cou		1	14	20	41	24	100
Total	%	with	1.0%	14.0%	20.0%	41.0%	24.0%	100.0%
	Banks	in						



As observed from Table 16, 20% of AIB respondents disagree with the statement the bank expectation exactly when services will be performed to manage customer relationship management. On the contrary, 20% of the respondents are neutral regarding to the statement whereas 60% of the respondents agree with the statement.

On other hand, 92.3% of Zemen Bank respondents agreed with the statement that the bank commits time and resources to manage customer relationship management. However, 7.7% were neutral about the statement. Furthermore, 15.8% of CBE respondents disagree on this statement.

On the reverse, 22.8% of the respondents became neither agree nor disagree with the statement whereas the remaining 61.5% agree when service will be performed to improve customer relationship management. This shows majority of the three banks works towards expectations when services will be performed the purpose of providing services for their customers and to increase their marketing performance.

#### 4.8.2. Attitudes of customer officers to understand the needs of key customers

Banks	Understanding the needs of key customers					Total
	strongly disagree	Disagree	neutral	agree	strongly agree	
Count AIB %	0 0.0%	8 26.7%	8 26.7%	9 30.0%	5 16.7%	30 100.0%
Count Zemen %	0 0.0%	0 0.0%	2 15.4%	3 23.1%	8 61.5%	13 100.0%
Count CBE %	1 1.8%	5 8.8%	18 31.6%	17 29.8%	16 28.1%	57 100.0%
Count Total %	1 1.0%	13 13.0%	28 28.0%	29 29.0%	29 29.0%	100 100.0%

As observed from Table 17, 20% of AIB respondents disagree with the statement the bank expectation exactly when services will be performed to manage customer relationship management. On the contrary, 20% of the respondents are neutral regarding to the statement whereas 60% of the respondents agree with the statement. On other hand, 92.3% of Zemen Bank respondents agreed with the statement that the bank commits time and resources to manage customer relationship management.

However, 7.7% were neutral about the statement. Furthermore, 15.8% of CBE respondents disagree on this statement. On the reverse, 22.8% of the respondents became neither agree nor disagree with the statement whereas the remaining 61.5% agree when service will be performed to improve customer relationship management. This shows majority of the three banks works towards expectations when services will be performed the purpose of providing services for their customers and to increase their marketing performance.

#### **4.8.2 Attitudes of customer officers about providing channels of communication between key customer and the banks**

Banks	Providing channels of communication					Total	
	strongly disagree	Disagree	neutral	agree	strongly agree		
AIB	Count	1	6	8	11	4	30
	% within	3.3%	20.0%	26.7%	36.7%	13.3%	100.0%
Zemen	Count	0	0	1	5	7	13
	% within	0.0%	0.0%	7.7%	38.5%	53.8%	100.0%
CBE	Count	1	7	14	23	12	57
	% within	1.8%	12.3%	24.6%	40.4%	21.1%	100.0%
Total	Count	2	13	23	39	23	100
	% within	2.0%	13.0%	23.0%	39.0%	23.0%	100.0%

As shown in Table 18, 23.3% of AIB respondents disagree with the statement about providing channels of communication in maintaining relationship with their key customers.

On the contrary, 26.7% of the respondents were neutral regarding to the statement whereas about 50% of the respondents agree with the statement. Additionally, 7.7% of Zemen Bank respondents became neutral about channels of communications. But 92.3% of Zemen bank respondents were agrees that there is two way communications in addressing problems between the bank and the key customers.

On the other hand, 14.1% of CBE respondents disagree about this statement. Moreover, 24.6% of the respondents neither agree nor disagree with the statement whereas the remaining 61.5% of them agree that there were communication in the bank with the customers regarding to any issue about the bank services. From this description, it is possible to infer that Banks.

#### **4.9. Customer Officers perception about incorporating Customer Relationship Management based Technology in the banks**

In reality, the advancement in Information Technology has the capability to collect, analyze, and share customer information which will lead to a customer satisfaction and thus retaining customers

##### **4.9.1. Customer Officers Perception on maintaining comprehensive database of customers**

The following Table 19 shows the summary of respondents about comprehensive data base of customers in their banks.

**Table 119: Maintaining customer databases**

Banks	Maintaining comprehensive database of customers					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
AIB	2(6.7%)	12(40%)	7(23.3%)	6(20%)	3(10%)	30(100%)
Zemen Bank	0(0.0%)	1(7.7%)	0(0.0%)	4(30.8%)	8(61.5%)	13(100%)
CBE	3(5.3%)	6(10.5%)	11(19.3%)	21(36.8%)	16(28.1%)	57(100%)
Total	5(5.0%)	19(19.0%)	18(18.0%)	31(31.0%)	27(27.0%)	100(100%)

As shown in Table 19, 46.7% of the respondents disagree with the statement about maintaining Comprehensive database of customers considering Awash International Bank; This helps to give Insights to the bank about the necessity of comprehensive database in easily serving the customer

and it enhance marketing performance of the bank. However, about 23.3% of the respondents are neutral whereas 30% of the respondents agree with the statement.

On the other hand, majority of Zemen bank respondents (92.3%) of them agree to maintain comprehensive database of customers. Contrary to this, 7.7% of the respondents disagreed about the statement. Moreover, on this issue Commercial Bank of Ethiopia (15.8%) of the respondents disagrees about maintaining comprehensive database of the customer.

About 19.3% of the respondents are neither agreed nor disagreed with the statement whereas 64.9% of them agree with the statement. In general, having the necessary supporting system helps to access the data of the customer for the privileged employee and to reduce wastage of time in serving customers in a day to day of banks operations. To sum up, banks found in Addis Ababa exerts to satisfy their customers and increasing marketing performance through having the necessary hardware facilities and software facilities which supports the operation of the banks to gain competitive advantages of one over the other.

#### 4.9.2. Customer Officers Perception towards individual Customer information availability

The availability of individual customer information in all contact points of banks were assessed and summarized in Table 20

**Table 20: Availability of information**

Banks	Individual customer information availability at every point of contact					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
AIB	2(6.7%)	11(36.7%)	7(23.3%)	5(16.7%)	5(16.7%)	30(100%)
Zemen	0(0.0%)	0(0.0%)	0(0.0%)	4(30.8%)	9(69.2%)	13(100%)
CBE	3(5.3%)	8(14%)	10(17.5%)	17(29.8%)	19(33.3%)	57(100%)
Total	5(5.0%)	19(19.0%)	17(17.0%)	26(26.0%)	33(33.0%)	100(100%)

As depicted in Table 20, 43.4% of the respondents disagree with the statement about individual customer information availability in Awash International Bank. This helps the bank to give areas where it needs to concentrate in measuring and evaluating the performance of their employees

for rewarding based on their achievements in the bank. However, about 23.3% of the respondents are neutral whereas 33.4% of the respondents agree with the statement.

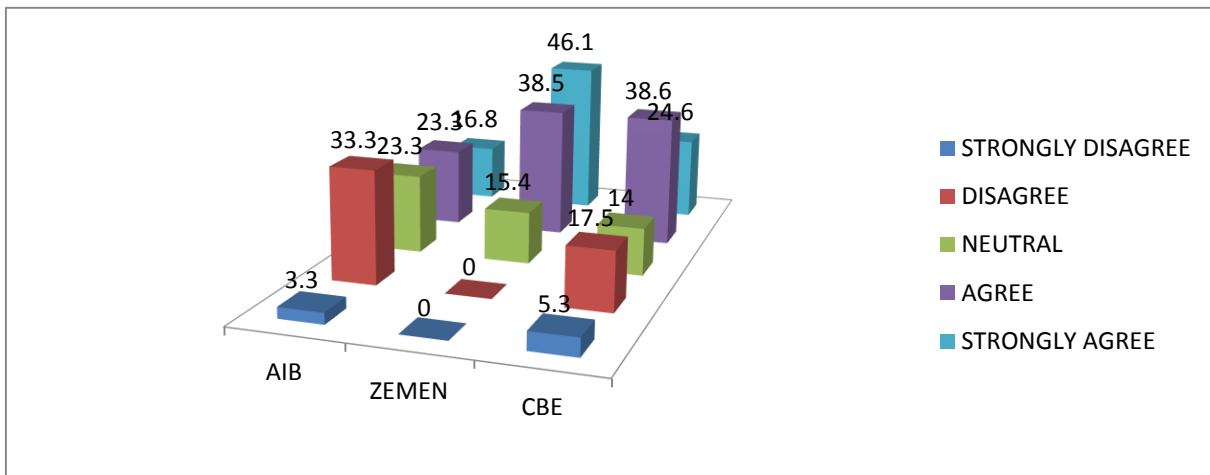
On the other hand, all of the respondents of Zemen Bank (100%) of them agreed on individual information availability for customers in the bank. Yet, on this issue Commercial Bank of Ethiopia 19.3% of the respondents disagree with the availability of information for customer of the bank. About 17.5% of the respondents neither agreed nor disagreed with the statement whereas 63.1% of them agree with the statement.

To this end, most of the customers do not have enough information while were serving in the banks. Thus, they need assistant like CBE digital audio service to inform those customers to which counter to go and also Zemen bank shares information at each point of contact to support customers whereas AIB concentrated more on traditional service giving system which dissatisfy both the customers and the employee. Thus, the banks in providing individual information availabilities were varies among the banks.

#### 4.9.3. Customer Officers towards support of Technical Personnel to utilize computers in the Banks.

The following Figure shows the summary of respondent’s perception about technical personnel support for the utilization of computer and banking technology in building customer relationships Figure 10

Figure 10: Technical personnel to utilize in the Banks



As we can observe in Figure 10, 36.6% of AIB respondents disagree with the statement that

technical personnel to provide support for the utilization of computer technology in building customer relationships. On the contrary, 23.3% of the respondents were neutral regarding to the statement whereas about 40% of the respondents agree with the statement.

However, 15.4% of Zemen Bank respondents became neutral with the statement the technical personnel to provide support for the utilization of computer technology in building customer relationships while 84.7% of the respondents agreed with statement. On the other hand, 22.8% of CBE respondents disagree on this statement.

Moreover, 14% of the respondents neither agree nor disagree with the statement whereas the remaining 63.2% of them agree that support from technical personnel in utilization of computers and other technology in the bank in building customer relationships. From this description, it is possible to infer that the majority of the banks are not solving problems in relation with technical support on utilization of technologies.

#### **4.9.4. Attitude of Customer Officers on the availability of right Hardware facilities In the Banks**

The following Figure 11 shows, the summary of respondent's attitudes about the availability of right hardware facilities in supporting the operations of banks day to day activities

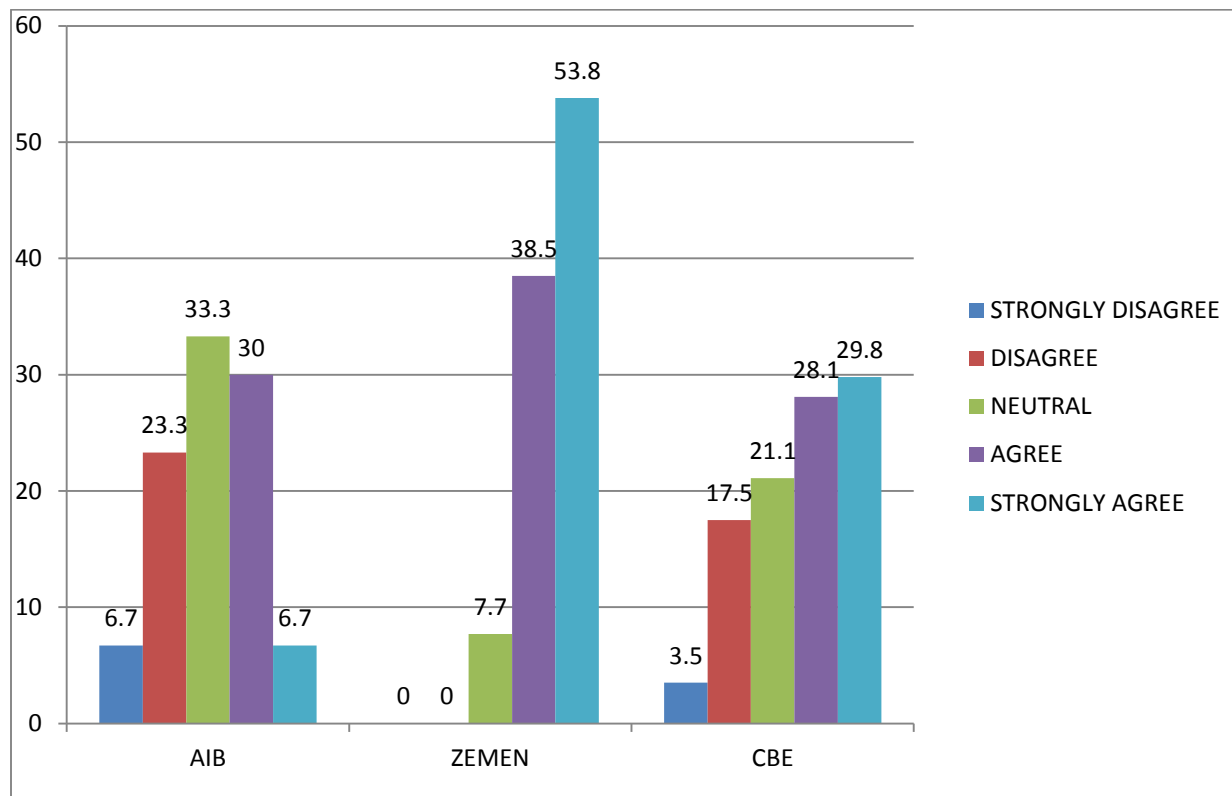
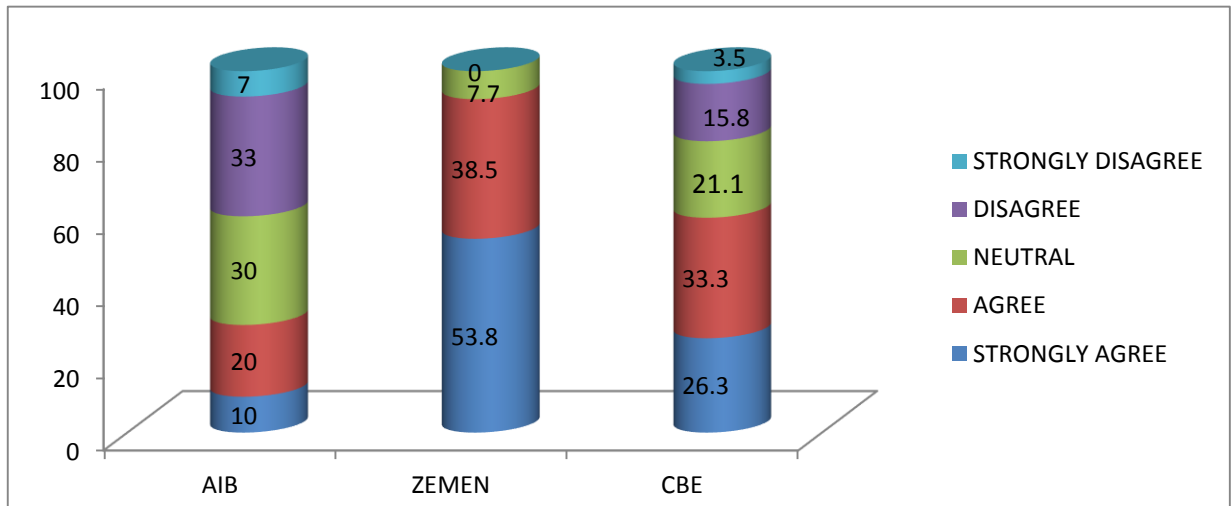


Figure 11: Summary of customers Officers perception that the bank has right hardware

As indicated in Figure 11, 30% of AIB respondents disagree with the statement that bank has the right hardware to serve the customers. But, 33.3% of the respondents are neutral regarding to the statement whereas 36.7% of the respondents agree with the statement the bank has the right hardware to serve the customers. On the other hand, 7.7% of Zemen Bank respondents are neutral with the statement the bank has the right hardware to serve the customers while 92.3% of the respondents agree with the statement.

To this end, about 21% of CBE respondents disagreed on this statement. In addition to this, 21.1% of the respondents neither agree nor disagree with the statement whereas the remaining 57.9% of them agree that the bank has the right hardware to serve the customers.

**4.9.5. Customer Officers perception on the availability of right software to serve the customer**



**Figure 12: availability of software facilities to serve the customers**

As observed in Figure 12, 40% of AIB respondents disagree with the statement the bank has the right software to serve the customers. Moreover, 30% of the respondents are neutral regarding to the statement whereas 30% of the respondents agree with the statement. On other hand, 92.3% of Zemen Bank respondents became agree with the statement likewise 7.7% of the respondents remained neither agree nor disagree about the statement.

Furthermore, 19.3% of CBE respondents are disagreeing about the bank has the right software to serve the customers whereas 21.1% of the respondents are neither agree nor disagree with the statement while the remaining 59.6% of them agreed that the bank has the right software to serve the customers.

**4.10. Attitudes of customer officer towards marketing performance in the banks**

Another important facet of CRM is “customer selectivity.” As several research studies have shown, not all customers are equally profitable for an individual company (Storbacka, 2000).



The company therefore must be selective in tailoring its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs.

**4.10.1: Customer Officer Attitudes on Effectiveness in promoting and attracting new customers**

The fundamental goal of key customer focus is to achieve a deep customer relationship that makes an organization a necessary partner to its most profitable customers. Company-wide understanding and support for key customer focus motivate sales force to cultivate long-term customer relationships by offering more personalized services Yim, Anderson and Swaminathan (2005); Armstrong and Kotler (2004).

The following Table 21 shows the summary of respondent’s attitudes about the effectiveness of banks in promoting and attracting new customers to boost their marketing performance.

**Table 21: Effectiveness in promoting and attracting new customers**

Banks	Effectiveness in promoting and attracting new customers					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
AIB	0(0.0%)	1(3.3%)	9(30%)	12(40%)	8(26.7%)	30(100%)
Zemen Bank	1(7.7%)	0(0.0%)	2(15.4%)	2(15.4%)	8(61.5%)	13(100%)
CBE	0(0.0%)	5(8.8%)	7(12.3%)	33(57.9%)	12(21.1%)	57(100%)
Total	1(1.0%)	6(6.0%)	18(18.0%)	47(47.0%)	28(28.0%)	100(100%)

Table 21 shows, 3.3% of the respondents disagree with the statement on promoting and attracting new customers in Awash International Ban.;

This help to increase the number of customers on the existing customer to better performance of marketing activities in the bank. In reality, 30% of the respondents are neutral whereas 66.7% of the respondents agree with the statement. Conversely, almost all of the respondents of Zemen Bank 76.9% of them agree, 7.7% of the respondents strongly disagree with the statement and the remaining of the respondents 15.4% of them are neutral with the statement indicated in the above Table (4.10.1).

In contrast, Commercial Bank of Ethiopia 8.8% of the respondents disagrees with promoting and

attracting of new customers to the bank. About 12.3% of the respondents neither agreed nor disagreed with the statement but, 79% of them agree with the statement. Therefore, banks are working on promoting and attracting new customers to increase the marketing performance.

**4.10.2. Customer Officers Respondents on Successfulness in Increasing market share and Sales growth**

Reichheld and Sasser (1990) stated that, reducing customer defections by 5 percent can boost 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. The following Table 22 summarizes respondent’s perception about the successfulness of banks in increasing their Market share and Sales growths in improving their marketing performance.

**Table 22: Increasing market share and sales growth**

Banks	Successfulness in increasing market share and sales growth					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
AIB	2(6.7%)	3(10%)	9(30%)	7(23.3%)	9(30%)	30(100%)
Zemen Bank	0(0.0%)	0(0.0%)	3(23.1%)	1(7.7%)	9(69.2%)	13(100%)
CBE	0(0.0%)	5(8.8%)	16(28.1%)	25(43.3%)	11(19.3%)	57(100%)
Total	2(2.0%)	8(8.0%)	28(28.0%)	33(33.0%)	29(29.0%)	100(100%)

As indicated in Table 22, 16.7% of the respondents disagree with the statement about market share and sales growth in Awash International Bank. This helps to increase the market share in better way in performing marketing activities in the bank.

However, 30% of the respondents are neutral whereas 53.3% of the respondents agree with the statement. On the other hand, all of the respondents of Zemen bank 76.9% of them agree whereas 23.1% of the respondents are neutral with the statement indicated in the above table 22. Moreover, on this issue Commercial Bank of Ethiopia 8.8% of the respondents disagree with increasing the market share and sales growth of the bank. 28.1% of the respondents neither agreed nor disagreed with the statement whereas 63.2% of them agree with the statement.

Finally, majority of banks are exerted to increase their market share and sales growth through improving their marketing performance.

#### 4.10.3 Attitudes of customer officers on successfully retaining customers to the banks

The following Table 23 summarizes respondent’s attitudes about the successfulness of banks in retaining customers and building life long relationship with customers.

**Table 23: Successfulness in retaining customers to the banks**

Banks	Successfulness in retaining customers					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
AIB	0(0.0%)	4(13.3%)	9(30%)	10(33.3%)	7(23.3%)	30(100%)
Zemen Bank	0(0.0%)	0(0.0%)	2(15.4%)	2(15.4%)	9(69.2%)	13(100%)
CBE	1(1.8%)	8(14%)	19(33.3%)	21(36.8%)	8(14%)	57(100%)
Total	1(1.0%)	12(12.0%)	30(30.0%)	33(33.0%)	24(24.0%)	100(100%)

Table 23 shows, 13.3% of the respondents disagree with the statement about retention of customers in Awash International Bank. This helps to preserve the existing customer to minimize customer turnover to sister banks. However, about 30% of the respondents are neutral whereas 56.6% of the respondents agree with the statement.

On the other hand, almost all of the respondents of Zemen bank 84.6% of them agree whereas 15.4% of the respondents are neutral with the statement. Although, Commercial Bank of Ethiopia 15.8% of the respondents disagree about the retention of the customers with the bank. On contrary to this, 33.3% of the respondents neither agreed nor disagreed with the statement whereas 50.8% of them agree with the statement.

In conclusion, it’s possible to observe that banks are paying relatively high attention on customer retention to reduce customer’s turnover and improving marketing performance through providing quality service.

#### 4.10.4. Attitudes of customer officers on successfully retaining customers to the banks

**Table 24: Customer officer attitudes on retaining customers**

Banks	Putting customer centric operation to increase sales growth					Total	
	strongly disagree	disagree	neutral	agree	strongly agree		
AIB	Count	1	1	7	6	15	30
	% within	3.3%	3.3%	23.3%	20.0%	50.0%	100.0%
Zemen	Count	1	0	0	2	10	13
	% within	7.7%	0.0%	0.0%	15.4%	76.9%	100.0%
CBE	Count	1	2	12	19	23	57
	% within	1.8%	3.5%	21.1%	33.3%	40.4%	100.0%
Total	Count	3	3	19	27	48	100
	% within	3.0%	3.0%	19.0%	27.0%	48.0%	100.0%

Table 24 shows, 6.6% of the respondents disagree with the statement about putting customer centric operation to increase sales growth in Awash International Bank. This helps to preserve the Existing customer to minimize customer turnover to sister banks. However, about 23.3% of the respondents were neutral whereas 70% of the respondents agree with the statement. On the other hand, almost all of the respondents of Zemen bank 92.3% of them agree whereas 7.7% of the respondents are neutral with the statement. Additionally, Commercial Bank of Ethiopia 5.3% of the respondents disagrees about the putting customer centric operation to increase sales growth. On contrary to this, 21.1% of the respondents neither agreed nor disagreed with the statement whereas 73.7% of them agree with the statement. In conclusion, it's possible to observe that banks are paying high attention on customer centric operation to increase sales growth and improving marketing performance through providing quality services.

**4.10.5. Attitudes of customer officers about marketing strategy to satisfy customers**

**Table 125: Summary of marketing strategy**

q24	Total
-----	-------

		strongly disagree	disagree	neutral	agree	strongly agree	
AIB	Count	0	5	13	6	6	30
	% within	0.0%	16.7%	43.3%	20.0%	20.0%	100.0%
Zemen	Count	0	0	2	2	9	13
	% within	0.0%	0.0%	15.4%	15.4%	69.2%	100.0%
CBE	Count	1	8	20	21	7	57
	% within	1.8%	14.0%	35.1%	36.8%	12.3%	100.0%
Total	Count	1	13	35	29	22	100
	% within	1.0%	13.0%	35.0%	29.0%	22.0%	100.0%

As indicated in Table 25, 16.7% of AIB respondents disagree with the statement that the marketing strategy to satisfy customers. However, 43.3% of the respondents are neutral regarding to the statement whereas 40% of the respondents agree with the statement the marketing strategy satisfy the customers. On the other hand, 15.4% of Zemen Bank respondents are neutral with the statement about marketing strategy to satisfy customers while 84.6% of the respondents agree with the statement. To this end, about 15.8% of CBE respondents disagreed on this statement. In addition to this, 35.1% of the respondents neither agree nor disagree with the statement whereas the remaining 49.1% of them agree that the marketing strategy satisfy the customers. This shows that the marketing strategy of AIB and CBE were very low in comparison with Zemen Bank as stated in Table 25.

#### **4.11. Descriptive statistics Analysis for the selected Banks (Awash International Bank, Zemen Bank, and Commercial Bank of Ethiopia)**

##### **4.11.1. Descriptive Statistics in terms of mean and standard deviation**

As indicated in Annex I, the mean score of AIB on customized service is 4.07 with standard deviation of 0.691 whereas the mean of customized service offer of the Zemen Bank is 4.85 and with standard deviation of 0.376. On the other hand, the mean value and standard deviation of CBE is 4.19 and 0.718 respectively. This shows that the mean value of Zemen Bank accounts 4.85 and high deviation in CBE about 0.718.

In addition to this, as observed from Annex I, customize offerings to key customers of AIB is mean value of 3.77 and standard deviation of 0.858 while Zemen Bank has mean value score of 4.62 with standard deviation on customize offerings to key customers. Similarly, CBE has mean value of 3.88 and the standard deviations of 0.781 on the issue of customize offerings to key customers of the bank.

It can be inferred from this analysis, the mean value of Zemen Bank similarly high regarding customize offering to the key customers. On contrary, AIB is more deviated than the rest of the banks in delivering customize offerings to the key customers. Furthermore, AIB on modifying service mean value is 3.83 with standard deviation of 0.913 while Zemen bank average scores is 4.62 with standard deviation of 0.650, but CBE mean value score is 3.70 with standard deviation of 0.886. From this, it can be concluded that about modifying services to the customers among the banks. When we compare the mean score value of Zemen Bank is better regarding service modification upon the demand of the customers but the degree of deviation for AIB is higher than the two banks.

On the other hand, customer centric performance standard establishment in all touch point of the AIB mean score is 3.40 whereas the standard deviation is 1.07. Likewise, Zemen Bank mean value of performance standard establishments is 4.23 with standard deviation of 0.599 whereas the mean value score of CBE is 3.65 with the deviation of 0.855 for performance standard establishments in the bank. To this end, AIB standard deviation and Zemen Bank mean value score are similarly and higher than the two banks.

Moreover, the mean value for having clear business goals for AIB is 3.87 with standard deviation of 0.937 while mean value of Zemen Bank is 4.23 with standard deviation of 0.439 whereas the mean value score of CBE is 4.26 with deviation of 0.791. From this we can conclude that the average score of CBE is relatively better than AIB and Zemen Bank. But the level of deviation is high in AIB. The mean score value for AIB on training employee in the AIB is 3.57 with standard deviation of 1.278 whereas Zemen bank mean value score is 3.62 with 1.325 standard deviation of giving training to employee to develop their skills in customer relationship for the advancement of marketing performance. Additionally, the mean score of AIB in relation to hardware facility in the bank is very low (3.07) comparing with Zemen Bank mean value

which is 4.46 and mean value of CBE.

Finally, the mean value score of AIB is the smallest comparing with Zemen Bank which has mean value of 4.69 and 3.72 mean score value of CBE. On contrary, AIB has high deviation comparing with the two banks.

#### **4.11.2. Spearman rank correlation analysis of the banks**

The summary of Spearman correlation coefficient of the banks which consists of Awash International Bank, Zemen Bank and Commercial Bank of Ethiopia among twenty CRM explanatory variables and five explanatory of marketing performance. The positive correlation (+) shows an increase in values for one variable is associated with an increase in values for other variables. On the contrary, the negative correlation (-ve) shows an increase in values for one variable is associated with a decrease in values on another variable. The correlation coefficient between sales growth and customer expectation is 0.334. This shows that the sales growth of the bank increased while the customers' expectation when service exactly performed also high. On the other hand, the correlation coefficient between sales growth and maintaining comprehensive data base of customer is 0.356 which indicates that there is a positive correlation between maintaining customer database and sales growth.

The correlation coefficient between marketing strategy and sales and marketing expertise is 0.436. This reveals the existence of a significant positive correlation between the marketing strategy and having marketing expertise. There is a positive significant correlation coefficient between marketing strategy and individual customer information availability at every point of contact is 0.376.

This indicates, both marketing strategy and availability of information for individual customer positively supports the marketing strategy in attracting, promoting the services of the banks.

The correlation coefficient between market share and having sales and marketing expertise is 0.492. This indicates that, as the marketing share of the bank increase, similarly sales of the banks increased to succeed customer relationship management. Likewise, correlation coefficient between market share and providing channels to enable ongoing two-way communication between our key customers is 0.443, this show as the bank market share increases, the two way communication with customer increases. On the other hand, the correlation coefficient between market share and Customers expectation exactly when services will be performed is 0.464, this

depict that there is a significant positive correlation between market share and customers expectation exactly when services will be performed. There is a 0.400 correlation customer satisfaction and committing time and resources to managing customer relationships. This shows that, as the banks more committing time, customers' satisfaction also increased. In addition to this, there is a positive relationship between satisfying customers and ongoing two-way communication between key customers is 0.429. This shows that, as customer satisfaction is increased, banks more communicate on issues needs improvement by communicating with the customers. Moreover, there is a positive relationship between employee performance measurement and rewarded based on meeting customer needs and successfully serving them and customer retention is 0.439 a positive correlation coefficient. This implies that, as customer retention increased, the banks rewarding employees based on meeting customer needs.

Among those correlations between explanatory variables, the correlation between customize offerings through ongoing dialogue and customized service shows 0.584 correlation coefficient. This shows; the customizing services of the banks have positive relation with their marketing performance.

The positive correlation coefficient between customize offerings and customized service reveals that as the customized service increased their level of customer offerings through ongoing dialogue to key customers are also increased.

The other high correlation exists, between hardware facilities and maintaining comprehensive database of customers with a correlation. Coefficient of 0.721. This is due to; different hardware facilities supported mostly customer database which in turn simplify the access of customer database easily by the privileged person. On the other hand, there is negative correlation coefficient between employee training programs are designed to develop the skills required for acquiring and deepening customer relationships and treatment of key customers with great care is -0.005, which shows inverse relation. Thus we can infer from this as treatment of key customers increased whereas the bank lower the employee training and cost of training.



There is a significant correlation coefficient between having right software facilities and maintaining comprehensive database of customers which is 0.723. In reality, the existence of maintaining customer database more depends on the availability of software which supports the access of information. To this end, there is a strong positive correlation between having the right software and hardware facilities is 0.846, showing that the availability of software facilities directly support the availability of hardware unless the existence of software can't be more fruitful without hardware facilities.

#### **4.12. Data analysis quality assurance/reliability analysis**

As indicated under Annex III, there is high consistency among elements due to the alpha coefficient reached 0.917 and standardized item alpha reached 0.917. The researcher tested the validity of the criteria used in the study by using alpha coefficient and standardized item alpha. According to the stability coefficient Cronbach's Alpha (which measures the consistency and internal stability of elements measure the independent and dependent variables of the study) if the coefficient is less than 0.60, the consistency and internal stability is considered weak, if the coefficient varies between 0.60 and less than 0.80, it is considered as accepted But, if the Coefficient varies between (0.80 to 0.85), it is considered good.

In case the coefficient is higher than 0.85 to one, it is considered excellent. Generally speaking, the closer the Alpha coefficient is to integral one, the more it is considered consistent and internally stability Sekaran (1992). Thus, since the coefficient is 0.917 which is higher than 0.85. This study shows the consistency and internal stability of elements it's considered as excellent.

## **CHAPTER FIVE**

### **5. SUMMERY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. SUMMERY OF THE MAJOR FINDINGS**

The results of the study were obtained through a close ended questioners distributed to 100 customers Officers and 22 dichotomous questionnaires to managers of Awash International Bank, Zemen Bank and Commercial Bank of Ethiopia. The study tried to assess the relationship between Customer Relationship Management and Marketing Performance of the selected banks

in Addis Ababa. Based on the results of the study, the following conclusions were forwarded.

- The study indicated that there was no customer centric performance standard and supervision at all touches point of Zemen Bank.
- Majority of the banks are not solving problems in relation with technical support on utilization of computer technologies and banking technologies.
- The study also shows, there are variations among banks in providing technical support on utilization of computers and banking technologies
- Most of banks are exerted on increasing market share and sales growth to improve marketing performance.
- The study indicated that, three banks paid attentions to establish customer centric performance standards and supervision in all touch points of the banks.
- The study indicated that, customer retention strategy of AIB is not clearly implemented to have lifelong customer relationship.
- 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. Conclusion**

Based on the findings presented in the previous chapter, this chapter provides the conclusions reached as extent of CRM application and forward prospective measures that are aimed at moderating the prevailing deficiencies and further promote CRM practices of the Banks.

According to literatures, CRM involves cross-functional integration i.e. the integration of marketing, sales, customer service, IT and supply –chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value. To do so, organizing around CRM, focusing on key customers, utilizing customer data to build knowledge about them and enhancing technological capability as an enable is essential and imperative.

Based on this premises, the CRM practices of the three Banks have been assessed from four behavioral dimensions where both employees and customers of the selected sample grade IV branches are included.

Per the foregoing findings the following conclusions are drawn;

- In the CRM practices of the Banks technology-based CRM performance as observed from the level of automation in the service and other functions is low and in slack.
- In the Key customer focus dimension has been doing well in strengthening the emotional bonds with its customers, its practice in terms of applying differential pricing schemes and cross-selling products/services is low.
- Regarding the knowledge management dimension, performance as to undertaking lost customer survey and provision of service failure guarantee is low while the performance regarding a well-developed privacy policy that keeps customers dataconfidentiality is significant. This achievement leads to an average level of performance in this particular dimension.
- Concerning the aspects of organizing around CRM, CBE`s performance is significant having a top management that believes in building and maintaining customer relationship and customer relationship employees that are well informed of their customer

relationship responsibilities. In this dimension, the deficiency in performance is observed as to the handiness of the working procedures and the reliability of the services therein.

- Overall, Awash and zemen Bank performance in the extent to which it apply the four dimensions of the CRM in deploying CRM is nearly at the average level as observed by its customers. However, it is perceived to be slightly above the average level by its employees.
- Hence, it is confident to conclude that CBE`s level of CRM application is at the **average level**; the extent of application of the CRM organization dimension being the highest in achievement while the technology-based CRM practices are highly inadequate.

## 5.2. Recommendation

Based on the conclusion of the study, the researcher recommended the relationship between customer relationship management and marketing performance under this study; focusing on the key customers, organizational efficiency, customer knowledge management, customer relationship management based on technology and marketing performance. The three banks in

Addis Ababa should pay attention on customer relationship management as it was found to have a direct, strong, positive and statistically significant correlation with the marketing performance. Therefore, the researcher recommended the three banks should apply the following recommendations.

1. Emphasis the following activities towards focusing on key customers focus:

- They should apply effort in order to discover the needs of the key customers by applying different marketing strategies such as collecting feedback from the customer before and after delivering the service so the company should follow pulling marketing approach.
- They should give attention to provide services in line with the needs and specializations of the key customers. This can be applied by providing special corporate branches for those key customers.
- The marketing department of the three banks should show coordinated effort together with the employees to modify the service that the key customers need. Meaning the banks should use an integrated marketing mix for those key customers because the survival of the company's is dependent on by these key customers.
- The three banks should have dialogue with key customers in order to identify where the demand of key customers lies and offering customized services to them.
- It is important that all individuals in the three banks deal with great care with the main customers to gain their loyalty. In addition to this, the three banks should follow the 20% and 80% principles in order to give great emphasis for the key customers.

2. Organizational efficiency

- The three banks should give attention to enhance employee performance measurement and to reward them on basis of their level of achievement in succeeding customer services.
- The three banks should provide the necessary resources to enhance the skills of the employees to obtain customers and building harmonious relationships with them by analyzing the training gap needs and implement cost effective training program for better competitive advantages.
- It is necessary to assign clear business goals related to obtaining and attracting new

customers.

- The three banks should practice the necessary marketing experiences of banking and succeeding marketing performance.
- It is necessary to assign standards of customer centric performance and monitor them in all point of contact.
- The three banks should give more emphasis to time and other necessary resources to manage customer relationship.

### 3. Customer knowledge management:

- The three banks could provide ongoing two way communication to address different problems.
- The three banks should address problems related to the needs of the key customers.
- It is necessary to help customers exactly their expectation about the time of services' when their service is performed.
- The three banks should provide continuous two-way communication channels between the customers and themselves.

### 4. Incorporating Customer Relationship Management based Technology:

- The banks should maintain comprehensive databases of customers to improve their services.
- The banks should have necessary hardware and software facilities to address the dynamic need of customers towards advancement of banking technologies.
- The banks should be exerting more attention to provide individual customer information availability at every point of contact.
- It is necessary to adjust technical personnel support for utilization of computers and banking technologies to improve the capability of employees about the technologies.

### 5. Marketing performance :

- Banks should improve the marketing strategies to be profitable in the market since the industry is currently seeking stiff competition.

### **General recommendation**

- ❖ Emphasis should be paid to the presence of banking technologies, so that they are

supported with all information related to customers in order to address the demand of customers.

- ❖ It is necessary to disseminate practices of marketing through harmonious relationships based on the presence of lifelong relationships with the customer through total commitment to satisfy his/her needs towards the concerns of quality on the part of each individual in the banks of Addis Ababa.
- ❖ Customer-orientation through building relationships and directing the resources of the banks in Addis Ababa towards achieving the objectives and the needs of the customers and measuring the ability to provide a value for the customer to develop marketing practices.
- ❖ Attentions should be paid in continuous supervision and monitoring the quality of services that the key customers need.

### **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 study.
- In addition to this, variables which are not included under this study such as enhancing the standard sales growth and adding the net profit standard to sales.
- Furthermore, further researchers can be conduct research as banks in Ethiopia or regional wise.

## REFERENCE

- ✓ Abbott, J., Stone, M., & Buttle, F. (2001). Customer relationship management in practice- a qualitative study, *Journal of Database Marketing*, 9(1), 24-34.
- ✓ Agarwal, A., Harding, D. P., & Schumacher, J. R. (2004). Organizing for CRM. *Mckinsey Quarterly*, 3, 8091.
- ✓ Ahmed, Pervaiz K., and Mohammed Rafiq (2003), "Internal Marketing Issues and Challenges", *European Journal of Marketing*, 37 (9), 1177-1186.
- ✓ Arnett, B.D. and Badrinarayanan, V. (2005), "Enhancing Customer-Needs-Driven CRM Strategies: Core Selling Teams, Knowledge Management Competence, and Relationship Marketing Competence", *Journal of Personal Selling & Sales Management*, XXV (4), 329-343.
- ✓ Bellenger, D.N., Johnston, J.W. and Zablah, A.R., 2004, "An evaluation of divergent perspective on customer relationship management: Towards a common understanding of emerging phenomenon", *Industrial Marketing Management Journal*, Vol.33 pp.475-489
- ✓ Berry, Leonard L. 1983. "Relationship Marketing," in *Emerging Perspectives on Services Marketing*, Leonard L. Berry, G. Lynn Shostack, and Gregory Upah, eds. Chicago: American Marketing Association, pp. 25-28.
- ✓ Berry, L. L. & Parsuraman, A. (1991) *Marketing Services – Competing Through Quality*, New York: Free Press.
- ✓ Bitner, M. J. (1995, Fall) "Building Service Relationships: It's All about Promises." *Journal of the Academy of Marketing Science*, pp. 246-251. MCP Up Limited.
- ✓ Bose, R. (2002), "Customer relationship management: Key components for IT success", *Industrial Management & Data Systems*, Vol. 102 No. 2, pp. 89-97.
- ✓ Boyle, M.J. (2004). Using CRM software effectively. *CPA Journal*, 74 (7), 17.
- ✓ Brookes, R. W., Brodie, R. J., and Lindgreen, A. (2000), "Contemporary marketing practice: understanding the trend towards the increased focus of financial accountability and value management", invited paper in Gummesson, E., Liljegren, G. and Feurst, O. (Eds.), *Proceedings of the 8th International Colloquium in Relationship Marketing: Return on Relationships*, 7-9 December, Stockholm University, Stockholm.
- ✓ Brown, Stanley A. (2000), *Customer Relationship Management: A Strategic Imperative in the World of E-Business*, Toronto: John Wiley & Sons.



- ✓ Bull, C. 2003, “strategic issues in customer relationship management (CRM) implementation” *business process management journal*, 9 (5).
- ✓ Butler, S. (2000). Changing the game: CRM in the E-world. *Journal of Business Strategy*, 21(2) 13-14
- ✓ Buttle F. (2004), *Customer Relationship Management: Concepts and Tools*, Elsevier, UK.
- ✓ Chang, H. H. (2007), Critical factors and benefits in the implementation of customer relationship Management, *Total Quality Management Journal*, 16(3), pp. 484.
- ✓ Chen, J.I. and Popovich, K. (2003), “Understanding Customer Relationship Management (CRM): People, Process, and Technology”, *Business Process Management Journal*, 9(5), 672-688.
- ✓ Chou, C.D., Lin, B., Xu, Y. and Yen C.D., 2002, “Adopting customer relationship management technology, *Journal of industrial management and data systems*, Vol.102, No.8, pp.442-452
- ✓ Couldwell, C., 1998, *A Data Day Battle*, *Computing*, 21 May, 64–66.
- ✓ Credit Process Procedure of CBE -Volume I, *August 2009*
- ✓ Crosby, L. A. & Stephens, N (1987, November) “Effects of Relationship Marketing and Satisfaction, Retention, and Prices in the Life Insurance Industry.” *Journal of Marketing Research*, pp. 404-411.
- ✓ Crosby, L. A., Evans, K. R., & Cowles, D (1990, April)” Relationship Quality in Services Selling--An Interpersonal Influence Perspective.” *Journal of Marketing*, 52, 21-34.
- ✓ Crosby, L.A. and S.L. Johnson (2001), “High Performance Marketing in the CRM Era”, *Marketing Management*, 10 (3).
- ✓ Croteau, M.A. and Li, P. (2003), “Critical Success Factors of CRM Technological Initiatives”, *Canadian Journal of Administrative Sciences*, 20(1), 21-34.
- ✓ Das, k., Parmar, J. and Sadanand, K.V. (2009), “Customer relationship management (CRM) best practices and customer loyalty; a study of Indian retail banking sector”, *European Journal of Social Sciences*, No. 1, pp. 61-85
- ✓ Day, G. S. (2000), "Managing market relationships," *Journal of the Academy of Marketing*
- ✓ *Science*, Vol. 28, No. 1, pp. 24-30.

- ✓ Day, G.S. (2003). Creating a superior customer-relating capability. *MIT Sloan Management Review*, 44(3), 77-82.
- ✓ Dwyer, F. R., Schurr, P. H., & Oh, S. (1987, April) "Developing Buyer-Seller Relationships." *Journal of Marketing*, 51, 11-27.
- ✓ Dyche, J. (2002), *The CRM Handbook: A Business Guide to Customer Relationship Management*, Upper Saddle River, NJ: Addison-Wesley.
- ✓ Formant, C. (2000). *Customer acquisition and CRM: A financial services perspective*. In S. A.
- ✓ Fox, T. and Stead, S. (2001). Customer Relationship Management: Delivering the Benefits, White Paper, CRM (UK) and SECOR Consulting. *New Malden*.
- ✓ Frow, P. and Payne, A. (2005). A Strategic Framework for Customer Relationship Management, *Journal of Marketing*, 69 (4), 167-176.
- ✓ Galbreath, J. and Rogers, T. 1999, "Customer relationship leadership", *TQM magazine*, Vol. 11 No. 3, pp. 161-71.
- ✓ Ganesan, S. (1994, April), "Determination of Long-Term Orientation in Buyer Seller Relationships." *Journal of Marketing*, 58, 1-19.
- ✓ Gidey, B. (1987), *Currency and Banking in Ethiopia*.
- ✓ Griffin, J. and Lowenstein, W. M. (2001), *Customer Win back: How to Recapture Lost Customers – And Keep Them Loyal*, San Francisco: Jossey-Bass.
- ✓ Gronroos, C. (1990), *Service Management and Marketing: Managing the Moments of Truth in Service Competition*, Lexington Books, Lexington, MA
- ✓ Gronroos, C. (1994), 'From marketing mix to relationship marketing.' *Management Decision*, 32(1):4-20.
- ✓ Grönroos, C. (2000), *Service Management and Marketing: A Customer Relationship Management Approach*, 2nd ed., John Wiley & Sons, Chichester.
- ✓ Gummesson, E. (2004). Return on relationships (ROR): The value of relationship marketing and CRM in business-to-business contexts. *The Journal of Business and Industrial Marketing*, 19(2), 136-148.
- ✓ Hammer, M. & Champy, J. (1993) *Reengineering the Corporation: A Manifesto for Business Revolution* (Harper Business).

- ✓ Hansotia, B. (2002), “Gearing up for CRM: Antecedents to successful implementation”, *Journal of Database Marketing*, 10(2), 121-132.
- ✓ Harding, D., Cheifetz, D., DeAngelo, S. & Ziegler, E. (2004). CRM’s silver lining. *Marketing Management*, 13 (2), 27.
- ✓ Hoffman, T., & Kashmeri, S. (2000).Coddling the customer.*Computer world*, 34 (50), 58-60.
- ✓ Homburg, Christian, John P. Workman, Jr., and Ove Jensen (2002), “A Configurational Perspective on Key Account Management”, *Journal of Marketing*, 66 (2), 38–60.
- ✓ Homburg, C., Hoyer, D. W., Stock. M.R. (2007), “How to Get Lost Customer Back?: A study of antecedents of relationship revival”, *Journal of the Academy of Marketing Science*, 35, 461-474.
- ✓ Iacovou, M., Bendasat, I., and Dexter, A.S. (1995), “Electronic Data Interchange and Small Organizations: Adoption and Impact of Technology”, *MIS Quarterly*, 19(4), 465-485.
- ✓ Janz, B. D., and Prasarnphanich P. (2003),”Understanding the Antecedents of Effective Knowledge Management: The Importance of a Knowledge-Centered Culture”, *Decision Sciences*, 34 (2), 352–384.
- ✓ Kalustian, J., Lombardi, B., & Fletcher, W. (2002).CRM checklist for success. *Pharmaceutical Executive*, 22(2), 64-6.
- ✓ Kotler, P. (1997), *Marketing Management: Analysis, Planning, Implementation, and Control*,9th ed., Prentice-Hall, Upper Saddle River, New Jersey.
- ✓ Kumar, C., Reinartz, W. (2006), *Customer Relationship Management: A Database Approach*. New York: JohnWiley.
- ✓ Lamparello, D. (2000)”Doing more for the right customers”, *Bank Systems and Technology*, 37(1), R10-R11.
- ✓ Levitt, T. (1983, September-October), “After the Sale is Over.” *Harvard BusinessReview*, pp. 87-93.
- ✓ Melnick, E. L., Nayyar, P. R., Pinedo, M. L., &Seshadri, S. (Eds.). 2000. *Creating value in financial services: Strategies, operations and technologies*. Norwell, MA:Kluwer Academic Publisher.

- ✓ McKenzie, J. (2001), Serving Suggestions. *Financial management (CIMA)*, Dec 2001, 26-27.
- ✓ Miaoulis, George, and R. D. Michener. 1976. *An Introduction to Sampling*. Dubuque, Iowa: Kendall/Hunt Publishing Company
- ✓ Nana, G. ( 2008, June ), “Policy initiatives for improved financial service provision: the case of Ethiopia”, *National Bank of Ethiopia*,1-12
- ✓ National Bank of Ethiopia (NBE) Quarterly bulletin, 2<sup>nd</sup> quarter 2009/2010
- ✓ Nunnally, Jum C. (1978), *Psychometric Theory*, New York: McGraw-Hill.
- ✓ O’halloran, J.P., & Wagner, T.R. (2001).The next frontier, *Journal of Business Strategy*, 22(3), 28-33.
- ✓ Onut, S. Erdem, I. & Hosver, B.,” Customer Relationship Management in Banking Sector and A Model Design for Banking Performance Enhancement”
- ✓ Paracha, B., & Bulusu, A. (2002).Effectively integrating the components of CRM.*Customer Interaction Solutions*, (April), 34-6.
- ✓ Parvatiyar, A. and Sheth, J. N. (2000), "Conceptual framework of customer relationship management", in Sheth, Parvatiyar and Shainesh (Eds.), *Customer Relationship Management: Emerging Concepts, Tools and Applications*, Tata McGraw Hill, New Delhi, pp. 3-25.
- ✓ Parvatiyar, A and Sheth, J. N. (2001, 2002), “Customer Relationship Management: Emerging Practice, Process, and Discipline”, *Journal of Economic and Social Research* 3(2), pp.1-34
- ✓ Parvatiyar (Eds.), *Handbook of Relationship Marketing* (pp. 565-586). Thousand Oaks, CA: Sage Publications.
- ✓ Patton,M. Q. (1990). *Qualitative Evaluation and ResearchMethods*. 2<sup>nd</sup>ed, Sage, Newbury Park, CA
- ✓ Peppers, D. & Rogers, M. (1993) *The One to One Future: Building Relationships One Customer at a Time*. New York: Doubleday
- ✓ Peppers, D., Rogers, M., and Dorf, D. (1999), “Is Your Company Ready for One-to-One Marketing?” *Harvard Business Review*, 77(1), 151-160.
- ✓ Rababah, K., Mohd, H. and Ibrahim, H. (2011), “Customer Relationship Management (CRM) Processes from Theory to Practice: The Pre-implementation Plan of CRM

System”, *International Journal of e-Education, e-Business, e-Management and e-Learning*, Vol. 1 pp.22-27

- ✓ Reichheld F. F. (1996); *The Loyalty Effect*. Boston, MA: Harvard Business School Press
- ✓ Rigby, D., Reichheld, F., and Schefter, P. (2002), Avoid the Four Perils of CRM. *Harvard Business Review*, 80(2), 101.
- ✓ Rust, R.T. and Zahorik, A.J. (1993), "Customer satisfaction, customer retention, and market share”, *Journal of Retailing*, 69, 193-215.
- ✓ Ryals. L. and Knox, S. "Cross-Functional Issues in the Implementation of Relationship Marketing Through Customer Relationship Management," *European Management Journal*, vol. 19, p. 534-542, 2001.
- ✓ Sadek, H., Youssef, A., Ghonei, A., & Tantawi, P. (2011), "Measuring the effect of customer relationship management (CRM) components on the non-financial performance of commercial banks: Egypt case”, *European, Mediterranean & Middle Eastern Conference on Information Systems, 30-31 May, Athens, Greece*, pp.432-451
- ✓ Sandoe, K., Corbitt, G., and Boykin, R. (2001). *Enterprise Integration*. John Wiley & Sons, New York, NY.
- ✓ Seybold, P. B., & Marshak, R. T. (1998). *Customer.com: How to create a profitable business strategy for the Internet and beyond*. New York: Random House.
- ✓ Sin, L. Y., Tse, A. C., and Yim, F. H. (2005), "CRM: Conceptualization and scale development”, *European Journal of Marketing*, Vol. 39 No. 11/12, pp. 1264-1290
- ✓ Sheth, J. N. & Sisodia, R. S. (1995) "Improving Marketing Productivity.” In J. Heilbrunn (Ed.), *Encyclopedia of Marketing in the Year 2000*. Chicago, IL: American Marketing Association/NTC Publishing.
- ✓ Sheth, J. N., and Sisodia, R. S. (1999), "Revisiting marketing's generalizations", *Journal of Academy of Marketing Science*, Vol. 27, No. 1, pp. 71-87.
- ✓ Sheth, J.N., Sisodia, R.S., & Sharma, A. (2000). The antecedents and consequences of customer-centric marketing. *Journal of the Academy of Marketing Science*, 28(1), 55-66.
- ✓ Storbacka, K. (2000) "Customer Profitability: Analysis and Design Issues.” In J. N. Sheth & A.
- ✓ Thomas, S.J., Blattberg, C.R., and Fox, J. E. (2004), "Recapturing Lost Customers”, *Journal of Marketing Research*, XLI, 31-45.

- ✓ Tiwana, A. (2001). *The Essential Guide to Knowledge Management: E-business and CRM Applications*. Upper Saddle River, NJ: Prentice-Hall.
- ✓ Tokman, M., Davis, L.M., and Lemon, N.K. (2007), “The WOW Factor: Creating Value through Win-Back Offers to Reacquire Lost Customers”, *Journal of Retailing*, 83(1), 46-64
- ✓ Vandermerwe, S. (2004).Achieving deep customer focus.*MIT Sloan Management Review*,45(3), 26 -34.
- ✓ Yim F. N., Anderson R. E., and Swaminathan S. (2004), Customer Relationship Management: Its Dimensions and Effect on Customer Outcomes, *Journal of Personal Selling & Sales Management*, vol. XXIV, no. 4 (fall 2004), pp. 263–278.
- ✓ Zablah, A.R., Bellenger, D.N. & Johnston, W.J. (2004a) \_An Evaluation of Divergent Perspectives on Customer Relationship Management: Towards a Common Understanding of an Emerging Phenomenon‘, *Industrial Marketing Management*, **33**(6):475-489.
- ✓ Zikmund, W. G. (2003), *Business research methods*, Singapore: Thomson Learning.
- ✓ [WWW.combank.com](http://WWW.combank.com)
- ✓ [WWW.managementstudyguide.com](http://WWW.managementstudyguide.com)

## References