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Customer Relationship Management and its Effect on Loyalty (The Case of Dashen Bank)

**A Thesis Submitted to the St. Mary's University School of Graduate Studies in Partial
Fulfillment for the Award of the Degree of Master of Arts in Marketing Management**

Submitted to By : Dawit Solomon

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**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF MARKETING MANAGEMENT**

**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 Dawit Solomon has carried out his research work on the topic entitled The 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 Masters Degree in Marketing Management.

Advisor: Getie Andualem (PhD)

Date: _____

Statement of Declaration

I hereby declare that Customer Relationship Management and its Effect on Loyalty. (The Case of Dashen Bank) project is wholly the work of Dawit Solomon . I have carried out the present study independently with the guidance and support of the research advisor, Getie Andualem (PhD.). 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.

Dawit Solomon

Date _____

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Acronyms

DB – Dashen Bank

CRM – Customer Relationship Management

SPSS- Statistical Package for Social Science

Abstract

Globalization and technology improvements have exposed companies to a situation with tough competition; Banking is one of the service industries characterized by high customer contact with individually customized service solutions where customer satisfaction has been an increasing focus of research. So applying CRM is mandatory for the bank to have loyal customers. This research aimed to assess CRM practices across four dimensions (Key customer focus, Knowledge Management, CRM Organization & Technology based CRM) and its effect on customer loyalty. The researcher collects data 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. For this research 385 questionnaires were distributed and 285 (74%) were returned back for analysis. The collected data was analyzed by using statistical package for social science (SPSS) version 20. software using graphs, tables and other descriptive statistics (mean ,standard deviation) and inferential statistics (correlation and regression)as appropriate. From the analysis the researcher recommend Dashen Bank should give priority for the application of technology based CRM dimension than other dimensions because this dimension has high effect on customer loyalty. A conclusion was drawn to the effect that since factor influencing customer loyalty have been established, bank should give appropriate focus to significant dimensions of CRM.

Key words: CRM ,Loyalty and key customer

CHAPTER ONE

INTRODUCTION

This chapter introduces the reader to the study of the application of CRM and its effect on loyalty in Dashen Bank. 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

One of the basic elements of modern marketing understanding is customer satisfaction. Businesses can survive as long as they can meet the customers' needs and enable customer satisfaction. Apparently, the current marketing trend implies the unavoidable opportunities of designing and implementing a viable CRM system is impeccable for any company to formulate a profitable long-run relationship with its customers in the current competitive business world. Customers become partner & the firm must make long-term commitments to maintaining those relationships with quality, service & innovation. Relationship marketing essentially represents a paradigm shift within 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 & improving current customers rather than on acquiring new customers.

Consequently, in recent years, CRM has received enormous attention and many companies are spending huge finance to incorporate the system. On the other side, many academicians have tried to address the issue from different angles in pursuit of developing effective and efficient CRM systems. Thus, CRM has been expanded to include an integrated perspective on marketing, sales, customer service, channel management, logistics and technology for engaging in customer satisfaction. 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. Loyalty is one of the key concepts in the field of marketing management that plays an important role in creating long-term benefits for the organization because loyal customers do not require extensive promotion efforts (Kalati, et al, 2008, 48-35).

Loyal customers help the organization in determining the expected increase in sales and profit. In addition, customers who are familiar with the brand are likely to recommend it to their friends and relatives and affect the feedback and evaluation cycle of the product and these issues are critical in today's business environment (Allamehand Noktedan, 2009, 124-109). Loyalty is defined as follows: Loyalty is a strong commitment to repurchase a product or service in the future, so that the same brand or product is purchased despite the marketing efforts and potential competitors (Birelyet al, 2004, 255). Larson and Susana (2004) believe that: loyalty is creating customer commitment to doing business with a particular organization and procurement of goods and services (Larson and Susana, 2004, 48).

1.1.1. Background of the Bank

Dashen Bank was founded by eleven visionary shareholders and veteran bankers with initial capital of Birr 14.9 million in September 1995. Upon securing license from the National Bank of Ethiopia, Dashen opened its doors for service on the 1st of January 1996 with eleven fully-fledged branches.

The Simien Mountains is home to endemic wild life including the Walia Ibex, Simien Fox or Ethiopian Wolf and the Gelada Baboon. Dashen aspires to set new heights in banking services through the delivery of unique value propositions second to none.

Headquartered in Addis Ababa, the Bank is among the biggest private Banks in Ethiopia. It operates through a network of more than 403 Branches, ten dedicated Forex Bureaus, 362ATMs and 868plus Point-of-Sale (POS) terminals spread across the length and breadth of the nation. It has established correspondent banking relationship with 462 banks covering 70 countries and 170 cities across the world. Wherever business takes customers around the world, Dashen Bank is already there.

Dashen is the most reputable brand in the domestic banking market; a reputation earned through consistent delivery of values and preeminence unmatched by its competitors. The Bank also works in partnership with leading brands in the electronic payments industry (AMEX, VISA, MasterCard

&Union Pay) and prominent money transfer operators (Western Union, MoneyGram, Express Money & Dahabshiil, Ezremit, Transfast, KAI, World Remitand Ria).

Corporate Statement

Vision

“In as much as Mount Dashen excels all other mountains in Ethiopia, Dashen Bank S.C. continues to prove unparalleled in banking services.”

Mission

“Provide efficient and customer focused domestic and international banking services, overcoming the continuous challenges for excellence through the application of appropriate technology.”

Value

- Develop banking habit in the community
- Assist continuous growth of customers
- Sustainable growth and stability
- High integrity and accountability
- Esteemed customers satisfaction
- Non-stop openness for community access
- Brightened and trained employees
- Attend customers’ constructive outlook
- Normative confidentiality
- Keen to consciously build professionalism and service quality

Motto: Always one Step ahead!

1.2 Statement of the Problem

Due to fierce competition in the banking sector, where the competitive struggle to win larger market share and attract the largest possible number of customers is constantly being led, and taking into account poorly differentiated offer of banks, adequate customer relationship management is a fundamental tool for achieving better business results.

Ethiopia is on the way to be the middle income country in the next 15 years. For this expected growth of the country the financial sector has its own contribution and private banks take their own part for this development.

In order to take their parts in the development of the country, Banks are not only trying to attract new customers but also adopted the strategy of keeping existing customers and improved their loyalty to the organization. Thus, the customer satisfaction is not enough and marketing should provide the improvement of customer loyalty more than ever and retain more customers and ensure the long-term market share and profitability of the organization. Therefore the profitability and sustainability of these banks are important for the expected growth of the financial sector as well as the growth of the country. As stated earlier to be profitable the bank must win the competition through creating loyal customers and to become more profitable these banks must be customer centric and apply full dimensions of CRM in their business activities. The four dimensions of CRM are Key customer focus, knowledge management, CRM organization & technology based CRM.

1.3 Basic research Question

The Application of CRM in Dashen Bank

- ❖ What is the extent of the application of the CRM dimensions (Key customer focus, knowledge management, CRM organization & technology based CRM) in Dashen Bank?
- ❖ To what extent Key customer focus dimension affect on loyalty ?
- ❖ What level knowledge management dimension Dose affect on loyalty ?
- ❖ What is the effect of CRM organization dimension on loyalty ?
- ❖ What level technology based CRM dimension affect loyalty ?
- ❖ What is the effect of technology based CRM dimension on loyalty

1.4 Research Objectives

1.4.1 General objective

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

1.4.2 Specific objectives

The specific objectives of the study are:

- To determine the extent of the application of the CRM dimensions (Key customer focus, knowledge management, CRM organization & technology based CRM) in Dashen Bank.
- To determine the effect of each CRM dimensions (Key customer focus, knowledge management, CRM organization & technology based CRM) on customer loyalty.
- To recommend ways to improve on CRM areas which are found to be weak and build on areas which are found to be strong.
- To help focus management's attention on the CRM dimensions this has the strongest effect on customer loyalty.

1.5 Research hypothesis

- H1o: Key customer focus dimension does not have a significant effect on loyalty in Dashen Bank.
- H1a: Key customer focus dimension has a significant effect on loyalty in Dashen Bank.
- H2o: Knowledge management dimension does not have a significant effect on loyalty in Dashen Bank.
- H2a: Knowledge management dimension has a significant effect on loyalty in Dashen Bank.
- H3o: CRM organization dimension does not have a significant effect on loyalty in Dashen Bank.
- H3a: CRM organization dimension has a significant effect on loyalty in Dashen Bank.
- H4o: Technology based CRM dimension does not have a significant effect on loyalty in Dashen Bank.
- H4a: Technology based CRM dimension has a significant effect on loyalty in Dashen Bank.

1.6 Significance of the study

This study is expected to contribute to the theoretical and methodological study of CRM practices. The study will also contribute for the Bank 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 will 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 financial sector.

1.7 Definition of Terms

- ❖ **Customer** - operationally customer refers to organizations individuals and businesses that patronize bank products and services
- ❖ **Customer Relation Management (CRM)**; CRM is the utilization of customer-related information or knowledge to deliver relevant products or services. Levine (2000)
- ❖ **Loyalty**: The seller's perception of the consumer's positive attitude to the product manifested by re buying. (Hougaard and Bjerre 2009: 67).

1.8 Scope of the study

The study assess branches of Dashen Bank that are found only in Addis Ababa having higher grade (Grade 4 & 3) per the Bank`s branch rating scheme. This limits the area of the study by discriminating those branches of Bank found in outlying areas and those in Addis Ababa but with lower grades.

Geographical scope of the study limited on branches located in Addis Ababa territory selected by using convince sampling techniques, that the researcher believes the sample were representative of the population considering; wide customer range, technological advancement and adopting CRM activities. The study gives emphasis on customer relationship management along with its components' level of effects on customer Loyalty

Conceptual scope Customer Relationship Management is a strategy or philosophy which provides a vision for the company to deal with the customers. The aspire of a customer relationship management strategy is to maximize profitable relationships with customers by increasing the value of the relationship for both the seller and the customer of the most companies

1.9 Organization of the Study

The study encompasses 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 will be included. In chapter two the review of literature in the area of CRM will be discussed. In the third chapter the methodology part will be conferred.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2.1 Introduction

This chapter will present literatures of the study area and provide a theoretical framework of the study. The chapter begins by presenting literatures about theoretical review, empirical review and ends by presenting conceptual frame work of the study.

2.2 Theoretical Review

2.2.1 Customer Relationship Management (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).

Acknowledging many Marketing practitioners and scholars strong recommendations for close relationships with customers, it is apparent that the beliefs of existing customers are more profitable as the acquiring and attracting of new customers is expensive, and that it is less costly to up-sell or cross-sell products or services to current customers (Berry, 1995; Peppard, 2000; Sheth and Paravatiyar, 1995). One of the most important studies conducted in this field is Reichheld and Sasser (1990), cited on Ali (2007:16), which showed the large impact on profitability of small increases in customer retention rates, which made the marketing community more conscious of the need to manage customer relationships in the long term as well as prior to the first sale.

To Clay and Maite (1999: 6), 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. To Kathleen (2000: 21), “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: 3), “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: 100): “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: 40): “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: 7): “Customer relationship management is a philosophy of working that should be extended to the whole of the firm.” Bozgeyik, (2005: 1): “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).

Accordingly, despite all this explosive interest and an increasing amount of practitioner oriented studies, there is no even common consensus on the definition of CRM. The meaning of CRM varies from individual to individuals. To some, it is about creating marketing activities using knowledge about customer from a data warehouse, and for others its technologically oriented system. Yet, regardless of all the different descriptions, definitions and viewpoints about CRM, most definitions constitute three things, i.e. people, process and technology. Among the several definitions that have been developed so far, the following are some of the popular ones;

- ‘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 information technology’ (Buttle, 2004:29).
 - ‘CRM is a process designed to collect data related to customers, to grasp features of customers, and to apply those qualities in specific marketing activities’ (Swift, 2001:33).
 - ‘CRM is an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction’ (Bose, 2002:89).
 - “CRM is a strategy to identify and attract profitable customers, tying them to the company or product by efficient relationship marketing to guarantee profitable growth.

- CRM offers a great platform for the acquisition of new customers in addition to gaining customer satisfaction and loyalty. Additionally, existing customer relationships can be used to drive sales via up or cross-selling. The most “valuable”customers especially need to be identified, attracted and retained” (Kracklauer, 2001:44).
- “CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with the key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications.” (Payne and Frow, 2005:63).

Furthermore, based on Imhoff (2001) some variations on the meaning of CRM, Ali (2007) provided a representative set of these definitions which are summarized in the following list:

- CRM is the set of systems, processes and organizations that profitably drive customer loyalty.
- CRM is the strategic view that integrates how we want the business to relate to the customers, specifically seen through technologies available to support that view and make it come alive by integrating people, processes, culture and attitude.
- CRM is the management of the relationship so that the partnership with the customer grows flourishes and remains healthy over time.
- CRM is building customer loyalty, not merely relationship management, using a 360-degree view of the customer.
- CRM is the set of business processes and practices that directly addresses the relationships between key customers and the principal organization.
- CRM is the 360-degree view of the customers and their transactional activity with the company.

An analysis of the above different definitions shows that they all have common concepts of: Customer focus (customer satisfaction, loyalty and retention), technology, knowledge management, change management and leadership.

On the other hand, as to the benefits of CRM, according to Swift (2001), cited in Rahimi (2007:18), companies can gain many benefits from CRM. He states that the benefits are commonly found in one of these areas:

- ❖ Lower cost of recruiting customers – the cost for recruiting customers will decrease since there are savings to be made on marketing, mailing, contact, follow-up, fulfillment, services, and so on.
- ❖ No need to recruit so many customers to preserve a stay volume of business – the number of long-term customers will increase and consequently the need for recruiting many new customers decreases.
- ❖ Reduced costs of sales – the costs regarding selling are reduced owing to that existing customers are usually more responsive. In addition, with better knowledge of channels and distributions the relationships become more effective, as well as the costs for marketing campaigns is reduced
- ❖ Higher customer profitability – the customer profitability will get higher since the customer wallet-share increases, there are increases in up-selling, cross-selling and follow-up sales, and more referrals comes with higher customer satisfaction among existing customers.
- ❖ Increased customer retention and loyalty – the customer retention increases since customers stay longer, buy more and buy more frequently. The customer does also more often take initiatives, which increase the bounding relationship, and as a result the customer loyalty increases as well.
- ❖ Evaluation of customer profitability – the company will get to know which customer are profitable, the ones who never might become profitable, and which ones that might be profitable in the future. This is very important since the key to success in any business is to focus on acquiring customers who generate profit, and once you have found them, never let them go. All customers are not valuable; some many even be danger to the business. This occurs when the customers use the company's time, energy and resources without generating enough business to make them worth the effort. (Budhwani, 2002:38)

2.2.2 Dimensions of CRM

Different definitions of customer relationship management are provided by the researchers. Some consider it as strategy, some consider as technology, some other consider it as information system (Thompson, 2004, 18). Customer relationship management is a process consisting of monitoring clients, collecting proper data, management and evaluation of data and finally real advantage of the extracted data in their interactions (Kim et al, 2010; 332-313). The main goal of customer relationship management is simply better understanding of customer behavior and enhances loyalty and profits (Zarali, 2009, 247). In Organizations often due to the reasons including greater continuity of services by them, high importance of maintaining and strengthening long-term relationships with customers and deeper relationship with customers have caused the effective factors of customer loyalty to be very important (Jayawardhena et al, 2007, 580-575

2.2.3 Key customer focus (Customer Orientation)

It includes the intense focus of organization on key customers, providing superior service and added value for customers by providing customization that is composed of parts including customer-oriented marketing, customer lifetime value, customization, and interactive marketing (Lee, 2000, 24-16). In relation-based marketing companies and customers play a role in different aspects of design, manufacturing and product and service? And this causes a strong relationship between the company and the customer (Sin et al, 2005, 1290-1264).

2.2.4 CRM Organization

Processes of customer relationship management requires a change in the organization and the business process structure For this purpose, organizational structure, organizational commitment and human resource management are important (Agarwal, 2004, 91-80). An issue that should be considered is commitment in the organization. For this purpose it is necessary to have instruments required in sales, marketing and technical expertise of other resources. Success in attracting and retaining customers depends on the commitment of resources to identify and meet the needs of key customers (Nicampa, 2001, 71).

2.2.5 Knowledge Management

The main reason of a company from the perspective of knowledge management is the transfer and application of knowledge. Knowledge can be gained by understanding customer experiences and information. Main aspects of knowledge management include knowledge creation, sharing knowledge and accountability. Knowledge about major customers is essential to the success of customer relationship management and can lead to the development of a learning relationship with customers, and significantly increase the competitiveness of the organization. Customer information can be received via interactive communication. Business intelligence tools such as data mining and data warehouse enables companies to use the Customer data into strategic business intelligence (Stefanou et al, 2003, 634-617).

2.2.6 Technology Based CRM

Using up-dated technology: Computer Technologies are used in developing computerized communications and technology aligned with business objectives. The use of customer relationship management software enables companies to customize services to provide a higher quality and lower cost. It also leads employees to work better with customer contact points (Zinledin et al, 2005, 1290-1264

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; Yeh et al., 2010).

2.3 Conceptual Framework of Relationship Marketing

research (Hunt et al., 2006). These authors indicated that RM can take many forms and, as a result, its theory has the potential to increase the understanding of many aspects of business strategy. They also argued that in the development of the explanatory foundations of relationship marketing theory, it provides answers to three „why‘ questions:

- A. Why is relationship marketing so prominent now?
- B. Why do firms and consumers enter into relationships with other firms and consumers?
- C. Why are some efforts at relationship marketing more successful than others?

The answers to these questions provide a broad base from which to view relationship marketing theory. First, it is suggested that the prominence of relationship marketing is due not just to the rise of services, technology, and information-oriented firms, but also to the rise of strategic network competition. Strategic network competition, which involves independent owned and managed firms agreeing to become partners within a network, emphasizes the importance of inter-firm cooperation as a means to compete successfully with other networks. To be successful (both individually and as a network), the firms in a strategic network must become proficient at relationship marketing. Second, relationship marketing theory implies that consumers enter into relational exchanges with firms when they believe that the benefits derived from such relational exchanges exceed the costs. The benefits include:

- The belief that a particular partner can be trusted to reliably and competently provide quality market offerings;
- The belief that the partnering firm shares values with the consumer;
- The customer experiences decreases in search costs;
- The customer perceives that the risk associated with the market offering is lessened;
- The exchange allows for customization that results in better satisfying the customer's needs, wants, tastes, and preferences

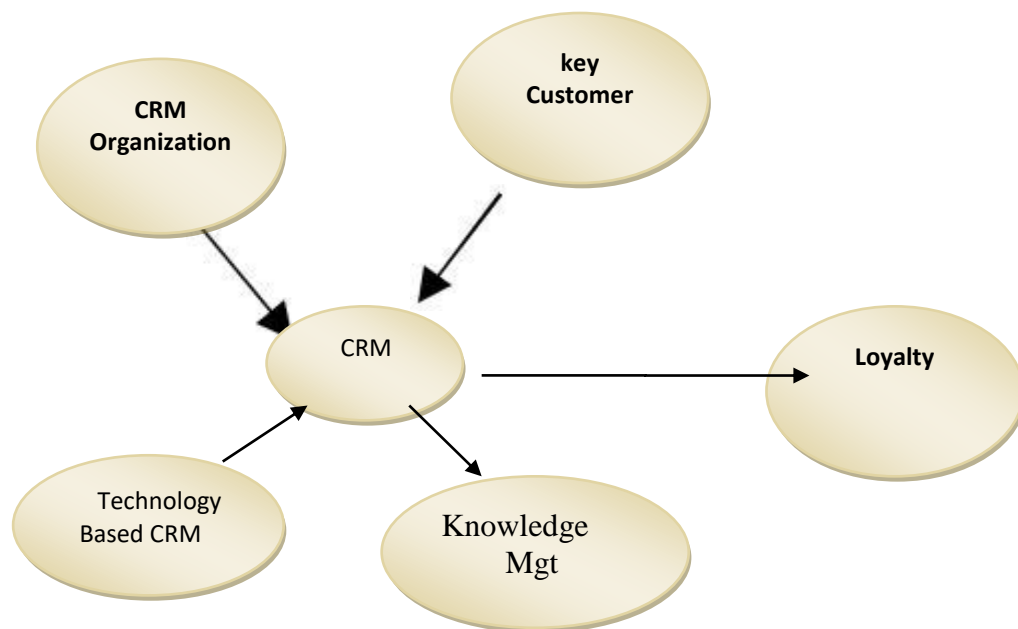


Fig.1.1 A conceptual model for measuring the relations between the four CRM measurement constructs (Key customer focus, knowledge management, CRM organization & technology based CRM) and on customer Loyalty. Adopted from (Ergunda, 2003: 2)

2.3.1 Evolution of CRM

The term “Customer Relationship Management” was publicly mentioned for the first time in 1960 by management professors such as Peter Drucker and Theodore Levitt (Ghanbari, 2007, 9). Customer access to various channels of information and data distribution, and presenting goods for selecting a product in a compact and highly competitive environment in the market, have reduced their loyalty towards suppliers. For this reason, the question of how to effectively communicate with clients and their survival is one of the most important issues in Durability and stability of companies in the area of competitiveness and profitability (Teorandic, 2002, 327-312). Also, given that in recent years, customer expectations have increased in today's customer-oriented business conditions, customer relationship management is a necessity (Thompson, 2006, 1614). Today, many firms invested heavily on customer relationship management. However, according to various reports, the execution of these projects needs a high risk, so that according

to Gartner reports its implementation success rate is less than thirty percent and it is difficult to justify the implementation costs (rigbiy et al, 2002, 109-101). Given the challenges the prevailing business environment, organizations are not only trying to attract new customers but also adopted the strategy of keeping existing customers and improved their loyalty to the organization. Thus, the customer satisfaction is not enough and marketing should provide the improvement of customer loyalty more than ever. In this paradigm, establishing long-term relationships is aimed at with all stakeholders and most importantly the customer; in order to retain more customers and ensure the long-term market share and profitability of the organization (Osman et al, 2009, 250-239; Yoo, 2008, 57-41). From the 1980s, academic research has been done to show that successful companies in the field of customer loyalty have had considerable profit and growth. In this regard, in the early 1990s, an explosion occurred for the use of customer loyalty programs in different fields (Margarita, 2007, 62-52). Research shows that cost less than the cost of maintaining a loyal customer is less than the cost of customer adsorption (Javanmard and Sultan zade, 2009, 256-225). However, the applications of the concept of Customer Relationship Management in various fields, especially in the service sector is undeniable and cannot be ignored due to the difficulties and risks. Given the high importance of the implementation of customer relationship management in the banking industry, which is one of the major tools to compete and sustainable competitive advantage a proper mechanism should be developed and designed to help reduce the risk of data to facilitate its management. One of the reasons for the failure of CRM implementation so that different researchers have pointed out, is the Lack of tools and criteria for measuring and evaluating the relationship with customers, this concept of the organization as well as other concepts cannot be managed properly without being measured, Thus, a comprehensive tool for assessing the relationship with customers is essential (Rusta et al, 2012, 42). Hence, a comprehensive tool for assessing the relationship with customers is essential (ibid., 74)

2.3.2 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.

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 (Sachdev et 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

2.3.3 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. (www.nbe.gov.et)

2.3.4 Types of CRM

Regarding the types of CRM, to help in compiling an extensive picture of the CRM business model, many authors including Buttle (2009:91) divide CRM into four main types, namely Strategic CRM, Operational CRM, Analytical CRM, and Collaborative CRM. The researcher acknowledges the literature that Analytical CRM has become an essential part of many CRM implementations, and base for Operational CRM difficulties to reach its full effect depending on analytical information about customers, this study were conducted mainly focusing on the operational and analytical CRM related activities in the commercial banks of Ethiopia.

Strategic CRM; is a core customer-centric business strategy that aims in winning and retaining profitable customers. Basically it is about creating customer-centric business culture. Customer centric business approach requires changing behavior from regular business models such as product-orientation, production-orientation or selling-orientation. (Buttle, 2009:91)

In a customer-centric organization resources should be allocated where they increase customer value, for example in reward programs to promote employee behavior that have positive impact on customer satisfaction and retention, as well as capturing, sharing and applying customer information across the organization. (Buttle 2009) This is the approach, which should be examined in very early stage of CRM strategy development.

Operational CRM; Operational CRM focuses on customer-involving processes such as selling, marketing and customer service. It is about automating some of the marketing, selling and service functions of an organization. (Buttle, 2009:92)

Analytical CRM; Analytical CRM focuses on collecting, processing, interpreting and exploiting of the customer-related data for strategic or tactical purposes. It is highly involved with the customer-related data (Buttle, 2009). It enables the value creation to both, the customer and the organization, by capturing, storing, extracting, processing, interpreting and reporting the data. Customer-related data may include information about purchasing history, payment history, credit score, marketing campaign response, loyalty scheme data and service data. In addition to internal data, organizations may gather and analyze demographic and lifestyle data from external sources as well (Buttle, 2009:95).

Collaborative CRM; Collaborative CRM applies technology across organizational boundaries aiming to optimize company, partner and customer value. It is concerned with enabling better customer value delivery within entire value chain by improving cooperation and customer-related data sharing across organizational boundaries. Some vendors have developed own applications for partner relationship management (PRM) for managing complex value chains. In some organizations collaborative CRM is used to describe information systems designed to enhance communication just internally. (Buttle, 2009:95)

Acknowledging the literature that Analytical CRM has become an essential part of many CRM implementations, in addition to the fact that Operational CRM difficulties to reach its full effect

without analytical information about customers, this section will discuss operational and analytical CRM further.

Operational CRM; refers to services that provide support for various 'front office' business processes in helping organization to take care of their customers. Focus on customers' value is important for a successful operational CRM strategy (Buttle, 2009:92). On the other

hand, analytical CRM supports organizational back-office operations and analysis. It deals with all the operations and processes that do not directly deal with customers. Hence, there is a key difference between operational CRM and Analytical CRM. Unlike from operational CRM, where automation of marketing, sales-force and services are done by direct interaction with customers and determining customer's needs, analytical CRM is designed to analyze deeply the customer's information and data and unwrap or disclose the essential convention and intension

2.3.5 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.

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 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.

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 themselves 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.

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.

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 – 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.

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.

2.3.6 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.

2.3.7 Loyalty

The most popular definition of loyalty goes to Yakubi and Kenz that define loyalty as a prejudice to behavioral response over time in which the person prefers a particular brand than other brands and made decisions as a mental commitment (Mc Mullan and Gilmore, 2008, 1094-1084). Loyalty is one of the key concepts in the field of marketing management that plays an important role in creating long-term benefits for the organization because loyal customers do not require extensive promotion efforts (Kalati, et al, 2008, 48-35). Customer loyalty is important in different aspects. Loyal customers help the organization in determining the expected increase in sales and profit. In addition, customers who are familiar with the brand are likely to recommend it to their friends and relatives and affect the feedback and evaluation cycle of the product and these issues are critical in today's business environment (Allamehand Noktedan, 2009, 124-109). Loyalty is defined as follows: Loyalty is a strong commitment to repurchase a product or service in the future, so that the same brand or product is purchased despite the marketing efforts and potential competitors (Birelyet al, 2004, 255). Larson and Susana (2004) believe that: loyalty is creating customer commitment to doing business with a particular organization and procurement of goods and services (Larson and Susana, 2004, 48). Asail (1992) defines loyalty as a behavior on the brand.

This led to the constant purchase of that brand (Wang et al, 2004, 173). Loyalty is the psychological processes that evaluate different alternatives on multiple criteria (Birely et al, 2004, 257). Another definition of loyalty is also provided which includes the concept of commitment by the customer: "Loyalty is a deep commitment to purchase a product or service again in the future that means buying one brand again despite environmental influences and marketing efforts of competitors to change behavior "(Taylor et al, 2004, 221).

2.3.8 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: 77). 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: 89).

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: 165). 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: 129). 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.

2.4. Empirical Review

The following studies were reviewed to familiarize the topic of customer relationship management to demonstrate the originality of this study and to reveal the gap it will fill in the customer's loyalty research.

All the quoted studies on the impact of customer relationship management on customer loyalty/retention have concluded that relationship building with customers is important factor for retaining one's customers. Whether used as strategy or not, it is indicated that organizations who have built relationships with their customers and have managed that well are more successful in their attempt of retaining their customers. Most papers see customer relationship as important contributor towards customer satisfaction where by satisfaction resulting in customer retention/loyalty.

According to Swift (2001), cited in Rahimi (2007:18), companies can gain many benefits from CRM. He states that the benefits are commonly found in one of these areas:

- i. Lower cost of recruiting customers – the cost for recruiting customers will decrease since there are savings to be made on marketing, mailing, contact, follow-up, fulfillment, services, and so on.
- ii. No need to recruit so many customers to preserve a stay volume of business – the number of long-term customers will increase and consequently the need for recruiting many new customer's decreases.
- iii. Reduced costs of sales – the costs regarding selling are reduced owing to that existing customers are usually more responsive. In addition, with better knowledge of channels and distributions the relationships become more effective, as well as the costs for marketing campaigns are reduced.
- iv. Higher customer profitability – the customer profitability will get higher since the customer wallet-share increases, there are increases in up-selling, cross-selling and follow-up sales, and more referrals comes with higher customer satisfaction among existing customers.
- v. Increased customer retention and loyalty – the customer retention increases since customers stay longer, buy more and buy more frequently. The customer does also more

often take initiatives, which increase the bounding relationship, and as a result the customer loyalty increases as well.

- vi. Evaluation of customer profitability – the company will get to know which customer are profitable, the ones who never might become profitable, and which ones that might be profitable in the future. This is very important since the key to success in any business is to focus on acquiring customers who generate profit, and once you have found them, never let them go. All customers are not valuable; some many even be danger to the business. This occurs when the customers use the company's time, energy and resources without generating enough business to make them worth the effort. (Budhwani, 2002:38)

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

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 & validity of the study

3.1 Research approach

The research can be 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 will 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 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 will be measured by study.

3.2 Research Design

The research can be classified in to three as descriptive, explanatory and exploratory. Descriptive research sets out to describe & 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.

Explanatory research is conducted when we encounter an issue that is already known and have a description of it, we might begin to wonder why things are the way they are. The desire to know “why”, to explain, is the purpose of explanatory research. The researcher goes beyond merely describing the characteristics, to analyze and explain why and how something is happening. Thus explanatory research aims to understand phenomena by discovering and measuring casual relations among them.

Exploratory research is conducted when there are few or no earlier studies to which references can be made for information. It provides insights into and comprehension of an issue or situation for more rigorous investigation later. Exploratory research is a type of research conducted because a problem has not been clearly defined. Its purpose is to gain background information and better understand and clarify a problem.

Most research projects designed in the fields of social sciences and business are based on descriptive research studies. In descriptive research you have no control over the variables but you can only report what has happened or what is happening.

This researcher collects data on four dimensions of CRM from customers of Dashen Bank to describe the present condition of CRM application on this bank across four dimensions. So the researcher used descriptive research in his case. In addition the research was analyze 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 was be 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. All personal and/or commercial customers who use Dashne Bank were included in the study. from the Total no customer only 376,0920 of them considered to be included in the study.

3.3.2 Sampling method

The selection of the sample was through non-probabilistic sampling technique of convenience sampling because all the population of the bank cannot be available at the same time. Convenience sampling also called accidental or opportunity sampling is a technique in which a sample is drawn from that part of the population that is close to hand, readily available, or convenient. The questionnaires are distributed to customers of the bank.

The reason chose Grade 3 and 4 and behind choosing Addis Ababa for the study is that Addis Ababa consists of almost half of the total branches of DB and also Addis is relatively easier for the researcher to conduct the study with a given limited time and financial resources.

3.3.3 Sample size

The sample size for this study is determined by using the formula developed by Cochran (1963:75).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 $1-p$.

The value for Z is found in statistical tables which contain the area under the normal curve.= 385.

$$n_0 = \frac{(1.96)^2(0.5)(0.5)}{0.05^2} = 385$$

$$(0.5)^2$$

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 1963:75).

Since the population for this study is finite, the sample size (n_0) can be adjusted as follows' $= \frac{n_0}{1 + \frac{(n_0-1)}{N}}$

$$\frac{n_0}{1 + \frac{(n_0-1)}{N}}$$

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

$$n = \frac{385}{1 + \frac{(385-1)}{1,200,000}} \quad n = 385$$

$$n \approx 385$$

Table 4 Sample size proportion

No	Branch Name	Approximate No of customer (Target Population)	Percentage	Sample size
1	Main	44,900	12	46
2	Messalemia	31,870	8	32
3	Mexico	30,534	8	31
4	Megenagna	29,212	8	30
5	Tana	25,833	7	26
6	Piazza	25,349	7	26
7	Saris	25,134	7	26
8	Kality	25,027	7	26
9	Kera	24,819	7	25
10	Imperial Akababi	24,330	6	25
11	Bole	22,336	6	23
12	Africa Andinet	21,064	6	22
13	Golla	15,876	4	16
14	Abakoran	15,195	4	16
15	Lagar	14,613	4	15
	Total	376,092	100.00	385

Source: Own survey, 2019

3.4 Source of data collection

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 research Will use uses both primary and secondary data 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 comprised of; books, research thesis, articles, internet, manuals and annual reports.

3.5. Data collection Instrument

The questionnaires will 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 will have of three 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 Structured questionnaires was filled out by customer respondents time where they arrived on the selected branches .The questionnaire handed to customer is translated in to Amharic for those who may not understand the English version. Concerning secondary sources of data published journal articles, publications, books, websites and others will be used as an appropriate to solidify the premises of the study.

3.6 Validity and Reliability of the study

3.6.1 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 Sin et al.,2005, each of which is different from any other. Since the statements have been generated from an extensive review of academic and practitioner`s literatures, it is assumed that the construct validity will hold.

3.6.2 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, p 11). 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, p 417).

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 will presented together with the research results in order to make the presentation more logical.

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CHAPTER FOUR

RESULT AND DISCUSSION

In this chapter, the collected data from the customers of the fifteen branches of Dashen Bank are summarized and analyzed in order to realize the ultimate objective of the study. Accordingly, the demographic profile of the respondents and the level of CRM practice and its effect on customer loyalty as perceived by its customers are discussed. At last, summary of the findings are presented. A total of 385 questionnaires were distributed to customers of Dashen Bank in Fifteen branches that are located in Addis Ababa. Out of the 385 questionnaires 285(74%) were returned.

4.1 Reliability

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.

4.2 Background of the Respondents

Results of the demographic characteristics of respondents are shown in table 4.1 below. As observed from the table the gender composition of the respondents is dominated by male respondents, which constituted 71.1% of the respondents while the rest 28.9 % are female respondents.

Concerning the purpose for which the customers use the services rendered by Dashen Bank, 54.2 % of the respondents were found to be using the services for personal purpose; the other 40% and 5.8 % of the respondents use the bank service for commercial purposes and both for personal & commercial purposes respectively.

For the inquiry regarding the length of relationship with the bank either for personal or commercial purpose, most of the respondents (50.2%) were found to be using Dashen bank's

services for years that range from 5-10 and the other 22.1% & 27.7% of respondents used the bank service for years < 5 and years > 10 respectively.

As to the services that are used in Dashen bank, current account & saving account users take the highest share that is 40.4% and 29.5% respectively. Other services of the bank used by the respondent constitute 30.1%. This implies that most of the respondents use current account & saving account service of the bank

Table 4.1 Background Characteristics of the customer respondents

Variable	Categories	Frequency	Percent
Gender	Male	198	69.5
	Female	87	30.5
	Total	285	100
Purpose used	Personal	112	39.3
	Commercial	157	55.1
	Both	16	5.6
	Total	285	100
Length of Relationship with Dashen Bank	< 5 Years	63	22.1
	5-10 Years	143	50.2
	> 10 Years	79	27.7
	Total	285	100
Service used	Saving Account	84	29.5
	Current account	115	40.4
	Loan	53	18.6
	Remittance	33	11.6
	Total	285	100

Source: Own survey, 2019

4.3 Level of CRM Practices

The main objective of the study is to determine to what extent Dashen Bank 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.

Table 4.2 Level of practice of the dimensions of CRM- Customer`s Perception

CRM Dimensions	N	Mean	Std. Dev.
Key customer Focus	284	3.8803	0.74851
CRM organization	284	3.2711	0.90175
Knowledge Management	271	3.2772	1.02572
Technology Based CRM	271	3.4534	1.0489

Source: Own survey, 2019

As it can be seen from table 4.2 above Dashen bank has been doing well in the key customer dimension as compared to the other dimensions with the mean score of 3.8803 while it is of at the lowest performance level in the CRM organization with of mean score of 3.2711

4.4. 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.

The most important components of the 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 Dashen bank 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 4.3 Sample statistics - Key Customer Focus

Item	N	Mean	Std. Deviation
Provides customized service to key customers	285	3.8175	1.05235
Strive to constantly surprise and delight its key customers	285	4.2281	.86026
Strengthen emotional bonds with key customers by wishing them on important occasions	285	3.5018	1.40077
Relationship Pricing in pricing different services.	284	3.9718	0.98357
Valid N (listwise)	284		

Source: Own survey, 2019

As can be seen from the table above, the output of the sample statistics reveal that the highest mean was recorded for Dashen bank's effort to constantly surprise and delight its key customers (4.2281) while Strengthen emotional bonds with key customers by wishing them on important occasions has been found to be latent in the DB`s relationship building practices with the least mean score of 3.5018.

4.5. 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 Yim et al. (2004) this calls for an

organizational structure that is flexible and, if necessary, reconstructed to generate customer centric value.

To assess the Dashen Banks level of organization around CRM from customers perspective a five point Likert scale with eight 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 Employees encourage customers to use more service score highest mean of 3.7676 and having Banks Policy reliability and its speed has the lowest mean score of 3.2827.

Table 4.4 Sample statistics - CRM organization

Item	N	Mean	Std. Deviation
Employees encourage customers to use more service	284	3.7676	1.41254
Top Management accepts and provide leadership	285	3.3263	1.27635
The bank commits time and resource in managing customer Relationship	283	3.6502	1.48559
Bank Policy is fast & reliable	283	3.2827	1.17205
The bank gives all the needed services.	285	3.5123	1.46702
Employees are professionals	279	3.405	1.23678
Employees go beyond their responsibility	282	3.35461	1.234929
CRM responsibilities of employees are clearly defined	285	3.4	1.21956
Valid N (listwise)	271		

Source: Own survey, 2019

The above mean scores can be interpreted as Dashen Bank Employee Used as pillar encourage customer to use more services and contributed on the banks Profitability .While Customer has shown doubt Banks on ability On crafting Policies that are dealing with on current continuously changing macro ecommerce environment

4.6. 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 Dashen Bank has been deploying the knowledge management aspects of CRM is shown in the sample statistic output of table 4.5 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 4.5 Sample statistics - Knowledge Management

Item	N	Mean	Std. Deviation
Effective recovery strategies	281	2.9431	1.38498
Takes customer feedback seriously	283	3.5018	1.26147
Use information from customers	283	3.3039	1.34199
The Bank ensure confidentiality	283	3.3357	1.16557
The Bank has reward system for customers	285	3.4098	1.78575
The Bank Analyze the cause of customer defection through exit interview	281	3.0178	1.2928
Valid N (listwise)	271		

Source: Own survey, 2019

As observed from the above table 4.5 the highest mean figure 3.5018 is recorded for Dashen Bank takes customer feedback seriously while its practice On placing effective recovery strategies has least mean figure of 2.9431

Therefore from the analyzed data it is possible to say that customers perceive that Dashen Bank is a bank that takes customer feedback seriously but banks commitment of on deploying Effective recovery strategies do not done proper

4.7. Technology-Based CRM

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 (Sinet 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.

Table 4.6 Technology-based CRM

Item	N	Mean	Std. Deviation
The bank gives technology based service	285	3.4947	1.39824
Information system to give comprehensive Data	284	3.0493	0.87629
Valid N (listwise)	284		

Source: Own survey, 2019

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 Likert scale was used the highest being strongly disagree and the lowest representing strongly disagree. 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 Dashen Bank 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

4.8. Level of customer loyalty

In the following section the level of customer loyalty is analyzed.

Table 4.7 Level of customer loyalty

Item	N	Mean	Std. Deviation
The bank gives technology based service	285	3.4737	1.38535
Valid N (listwise)	285		

Source: Own survey, 2019

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

Table 4.8 level of agreement and disagreement of customer loyalty

		Frequency	Percent
Valid	STRONGLY DISAGREE	39	13.5
	DISAGREE	31	10.8
	NEUTRAL	60	20.8
	AGREE	66	22.9
	STONGLY AGREE	89	30.9
	Total	285	99.0
Missing	System	3	1.0
Total		288	100.0

Source: Own survey, 2019

From the above table 53.8% of respondents are agree and strongly agree with the question (are you loyal to Dashen Bank) and the rest 45.1% of respondents chose neutral, disagree and strongly disagree.

4.9. 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.

Table 4.9 correlations

Correlations

	OVERAL CUSTO MERLOYALTY CUSTOMER LOYALTY5	KEY CUSTOMER	CRM ORNGAZATION	KNOWLDG MANG	TECHNOLOGY
OVERALCUS Pearson Correlation TOMERLOY ALTY CUSTOMER LOYALTY5 N	1 285				
KEY CUSTOMER Pearson Correlation Sig. (2- tailed) N	.647** 0 284	1 284			

CRM ORGANIZATION					
Pearson Correlation	.741**	.637**	1		
Sig. (2-tailed)	0	0			
N	271	271	271		
Sig. (2-tailed)	0	0	0		
N	271	270	259	271	
TECHNOLOGY					
Pearson Correlation	.749**	.664**	.736**	.752**	1
Sig. (2-tailed)	0	0	0	0	
N	284	283	270	270	284

Source: Own survey, 2019

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

To determine the existence and level of association, the researcher used bivariate correlation. Pearson's 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 coefficient (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. Technology based CRM has the highest correlation of $r = 0.749$, followed by CRM organization ($r = 0.741$), Knowledge management ($r = 0.714$) and key customer focus ($r = 0.647$). That means, all the service quality indicators have positive correlation effect upon the level of customer loyalty though their 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 organization ($r=0.845$) followed by the inter correlation between Knowledge management and Technology based CRM of ($r=0.752$).

4.10. The effect of CRM dimensions on loyalty

Before running regression, the researcher examined the existence of multicollinearity of data.

4.10.1. Multicollinearity

One should check for the problem of multi co linearity which is present if there are high correlations between some of the independent variables. The study checks this with the Variance Inflation Factor (VIF) which calculates the influence of correlations among independent variables on the precision of regression estimates. The VIF factor should not exceed 10, and should ideally be close to one. Below table shows there is no Multicollinearity exist.

Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model and is calculated using the formula $1-R^2$ for each variable. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. This also confirms the absence of multicollinearity according to Collinearity Statistics table below.

Table 4.10 Multi-co linearity

Multi-co linearity Model	Co linearity Statistics	
	Tolerance	VIF
1 KEYCUSTOMERFOCUS	.500	1.999
CRMORGANIZARION	.249	4.018
TECHNOLOGY	.339	2.954

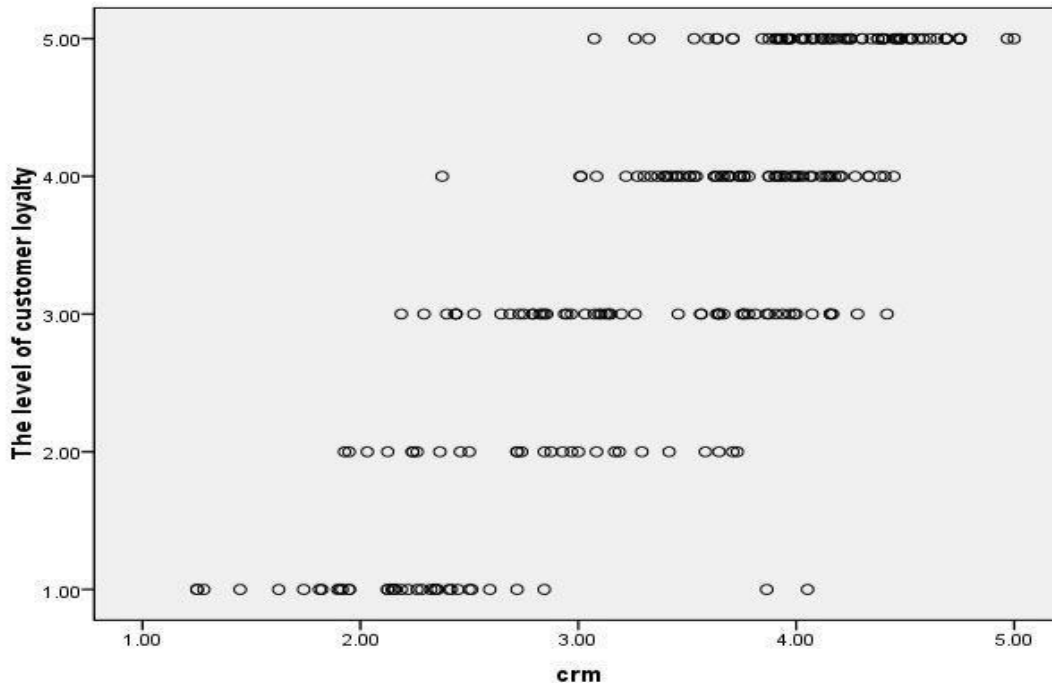
Source: Own survey, 2019

a. Dependent Variable: C

4.10.2. Linearity

The relationship between the variables should be linear and it is a problem if the dispersion of points indicates otherwise (Burns & Burns 2008). The study checks for patterns in scatter plots of CR Magainst customer loyalty weather they have linear relation and the assumption have met. From the graph below the customer loyalty and CRM have linear relation.

Figure 4.1 Linearity



4.10.3. 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 4.2 Hom oscedasticity



For the sample size above 30 is usually sufficient to ignore the assumption regarding normal distribution (Weinberg & Abramowitz2008). Since samples size of the study exceeds by far the suggested number hence it assumes normality.

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

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 4.11

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.807 ^a	.651	.646	.82616

Source: own survey result,2019

a. Predictors: (Constant), TECHNOLOGY, KEYCUSTOMERFOCUS, CRMORGANIZARION, KNOWLDGMANG

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 0.651 which means that 65.10% of the customer loyalty was explained by the variation of the four CRM dimensions.

ANOVA^b

Table 4.12

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	354.623	4	88.656	129.891	.000 ^a
	Residual	190.429	279	.683		
	Total	545.053	283			

Source: own survey result, 2019

a. Predictors: (Constant), TECHNOLOGY, KEYCUSTOMERFOCUS, CRMORGANIZARION, KNOWLDGMANG

b. Dependent Variable: OVERALCUSTOMERLOYALTY CUSTOMER

LOYALTY5

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

Table 4.13

MODEL	Un standardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-1.339	.260		-5.159	.000		
2 KEYCUSTOMER	.323	.092	.174	3.513	.001	.509	1.964
3 CRM ORGANZATION	.350	.087	.259	4.020	.000	.302	3.309
4 TECHNOLOGY	.564	.090	.367	6.262	.000	.365	2.738

Source: own survey result,2019

a. Dependent Variable:

OVERALCUSTOMERLOYALTY

CUSTOMER LOYALTY5

As can be seen from the table, we can see that all the dimension of CRM dimensions have a significant standardized 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=0.564
2. CRM organization B=0.350
3. Key customer focus B=0.323

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 0.564.

The second highest beta value is for CRM organization which means that when other things are constant if CRM organization increased by one unit, customer loyalty increases by 0.35.

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

$$\text{Loyalty} = -1.339 + 0.564 (\text{TECH}) + 0.350 (\text{CRMORG}) + 0.323 (\text{KEYCUST}) + 0.153 (\text{KNOWLEDGE})$$

4.12. Hypothesis testing

The following hypotheses are tested;

H1o: Key customer focus dimension does not have a significant effect on loyalty in DB .

H1a: Key customer focus dimension has a significant effect on loyalty in DB.

As shown from above table the key customer focus dimension, p-value is significant ($p < 0.01$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that key customer focus has a significant effect on loyalty in Dashen Bank.

H2o: Knowledge management dimension does not have a significant effect on loyalty in DB.

H2a: Knowledge management dimension has a significant effect on loyalty in DB.

As shown from above table the knowledge management dimension has, p-value insignificant ($p > 0.10$), and the beta value is positive. (Therefore, the study accepts the alternate hypothesis that knowledge management has a significant effect on loyalty in Dashen bank at 90% confidence interval.

H3o: CRM Organization dimension does not have a significant effect on loyalty in DB.

H3a: CRM Organization dimension has a significant effect on loyalty in DB.

As shown from above table the CRM Organization dimension has, p-value significant at ($p < 0.01$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that CRM Organization has a significant effect on loyalty in DB at 99% confidence interval.

H4o: Technology based CRM dimension does not have a significant effect on loyalty in DB .

H4a: Technology based CRM dimension has a significant effect on loyalty in DB .

As shown from above table the technology based CRM dimension has, p-value significant at ($p < 0.01$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that technology based CRM has a significant effect on loyalty in DB at 99% confidence interval.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

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

5.1 Summary of the major findings

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

The respondents were asked to assess Dashen Banks 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 key customer focus dimension has the highest mean score (3.8803), followed by CRM organization, and Technology based CRM (lowest 3.274). Since all the mean results show room for improvement the bank can work to improve all dimensions especially on the lowest scoring dimension Technology based CRM. The descriptive analysis of the study shows that the customer loyalty level is at more than 53.8% 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 technology based CRM has the highest correlation coefficient with ($r=0.749$), followed by CRM organization ($r=0.741$), and key customer focus ($r=0.647$). The multiple regression also shows that technology based CRM has the highest effect on customer loyalty with Beta value ($B=0.56$), followed by CRM organization ($B=0.35$), Key customer focus ($B=0.323$).

5.2 Recommendations

To be successful in implementation of CRM practices, the financial and banking organizations must define and develop a business strategy as well as a supporting infrastructure for that strategy (Kwamena, 2013). This study investigated the influential dimensions of CRM that makes consumers to be loyal to the Bank. the findings of the study followed by the conclusion made by the researcher, the following recommendation was developed to be used Dashen bank.

- In order to enhance customer satisfaction the bank should make continuous effort to enhance the effect of CRM dimensions specially the dimensions, Crm Organization and crm technology based Crm ,which have significant effect on customer satisfaction.
- As the findings of the study showed consumers' loyalty depends highly strengthening emotional bonds with key customer . So Dashen bank need to apply key customer focus dimension fully
- Since it has the highest influence on loyalty , the banks should be very conscious in improving more the mechanisms used to handle complaints . For example, Try to avoid conflict probability by closely monitoring the work environment, narrow gaps for potential problems, and try to reach a win-win situation at time of conflict, Having a complain managing personnel can lead to the success of firms and to get sustainable competitive advantages by retaining loyal customers.

Finally, High level of customer satisfaction leads to increased in customer loyalty. Customer loyalty promises higher intention to purchase, word-of-mouth recommendation, profit, market share, and return on investment, overall a great competitive advantage. Hence the management of the bank should enhance the awareness of frontline employees regarding CRM

5.3 Directions for Further Studies

We can raise certain limitations in this study and acknowledge them before moving on to generalizations of findings. The study is focused on examining CRM dimensions effect and effect on customer Loyalty and Further future research is recommended to assess the influence

of the effect of CRM dimensions on customers' retention and loyalty since this study were conducted on single bank is limitation with regard to scope of the study the branches were data was collected were due to location convince, therefore, additional studies with broader customer base are needed to have a complete picture about the subject matter in other Commercial banks in Ethiopian context

Since CRM is a wide concept it has many other variables related to it that might have even more effect on it than raised on this study. Therefore Gathering the data by using different uncover other variables that might have an impact on customer loyalty in order to be able to dig deeper insights to the issue.

CRM can be adopted by any business organization and the variables that has effect on customer loyalty in the case of banking industry might be insignificant in other sections, therefore there is a huge room for future researchers to study CRM application in other industries other than banking sector.

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APPENDIX 1



Department Of Marketing Post Graduate Program
Customer Questionnaire

Purpose of the questionnaire

This questionnaire is prepared to collect primary data from the customers of the Dashen Bank to assess the **Application of Customer Relationship Management (CRM) and its Effects on Customer Loyalty** for the partial-fulfillment of MA in Marketing Management from Saint Marry University. The responses are to 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.

Part 1. General and Demographic Information

Please put \surd mark accordingly

1. Pleas indict your gender ?

Male Female

2. you use the bank Services?

Personal Commercial Both

3. For how many years you use the Bank?

< 5 year 5-10 years >10years

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

Saving Account Current Account Loan

Remittance ATM

Part 2 . Customer Relationship Management and its effects on customer locality

Please indicate the extent to which you agree/disagree with the following statements. Strongly Disagree carries the least weigh of 1 while Strongly Agree carries the highest weight of 5. Please put √ mark accordingly

Question related key customers

Item	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree (5)
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.					

Part 3 . Customer Relationship Management and its effects on customer locality

Please indicate the extent to which you agree/disagree with the following statements. Strongly Disagree carries the least weigh of 1 while Strongly Agree carries the highest weight of 5. Please put √ mark accordingly

Question Related CRM Organization

Part 4 . Customer Relationship Management and its effects on customer locality

Item	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree (5)
1. The Bank top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the Bank.					
2. The Bank commits time and resources in managing customer relationships					
3. The Bank employees encourage customers to use more services of the Bank.					
4. CRM responsibilities of customer contact employees are clearly defined, assigned and understood.					
5. The Bank policy is fast & reliable.					
6. The Bank employees are professionals.					
7. The Bank gives all the needed services to its customer on the time.					
8. The Bank employees go beyond their responsibility to serve customers in a better way.					

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. Please put \surd mark accordingly

Question Related CRM Management

Item	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree (5)
1. The Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers.					
2.The Bank has a differential reward system that rewards customers based upon their profit/ revenue contribution					
3. The Bank has effective customer recovery strategies including guarantees for service failures.					
4. The Bank analyzes the causes of customer defection through exit interviews and lost customer surveys with the aim to win back customers who have strong profit potential.					
5.The Bank takes customer feedback seriously and replies to them.					
6.The Bank use information from customers to design or improve our services					

Part 5 . Customer Relationship Management and its effects on customer locality

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. Please put \surd mark accordingly

Question Related Technology Based CRM

Item	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree (5)
1. 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.					
2. The Bank gives technology based service to its customers					

Part 6 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

Thank you for your cooperation

APPENDIX 2

SPSS output

Statistics

		Provides customized service to key customers	Strive to Constantly surprise and delight its key Customers	Strengthen emotional bonds with key customers by wishing them on important occasions	Relationship Pricing in pricing different services.
N	Valid	285	285	285	284
	Missing	3	3	3	4

Provides customized service to key customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	9	3.1	3.2	3.2
	DISAGREE	35	12.2	12.3	15.4
	NEUTRAL	29	10.1	10.2	25.6
	AGREE	138	47.9	48.4	74.0
	STRONGLY AGREE	74	25.7	26.0	100.0
	Total	285	99.0	100.0	
Missing	System	3	1.0		
Total		288	100.0		

Strive to constantly surprise and delight its key customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	5	1.7	1.8	1.8
	DISAGREE	9	3.1	3.2	4.9
	NEUTRAL	23	8.0	8.1	13.0
	AGREE	127	44.1	44.6	57.5
	STRONGLY AGREE	121	42.0	42.5	100.0
	Total	285	99.0	100.0	
Missing	System	3	1.0		
Total		288	100.0		

Relationship Pricing in pricing different services.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	9	3.1	3.2	3.2
	DISAGREE	16	5.6	5.6	8.8
	NEUTRAL	39	13.5	13.7	22.5
	AGREE	130	45.1	45.8	68.3
	STRONGLY AGREE	90	31.2	31.7	100.0
	Total	284	98.6	100.0	
Missing	99	1	.3		
	System	3	1.0		
	Total	4	1.4		
Total		288	100.0		

Strengthen emotional bonds with key customers by wishing them on important occasions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	34	11.8	11.9	11.9
	DISAGREE	48	16.7	16.8	28.8
	NEUTRAL	37	12.8	13.0	41.8
	AGREE	73	25.3	25.6	67.4
	STONGLY AGREE	93	32.3	32.6	100.0
	Total	285	99.0	100.0	
Missing	System	3	1.0		
Total		288	100.0		

		Employees encourage customers to use more service	Top Management accepts and provide leadership	The bank commits time and resource in managing customer relationship	Bank Policy is fast & reliable	The bank gives all the needed services.	Employees are professional	Employees go beyond their responsibility	CRM responsibilities of employees are clearly defined
N	Valid	279	285	283	282	285	283	283	284
	Missing	9	3	5	6	3	5	5	4

Employees encourage customers to use more service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	27	9.4	9.7	9.7
	DISAGREE	42	14.6	15.1	24.7
	NEUTRAL	57	19.8	20.4	45.2
	AGREE	97	33.7	34.8	79.9
	STRONGLY AGREE	56	19.4	20.1	100.0
	Total	279	96.9	100.0	
Missing	99	6	2.1		
	System	3	1.0		
	Total	9	3.1		
Total		288	100.0		

Top Management accepts and provide leadership

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	33	11.5	11.6	11.6
	DISAGREE	49	17.0	17.2	28.8
	NEUTRAL	36	12.5	12.6	41.4
	AGREE	80	27.8	28.1	69.5
	STONGLY AGREE	86	29.9	30.2	99.6
	12	1	.3	.4	100.0
Total		285	99.0	100.0	
Missing	System	3	1.0		
Total		288	100.0		

The bank commits time and resource in managing customer relationship

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	19	6.6	6.7	6.7
	DISAGREE	65	22.6	23.0	29.7
	NEUTRAL	59	20.5	20.8	50.5
	AGREE	97	33.7	34.3	84.8
	STRONGLY AGREE	43	14.9	15.2	100.0
	Total	283	98.3	100.0	
Missing	99	2	.7		
	System	3	1.0		
	Total	5	1.7		
Total		288	100.0		

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	23	8.0	8.2	8.2
	DISAGREE	53	18.4	18.8	27.0
	NEUTRAL	67	23.3	23.8	50.7
	AGREE	79	27.4	28.0	78.7
	STRONGLY AGREE	60	20.8	21.3	100.0
	Total	282	97.9	100.0	
Missing	99	3	1.0		
	System	3	1.0		
	Total	6	2.1		
Total		288	100.0		

The bank gives all the needed services.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	29	10.1	10.2	10.2
	DISAGREE	38	13.2	13.3	23.5
	NEUTRAL	60	20.8	21.1	44.6
	AGREE	106	36.8	37.2	81.8
	STRONGLY AGREE	52	18.1	18.2	100.0
	Total	285	99.0	100.0	
Missing	System	3	1.0		
Total		288	100.0		