



ST. Mary's University

Department of Marketing Management

The Application of Customer Relationship Management

And it's Effect on Loyalty: The Case of Dashen Bank

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**The Application of Customer Relationship Management and its Effect on
Loyalty: The Case of Dashen Bank**

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**A Thesis Submitted to the St. Mary's University School of Graduate Studies
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St. Mary's University School of Graduate Studies

**The Application of Customer Relationship Management and its Effect on
Loyalty: The Case of Dashen Bank**

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Statement of Certification

This is to certify that **Daniel Feleke Bogale** has carried out his research work on the topic entitled **The Application of Customer Relationship Management and its Effect on Loyalty: The Case of Dashen Bank**. The work is original in nature and is suitable for submission for the award of Master's Degree in Marketing Management.

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Statement of Declaration

I Daniel Feleke declare that **The Application of Customer Relationship Management and its Effect on Loyalty: The Case of Dashen Bank** Research is wholly the work of mine. I have carried out the present study independently with the guidance and support of the research advisor, **Dr. Shiferaw Mitiku**. 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 Master's Degree in Marketing Management.

Daniel Feleke Bogale

Date: _____

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The Researcher

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Acronyms and Abbreviation

DB – Dashen Bank

CRM – Customer Relationship Management

SPSS- Statistical Package for Social Science

Abstract

CRM in banking industry is entirely different from other sectors, because banking industry is purely related to financial services, which needs to create trust among the people. So applying CRM is mandatory for the bank to have loyal customers. This research aimed to assess the extent to which DB applied CRM practices across four dimensions (Key customer focus, Knowledge Management, CRM Organization & Technology based CRM) and its effect on customer loyalty. To determine the extent of the application of CRM dimensions (Key customer focus, knowledge management, CRM organization and technology based CRM) in Dashen Bank. The target population of study comprises of all customers of Dashen Bank operating in Addis Ababa. All personal and/or commercial customers who use Dashen Bank included in the study. Total number of the customers of Dashen Bank is about (1,527,099) and the total number of Addis Ababa branch customer is about 803,528 For this research 385 questionnaires were distributed the selection of the sample has through non-probabilistic sampling technique of convenience sampling because all the population of the bank cannot be available and 370 (90%) were returned back for analysis. Data were collected from DB customers by distributing questionnaires which measured their agreement and disagreement on CRM activities of the bank and their level of loyalty to the bank by using five point Likert scale. The collected data was presented and analyzed by using statistical package for social science (SPSS) version 20.0 software using graphs, tables and other descriptive statistics (mean, standard deviation) and inferential statistics (correlation and regression) as appropriate. Since there is little understanding about the extent of customer loyalty in this particular bank higher officials, that the researcher discuss with From the analysis the researcher recommend DB should give priority for the application of technology based CRM dimension than other dimensions because this dimension has high effect on customer loyalty.

Key words: Relationship Marketing, Key customer Focus, Knowledge management, Technology, organization and Customer Loyalty.

CHAPTER ONE

INTRODUCTION

This chapter introduces the reader to the study of the application of CRM and its effect on loyalty in Dashen Bank sc. In addition the statement of the problem, basic research questions, objective of the study, definition of terms, significance of the study, scope of the study, limitation of the study and organization of the study are discussed.

1.1 Background of the Study

There has been a shift from a transaction to relationship focus in marketing. Customers become partner and the firm must make long- term commitments to maintaining those relationships with quality, service and innovation. Relationship marketing essentially represents a paradigm shift with in marketing- away from an acquisition/transaction focus toward a retention/relationships focus. Relationship marketing (relationship management) is a philosophy of doing business, a strategic orientation, which focuses on keeping and improving current customers rather than on acquiring new customers. This philosophy assumes that many consumers and business customers prefer to have an ongoing relationship with one organization than to switch continually among providers in their search for value. Building on this assumption and the fact that it is usually much cheaper to keep a current customer than to attract a new one, successful marketer are working on effective strategies for retaining customers (Jo Bitner, 2003)

The first three steps in the marketing process understanding the marketplace and customer needs, designing a customer-driven marketing strategy, and constructing a marketing program-all lead up to the fourth and most important step: building profitable customer relationships. Customer relationship managements perhaps are the most important concept of modern marketing. Some marketers define it narrowly as a customer data management activity (a practice called CRM). By this definition, it involves managing detailed information about individual customers and carefully managing customer “touch points” to maximize customer loyalty. Most marketers, however, give the concept of customer relationship management a broader meaning. In this broader sense, customer relationship management is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and

satisfaction. It deals with all aspects of acquiring, keeping, and growing customers. (Philip Kotler, Gary Armstrong, 2012)

1.2 Statement of the Problem

Today, suppliers of industrial and consumer goods market face with customers who have unlimited demands but less are influenced by traditional marketing tools. On the other hand, there is no big difference between market goods from customers' perspective. If a customer does ask for a brand name which is not available, he can easily substitute other brands. This represents a decrease in customer loyalty. Price competition has lost its previous meaning and market-oriented and customer-oriented organizations try to maintain and increase customer loyalty as a new marketing tool rather than competing on price.

In the banking industry, offering quality services is very important to create closer relationship with the entire customers. Quality of services has the power to create customer satisfaction. On the other hand poor quality of services results in customer dissatisfaction and customer defection by going to other competitors.

Customer relationship marketing should be directed towards all customers of the bank. Most banks are characterized by having both profitable and unprofitable customers, where the former subsidize the latter. Retaining the profitable customers has become increasingly difficult in a competitive environment where other financial institutions specialize in offering attractive services and prices to this rewarding segment.

There is, however, a lack of research on how relationship marketing activities affect relationship outcomes like customer loyalty in the target segment.

Sustainable and continuous survival of an organization mainly depends on its business relation with its customers. When business firms direct their resources and all their efforts for better accomplishment of their intended purposes, growth and profitability is entirely influenced by the quality and reliability of their service. These could be done through delivering a service that could increase the acceptance of the organization in the face of the customers.

To do all the above mentioned issues, organizations need some mechanisms that could increase customer loyalty in a coordinate and change oriented bases. One of the mechanisms that can give such benefit is relationship marketing.

The application of customer relationship marketing is crucial in these days. Because a fierce competition all over the world and the effect of globalization, being reluctant to accept relationship marketing cost the organization a big deal of lose in many directions; losing a potential customers and market share, letting down the reputation of the organization, lagging behind industry leaders, shortage of information from customers that could give big advantage, failure of employees to understand customers nicely and many more have the negative impact.

So, the main reasons that initiate the researcher to conduct this research his that there are little researches which are conducted on this topic independently and in detail before to indicate the impact of relationship marketing on customer loyalty in the banking industry in Ethiopia, specifically in Dashen bank S.C. The aim of this study is to investigate the relationship marketing dimensions such as CRM organization, key customer focus, knowledge management, and technology based CRM, of Dashen Bank, in order to discover whether these dimensions has had the intended strengthening effect on customer loyalty.

1.3 objectives of the study

The study was undertaken to investigate the relation between CRM and loyalty.

1.3.1 General Objectives

The general objective of this study is to determine the extent of the application of CRM dimensions and measure their effect on loyalty.

1.3.2 Specific objectives

The specific objectives of the study are:

- ✓ To determine the extent of the application of CRM dimensions (Key customer focus, knowledge management, CRM organization and technology based CRM) in Dashen Bank.
- ✓ To determine the effect of each CRM dimensions (Key customer focus, knowledge management, CRM organization and technology based CRM) in building customer loyalty in Dashen Bank.
- ✓ To evolves marketing strategies to improve on CRM practices of Dashen Bank.

1.4 Research Questions

- 1) What is the extent of the application of the CRM dimensions (Key customer focus, knowledge management, CRM organization and technology based CRM) in Dashen Bank?
- 2) What is the level of customer's loyalty at Dashen Bank?
- 3) What is the effect of key customer focus dimension on building loyal customer?
- 4) What is the effect of knowledge management dimension on building loyal customer?
- 5) What is the effect of CRM organization dimension on building loyal customer?
- 6) What is the effect of technology based CRM dimension on building loyal customer?

1.5 Significance of the study

This study expected to contribute to the theoretical and methodological study of CRM practices. The study also contribute for Dashen Bank s.c to identify the dimensions of CRM which are done properly and which need further improvement to a successful implementation of CRM across the four dimensions and their effect on customer loyalty. In addition this paper give insights to other researchers who want to assess the level of the application of CRM and its effect on loyalty in the banking industry or other related businesses.

1.6 Scope of the study

The study assess branches of Dashen Bank sc. that are found only in Addis Ababa having higher grade(Grade IV) per the Bank's branch rating scheme. This is limit the area of the study by discriminating those branches of Dashen Bank s.c found in remote areas and those in Addis

Ababa but with lower grades. The other factor is time bound, variable of interest and unit of study.

1.7 Organization of the Study

The study comprises five chapters. In chapter one, background of the study, statement of the problem, research questions, and research objectives, significance of the study, definition of terms, scope and limitations of the study included. In chapter two the review of literature in the area of CRM discussed. In the third chapter the methodology part discussed. In chapter four the analysis and interpretation of the study discussed. Finally in chapter five the summary, conclusion and recommendations are presented then reference and questionnaires which are used for the study attached.

1.8 Definition of Terms

Customer Relationship Management (CRM) is defined as a strategic approach that enables organizations to use internal resources (i.e. Technology, people, and process) to manage the relationship with customers for the whole of their life cycles, in order to create a competitive advantage and improve an organization's performance.(, Garyarmstrong ,2012)

Customer loyalty- customer loyalty is as “a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situation influences and marketing efforts having the potential to cause switching behaviors”.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURES

In this chapter theoretical review, empirical review and conceptual framework of the study discussed.

2.1 THEORETICAL LITERATURE REVIEW

2.1.1 Meaning of CRM

Customer Relationship Management (CRM) “is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by IT” (Buttle, 2004). CRM is a business strategy to identify, cultivate, and maintain long-term profitable customer relationships. It requires developing a method to select your most profitable customer relationships (or those with the most potential) and working to provide those customers with service quality that exceeds their expectations (McDonald, 2002)

An organization’s survival depends largely on harmonious relationships with its stakeholders in the market. Customers provide the ‘life-blood’ to the organization in terms of competitive advantage, revenue and profits. Managing relationships with customers is imperative for all types and size of service organizations. A sound base of satisfied customers allows the organization to move on the path of growth, enhance profitability, fight out competition and carve a niche in the market place. Bennett (1996) described that CRM seeks to establish long term, committed, trusting and cooperative relationship with customers, characterized by openness, genuine concern for the delivery of high quality services, responsiveness to customer suggestions, fair dealings and willingness to sacrifice short term advantage for long term gains. Schneider and Bowen (1999) advocated that service business can retain customers and achieve profitability by building reciprocal relationships founded on safeguarding and affirming customer security, fairness and self-esteem.

It requires that companies view customers as people first and consumers second. Trust, commitment, ethical practices, fulfillment of promises, mutual exchange, emotional bonding, personalization and customer orientation have been reported to be the key elements in the relationship building process (Gummesson,1994; Bejouet *al*,1998).

CRM refers to all business activities directed towards initiating, establishing, maintaining, and developing successful long-term relational exchanges (Heide, 1994; Reinartz and Kumar, 2003). One of the results of CRM is the promotion of customer loyalty (Evans and Laskin, 1994), which is considered to be a relational phenomenon, (Chow and Holden, 1997; Jacoby and Kyner, 1973; Sheth and Parvatiyar, 1995; cited by Macintosh and Lockshin, 1997). The benefits of customer loyalty to a provider of either services or products are numerous, and thus organizations are eager to secure as significant a loyal customer base as possible. Recent developments in Internet technology have given the Internet a new role to facilitate the link between CRM and customer loyalty (Body and Limayem, 2004). It is common knowledge that a dissatisfied and unhappy customer will share his unfortunate experience more than a satisfied customer. It is also observed that a fraction of unhappy customers choose to complain while others simply switch their loyalty to others service providers. Loss of customer is loss of business along with the opportunity for business growth and profitability. Feedback collection from the customer is essential for the supplier to ascertain customer satisfaction and scope for improvisation (Sugandhi, 2002).

The fundamental reason for companies aspiring to build relationships with customers is economic. For survival in the global market, focusing on the customer is becoming a key factor for companies big and small. Establishing and managing a good customer relationship is a strategic endeavor. Having a CRM software installed does not ensure a successful customer relationship. For this to happen business processes and company culture have to be redesigned to focus on the customer. CRM software can be only a tool to implement a customer strategy. It is known that it takes up to five times more money to acquire a new customer than to get an existing customer to make a new purchase. Improving customer retention rates increases the size of the customer base. Thus, customer retention is essential.

It is worth noting that the concept of CRM can be defined in different ways. It also means different things to different people; depending on the working environment it has been used in.

(Baranet *al.*, 2008; Dimitriadis and Steven, 2008; Piskar and Faganel, 2009). Therefore, there is no single correct definition of CRM (Abdullatifet *al.*, 2010; Hamid, 2009; Nagi, 2005). However, to enrich the literature about CRM, this study will define it as " a strategic approach that enables organizations to use internal resources (i.e. Technology, people, and process) to manage the relationship with customers for the whole of their lives cycles, in order to create a competitive advantage and improve an organization's performance"

As indicated by Winer (2001), "CRM means different things to different people." In fact, some even say that "there is little doubt that CRM as a field of study and practice suffers from a lack of scope and definition" (Tanner, 2005). Zablahet *al.* (2004), in their evaluation of perspectives on CRM, identified more than forty distinct definitions of CRM in literature. They indicate that "CRM literature appears to be inconsistent and is highly fragmented due, primarily, to the lack of a common conceptualization." Based on their evaluation, they propose that "the phenomenon is best conceptualized as an ongoing process that involves the development and leveraging of market intelligence for the purpose of building and maintaining a profit-maximizing portfolio of customer relationships." Similar conclusions, although formulated in various different ways, about the contents and focus of CRM can be found in recent literature. For instance, Mitussiset *al.* (2006) indicate that the focus of CRM is on managing relationships with the end consumer. Or, as Kamakura *et al.* (2005) formulate it: "Customer relationship management CRM typically involves tracking individual customer behavior over time, and using this knowledge to configure solutions precisely tailored to the customers' and vendors' needs." Overall, the key words seem to be: maximizing profit by recognizing, knowing, addressing and serving your customers. As such, CRM is usually seen as a process. However, as indicated by Zablahet *al.* (2004), "when viewed as a process, CRM has been defined at two different levels of aggregation." These two levels refer to either CRM as a strategy, or CRM as a philosophy.

If you address CRM as a strategy, supported with technology, it is all about high level processes dedicated to assessing and prioritising customers based on their life time value. The focus of this type of CRM programs/efforts is on building the most profitable types of relationships with specific categories of customers. For some categories this could even mean not to build a relationship at all (see e.g. the work by Kracklaueret *al.* 2001; Verhoef and Donkers, 2001).

However, if you address CRM as a philosophy, it is all about creating customer value. This can only be done if interactions are viewed within the context of an ongoing relationship (Zablahet *al.* 2004). Building and maintaining these relationships can be quite a complex process. As indicated by Tanner (2005), “in some cases, the seller’s propensity to relate is much stronger than that of the buyer, and in other situations, the opposite is true.”

Successful CRM, from the perspective of addressing it as a philosophy at the (tactical) process level, requires more than assessing and prioritising. And it is certainly more than simply a technological tool that enables firms to build and maintain customer relationships. In fact, the philosophy, or capability, perspective on CRM “suggests that to build long-term, profitable relationships, it is critical that firms’ day-to-day activities be driven by an understanding of customers’ evolving needs” (Zablahet *al.* 2004). The consensus in recent literature clearly is that you cannot do that only with technology (see e.g. the work by Day and Van den Bulte, 2002; Reinartz *et al.* 2003; Chen and Popovich 2003). Key concepts from relationship marketing, such as trust, mutuality, promise keeping and dialogue (Grönroos, 1994) cannot be handled completely and incorporated in CRM programs with only databases and smart manipulation of the data as your tools (O’Malley and Mitussis, 2002).

Sheth, Parvatiyar and Shainesh (2001) defined the Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer.

Customer relationship management as “a business strategy that aims to create in enterprise the information technologies which will help the management system listen to the customers, be customer-based and offer the customers perfect products and service, and aims to make the whole staff in the enterprise able to conduct customer-based team work.

Customer relationship management is a concept that aims at making long-term customer relationships and profitability, and this concept serves as a bridge between marketing strategies and information technologies. customer relationship management is an enterprise strategy necessary to secure a proper, useful and consistent communication with each customer irrespective of the means of communication To Odabaşı (2000), “customer relationship

management is a process by which to obtain enough information about the existing customers, use this information for incentive of the sales to be repeated, and enable a relationship that will be continuous.” Cirik (2001): “Customer relationship management means following all the information about the customers through special software and seeing all that information with just one key at will.” Doug, (2002): “Customer relationship management is a business strategy that allows the enterprise to follow its customers, revenues and expenses, also enabling it to focus on target market opportunities.” Demirel, (2003): “Customer relationship management is a philosophy of working that should be extended to the whole of the firm.” Bozgeyik, (2005): “Customer relationship management is a customer-based relationship management philosophy that enables the coordination and cooperation between all the departments, customers and business associates as a front office practice (marketing, selling and customer service) and back office practice (accounting, production and logistics).

2.1.2 Objective of CRM

The basic objective of the customer relationship management is to create customer loyalty. Besides, the objectives of customer relationship management can be listed as follows: to make the customer relationships profitable; to form and preserve long-term and profitable relationships with customers; to increase the productivity of the firm; to create differentiation; to meet the customer demands; to enable cost minimization and harmonious activities. As a result, customer relationship management is an approach that makes it necessary to form long-term relationships with customers for the purpose of increasing the profitability and productivity of the enterprise and to make use of technology for this purpose. The enterprises should pay attention to the following issues so as to improve their relationships with customers: (Holloway, 2002) Recognizing the customers, distinguishing the customers, listening to the customers, making all sorts of contacts with the customers, Enterprise identifying itself with the customer, Adapting to the customers.

Creating maximum benefit from customer relationship management depends on its right management. A consistent customer relationship management may also bring about the following benefits: (Odabaşı, 2000). Increase in the cross-sales, Reduction in customer disagreements, High level of customer satisfaction and loyalty, Reduction in procedure costs,

Ability to form close contacts and relationships with customers in terms of technologic, informatics and social terms.

Offering a big advantage of competition to the enterprises, Forming a learning relationship with each customer provides the enterprises the opportunity to find new products/service for their customers. Thus, the enterprise may have the ability to perceive and meet the needs of its customers before its rivals. Loyal customers may be a reference for the potential customers. The cost of gaining a new customer is higher than that of retaining the existing customer.

Improvement of customer loyalty increases the rate of staff's loyalty.

Customer relationship management is grounded on the idea of establishing a learning relationship with each customer. As a result of the learning relationship with each customer, the enterprise may learn the expectations and needs of its customers more easily and meet these expectations just in time, also acquiring an advantage of competition. In a learning relationship, the customer tells the enterprise his/her needs and expectations, and the enterprise may be able to meet these needs and expectations through its products and services. The enterprise may be offering its customers a similar kind of consumption and interaction with its rivals. Since the enterprise will have better information about its customers through the learning relationship it has developed, it will differentiate the enterprise from its rivals. (Peppers, 1999)

2.1.3 Dimensions of CRM

Undoubtedly, CRM has recently become one of the most controversial issues and a focal-point in the business field (Balaram and Adhikari, 2010; Becker *et al.*, 2009; Dimitriadis and Steven, 2008; Ozgener and Iraz, 2006).

It is worth mentioning that CRM is mainly based on the belief that establishing a sustainable relationship with customers is the cornerstone for obtaining loyal customers who are much more profitable than non -loyal ones (Dowling, 2002).

In this regard, the successful implementation of CRM strategy will be of great benefit to the organizations, adopting it, as such organizations can reap the benefit of increasing sales through

better market segmentation, customizing products and services, obtaining higher quality products, gaining access to information and employee satisfaction, and above all, ensuring long-lasting customer-retention and loyalty (Alomtairi, 2009; Ozgener and Iraz, 2006; Stockdale, 2007; Verma and Chandhuri, 2009). Moreover, we have to bear in mind that recent studies on the CRM selectively focus on some service sectors , such as banking (e.g. Akroushet *al.*, 2011; Becker , Greve, and Albers 2009; Eid, 2007; Hussainet *al.*, 2009; Krasnikovet *al.*, 2009; Sin, Tse and Yim 2005), telecommunication (e.g. Almotairi, 2009; Beldiet *al.*, 2010), healthcare (e.g. Bunthuwunet *al.*, 2011; Hung *et al.*, 2010), and contact center (Abdullatifet *al.*, 2010).

It is a proven fact that the multi- dimensions concept of CRM can be considered relatively new, because of the only few studies, which are made on the CRM dimensions of some service sectors such as banking (Akroushet *al.*, 2011; Sadeket *al.*, 2011; Sin *et al.*, 2005; Yim, Anderson, and Swaminathan, 2005) and contact centers (Abdullateefet *al.*, 2010), thus the range of information on this concept is quite limited. To drive the point home, it can be said that CRM consists of four broad behavioral dimensions (Sin *et al.*, 2005; Yimet *al.*, 2005).

These behavioral dimensions are: key customer focus, CRM organizations, Knowledge management and technology -based CRM. It is essential that all of these dimensions must work systematically in an organization to guarantee its improved performance (Fox and stead, 2001; Sin *et al.*, 2005).

2.1.3.1 Key customer focus (Customer Orientation)

It is important in the first instance to confirm that the main purpose behind customer -oriented behaviors is to increase customer long-lasting satisfaction and to create customer-loyalty. Therefore, studies have demonstrated that good customer-oriented behaviors, in an organization, definitely ensures a tremendously positive impact on its performance (Kim, 2008;Yilmazet *al.*, 2005). Similarly, King and Burgess (2008) reach the conclusion that customer orientation is a crucial factor in the successful implementation of CRM.

Research has supported that customer orientation leads to increase organizational performance (Asikhia, 2010; Liu *et al.*, 2003; Zhou *et al.*, 2009). Furthermore customer orientation is also one of the market beneficial sources, it helps organization to understand customer, and hence it helps

in delivering an appropriate plan to satisfy customer needs (Liu *et al.*, 2003) Furthermore, several studies revealed that there is a relationship between customer orientation and marketing planning capabilities (Morgan, Vorhies, and Mason, 2009; Pulendran and Speed, 1996). Besides this, the beneficial influence of customer orientation strategy on marketing-planning capabilities, this strategy also influences the successful implementations of marketing actions or innovations (Slater and Narver, 1998).

2.1.3.2 CRM Organization

First and foremost, to enhance service employees to conduct customer-oriented behaviors, organizations have to develop an appropriate working environment for service in work, for instance, providing staff with the modern tools, and technology, customer-satisfaction tracking and complaints management systems, inspirational leadership, and appropriate rewards systems. As a result of the previous supportive working conditions, organizations can ensure the required customer-oriented behaviors of their employees (Mechinda and Patterson, 2011)

The researchers also argue that CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer-oriented approach, unless the project is completely integrated by them (Sin *et al.*, 2005; Yimet *et al.*, 2005)

Further, as a confirmation for this point Ku (2010) stress that CRM success does not only require technological quality or systems, but it also requires an effective service concept as well as suitable operation procedures. Thus, the success of CRM implementation relies on the active involvement of the employees in the organization itself (Boulding, Staelin, Ehret, and Johnston, 2005; Payne, 2006; Tamilarasan, 2011). Therefore, we can say that CRM organization has to be an essential means through which firms effect fundamental changes in the way they organize their actual business processes for employees and customers (Sin *et al* 2005; Yimet *et al.*, 2005). Inevitably, all the organization resources (such as marketing capabilities, policies, culture, and organization structure) have to be integrated in order to implement CRM successfully and, in turn, to improve organizations performance. Previous studies also declare the positive impact of CRM organization on customer retention (Yimet *et al.*, 2005), financial and marketing performance (Akrouchet *et al.*, 2011; Sin *et al.*, 2005).

Moreover, Richards and Jones (2008) argue that CRM organization may influence future marketing decisions, such as brand differentiation, price, communication, and distribution.

It goes without saying that Knowledge about customers plays a vital role in CRM, taking into our consideration the fact that the main purpose behind collecting data about customers is to get a clear image about them from different perspectives (Sin *et al.*, 2005). Therefore, organizations can authenticate such data to be able to establish and develop beneficial relationship with their customers (Zahay and Griffin, 2004).

2.1.3.3 Knowledge Management

Needless to say that useful information about customers can be gathered through interactions with them or from different touch points within the organization itself (Brohman *et al.*, 2003), and the criterion for deciding whether CRM is successful or not , is to effectively transform customer information into customer knowledge (Plessis and Boon, 2004; Stringfellow *et al.*, 2004). In this connection, we can say that managing knowledge effectively can greatly help an organization to have success in building better customer relationship, resulting in a positive impact on organization performance (Abdulateef *et al.*, 2010; Akroush *et al.*, 2011; Sin *et al.*, 2005; Yimet *et al.*, 2005). We have to take into our account that the success of relationship management is heavily dependent on collecting and analyzing customers' information, as such information is used for developing highly personalized offerings (Sigala, 2005).

Moreover, Fan and Ku (2010) indicate that customer knowledge management is firmly associated with marketing capabilities, and it greatly enables organizations to take strategic managerial decisions for improving their performance.

2.1.3.4 Technology Based CRM

CRM based technology enables organizations to plan and implement successful marketing actions for retaining customers long-last and making them more profitable, because of the customer database and other information-storing systems (Roberts, Liu, and Hazard, 2005). Additionally, Chang, Park, and Chaiy (2010) confirm that CRM technology improves marketing

capabilities by providing valuable information about customers, which, in turn, will help both managers and employees to achieve specific marketing goals much more effectively.

Furthermore, several studies, made about the impact of information technology on organization performance report similar findings about the positive role of information technology in CRM strategy. In other words, these studies revealed that many customer-centric strategies cannot achieve their goals, without the help of information technology (Abdullateef *et al.*, 2010; Eid, 2007; Ozgener and Iraz, 2006; Sigala, 2005; Sin *et al.*, 2005; Yehet *et al.*, 2010).

2.2 Empirical literature Review

Hefferman, *et al.* (2008) aimed at exploring the development of trust for relationships between staff and customers in the banking sector and to investigate possible links between financial performance of relationship manager and their levels of emotional intelligence and trust. The study used an Internet survey, where respondents were asked to complete an emotional intelligence test and questions relating to trusting behavior. This data was integrated with financial performance data supplied by the bank. Exploratory and confirmatory factor analysis and correlation analysis were used to identify links. The study concluded that trust was made up of three components: dependability, knowledge, and expectations. Also, there were significant correlations between both trust and emotional intelligence, when compared to the financial performance of a relationship manager.

Tony and Tracey's (2007) study aimed at examining whether or not the relationship characteristics of length and duration, the customer demographic characteristics of age and gender and relationship attribute importance, as perceived by the customer, have an impact on the strength of the relationship between the customer and service provider. The study used a field survey where 287 questionnaires were distributed over the customers of five service products of which, the sample was asked to assess the strength of the relationship between themselves and their supplier.

The study found that the relationship strength was found to vary significantly between service products and individual customers, and the impact of duration of the relationship and the frequency of purchase on relationship strength depends greatly on the nature of the service

product. It was also demonstrated that some customers want a closer relationship with service providers than other customers, and this aspect significantly affects the strength of relationship perceived by the customer.

Helgesen (2007) study aimed at identifying the most influential drivers of customer satisfaction. The data source is a market survey. Items measuring customer satisfaction as well as importance and performance (satisfaction) of drivers of customer satisfaction have been included in a questionnaire answered by 128 customers from approximately 25 countries. The study found that prices have not been identified as satisfiers; however, according to the it embossed importance-performance grid, competitive prices are important and can perhaps be perceived as “hygiene”, focusing more on what is important for customer loyalty.

Arturo *et al.*'s (2007) study aimed at investigating the impact of relational benefits on customer satisfaction in retail banking. The study was conducted by using a sample of 204 bank customers' multi-item indicators from prior studies who were employed to measure the constructs of interest. The study concluded that confidence benefits have a direct, positive effect on the satisfaction of customers with their bank. Special treatment benefits and social benefits did not have any significant effects on satisfaction in a retail banking environment.

Ndubisi's (2007) study examined the impact of relationship marketing strategy on customer loyalty. The study used a questionnaire and distributed it over 220 bank customers in Malaysia. Multiple regression analysis assessed the impact on customer loyalty of four key constructs of relationship marketing (trust, commitment, communication and conflict handling). The study concluded that the four variables have a significant effect and predict a good proportion of the variance in customer loyalty. Moreover, they are significantly related to one another.

2.2.1 CRM and Banking Industry

Globalization and technology improvements have exposed companies to a situation with tough competition. In this new era companies are focusing on managing customer relationships in order to efficiently maximize revenues. Today marketing is not just developing, delivering and selling, it is moving towards developing and maintaining long term relationships with customers. Relationship marketing is becoming important in financial services. Managers really need to

look at areas where opportunities lie, because industry consolidation, virtual delivery channels and the ability to move money around with a click of a mouse are making it easier for customers to leave one bank for another. In this situation CRM (Customer Relationship Management) is an opportunity that banks can avail to rise above minor advantages by developing actual relationships with their customers. Rowley, J., & Dawes, J. (2000),

CRM in banking industry entirely different from other sectors, because banking industry purely related to financial services, which needs to create the trust among the people.

Establishing customer care support during on and off official hours, making timely information about interest payments, maturity of time deposit, issuing credit and debit ATM card, creating awareness regarding online and e-banking, adopting mobile request etc are required to keep regular relationship with customers.

Customer relationship management in financial services industry is a cyclical process which starts with definition of customer actions (Panda T, 2003). Panda T described customer expectations are difficult to manage but are often the cause of dissonance which results in loss of existing customer base. So understanding of customer expectations with regard to service delivery levels and product quality is essential for establishing a long term symbolic value relationship.

CRM, which is becoming a topic of increasing importance in marketing, is concerned with using information technology in implementing relationship marketing strategies (Ryals L, *et al*, 2001).

Customer service is the primary end of any bank. A customer always wants something and expects that the bank should come up to the level to fulfill those needs. Again, the more you provide, still more the consumer needs. Service quality is about meeting customer needs and requirements, and how well the service level delivered matches customer expectations.

In today's competition in Indian banking industry, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust and products, or service and efficiency (Sachdevet *al*, 2004). Hallowell Roger (1996) conducted a

research on customer satisfaction, loyalty, and profitability and found that as compared to public sector, private sector bank customers' level of satisfaction is comparatively higher.

2.2.2 Banking Business in Ethiopia

Ethiopian banking history, in its modern sense, began in 1905 with the Bank of Abyssinia, a private company controlled by the Bank of Egypt. In the years that followed, the fate of the banks varied with the style of the government regime. In 1931 Bank of Egypt was liquidated and replaced by the Bank of Ethiopia which was the bank of issue until the Italian invasion of 1936. In 1943, the State Bank of Ethiopia was established, in 1963, the National Bank of Ethiopia (the central and issuing bank) and the Commercial Bank of Ethiopia were formed. (Mauri, 1971). In the period to 1974, several other financial institutions emerged. Then the shift to Marxist government in 1975 brought several changes to the banking system, and saw the nationalization of private banks and insurance companies. After the fall of the socialist regime in 1991 the financial sector of the country witnessed a major shift of paradigm. Numerous private banks, insurances and micro financial institutions were established. (Deribie, 2012). Currently, the number of Ethiopian owned commercial banks has reached nineteen, sixteen private owned and three governments owned. And the national bank of Ethiopia has the mandate to License, supervise and regulate the operations of banks, insurance companies and other financial institutions. (<http://www.nbe.gov.et> 2000)

2.2.3 Benefits of CRM strategy in Banking Industry

Benefits of CRM can be categorized into three groups namely: Benefits for customers, benefits for employees and benefits for banks.

2.2.4 Benefits for Customers

Coordinated and professional approach to customer contact, Up-to-date customer information, Banks can offer more personalized services, Customers feel empowered if they have greater access to products and services. For example 24 hours banking, Targeted product and service offerings can be timed to coincide with customer events and requirements e.g., Education Loans and Tourism Loans.

Develop better communication channels, Collect vital data, like customer details and order histories, Create detailed profiles such as customer preferences, Deliver instant, company-wide access to customer histories, Identify new selling opportunities

2.2.5 Benefits for Employees

Employees are empowered with the information to deliver high quality service and meet customer expectations; Employees have more time to serve customers. Employees have higher satisfaction ratings.

2.2.6 Benefits for Banks

Managers are empowered with information that can help them manage customer relationships and make better decisions, Optimum use of bank resources, Customer satisfaction and increased loyalty, CRM permits businesses to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers, It helps in capitalizing on short windows of opportunities in the market, Significant reduction in and limitation of operational costs through system automation and standardization.

2.2.7 Obstacles to CRM Implementation

As it is mentioned above in this paper, customer relationship management should certainly not be restricted to a single project that will soon after the completion fall into oblivion. On the contrary, success in this area can be ensured only by a continuous process, or better yet, a comprehensive strategy. Since each strategy has a duty to provide certain benefits to business subjects that will have a decisive influence on the final out-come of the market game, Customer Relationship Management is no exception as well(Rowley, J., & Dawes, J. (2000).

Therefore, CRM is a continuous business process on all organizational levels, aimed to attract and retain customers. Basically, CRM is a synthesis of business processes, human resources and software. The quality of such a synthesis will enable the establishment of strong mechanisms for managing the relationship with customers, whose results will be: customer satisfaction with quality cooperation, this satisfaction will result in customer loyalty, and loyalty will prevent a

customer going to the competition. Customers are the most valuable asset of a company, and the wisdom of CRM is contained in two words – long-term and profitable relationships. In contemporary conditions, one of the basic parameters of successful business is a good relationship with customers. Customer satisfaction with a good business cooperation, as well as knowledge of customer needs, habits and desires, are unavoidable factors of increase of customer loyalty to the conditions of dynamic competition. Research has shown that there are many reasons why loyalty, and therefore retention of the existing customers are very important.

Advantages that enable the acceptance and implementation of this strategy come from the fact that provided activities cover all three time dimensions:

The past – the company acquired the ability to learn from past events, enabling it to avoid repeating past mistakes; Present – businesses are coming to the possibility to quickly analyze current events, so that way they can adapt their behavior in real-time maneuvering; The future – the subject acquires knowledge and ability to predict future events, which opens the door for better preparation for upcoming opportunities (Acuner, 2001).

In other words, by providing employees, in accordance with the concepts of CRM, access to large amounts of information about customers, products and sales partners, the company makes them able to learn from the past and adapt to present and establish them-selves in the future. Those businesses that observe and understand CRM in this way will have a guaranteed success in the efforts to improve relations with customers, suppliers, other business partners and even competitors (Dick and Basu1994)

The availability of updated information at the right place at the right time will bring many positive effects in the business. Hundreds of times each day employees will be in a position to easily upgrade their knowledge, share it with each other, interact and influence each other, solve problems, make business decisions and control their part of the business process.

While defining CRM it is necessary to face the dilemma of how to properly select the structural elements that will show the existence of the system and guarantee its implementation. First of all for a successful CRM project there must be a set of criteria. Choosing a reliable and flexible solution is one of the key success factors. The recommendation is to focus on solutions that are

highly acceptable for use. If the system is not accepted and used, there will not be a return on investment. Many small companies do not see CRM as a key criterion for the success of future operations, but CRM can play an important role in gaining competitive advantage of organizations of different activities. Very little attention is devoted to the study of these factors and deficiencies of CRM(Zahay and Griffin, 2004).

Amongst numerous obstacles to the success of CRM system, the following can be stated:

lack of skills - lack of skills in building and using the new IT-based CRM system is a major obstacle to implementation of CRM systems; analytical skills in asking the right questions for a CRM system are of special importance to investing in CRM; inadequate research – obtaining adequate means for the requirements of CRM systems is an important issue for organizations, especially as more and more projects have dramatically increased the costs and size; poor quality and quantity of data – organizations at various stages of development of CRM system have different problems with the quality and quantity of data, and for organizations in the early stages of the development of CRM, data quality is a key problem; the size of the problem, and the amount of work needed to correct these problems, surprised many managers and many organizations have started the cleaning and removing duplicate data; for these organizations the amount of data is a greater problem than their quality; failure to understand the business benefits – low initial awareness of the database among the top management is also an obstacle to the less advanced organizations in the implementation of CRM systems, and this problem can be overcome when the data warehouse begins to produce results; CRM managers pointed out that the data warehouse is considered expensive and therefore top management is not able to understand the potential financial benefits in the earlier stages of the CRM project; functional limitations (Dick and Basu 1994).

managers on the functional and business level can be reluctant to cooperate in the early stages of the CRM project and may require additional organizational effort to make these managers aware of the advantages of greater cooperation and communication; lack of leadership and involvement of senior management lack of management involvement in the activities of the CRM is the next obstacle to the success of CRM systems; Inadequate assessment systems – CRM managers often point out how weak assessment systems can slow down the fulfillment and implementation of

CRM projects. Assessments of the success of CRM projects are often considered inadequate and sometimes the problem is that organizations are not clear about their goals and their objectives are not connected with employees; any organization that accepts CRM needs to understand these barriers and any potential problem areas important for business organization and fulfillment of customer needs. (Akrouchet *al.*, 2011; Sin *et al.*, 2005).

An important reason for CRM failure lies in the fact that the organization that conducted the implementation was not aware of the complexity that the implementation of the CRM system possesses.

2.2.8 Success Factors for CRM Implementation

To motivate customers to initiate revenue generating contacts. To understand customer's needs even before themselves. To decrease customer churn by increasing customer's satisfaction. To use technology to improve customer's service enables a greater degree of customer differentiation in order to deliver unique customer interaction. to make customer and employee friendly through CRM. To ensure that employees at all levels are accurately collecting the information of the CRM system. Oliver (1997)

2.2.9 Loyalty

Customer loyalty has been defined and measured in many various ways over the past decades. Oliver (1997) defines customer loyalty as “a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situation influences and marketing efforts having the potential to cause switching behaviors”.

According to the literature on loyalty, customer loyalty has several distinct dimensions. The two most important dimensions are the behavioral and attitudinal components (Day 1969; Yi 1991). Earlier research conceptualized customer loyalty as a behavior (Dick and Basu 1994). Behavioral loyalty signifies actual repeat purchasing behavior, or the likelihood of repeat product/service purchases from the same supplier. Yet, recent research seems to measure loyalty attitudinally (including cognitive and/or affective components). Using this perspective, customer loyalty is

perceived as future intention-to-repurchase or commitment that reflects the cognitive and emotional attachment associated with customer loyalty.

Each of these dimensions has pros and cons. Academics find fault with the behavior-based loyalty measure, so far as it can fail to distinguish between true and spurious loyalty. Dick and Basu (1994) assert that if behaviorally loyal customers with spurious loyalty locate a superior alternative, they probably switch to the alternative.

Day (1969) blames behavior loyalty by stating, “These spuriously loyal buyers lack any attachment to brand attributes, and they can be immediately captured by another brand that offers a better deal,” which means that actual repurchase behavior is not always due to a psychological and/or emotional commitment with respect to a product or service (i.e., true loyalty). Bowen and Chen (2001) state that an individual may reside at a hotel because it has the most convenient location, Nevertheless, an individual may also change to a new hotel when it is located across the street and provides better deals. As this example illustrates, repeat purchase behavior does not always indicate commitment; rather, it may signify a random actual repeat purchase, or spurious loyalty. Yet, this spurious loyalty can be disregarded when attitudinal loyalty is the construct of interest.

Shankar and his colleagues (2003) also maintain that attitudinally loyal customers are not likely to change to an incrementally more attractive alternative, in that they have a certain degree of attachment or commitment to the product or service. Hence, attitudinal loyalty (or true loyalty) signifies both higher repurchase intention and refusal to consider counter-persuasion and negative expert opinion.

Hence, this study will adopt loyalty by combine both behavior and attitude. Oliver (1997) defines loyalty as ‘a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing,

Dick and Basu (1994) suggest that relative attitude drives repeat patronage, subject to antecedent and situational constraints, and that an attitude-behavior association leads to further loyalty behaviors. “Customer loyalty is viewed as the strength of the relationship between an individual’s relative attitude (liking) and their repeat patronage”. (By relative they mean

compared with available alternatives because it is the contrast between alternatives that is likely to motivate behavior such as recommendation) .two behavioral dimension of customer loyalty identified by relation marketing literature are repeat purchase/use and positive word of communication. Henning-Tharaughet *al*, (2003) customers who perceive high quality with service provider are likely to repeat usage and likely will communicate their experience to others within social network.

Interaction of attitude and behavior such that the behavior (loyalty) is determined by the strength of relationship between relative attitude and repeat patronage. Extending this, the loyalty dimensions or concepts are to include behavioral, attitudinal and cognitive processes. The attitudinal dimensions of loyalty were to include attributes such as word-or-mouth, complaining behavior and purchase intentions . The behavioral loyalty measures include attributes such as brand allegiance, price elasticity, share of category (number of times a brand is purchased in a given period) and price until switching. The cognitive loyalty component includes attributes like preference to the service organization, the belief that the service organization provides best offer and suiting customer needs.

Dick and Basu (1994) Customer loyalty is one of the most important customer metrics in marketing due to the profit impact of maintaining a loyal customer base (Oliver 1997). The literature points out that customer loyalty leads to firm profitability because customer loyalty positively influences firm product-marketplace performance and financial performance and creates shareholder wealth. The literature explains this positive loyalty-firm profitability link for several reasons. First of all, according to Pfeifer (2005), loyalty reduces customer acquisition costs, which in turn, reduces firm costs or expenses. Second, customer loyalty indicates customer retention, the most important customer metric for firm profitability, because loyalty measures customers' intention to repurchase a product or service.

2.2.10 CRM and customer loyalty

Today the most important thing to do about the reduced customer satisfaction is the customer-centered practices adapted to each customer's needs and values. By treating different customers in different manners, firms can achieve customer loyalty (Tarhan, 2004). Customer loyalty is the

long and uninterrupted retention of the relationship by offering service that meets and even goes beyond the customer needs (Acuner, 2001).

Customer loyalty is defined with consideration paid to the amount of buying for a given trademark. The level of loyalty is measured by the watching of the frequency of buying (Javalgi and Moberg, 1997). With the increase in the amount of accessible information in recent years, the conscious level of customers has improved continually. Today's customers are aware of the power they have on the market and that every activity is realized for them. It is now easier to reach the products and services. Before choosing a given trademark, consumers look at the price, newness, accessibility of the product and the additional services offered. As the alternatives increased, consumers' loyalty to the products and services decreased (Tekinay, 2002). Today firms have entered into an effort to present at a lower cost than their rivals the products and services that can meet the customer wishes and expectations fully, so that they can render customers more loyal.

2.3 Conceptual framework Of the Study

CRM DIMENSION

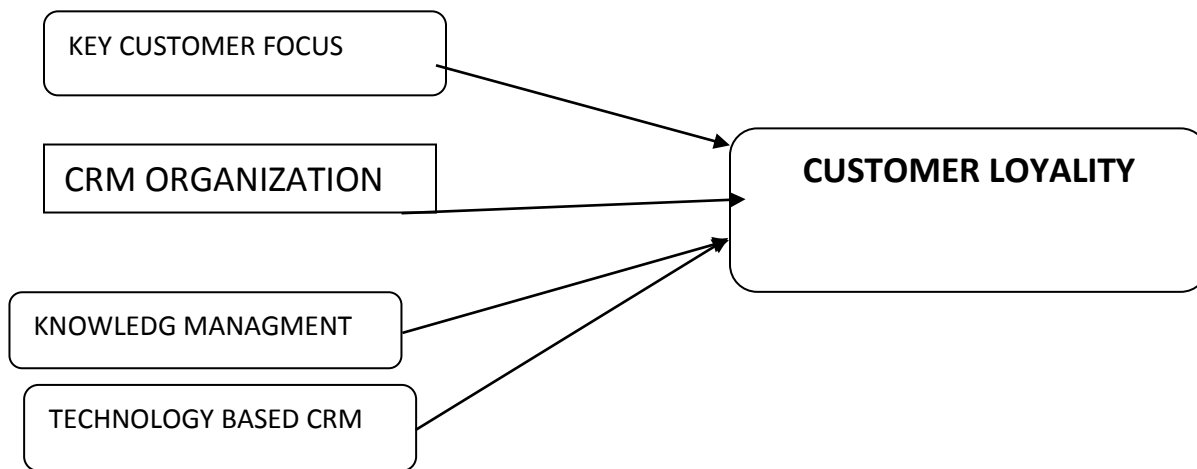


Fig.2.3.1 A conceptual model for measuring the relations between the four CRM measurement constructs (Key customer focus, knowledge management, CRM organization and technology based CRM) and on customer Loyalty(Adopted from (Ergunda, 2003)

CHAPTER THREE

RESEARCH DESIGN

METHODOLOGY OF THE STUDY

This chapter deals with the methodology of the study where the research approach, the research type, sample and sampling techniques, source of data collection, data collection instruments, reliability and validity of the study and the method of data analysis discussed.

3.1 Research approach

A research is classified in to two research approaches. These are qualitative research and quantitative research. Qualitative research involves studies that do not attempt to quantify their results through statistical summary or analysis. It seeks to describe various aspects about behavior and other factors in the social sciences and humanities. In this kinds of research data are often in the form of descriptions, not numbers. It typically involves in-depth interviews, group discussions, and observations without formal measurement. Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and relationships. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. It usually starts with a theory or a general statement proposing a general relationship between variables. Quantitative researchers favor methods such as surveys and experiments, and attempt to test hypotheses or statements with a view to infer from the particular to the general.

Therefore, the researcher chose quantitative research to describe CRM application in Dashen Bank SC by collecting quantitative data from customers of the bank. In addition the effect of the independent variables (CRM dimensions) on the dependent variable customer loyalty is quantitatively measured by this study.

3.2 Research type

Research is classified in to three as descriptive, explanatory and exploratory. So the researcher used descriptive research for his purpose descriptive research sets out to describe and to interpret

what is. It aims to describe the state of affairs as it exists. It is concerned with conditions or relationships that exist, practices that prevail, beliefs, points of view or attitudes that are held, processes or that are developing. The major purpose of descriptive research is describing the state of affairs as it exists at present.

In addition, the researcher analyzed the casual relations between the dependent variable (loyalty) and the independent variables (CRM dimensions) using correlation and regression, which makes the research explanatory. Therefore this study is both descriptive and explanatory.

3.3 Sample and sampling methodology

3.3.1 Target population

The target population of study comprises of all customers of Dashen Bank operating in Addis Ababa. All personal and/or commercial customers who use Dashen Bank included in the study. Total number of the customers of Dashen Bank is about /1,527,099/and the total number of Addis Ababa branch customer is about 803,528 out of this,768,199 are saving account holder and 35,329 are current account. But all of them considered as the population of the study. (Report of the Bank, 2016)

3.3.2 Sampling method

The selection of the sample has through non-probabilistic sampling technique of availability sampling because all the population of the bank cannot be available at the same time.

The researcher prefers Dashen Bank because of its accessibility. Grade IV branches in Addis Ababa (Tana, Africa andenet, Golla, Main, Adama ,Bole ,Mexico, Megenagna ,Kera and WoloSefer premier area branch were selected as the sample branch target population and are of the study hence, data collected but the necessary data collected from first grade branches which are located in Addis Ababa due to financial and time constraint.

3.3.3 Sample size

Dashen bank classifies its branches based on their capacity from grade IV (i.e. most profitable and have much customers) to grade I and sub branches (i.e. less profitable and new branches). The researcher believes that grade IV branches can represent why the rest branches due to their number of customers and their years of existence so, the sample was taken from those branches. Dashen bank have 10 grade IV branches in the country there are Tana , Africa Andenet, Golla, Main ,Bole, Mexico, Adama, Megenagna, Kera and Wolosefer Premier area branch. So, the researcher is work on branches which are located in Addis Ababa city

The sample size for this study determined by using the formula developed by Cochran (1963). Sample size from the customers is calculated as follows:

Sample size from the customers is calculated as follows:
$$n_0 = \frac{z^2 pq}{e^2}$$

Where: n_0 = the sample size

Z^2 = the abscissa of the normal curve that cuts off an area α at the tails ($1 - \alpha$ equals the desired confidence level, i.e. 95%)

e = the desired level of precision

p = the estimated proportion (standard deviation) of an attribute that is present in the population, and q is $1-p$.

$$n_0 = (1.96)^2(0.5)(0.5) = \underline{385.}$$

$$(0.05)^2$$

The above sample size is the representative sample proportion at 95% confidence level and $\pm 5\%$ precision when the population is large and unknown.

If the population is small, then the sample size can be reduced slightly. This is because a given sample size provides proportionately more information for a small population than for a large population. As a result, the sample size (n_0) can be adjusted (Cochran 1963).

Since the population for this study is finite, the sample size (n_0) can be adjusted as follows:

$$n = \frac{n_0}{1 + \frac{n_0 - 1}{N}}$$

Where n is the sample size and N is population of the study.

$$n = \frac{385}{1 + \frac{385 - 1}{1527099}} = \frac{385}{1 + 0.0000251457174} = 384.90 \approx 385$$

$$n = 384.90 \approx 385$$

3.4 Source of data

There are two types of sources when collecting data; primary and secondary data sources. Primary sources are directly related to the study purpose. Primary data consists of all the data collected throughout the study that directly can be related to the study purpose, both personally gathered as well as data from a third party that has been collected with equivalent purpose. Secondary data on the other hand, contains relevant data that has been collected for a different purpose, but from which the conclusion is valuable for the purpose.

The researcher uses both primary and secondary source of data used sources. Primary data, directly related to the purpose, collected through an empirical study. The empirical study was made through conducting a questionnaire regarding CRM. Secondary data, indirectly relating to the purpose is collected through a theoretical study compiled from; books, research thesis, articles, internet, manuals and annual reports.

3.5 Data collection Instrument

Data was collected through a questionnaire the questionnaire contains statements that are specifically designed to measure CRM practices of firms in relation to the four behavioral dimensions of CRM Key Customer focus, CRM organization, Knowledge Management and Technology-based CRM

The questionnaires compose of four sections. The first section contains questionnaire items used to collect demographic data of respondents and the second section on five point Likert scale to assess the CRM practices of Dashen Bank. The third section measures the loyalty of customers of DB.

The questionnaire was handed to customer translates in to Amharic for those who may not understand the English version.

3.5.1 Reliability of the study

Reliability concerns the extent to which an experiment, test or any measuring procedure yields the same results on repeated trials (Carmines and Zeller 1979). It is clear that whenever we measure anything there is always a chance for errors. In fact, the goal of error-free measurement is never attained in any area of scientific investigation. Two sets of measurements may not duplicate each other exactly even if we repeated the same study with the same sample. Reliability is defined as the ratio of variance of the true score to the variance of the actual measured score. The result lies between zero and one and most of the widely used scales have reliabilities between 0.65 and 0.8. In general we can say that reliability of a study is a pre-requirement for the results to be interpretable and generalizable. The method used to estimate reliability should be in line with the ways in which the scores are to be used (Ghiselli 1981 quoted in Flynn 2001,).

Internal consistency reliability is used to assess the consistency of results across items within a test and the method for assessing reliability of the current study. Typically this is done either by using Cronbach`s alpha or by split-halves method - where total set of items is divided into halves and scores of the halves are correlated to obtain an estimate of reliability (Carmines and Zeller

1979, p 11). The advantage of the internal consistency measures is that there is no need for a second test, and thus they are also widely used in practice. On this regards Nunnally has given guidelines for the accepted alpha levels : Early stage of research $\alpha=0.5-0.6$, Basic research $\alpha=0.7-0.8$ and Applied settings $\alpha=0.8-0.9$.and The alphas for the current study presented together with the research results in order to make the presentation more logical.

N of Items	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
4	.899	.925

3.5.2 Validity of the study

The CRM best practices scale comprises best practices that are limited to the domain of CRM as explained by well- known researchers such as Phurituch S.2012, each of which is different from any other. Since the statements have been generated from an extensive review of academic, expert and practitioner`s literatures, it is assumed that the construct validity hold.

3.6 Data analysis

The study was designed to examine the extent of the application of CRM in Dashen Bank and its effect on loyalty. The data analyzed using the Statistical Package for Social Science (SPSS) version 20.0 software using descriptive statistics (Mean, standard deviation). Then correlation and regression analysis performed to determine the relationship and effect of the independent variables (CRM dimensions) and dependent variable (loyalty). The results of semi-structured interview questions analyze qualitatively.

Regression analysis involves identifying the relationship between a dependent variable and one more independent variable and correlation analysis is a method of statistical evaluation used to study the strength of a relationship between two numerically measured continuous variables.

Higher Alpha coefficients indicate higher scale reliability (Santos, 1999: as cited in Eze et al., 2008). Specifically, Nunnally (1978): as cited in Eze et al., (2008) suggests that scales with 0.60 Alpha coefficients and above are considered to be acceptable. Some other literatures suggest a benchmark Alpha of 0.7 to be an acceptable measure of reliability (Cronbach, 1951)

The variables were tested for reliability by using Cronbach's Coefficient Alpha and the overall reliability of the measurement constructs is found to be 0.942 which shows the measure has internal consistency.

3.7 Ethical Considerations

This study conduct for only the purpose of academic use only and the study protect the privacy of the respondents. There are two standards that applied in this study in order to help protect the privacy of research participants. Almost all research guarantees the participants

Confidentiality:- they are assured that identifying information not be made available to anyone who is not directly involved in the study.

The strict standard is the principle of anonymity which essentially means that the participant remain anonymous throughout the study -- even to the researchers themselves. Clearly, the anonymity standard is a stronger guarantee of privacy, but it is sometimes difficult to accomplish, especially in situations where participants have to be measure at multiple time points (e.g., a pre-post study). Increasingly, researchers has to deal with the ethical issue of a person's right to service

3.8 Model specification

$$Y = \alpha_0 + B_1x_1 + B_2x_2 + B_3x_3 + B_4x_4$$

Where,

Y = Loyalty; X1 = Key Customer Focus; X2 = CRM Organization; X3 = Knowledge Management; X4 = Technology Based CRM; e= error

Assumption to new regression analysis

Normality: normality is rarely used expression which indicates the concentration of a solution.

Multicollinearity: is the taste of very high intercorrelations or inter-association among the independent variables.

Heteroscedasticity: a collection of random variables is heteroscedasticity if there is sub-population that has different variability from other.

Regression Analysis: is also used to understand which among the independent variable are related to the dependent variable and to explore the form of these relationships.

CHAPTER FOUR

RESULTS, DISCUSSIONS AND INTERPRETAION

To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried using SPSS 20.00. In this part to identify the major issues and to provide workable recommendations for the problems concerning customer relationship marketing and customer's loyalty, the researcher has collected data through self-administered questionnaire. In this chapter the findings of the study are presented. During the survey a total of 385 questionnaires were distributed to customers. Out of the total 370(96.1%) distributed questionnaires were returned. So the analysis was made based on 370 responded questionnaires.

The questionnaire were developed in five scales ranging from five to one; where 5 represents strongly agree, 4 agree, 3 neutral, 2 disagree, and 1 strongly disagree. Descriptive statistics were used for demographic factors and correlation and regression analysis were conducted for scale typed questionnaires.

4.1 Demographic Information of the Respondents

Table 4.1.1A: Depicts the gender distribution of the respondents. Accordingly about 36.8% of the respondents were females and the rest were males (63.2%). This shows that majority of the respondents are male. This show as male are more participate in banking and commercial services than femal.

GENDER	Frequency	Percent
MALE	234	63.2
FEMALE	136	36.8
Total	370	100.0
Use the Bank service for		
Personal	269	72.7
Commercial	32	8.6
Both	69	18.6
Total	370	100.0
For how many years you		

have used the Dashen Services		
< 5 year	160	43.2
5-10 years	36	9.7
>10years	174	47.0
Total	370	100.0
Which service you need from the Bank? (You can indicate more than one)		
Saving Account	158	42.7
Current account	96	25.9
LOAN	51	13.8
1 AND 2	27	7.3
1,2 AND 3	38	10.3
Total	370	100.0

Source 2018

Gender distribution of the respondents as we can see from the table use the bank service for personal use is about 269 (72.7 %) And commercial purpose is about 32 (8.6 %) of the respondent the rest 69(18.6%) user for both personal and commercial purpose. As we can see the respondent shows as most customer use bank for personal or saving their money commercial purpose is less in number people still have low attitude about how to make business with bank is still less.

The experience of respondents with the bank services shows. As we can see from the table majority of respondents use the bank greater than 10 years almost 47 % so, the respondents have enough experience to feel the presented questioner. The rest 36 (9.7%) have below 5-10 years 160(43.2%) less than 5years. As we can understand from the result proportionally the customer is old customer and new customers this shows as the bank can retain old customer as well as new customer too. The service need from the Bank service. As we can see from the table majority of the respondent use Saving Account 158(42.7%). And current account 96(25.9%) and

51(13.8 %) loan 27(7.3%) use for both current and saving account. the rest 38(10.3%) use three of the service.

4.2 Correlation Analysis

4.2.1 Level of CRM Practices

Customer relationship management practices in financial services industry is a cyclical process which starts with definition of customer actions (Panda T, 2003). Panda T described customer expectations are difficult to manage but are often the cause of dissonance which results in loss of existing customer base. So understanding of customer expectations with regard to service delivery levels and product quality is essential for establishing a long term symbolic value relationship

The main objective of the study is to determine to what extent DB practice CRM as measured by four dimensions and its effect on customer loyalty. To do so, customers of DB were asked to rate the level of CRM practices on a Likert scale of 1 through 5. In the following section the data collected is analyzed.

In India, the banking sector has been operating in every stable environment from last thirty -forty years.in current scenario of the bank sector, the falling of interest rate and tough completion between this players had made Indian bankers to realize that the purpose of their business is to create and retain customer and to see the entire business process is consistence with an integrated effort to discover, retain and satisfy customer needs. But the success of CRM strategy depends upon its ability to understand the need of the customer and to integrate them with the organization strategy, people, technology and business process .financial service are in structural change whereby competition and customer demand are increasing. (Rangarajan,2010Shibu ,2011)

Table 4.2.1.A Level of practice of the dimensions of CRM- Customer`s Perception

CRM Dimensions	Mean	Std. Deviation
Extent of CRM dimensions application on Key customer focus	3.3865	1.04859
Extent of CRM dimensions application on knowledge management	3.2865	.86113
Extent of CRM dimensions application on organization	3.4946	.90839
Extent of CRM dimensions application on technology	3.8000	.95025

Source: Own survey, 2018

As it can be seen from table 4.2.1 above DB has been doing well in the performance level in the technology as compared to the other dimensions with the mean score of 3.800 while it is of at the lowest performance level in the knowledge management CRM dimension of mean score of 3.2865.

4.2.2 Key Customer Focus

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

A one-sample test was conducted on the four items which were responded on a five item scale with the highest being strongly agree and the lowest- strongly disagree. The result of the sample statistics show to what extent customers perceive DB as a bank that focus on its key customers. The highest mean figure shows high level of agreement with the scale item while the lowest indicate high level of disagreement with the particular item being tested.

Table 4.2.2.1 Sample statistics - Key Customer Focus (N=370)

Key Customer Focus	Mean	Std. Deviation
The Bank provides customized services and products to its key customers	3.8919	1.16367
The Bank strives to constantly surprise and delight its key customer	3.3459	1.02505
The Bank strengthens the emotional bonds with its key customers by wishing them on important occasions.	3.6541	.90425
The Bank has effective customer recovery strategies including guarantees for service failures	3.1162	1.32108
The Bank takes customer feedback seriously and replies to them	3.5027	1.31543
The Bank has a differential reward system that rewards customers based upon their profit/ revenue contribution	2.9135	1.37065
The Bank analyzes the causes of customer dissatisfactions through exit interviews and lost customer surveys with the aim to win back customers who have strong profit potential	2.9946	1.38907

Source: own survey, 2018

As can be seen from the table 4.2.2.1 above, the output of the sample statistics reveal that the highest mean was recorded for DB`s effort to The Bank provides customized services and products to its key customers (3.8919) while The Bank has a differential reward system that rewards customers based upon their profit/ revenue contribution has been found to be latent in the DB relationship building practices with the least mean score of 2.9135.

DB Respondent believe that Bank provides customized services and products understand any of their current goal. To get to the level of understand desired, consumer are willing to share insight with their primary financial institution according to the research. This is in stark contrast to the amount of insight most financial institution are willing to ask, collect and utilize for the benefit of the customer. But the reward program is the least reward program are highly effective way to attract and retain profitable account relationship. And yet, point and miles just don`t count for much in an economic environment where cash is king.

4.3 CRM Organization

CRM organization dimension implies organizing around CRM which leads to considerations like the availability of sales and marketing experts, trained employees on customer relations, evaluation and rewarding of customer performance in customer relations and CRM oriented organizational structure (Sin *et al.*, 2004). According to Yimet *al.* (2004) this calls for an organizational structure that is flexible and, if necessary, reconstructed to generate customer centric value.

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

The output of the sample statistics shows that having The Bank gives all the needed services from the Bank score highest mean of 3.4730 and having The Bank commits time and resources in managing customer relationships have the lowest mean score of 3.1595.

Table 4.3.1 Sample statistics - CRM organization (N=370)

CRM organization	Mean	Std. Deviation
The Bank top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the Bank.	3.1892	1.45087
The Bank commits time and resources in managing customer relationships	3.1595	1.35510
The Bank policy is fast & reliable	3.2676	1.39542
The Bank gives all the needed services from the Bank	3.4730	1.00706
CRM responsibilities of customer contact employees are clearly defined, assigned and understood	3.2270	1.15579

Source: Own survey, 2018

The above mean scores can be interpreted as DB having a management that believes in the importance of building and managing relationship with customers by having The Bank gives all the needed services from the Bank this can make the bank whether you are opening your first bank account or have managed a checking account for years it helps to know the different type of banking services available .this ensure you get the most out of your current financial institution. But the customers perceive that DB does not focus more on having The Bank commits time and resources in managing customer relationships human resource is important in the bank because banking is service industry banking has been and will always be a “people business” of the CRM organization dimension.

4.2.4 Knowledge Management

The assessment to evaluate to what extent DB practice the knowledge management dimension of CRM is done using a five-point scale that measures the level of agreement or disagreement with

the respective statements to be measured. The items that are included in this dimension represent practical aspects of knowledge management which is mainly manifested by uncovering customer needs through the analysis of customer information. This involves tactful customer information management that is used as a knowledge power to align the products and service of the firm to the dynamic needs of the customers.

Customer's perception of the extent DB has been deploying the knowledge management aspects of CRM is shown in table 4.4.1 below where the mean and standard deviation results are used in a way that analyze the higher level of agreement to have high mean score while the low score representing high level of disagreement with the particular statement to be tested.

Table 4.4.1 Sample statistics - Knowledge Management (N=370)

Knowledge Management	Mean	Std. Deviation
The Bank uses the concept of 'Relationship Pricing' in pricing its services	2.9541	1.41059
The Bank employees encourage customers to use more services of the Bank	3.9730	.89825
The Bank takes customer feedback seriously and replies to them	3.5027	1.31543
The Bank employees are professionals	3.2324	1.30873
The Bank employees go beyond their responsibility to serve customers in a better way	3.7459	1.05425

Source: Own survey, 2018

As observed from the above table 4.4.1 the highest mean figure 3.9730 was recorded for table 2. The Bank employees encourage customers to use more services of the Bank while The Bank uses the concept of 'Relationship Pricing' in pricing its services has least mean value of 2.9541 This means that the bank customers doesn't encourage to make pricing and billing with the DB services because there is no satisfying customer overall purchase and circumstance, rather than being delivered on product by-product basis.

Therefore from the analyzed data it is possible to say that customers perceive that DB is a bank that The Bank employees encourage customers to use more services of the Bank seriously but The Bank uses the concept of ‘Relationship Pricing’ in pricing its services do not done properly.

Knowledge Management statistical data result show in the above table the Bank employees encourage customers to use more services of the Bank and The Bank takes customer feedback seriously and replies to them. This shows as the process of creating, sharing using and managing the knowledge and information of an organization is well developed and manipulated by the staff of Dashen Bank. It refers to a multidisciplinary approach to achieving organizational objectives by making the best use of knowledge.

4.2.5 Technology-Based CRM

Table 4.2.5.1 Technology-based CRM (N=370)

Technology-based CRM	Mean	Std. Deviation
The Bank gives technology based service to its customers	3.9405	1.16764
The Bank information systems are designed to give comprehensive data about all aspects of its customers, so that the Bank can be responsive to them	3.8270	.79451

Source: Own survey, 2018

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

In the sample statistics shown below, the aim is to solicit customers’ perception as to DB’s deployment of technology based CRM practices in their dealings with the Bank. To do so, a five point Liket scale was used the highest being strongly disagree and the lowest representing strongly disagrees. Accordingly, the two items were tested using the mean and standard deviation sample statistics.

As shown below the provision of technology based service has a mean of 3.4947 and the provision of information system to give comprehensive data about all aspects of customers has a mean score of 3.0493.

From the above data we can say that DB has done better on the provision of technology based service than the provision of information system to give comprehensive data about all aspects of customers

4.3 Level of customer loyalty

Today the most important thing to do about the reduced customer satisfaction is the customer-centered practices adapted to each customer’s needs and values. By treating different customers in different manners, firms can achieve customer loyalty (Tarhan, 2004). Customer loyalty is the long and uninterrupted retention of the relationship by offering service that meets and even goes beyond the customer needs (Acuner, 2001).

Customer loyalty is defined with consideration paid to the amount of buying for a given trademark. The level of loyalty is measured by the watching of the frequency of buying (Javalgi and Moberg, 1997). In the following section the level of customer loyalty is analyzed.

Table 4.3.1 Level of customer loyalty

I am a loyal customer of Dashen Bank	Mean	Std. Deviation
The Bank gives technology based service to its customers	4.0270	.69401

Source: Own survey, 2018

As we see in the above table the level of customer loyalty (4.0270) so the customer of DB is strongly loyal to the bank. The ability to satisfy your customer to gain customer loyalty is the critical determinant of you success and driving sells and growing your business. Customer can be loyal if they can get the facility like meet their expectation, exceed customer expectation, and delight your customer and amaze your customer.

The level of agreement and disagreement of customer loyalty is presented below.

Table 4.3.2 level of agreement and disagreement of customer loyalty

I am a loyal customer of Dashen Bank		Frequency	Percent
Valid	STRONGLY DISAGREE	26	7.0
	DISAGREE	21	5.7
	NEUTRAL	81	21.9
	AGREE	166	44.9
	STRONGLY AGREE	76	20.5
	Total	370	100.0

Source: Own survey, 2018

From the above table 65.4% of respondents are agree and strongly agree with the question (are you loyal to DB and the rest 12.7 % were strongly disagree and agree.22.7% of respondents chose neutral. From the total number of respondent 65.4 % of the respondent can be said they are using particularly the bank rather than use other bank.

4.4 The relationship between the study variables

The correlation matrix with the dependent and independent variables allows the researcher to assess the strength of the association between the variables of interest. The correlation matrix for the Overall sample is provided below.

Correlation analysis between customer relationship marketing and customers' loyalty

Spearman's correlation test was conducted to know the degree of relationship between the independent variable i.e. relationship marketing and the dependent variable i.e. customers loyalty. The results of the correlation between these variables are shown in table 4.4.1. As it is indicated in the table there is significant correlation between relationship marketing and customer loyalty. In other words relationship marketing and customers loyalty have high relationship ($r=0.946$ with $p<0.01$).

Table 4.4.1.correlations

Correlations		KEYCUS TOMERF OCUS	KNOWLE DGEMGT	ORGANIZ ATION	TECHINO LOGY	LOYALIT YCRM
KEYCUSTOMER FOCUS	Pearson Correlation	1				
	Sig. (2-tailed)					
KNOWLEDGE	N	370				
	Pearson Correlation	.871**	1			
ORGANIZATIO N	Sig. (2-tailed)	.000				
	N	370	370			
TECHINOLOG89 Y	Pearson Correlation	.737**	.809**	1		
	Sig. (2-tailed)	.000	.000			
L87OYALITY	N	370	370	370		
	Pearson Correlation	.730**	.692**	.685**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	370	370	370	370	
	Pearson Correlation	.081	.050	.138**	.172**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	370	370	370	370	370

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

To determine the existence and level of association, the researcher used bivariate correlation. Pearsons correlation coefficient falls between -1.0 and +1.0, indicates the strength and direction of association between the two variables. (Field, 2005) The Pearson’s correlation coefficient (r) was used to conduct the correlation analysis to find the level and direction of the relationships between the dimensions of CRM and customer loyalty. The classification of the correlation efficient (r) is as follows: 0.1 – 0.29 is weak; 0.3 – 0.49 is moderate; and > 0.5 is strong. (Field, 2005) The bivariate correlation of a two-tailed test confirm the presence of statistically significant difference at probability level $p < 0.01$ i.e. assuming 99% confidence interval on statistical analysis. Hence all the dimensions have a strong positive relationships to customer loyalty which is significant even at the $p < 0.01$ level.

Key customer focus CRM has the highest correlation of $r = .871^{**}$, followed by CRM Knowledge ($r = .737^{**}$), Organization ($r = .730^{**}$) and Technology focus ($r = .081$). That means, all the service

quality indicators have positive correlation effect upon the level of customer loyalty though there degree of effect vary.

Moreover, the inter-correlations between CRM dimensions also show a positive and significant relationship among the CRM dimensions. Hence when the bank makes changes to one CRM dimension the association is likely to positively motivate other CRM dimensions positively too. The highest inter-correlation exists between Knowledge management and CRM knowledge ($r=.809^{**}$) followed by the inter correlation between Knowledge management and Technology based CRM of ($r=.692^{**}$).

In the result we can see the sign of the coefficient indicate the direction of the relationships both variable increase the result from the above table shows as all coefficient are positive but we can't say they have linear relationship.

4.5. Regression analysis

Before the regression analysis is conducted different assumptions was tested to check the representatives of the data. These assumptions are

4.5.1. Multicollinearity

This assumption assumes that the independent variables are not highly correlated with each other. This assumption is tested by the variance inflation factor (VIF), tolerance. The tolerance measures the influence of one independent variable on all other independent variable. When $T < 0.2$ there might be multicollinearity in the data (www.ststisticssolution.com). As we can see from the coefficient table below the tolerance value of all independent variables are greater than 0.2, so, we can say that there is no multicollinertity between the variables.

When we come to VIF assumption it is defined as $VIF = 1/T$. When $VIF > 10$ there is an indication of multicollinearity to be present (www.ststisticssolution.com). In the table below the VIF value of all variables are less than 10 which means there is no multicollinearity between the variables.

Table 4.5.1.1.Multicollinearity

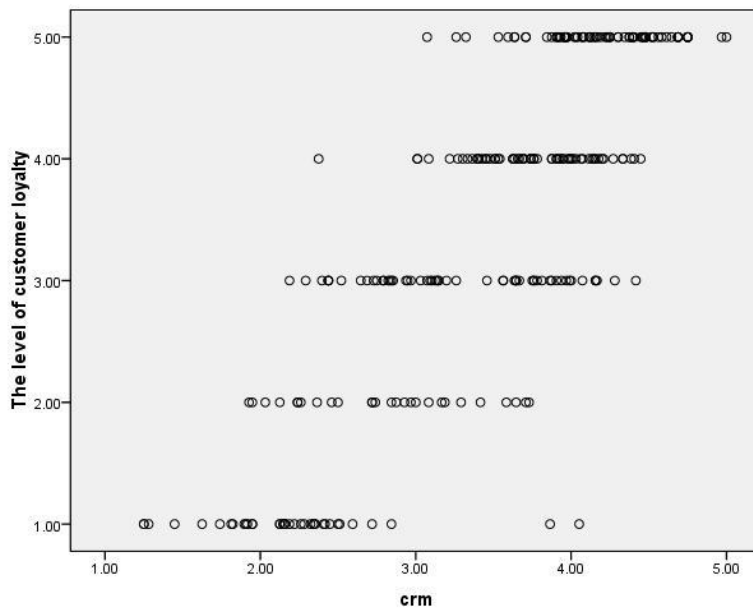
Multicollinearity		
Model	Collinearity Statistics	
	Tolerance	VIF
KEYCUSTOMERFOCUS	.211	4.747
KNOWLEDGE	.381	5.515
ORGANIZATION	.316	3.166
TECHINOLOGY	.419	2.385

a. Dependent Variable: Customer Loyalty

Source: own survey result, 2018

Figure 4.5.1.2Linearity

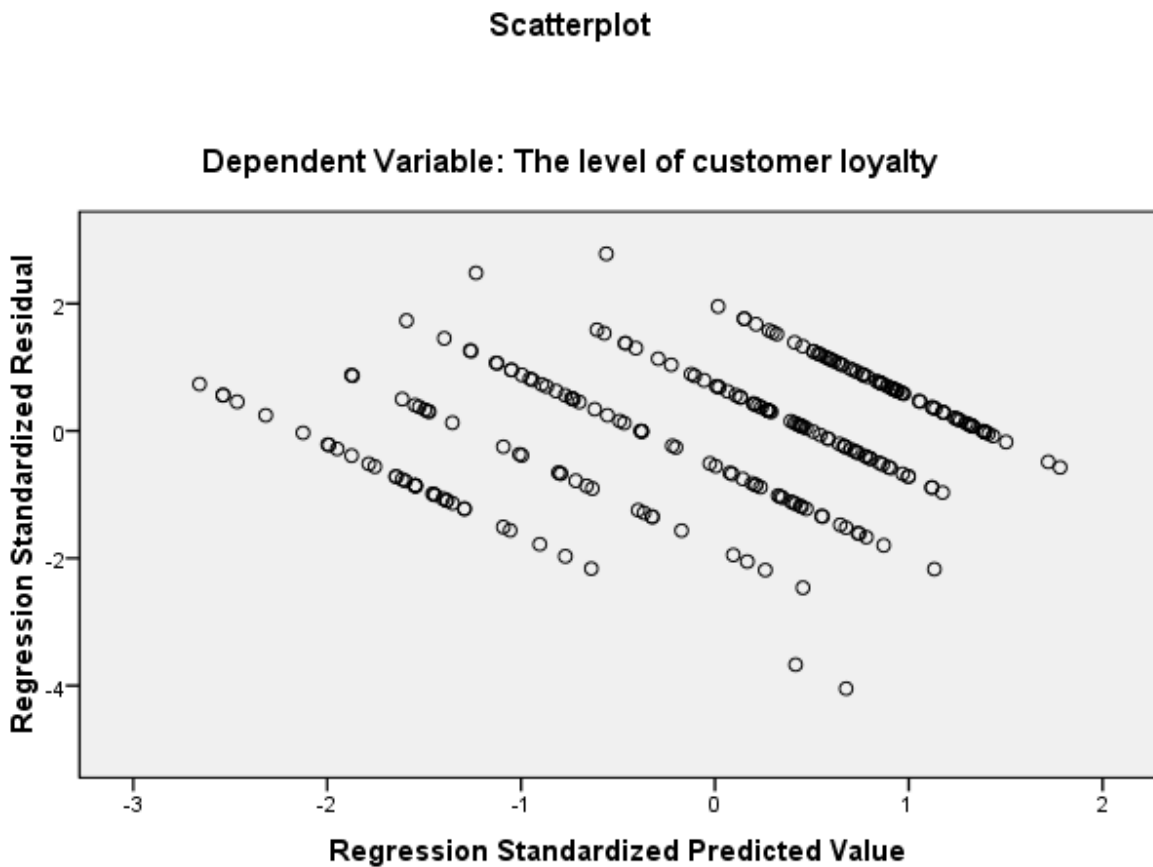
- Linear relationship between the outcome variable and the independent variable. A plot Of standardized residuals versus the predicted values show whether there is a linear or curvilinear relationship (www.stasticssolution.com). It is also important to check for outliers since linear regression is sensitive to outlier effects. As we can see from the scatter plot below we can say there is moderate linearity between dependent (i.e customer loyalty) and independent variables (i.e. CRM dimensions).



4.5.1.3 Homoscedasticity

There should be homoscedasticity before running multiple regression analysis, this means that the residuals (the differences between the values of the observed and predicted dependent variable) are normally distributed, and that the residuals have constant variance (Burns & Burns 2008). If the assumption of homoscedasticity is violated (i.e. there is heteroscedasticity). The graph has demonstrated homoscedasticity of the study.

Figure 4.5.1.4 Homoscedasticity



For the sample size above 30 is usually sufficient to ignore the assumption regarding normal distribution (Weinberg & Abramowitz 2008). Since samples size of the study exceeds by far the suggested number hence it assumes normality.

4.6 Multiple Regressions of CRM dimensions (independent variables) on loyalty (dependent variable)

The Results of regression analysis against customer loyalty can be seen in table 4.6.1A. The result shows that relationship marketing has the power to explain customer loyalty. In this case the results of correlation of Customer relationship marketing and customers loyalty and R Square (0.885) are taken into consideration. The regression analysis model summary indicates that relationship marketing which is entered into the regression model on SPSS has relationship with customer loyalty with correlation coefficient of 0.941. The R square is the explained variance and it is actually the square of the multiple R $(0.941)^2$. Therefore, it is pointed out that 88.5 percent of customer relationship marketing can explain the dependent variable that is customer loyalty. As it is indicated in table 4.3.1, total customer relationship marketing was considered as predictors of customers loyalty and reported high level of significance $p < 0.01$.

And also the R square value of 0.885 confirming that, 88.5% of the variation in customer loyalty is explained by customer relationship marketing. Relationship marketing as used for prediction was found to be significantly related to customers loyalty as the p-value is less than 0.01.

After the study met the regression assumption next the researcher examined the effect of CRM dimensions on customer loyalty. The researcher tested the four hypothesis set out to be tested at the beginning based on the regression analysis. The researcher believes that the bank can use the result of the regression analysis for future decision making via identifying which CRM dimension got the highest effect on customer loyalty. This will answer the research question of the effect of each dimension (Key customer focus, knowledge management, CRM organization & technology based CRM) on the dependent variable customer loyalty.

Model Summary

Table 4.6.1A Regression analysis result for relationship marketing and customers loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.723 ^a	.885	.730	.5253

a. Predictors: (Constant), TECHINOLGY, ORGANIZATION, KEYCUSTOMERFOCUS, KNOWLEDGEMGT

Source: own survey result, 2018

The result of regression analysis on the independent variables (Key customer focus, knowledge management, CRM organization & technology based CRM) on the dependent variable customer loyalty (tangibles) on the dependent variable (customer loyalty) indicates existence of positive and statistically significant effect on loyalty. The model summary table R-Square value is 0.885 which means that 88.5% of the customer loyalty was explained by the variation of the four CRM dimensions.

The adjusted R-square is a modified version of R-square can be negative, but isn't always, while an R-square value is between 0 and 100 and shows the linear relationships in the sample of data even when there is no basic relation. The adjusted r-square is the best estimate of the degree of relationship in the basic population.

ANOVA^a

Table 4.6.2 Regression analysis a nova result

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	881.878	4	220.470	19.937	.000 ^b
Residual	4036.260	365	11.058		
Total	4918.139	369			

a. Dependent Variable: LOYALTYCRM

b. Predictors: (Constant), Technology, Organization, Key customer focus, Knowledge management.

b. Dependent Variable: Overall Customer loyalty.

The ANOVA tells us whether the model, overall, results in a significantly good degree of prediction of the outcome variable.(Field, 2005) . Since the significance result on the ANOVA table is 0.000 which is $p < 0.05$, the regression analysis proved the presence of a good degree of prediction. The contribution of each dimension can be seen from the results of multiple regressions in the coefficient table below.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.688	.786		16.143	.000
KEYCUSTOMERFOCUS	.250	.073	.355	3.432	.001
KNOWLEDGEMGT	.345	.142	.271	2.435	.015
ORGANIZATION	.352	.063	.469	5.562	.000
TECHINOLOGY	.509	.088	.422	5.762	.000

a. Dependent Variable: LOYALTYCRM

From the above multiple regression equation one can see that all the dimension of CRM positively affects customer loyalty. Unstandardized coefficient (Beta value) indicates the degree of importance of each CRM dimensions towards customer loyalty; accordingly, the dimensions can be ranked in the following manners on the basis of their contribution.

1. Technology based CRM B=0.509
2. CRM organization B=0.352
3. Key customer focus B=0.250

The beta value on the coefficient table indicates level of effect each dimension has on the dependent variable customer loyalty. The highest beta level is for technology based CRM of B=0.564. This means that the more the bank used technology based CRM methods the more customers become loyal. Hence, if assumed other things being constant and technology based CRM increased by one unit, it increases customer loyalty by 0.509.

The second highest beta value is for CRM organization which means that when other things are constant if CRM organization increased by one unit, CRM organization increases by 0.352.

Therefore, from among the four dimensions, Technology based CRM has the strongest effect on customer loyalty and should be given the highest focus. And knowledge management has the lowest effect on customer loyalty.

Regression Equation

$$\text{Loyalty} = 1.688 + 0.509 (\text{TECH}) + 0.352 (\text{CRMORG}) + 0.250 (\text{KEYCUST}) + 0.345(\text{KNOWLEDGE})$$

As we see from the result of the data analysis we can derive the following equation technology if technology is 0.509 loyalties will increase 1.688 and CRM organization 0.352 loyalty will increase 1.688 the same for the key customer focus and knowledge.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

Based on the findings this chapter provides the conclusions reached as to DB's extent of CRM application and its effect on customer loyalty and forward recommendations.

5.1 Summary of the findings

The purpose of this study was to examine the impact of customer relationship marketing on customer loyalty in the Dashen bank; it was also explanatory and quantitative in nature. The sample size was taken from the population of customers of DB., who were banking in various geographical locations of Addis Ababa, from the four, north, south, west and east districts of the bank, which have got 113 branches. since there is little understanding about the extent of customer loyalty in this particular bank higher officials, that the researcher discuss with, he initiated to conduct this research to investigate the customer relationship marketing dimensions such as key customer focus, organization, technology, and knowledge management of Dashen Bank, in order to discover whether these dimensions has had the intended strengthening effect on customer loyalty.

The previous chapter presented in detail the extent of relationship marketing dimensions impact on customer loyalty in DB as it perceived by customers of the sample of the respondents. In this section of the chapter the findings of the respondents is presented in summarized and informative manner. The respondents were asked to answer the impact of the four dimensions of customer relationship marketing in their loyalty to the bank. the researcher have tested the questionnaires before he goes to the analysis by using the reliability test and the result showed that, the coefficient alpha for this study's instrument was found to be 0.942% . Since all the dimensions are greater than 0.65%, it is acceptable for further analysis. The assessments made on the dimensions was made by analyzing the independent variables i.e. key customer focus, CRM organization, CRM technology and knowledge management dependent variable i.e. customer loyalty by using correlation and regression analysis there in.

Correlation analysis

➤ Key customer focus

Key customer focus and customers' loyalty are related with very high relationship

($r = 0.871^{**}$).

➤ CRM organization

CRM organization and customers' loyalty are related with relatively strong relationship ($r = 0.730^{**}$).

➤ CRM knowledge

CRM Technology and customers' loyalty were strongly positively related with strong positive relationship ($r = 0.737^{**}$)

➤ CRM Technology

CRM Technology dimension and customers' loyalty are related with ($r = 0.713^{**}$).

Eventually the four dimensions of customer relationship marketing were also assessed their extent of explanation to customer loyalty jointly and independently using multiple regression analysis, but before the researcher has made the regression analysis, the independent variables were tested multicollinearity as it indicated a safe position because the VIF results showed that all independent variables are not more than 8 point, then after as the multiple regression analysis shows below and depicted in the tables of the previous chapter all independent variables explain the dependent variable with different extent.

Multiple regression analysis

The Joint result of regression relationship marketing dimensions and customer loyalty all four customer relationship marketing dimensions jointly determine 88.5 % of customer loyalty.

5.2 Conclusions

According to literatures, CRM has four behavioral dimensions. These behavioral dimensions are: key customer focus, CRM organizations, Knowledge management and technology -based CRM. It is essential that all of these dimensions must work systematically in an organization to guarantee its improved performance (Fox and stead, 2001; Sin, L., Tse, A., Yau , O., Lee, J., Chow, R., 2005).

The respondents were asked to assess DB extent of CRM practice in a five point Likert scale where the extent of its application is derived from the assessments made on the four behavioral dimensions therein. As per the foregoing findings the following conclusions are drawn;

The findings show the mean result of the dimensions show that the Technology based CRM dimension has the highest mean score (3.800), followed by CRM organization Knowledge Management CRM (lowest 3.2865). Since all the mean results show room for improvement the bank can work to improve all dimensions especially on the lowest scoring dimension Knowledge Management CRM. The descriptive analysis of the study shows that the customer loyalty level is at more than 65.4% of customers in agreement and strong agreement. In addition the results of the correlation and regression analysis show that the Technology based CRM dimension has the highest correlation and regression results. Therefore it can be inferred that while the dimension has a high importance to customers' loyalty, the bank is not working on it as meeting to customer expectation. The correlation analysis shows that the key customer focus based CRM has the highest correlation coefficient with ($r=0.875$), followed by CRM Knowledge ($r=0.737$), and CRM organization focus ($r=0.730$). The multiple regression also shows that technology based CRM has the highest effect on customer loyalty with Beta value ($B=0.509$), followed by CRM organization ($B=0.352$), Key customer focus ($B=0.250$).

5.3 Recommendations

Since only 65.4% of the customers agreed on the statement of being a loyal customer of DB, the bank has areas room for improvement. As per the customers' perception, DB has not done well in some areas of CRM. Therefore the researcher appreciates the bank's effort to apply CRM in

its full dimension and suggest some possible recommendation on relatively less applied areas of CRM.

- DB has to establish a mechanism to have professional employees so as to apply CRM organization dimension.
- DB has relatively shown less effort on having information system to give comprehensive data about customers therefore it has to work hard to close this gap.
- DB has to work hard on strengthening emotional bonds with key customers so as to apply the key customer focus dimension fully.
- Finally the researcher recommends that even if applying all dimensions of CRM is important, applying technology based CRM dimension has the highest effect on customer loyalty with Beta value ($B=0.509$), so DB should give priority for the application of this dimension when compared to other dimensions.

5.4 Future research

During the process of the thesis different aspects that aroused can be developed and further implicated in a later research. One aspect to take in consideration in future research is the sampling frame. Since the population of the thesis was hard to estimate and the limitation of time and economical resources, the result might have been affected. In future research the implications for sampling frame is to have a broader sampling that represents a larger sample from the population. If the research will be considered in a later point in time, the sampling frame need to be taken in mind if the aim with the research is to make a general conclusion for the entire population.

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APPENDIX

ST. MARY'S UNIVERSITY

Department Of Marketing Management Post Graduate Program

Questionnaire to be filled by Dashen Bank customers

Purpose of the questionnaire

This questionnaire is prepared to collect primary data from the customers of the Dashen Bank So to assess the **Level of Customer Relationship Management (CRM)** Application in Dashen Bank- for the partial-fulfillment of MA in Marketing Management from St.Mary's University.

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

Thank you

DANIEL FELEKE

EMAIL:felekedaniel11@gmail.com

Part I. General and Demographic Information

1. Please indicate your gender.

Male female

2. Use the Bank service for

Personal commercial both

3. For how many years you have used the Dashen Services?

< 5 year 10 years 10years

4. Which service you need from the Bank? (You can indicate more than one)

Saving Account Current account Loan

Remittance ATM Credit Card other...

Part II. Customer Relationship Management Best Practices

Please indicate the extent to which you agree/disagree with the following statements. Strongly Disagree carries the least weight of 1 while Strongly Agree carries the highest weight of 5. Using a point likert scale.

The overall bank services	1.S. D	2.D. A	3 .N	4 .AG	5.S.A
1. The Bank provides customized services and products to its key customers					
2. The Bank strives to constantly surprise and delight its key customers					
3. The Bank strengthens the emotional bonds with its key customers by wishing them on important occasions.					
4. The Bank uses the concept of 'Relationship Pricing' in pricing its services.					
5. The Bank employees encourage customers to use more services of the Bank.					
6. The Bank has effective customer recovery strategies including guarantees for service failures.					
7. The Bank takes customer feedback seriously and replies to them.					
8. The Bank use information from customers to Design or improve our services.					
Extent of CRM dimensions application					

9.Extent of CRM dimensions application on Key customer focus					
10.Extent of CRM dimensions application on knowledge management					
11.Extent of CRM dimensions application on organization					
12.Extent of CRM dimensions application on technology					
Effect of CRM dimension on building loyalty					
	Ver y high	hig h	moder ate	la w	Very low
13.Customer focus has role in building loyalty					
14.Knowledge management has role in building loyalty					
15.Organization has role in building loyalty					
16.Technology has role in building loyalty					

EFFECT CRM ON ORGANIZATIONMANAGEMENT	1.S. D	2.D. A	3 .N	4 .A	5.S. A
17. The Bank top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the Bank.					
18. The Bank commits time and resources in managing customer relationships.					
19. The Bank policy is fast & reliable.					
20. The Bank gives all the needed services from the Bank					
21. The Bank employees are professionals.					
22. The Bank employees go beyond their responsibility to serve customers in a better way.					
23. The Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers.					

24. The Bank has a differential reward system that rewards customers based upon their profit/ revenue contribution.					
25. The Bank gives technology based service to its customers.					
26. The Bank information systems are designed to give omprehensive data About all aspects of its customers, so that the Bank can be responsive to them.					
27. The Bank analyzes the causes of customer dissatisfactions through exit interviews and lost customer surveys with the aim to win back customers who have strong profit potential.					
28. CRM responsibilities of customer contact employees are clearly defined, assigned and understood.					

Part III Circles the level of agreement of the following sentences

“I am a loyal customer of Dashen Bank”

1) Strongly disagree----- 2) Disagree ----3) Neutral ---- 4) Agree --- 5) Strongly agree -----

:

Part IV What kind of marketing strategies you would suggest to improve the CRM practices of the bank from the following aspects

1. Customer focus
2. Knowledge management
3. CRM organization
4. Technology.....

Thank you for your cooperation

ቅድስተማሪያምዩኒቨርሲቲኮልጅ

የማርኬቲንግማኔጅመንትድህረ-ምረቃትምህርትክፍል

የደንበኞችመጠይቅ

ይህመጠይቅየተዘጋጀውበዳሽንባንክየደንበኞችግንኙነትአገልግሎትአሰጣጥንለመመዘንነው።

በዚህመጠይቅላይየሚያሰፍሩትማንኛውምመረጃለትምህርታዊአገልግሎትብቻእንደሚውልእየገለፅኩ፣ከዚህበተጨማሪምግላዊ መረጃዎችብጥቅልላሚደረግምርምርግብአትነትብቻእንደሚውሉላረጋግጥልዎአወዳለሁ።

ከዚህበታችለተዘረዘሩትመግለጫዎች \sqrt ምልክትበማድረግየሚመርጡትንያመልክቱ።

ክፍል1 - መሠረታዊመረጃዎች

1. ያታ፤

ወንድ ሴት

2. የባንኩንአገልግሎትየሚጠቀሙት፤

ለግል ለንግድ/ሥራ ለሁለቱም

3. ከዚህባንክጋርበደንበኝነትምንያህልዓመትቆይተዋል?

< 5 ዓመት 10 ዓመት > 10 ዓመት

4 .በባንኩየሚጠቀሙትአገልግሎት፤ (ከአንድበላይማመልክትይችላሉ።)

የተቀማጭሂሳብ ተንቀሳቃሽሂሳብ የብድርአገልግሎት

ክፍል 2 - የደንበኞች ግንኙነት አገልግሎትን በተመለከተ

መግለጫ	በጣም አልሰማም (1)	አልሰማም (2)	አስተያየት የለኝም (3)	እስማማለሁ (4)	በጣም እስማማለሁ (5)
1. ባንኩ ለተቀዳሚ ደንበኞቹ ከፍላጎታቸው ጋር የሚጣጣም አገልግሎት ይሰጣል።					
2. ባንኩ ለተቀዳሚ ደንበኞቹ ንግግር ካትሁል ግዜ ይጥራል።					
3. ባንኩ በህዝባዊ በዓላት ለተቀዳሚ ደንበኞቹ የመልካም ምኞት መግለጫ ይሰጣል።					
4. ባንኩ ለሚሰጣቸው አገልግሎቶቹ ከደንበኛው ጋር ባለው ግንኙነት መሠረት በስም ምነት የተለያየ አገልግሎት ይሰጣል።					
5. የባንኩ ሠራተኞች ደንበኞች የባንኩን የተለያዩ አገልግሎቶች እንዲጠቀሙ ያበረታታሉ።					
6. ባንኩ ለአገልግሎት መጓደል / መቋረጥ ዋስትና ይሰጣል።					
7. ባንኩ የደንበኞችን አስተያየት ብሎ ተገቢውን ምላሽ ይሰጣል።					
8. ባንኩ የደንበኞቹን አስተያየት እንደ ግብአት ተጠቅሞ የሚሰጠውን አገልግሎት ያሻሽላል፤ አዳዲስ አገልግሎቶችንም ያስተዋውቃል።					
9. የባንኩ አመራር ከደንበኞች ጋር መልካም ግንኙነት መገንባት አስፈላጊ እንደሆነ ያምናል፤ ለተግባራዊነቱም ይሰራል።					
10. ባንኩ ያለውን የገንዘብ ብድረ ሃይል ተጠቅሞ ከደንበኞቹ ጋር መልካም ግንኙነትን ለመፍጠር ይጥራል።					
11. የባንኩ አሰራር ቀልጣፋ ናምቸው።					
12. ባንኩ በሁሉም የባንክ አገልግሎት ዘርፎች አስተማማኝ አገልግሎት ይሰጣል።					
13. የባንኩ ሠራተኞች ደንበኛን ለማገልገል የሰለጠኑና ብቁ ናቸው።					
14. የባንኩ ሠራተኞች ከተሰጣቸው ኃላፊነት በተጨማሪ በግልተነሳሽነት ደንበኛውን የበለጠ ለማገልገል ይጥራሉ።					
15. ባንኩ የደንበኞቹን መረጃ በሚስጥር ይይዛል።					
16. ባንኩ ለትርፋማነቱ ከፍተኛ አስተዋፅኦ ላይ ረገድ ደንበኞች ሽልማት ይሰጣል።					
17. ባንኩ በዘመናዊ ቴክኖሎጂ የታገዘ አገልግሎት ይሰጣል።					
18. ባንኩ የደንበኞቹን መረጃ ሁሉን ዓቀፍ በሆነ መልኩ ስለሚይዝ የደንበኞቹን ፍላጎት የበለጠ መረዳት ይችላል።					
19. ባንኩ ደንበኝነታቸውን ያቋረጡ ተቀዳሚ ደንበኞችን በማነጋገር ወደ ባንኩ እንዲመለሱ ጥረት ያደርጋል።					
20. የባንኩ የደንበኛ ግንኙነት ሠራተኞች ኃላፊነታቸውን በሚገባ ያውቃሉ።					

ክፍል 3 በሚከተለው አረፍተኛ ስርዓት ላይ ያለውን አስተያየት በማክበብ ያመልክቱ

“እርሶ በዳሽን ባንክ ታማኝ ደንበኛ ነዎት”

1) በጣም አልስማም

2) አልስማም

3) አስተያየት የለኝም

4) እስማማለሁ

5) በጣም እስማማለሁ

ክፍል (4)

1፣ ምን ዓይነት የደንበኛ አያያዝ ለዳሽን ባንክ ይመክራሉ

- ደንበኛ ላይ ያተኮረ
- የደንበኛ መረጃ አያያዝ ላይ ያተኮረ
- አጠቃላይ የደንበኞች አያያዝ አወቃቀር
- ዘመናዊ የመረጃ አሰባሰብ

አመሰግናለሁ!

Appendix II

SPSS output

The Bank provides customized services and products to its key customers

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	113	30.5	30.5	30.5
AGREE	188	50.8	50.8	81.4
NEUTRAL	20	5.4	5.4	86.8
DISAGREE	14	3.8	3.8	90.5
STRONGLY DISAGREE	35	9.5	9.5	100.0
Total	370	100.0	100.0	

The Bank strengthens the emotional bonds with its key customers by wishing them on important occasions.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	52	14.1	14.1	14.1
AGREE	186	50.3	50.3	64.3
NEUTRAL	93	25.1	25.1	89.5
DISAGREE	30	8.1	8.1	97.6
STRONGLY DISAGREE	9	2.4	2.4	100.0
Total	370	100.0	100.0	

The Bank employees encourage customers to use more services of the Bank.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	110	29.7	29.7	29.7
AGREE	174	47.0	47.0	76.8
NEUTRAL	52	14.1	14.1	90.8
DISAGREE	34	9.2	9.2	100.0
Total	370	100.0	100.0	

The Bank strives to constantly surprise and delight its key customers

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	31	8.4	8.4	8.4
AGREE	179	48.4	48.4	56.8
NEUTRAL	55	14.9	14.9	71.6
DISAGREE	97	26.2	26.2	97.8
STRONGLY DISAGREE	8	2.2	2.2	100.0
Total	370	100.0	100.0	

The Bank uses the concept of ‘Relationship Pricing’ in pricing its services

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	56	15.1	15.1	15.1
AGREE	101	27.3	27.3	42.4
NEUTRAL	73	19.7	19.7	62.2
DISAGREE	50	13.5	13.5	75.7
STRONGLY DISAGREE	90	24.3	24.3	100.0
Total	370	100.0	100.0	

The Bank has effective customer recovery strategies including guarantees for service failures

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	28	7.6	7.6	7.6
AGREE	173	46.8	46.8	54.3
NEUTRAL	72	19.5	19.5	73.8
DISAGREE	8	2.2	2.2	75.9
STRONGLY DISAGREE	89	24.1	24.1	100.0
Total	370	100.0	100.0	

The Bank takes customer feedback seriously and replies to them

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	104	28.1	28.1	28.1
AGREE	121	32.7	32.7	60.8
NEUTRAL	28	7.6	7.6	68.4
DISAGREE	91	24.6	24.6	93.0
STRONGLY DISAGREE	26	7.0	7.0	100.0
Total	370	100.0	100.0	

The Bank use information from customers to Design or improve our services

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	109	29.5	29.5	29.5
AGREE	74	20.0	20.0	49.5
NEUTRAL	71	19.2	19.2	68.6
DISAGREE	102	27.6	27.6	96.2
STRONGLY DISAGREE	14	3.8	3.8	100.0
Total	370	100.0	100.0	

Extent of CRM dimensions application on Key customer focus

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	71	19.2	19.2	19.2
AGREE	81	21.9	21.9	41.1
NEUTRAL	146	39.5	39.5	80.5
DISAGREE	64	17.3	17.3	97.8
STRONGLY DISAGREE	8	2.2	2.2	100.0
Total	370	100.0	100.0	

Extent of CRM dimensions application on knowledge management

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	34	9.2	9.2	9.2
AGREE	95	25.7	25.7	34.9
NEUTRAL	192	51.9	51.9	86.8
DISAGREE	41	11.1	11.1	97.8
STRONGLY DISAGREE	8	2.2	2.2	100.0
Total	370	100.0	100.0	

Extent of CRM dimensions application on organization

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	14	3.8	3.8	3.8
AGREE	227	61.4	61.4	65.1
NEUTRAL	77	20.8	20.8	85.9
DISAGREE	32	8.6	8.6	94.6
STRONGLY DISAGREE	20	5.4	5.4	100.0
Total	370	100.0	100.0	

Extent of CRM dimensions application on technology

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	79	21.4	21.4	21.4
AGREE	188	50.8	50.8	72.2
NEUTRAL	61	16.5	16.5	88.6
DISAGREE	34	9.2	9.2	97.8
STRONGLY DISAGREE	8	2.2	2.2	100.0
Total	370	100.0	100.0	

Customer focus has role in building loyalty

	Frequency	Percent	Valid Percent	Cumulative Percent
VERY HIGH	100	27.0	27.0	27.0
HIGH	183	49.5	49.5	76.5
MODERATE	62	16.8	16.8	93.2
LOW	21	5.7	5.7	98.9
VERY LOW	4	1.1	1.1	100.0
Total	370	100.0	100.0	

Knowledge management has role in building loyalty

	Frequency	Percent	Valid Percent	Cumulative Percent
VERY HIGH	94	25.4	25.4	25.4
HIGH	123	33.2	33.2	58.6
MODERATE	41	11.1	11.1	69.7
LOW	72	19.5	19.5	89.2
VERY LOW	40	10.8	10.8	100.0
Total	370	100.0	100.0	

Organization has role in building loyalty

	Frequency	Percent	Valid Percent	Cumulative Percent
VERY HIGH	89	24.1	24.1	24.1
HIGH	199	53.8	53.8	77.8
MODERATE	15	4.1	4.1	81.9
LOW	46	12.4	12.4	94.3
VERY LOW	21	5.7	5.7	100.0
Total	370	100.0	100.0	

Technology has role in building loyalty

	Frequency	Percent	Valid Percent	Cumulative Percent
VERY HIGH	17	4.6	4.6	4.6
HIGH	175	47.3	47.3	51.9
MODERATE	103	27.8	27.8	79.7
LOW	42	11.4	11.4	91.1
VERY LOW	33	8.9	8.9	100.0
Total	370	100.0	100.0	

The Bank top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the Bank.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	82	22.2	22.2	22.2
AGREE	99	26.8	26.8	48.9
NEUTRAL	81	21.9	21.9	70.8
DISAGREE	23	6.2	6.2	77.0
STRONGLY DISAGREE	85	23.0	23.0	100.0
Total	370	100.0	100.0	

The Bank commits time and resources in managing customer relationships

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	68	18.4	18.4	18.4
AGREE	110	29.7	29.7	48.1
NEUTRAL	64	17.3	17.3	65.4
DISAGREE	69	18.6	18.6	84.1
STRONGLY DISAGREE	59	15.9	15.9	100.0
Total	370	100.0	100.0	

The Bank policy is fast & reliable

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	93	25.1	25.1	25.1
AGREE	84	22.7	22.7	47.8
NEUTRAL	81	21.9	21.9	69.7
DISAGREE	53	14.3	14.3	84.1
STRONGLY DISAGREE	59	15.9	15.9	100.0
Total	370	100.0	100.0	

The Bank gives all the needed services from the Bank

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	43	11.6	11.6	11.6
AGREE	180	48.6	48.6	60.3
NEUTRAL	63	17.0	17.0	77.3
DISAGREE	77	20.8	20.8	98.1
STRONGLY DISAGREE	7	1.9	1.9	100.0
Total	370	100.0	100.0	

The Bank employees are professionals.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	75	20.3	20.3	20.3
AGREE	80	21.6	21.6	41.9
NEUTRAL	135	36.5	36.5	78.4
DISAGREE	16	4.3	4.3	82.7
STRONGLY DISAGREE	64	17.3	17.3	100.0
Total	370	100.0	100.0	

The Bank employees go beyond their responsibility to serve customers in a better way.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	118	31.9	31.9	31.9
AGREE	86	23.2	23.2	55.1
NEUTRAL	126	34.1	34.1	89.2
DISAGREE	34	9.2	9.2	98.4
STRONGLY DISAGREE	6	1.6	1.6	100.0
Total	370	100.0	100.0	

The Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	147	39.7	39.7	39.7
AGREE	51	13.8	13.8	53.5
NEUTRAL	86	23.2	23.2	76.8
DISAGREE	78	21.1	21.1	97.8
STRONGLY DISAGREE	8	2.2	2.2	100.0
Total	370	100.0	100.0	

The Bank has a differential reward system that rewards customers based upon their profit/ revenue contribution

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	63	17.0	17.0	17.0
AGREE	72	19.5	19.5	36.5
NEUTRAL	76	20.5	20.5	57.0
DISAGREE	88	23.8	23.8	80.8
STRONGLY DISAGREE	71	19.2	19.2	100.0
Total	370	100.0	100.0	

The Bank gives technology based service to its customers

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	110	29.7	29.7	29.7
AGREE	130	35.1	35.1	64.9
NEUTRAL	84	22.7	22.7	87.6
DISAGREE	16	4.3	4.3	91.9
STRONGLY DISAGREE	30	8.1	8.1	100.0
Total	370	100.0	100.0	

The Bank information systems are designed to give comprehensive data about all aspects of its customers, so that the Bank can be responsive to them

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	53	14.3	14.3	14.3
AGREE	234	63.2	63.2	77.6
NEUTRAL	52	14.1	14.1	91.6
DISAGREE	28	7.6	7.6	99.2
STRONGLY DISAGREE	3	.8	.8	100.0
Total	370	100.0	100.0	

The Bank analyzes the causes of customer dissatisfactions through exit interviews and lost customer surveys with the aim to win back customers who have strong profit potential

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	46	12.4	12.4	12.4
AGREE	133	35.9	35.9	48.4
NEUTRAL	48	13.0	13.0	61.4
DISAGREE	59	15.9	15.9	77.3
STRONGLY DISAGREE	84	22.7	22.7	100.0
Total	370	100.0	100.0	

CRM responsibilities of customer contact employees are clearly defined, assigned and understood

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	69	18.6	18.6	18.6
AGREE	91	24.6	24.6	43.2
NEUTRAL	65	17.6	17.6	60.8
DISAGREE	145	39.2	39.2	100.0
Total	370	100.0	100.0	

CRM responsibilities of customer contact employees are clearly defined, assigned and understood

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY AGREE	69	18.6	18.6	18.6
AGREE	91	24.6	24.6	43.2
NEUTRAL	65	17.6	17.6	60.8
DISAGREE	145	39.2	39.2	100.0
Total	370	100.0	100.0	

Regression

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 ^a	.179	.170	3.32539

a. Predictors: (Constant), TECHNOLOGY, ORGANIZATION, KEYCUSTOMERFOCUS, KNOWLEDGEMGT

b. Dependent Variable: LOYALITYCRM

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	881.878	4	220.470	19.937	.000 ^b
	Residual	4036.260	365	11.058		
	Total	4918.139	369			

a. Dependent Variable: LOYALITYCRM

b. Predictors: (Constant), TECHINOLEGY, ORGANIZATION, KEYCUSTOMERFOCUS, KNOWLEDGEMGT

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	12.688	.786		16.143	.000
KEYCUSTOMERFOCUS	.250	.073	.355	3.432	.001
KNOWLEDGEMGT	-.345	.142	-.271	-2.435	.015
ORGANIZATION	-.352	.063	-.469	-5.562	.000
TECHINOLEGY	.509	.088	.422	5.762	.000

a. Dependent Variable: LOYALITYCRM

All the above SPSS output results are own survey results of 2018.