CUSTOMER RELATIONSHIP MANAGEMENT AS A STRATEGY TO GAIN COMPETITIVE ADVANTAGE IN THE BANKING INDUSTRY

A CASE STUDY OF KENYA COMMERCIAL BANK IN KENYA

BY

ANNE MUTHONI GITHAIGA

UNITED STATES INTERNATIONAL UNIVERSITY

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A THESIS PROJECT SUBMITTED TO THE CHANDARIA SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF GLOBAL EXECUTIVE MASTERS IN BUSINESS ADMINISTRATION (GEMBA)

UNITED STATES INTERNATIONAL UNIVERSITY

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This Thesis project has been presented for examination with the my approval as the appointed supervisor

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Dean, Chandaria School of Business
ABSTRACT
This study sought to assess the use of customer relationship management programs as a strategy to achieve a competitive advantage in the banking industry using KCB bank as a case study. The study sought to find answers to the following research questions; what are the key benefits of CRM, what the issues in the implementation of CRM are and what are the strategies for the development of an effective CRM.

The study utilized a descriptive research design using a survey technique. The population of the study was drawn from the Employees of KCB bank in three of its branches i.e. Kencom, Tom Mboya and Loita street branches. Using a stratified random sampling technique, the study acquired a sample size of 60 employees who were included in the study. Data for this study was collected using a questionnaire that comprised of open and closed questions. The questionnaire was self administered using E-mail and personal delivery by the researcher and reminders done to enhance the response rate. The collected data was analyzed using SPSS and statistical measures of means, variances, frequency distribution and standard deviation. The data was presented using charts, figures and tables.

According to this study, majority of the employees of KCB bank are between the ages of 30 – 49 years and predominantly of the male gender. Most of the employees have experience of between 11 -15 years and 6 – 10 years and have university degrees. In addition most of the employees have intermediate knowledge of customer relationship management.

According to this study, the major benefits perceived from the use of CRM are that it leads to better organization performance, enhances market productivity, enhances market effectiveness and enhances organization learning.

Secondly, this study found that the major issues encountered by KCB bank in the implementation of the CRM are the diverse customer expectations, failure of CRM issues and Leadership issues respectively in their respective order respectively.

This study found that, the most important strategies for the development of an effective CRM include the building and maintenance of relationships qualities such as trust, commitment,
benefits and risk sharing and satisfaction. In addition, the communication of the brand promise to meet customer expectations is important for effective CRM implementation. Other factors identified that are critical for the implementation of effective CRM include the use of customer loyalty programs, top management support and effective communication.

This study concludes that the major benefits of Customer relationship management are: they enhance organization learning, leads to better organization performance and enhance the market productivity and effectiveness for organizations. In addition, this study concludes that CRM enhances the performance of the organization through activities such as increased customer satisfaction and loyalty, cross selling of products and services using the word of mouth and profitability of the organizations through better product and service delivery leading to more profits for the company. Further this study concludes that the major issues affecting the implementation of CRM systems are; leadership issues, diverse customer expectations and failure of CRM issues. In addition, for effective development of CRM strategies, firms must cultivate better relationship with their customers especially through enhancing, trust and satisfaction among its customers. Further, the firms must communicate their brand promise to fulfill customers’ expectations to both the customers and stakeholders. Other strategies for effective building of CRM systems include use of customer loyalty programs and support of top management.

This study recommends that firms must implement CRM systems and get the facts right the first time. it has been proven by researchers that the attraction of new customers is much more costly than the retention of customers therefore firms must have in place adequate measures and activities that are meant to enhance customer satisfaction and retain them while at the same time attracting others primarily through the use of word of mouth advertising. In deed, all these activities can only be undertaken under an effective and adequate customer relationship system. Further this study recommends that, firms must undertake continuous research to understand the expectations and needs of their customers and develop products that satisfy these needs. Finally, this study recommends that, firms must enhance communication to enhance effective CRM strategies in addition to the use of customer loyalty programs.
ACKNOWLEDGEMENTS

This projected would not have been completed, for the timely input, comments and support of several people whom I would like to acknowledge.

Special acknowledgement to the Lord Almighty for giving the gift of health, strength and the virtues of hard work and patience that were very critical in the completion of this project.

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As it is impossible to recognize all the people who contributed to the completion of this paper, this is a special recognition to everyone who participated in the research and compilation of this project. From those who offered just a word of encouragement, to those who took off time from their schedules to complete questionnaires, to those who took time to read, comment and proof read this paper. My special gratitude and appreciation to you all.
DEDICATION

I would like to dedicate this project to my family for supporting me to undertake this project and my studies. For the opportunity cost they had to undergo by depriving themselves of time that I would have spent with them. This paper is dedicated to you all.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Copyright</th>
<th>ii</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declaration</td>
<td>iii</td>
</tr>
<tr>
<td>Abstract</td>
<td>iv</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>vi</td>
</tr>
<tr>
<td>Dedication</td>
<td>vii</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>viii</td>
</tr>
<tr>
<td>List of Tables</td>
<td>x</td>
</tr>
<tr>
<td>List of Figures</td>
<td>xi</td>
</tr>
<tr>
<td><strong>Chapter 1</strong></td>
<td>1</td>
</tr>
<tr>
<td>1.0 Introduction</td>
<td></td>
</tr>
<tr>
<td>1.1 Background of the Study</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Statement of the Problem</td>
<td>5</td>
</tr>
<tr>
<td>1.3 Purpose of the Study</td>
<td>6</td>
</tr>
<tr>
<td>1.4 Research Questions</td>
<td>7</td>
</tr>
<tr>
<td>1.5 Importance of the Study</td>
<td>7</td>
</tr>
<tr>
<td>1.6 Scope of the Study</td>
<td>8</td>
</tr>
<tr>
<td>1.7 Definition of Terms</td>
<td>8</td>
</tr>
<tr>
<td>1.8 Chapter Summary</td>
<td>9</td>
</tr>
<tr>
<td><strong>Chapter 2</strong></td>
<td>10</td>
</tr>
<tr>
<td>2.0 Literature Review</td>
<td></td>
</tr>
<tr>
<td>2.1 Introduction</td>
<td>10</td>
</tr>
<tr>
<td>2.2 Benefits of CRM</td>
<td>10</td>
</tr>
<tr>
<td>2.3 Strategies for Developing and Effective CRM</td>
<td>14</td>
</tr>
<tr>
<td>2.4 Issues in Customer Relationship Management</td>
<td>19</td>
</tr>
<tr>
<td>2.5 Chapter Summary</td>
<td>23</td>
</tr>
<tr>
<td><strong>Chapter 3</strong></td>
<td>24</td>
</tr>
<tr>
<td>3.0 Research Methodology</td>
<td>24</td>
</tr>
<tr>
<td>3.1 Introduction</td>
<td>24</td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 3:1: Sampling Frame.................................................................................................................. 26
Table 4.1: Length of Experience........................................................................................................ 34
Table 4.2: Understanding of Customer Relationship Management.................................................. 35
Table 4.3: Benefits of CRM................................................................................................................ 36
Table 4.4: Components of CRM......................................................................................................... 37
Table 4.5: Components of Organization Learning ............................................................................... 39
Table 4.6: Focus of Implementation of CRM Programs....................................................................... 39
Table 4.7: Attributes of Organization Performance............................................................................ 40
Table 4.8: Creation and Maintenance of Profitable CRM ................................................................. 41
Table 4.9: Issues in Implementation of CRM...................................................................................... 43
Table 4.10: Bank Interaction with Customers ...................................................................................... 44
Table 4.11: Importance of Effective Leadership in CRM .................................................................. 45
Table 4.12: Components of CRM....................................................................................................... 46
Table 4.13: Factors informing Outsourcing of the CRM System ....................................................... 47
Table 4.14: Benefits of Outsourcing CRM .......................................................................................... 48
Table 4.15: Rating of Components of Relationship Qualities............................................................ 49
Table 4.16: Communication of Promise to Meet Customer Expectation .......................................... 50
Table 4.17: Effect of Customer Loyalty Programs............................................................................ 52
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Gender of Respondents</td>
<td>32</td>
</tr>
<tr>
<td>4.2</td>
<td>Age Bracket of Respondents</td>
<td>32</td>
</tr>
<tr>
<td>4.3</td>
<td>Employee Level</td>
<td>33</td>
</tr>
<tr>
<td>4.4</td>
<td>Bank Branch</td>
<td>33</td>
</tr>
<tr>
<td>4.5</td>
<td>Business Process Re-Engineering</td>
<td>36</td>
</tr>
<tr>
<td>4.6</td>
<td>Perception of BPR</td>
<td>37</td>
</tr>
<tr>
<td>4.7</td>
<td>Changes in BPR</td>
<td>38</td>
</tr>
<tr>
<td>4.8</td>
<td>Organization Learning</td>
<td>38</td>
</tr>
<tr>
<td>4.9</td>
<td>Organization Performance</td>
<td>40</td>
</tr>
<tr>
<td>4.10</td>
<td>CRM and Profitability</td>
<td>41</td>
</tr>
<tr>
<td>4.11</td>
<td>CRM and Profitability</td>
<td>42</td>
</tr>
<tr>
<td>4.12</td>
<td>Diverse Customer Expectations</td>
<td>43</td>
</tr>
<tr>
<td>4.13</td>
<td>CRM a Front Office Operation</td>
<td>45</td>
</tr>
<tr>
<td>4.14</td>
<td>Strategic Vision and Success of CRM</td>
<td>46</td>
</tr>
<tr>
<td>4.15</td>
<td>Successful CRM Systems</td>
<td>47</td>
</tr>
<tr>
<td>4.16</td>
<td>Components of Relationship Qualities</td>
<td>49</td>
</tr>
<tr>
<td>4.17</td>
<td>Promise of Meeting Customer Expectations</td>
<td>50</td>
</tr>
<tr>
<td>4.18</td>
<td>Internal Marketing in CRM</td>
<td>51</td>
</tr>
<tr>
<td>4.19</td>
<td>Customer Loyalty Programs</td>
<td>52</td>
</tr>
<tr>
<td>4.20</td>
<td>Communication on building CRM Systems</td>
<td>53</td>
</tr>
<tr>
<td>4.21</td>
<td>CRM Communication</td>
<td>54</td>
</tr>
</tbody>
</table>
CHAPTER 1

1.0 INTRODUCTION

1.1 Background of the Study

The real purpose of business is to create and sustain mutually beneficial relationships, especially with selected customers. This proposition assumes that successful relationships are a two-way flow of value (Christopher, et al. 2002). Relationship marketing is considered a true balance between "giving and getting" as a key benefit to encourage an active role and is conductive in delivering two-way value, where loyalty is based on trust and partnership, will prove to be one of the most significant policies to be pursued in development and sustenance of competitive advantage (Ismail, 2009, Gronroos, 1994).

Customer relationship management means different things to different individuals and organizations, decades after the introduction of customer relationship management (Goldenberg, 2002). Initially, customer relationship management was associated with customer relationship marketing but was later changed due to new trends in management and business organizations to customer relationship management (Nairn, 2002). Kartik and Kalaignanam (2011) define customer relationship management as firm’s activities for establishing and maintaining relationships with its customers.

Buttle (2009) defined customer relationship management as an integrated approach to identifying, acquiring and retaining customers. by enabling organizations to manage and coordinate customer interactions according multiple channels, departments, lines of business and geographies, CRM helps organizations maximize the value of every customer interaction and drive superior corporate performance.

The relationship with customers is key to competitive success in consumer markets. as data warehousing, data mining, and e-commerce develop, the availability of customer behavior data, and the sophistication with which it can be analyzed increase, enhancing possibilities for one-to-one marketing (Ahn et al., 2003).
Kalakota & Robinson (2001) state that customer relationship management is an integrated sale, marketing, and service strategy that precludes lone showmanship and that depends on coordinated enterprise wide actions.’

Tiwana (2001) state that ‘customer relationship management is a combination of business processes and technology that seeks to understand a company’s customers from multiple perspectives to competitively differentiate a company’s products and services.’ Customer relationship management uses it to integrate marketing, sales, service and provides customization to raise customer loyalty and business profit. Customer relationship management involves a concerted effort to improve customer identification, acquisition, and retention. It aims to improve customer satisfaction, boost customer loyalty, and consequently increase revenues from existing customers. Kim et al. (2003) define customer relationship management in terms of business processes and technologies that seek to understand a company’s customer. Winer (2001) considers the basic elements to be: a database of customer activity, analysis of the database to support customer target selection criteria, tools for targeting the selected customers, mechanisms for building relationships with the targeted customers, mechanisms for ensuring customer privacy, and metrics for measuring the success of the customer relationship management program.

Kalakota & Robinson (2001) and Tiwana (2001) state that the roles of customer relationship management include the acquisition of new customers, the enhancement of the profitability of existing customers, and retention of profitable customers. Considered as successive phases, each supports increased intimacy and understanding between a company and its customers. They define customer relationship management as the combination of marketing efforts, business processes and technology that allows the firm to understand its customers from multiple perspectives. The firm uses this knowledge to increase customer satisfaction and gain customer loyalty. According to Parvatiyar and Sheth (2001), customer relationship management has attracted the attention of scholars and management practitioners alike. Companies are increasingly adopting customer centered strategies, programs, tools and technology for efficient and effective customer relationship management.
The purpose of customer relationship management is to efficiently and effectively increase the acquisition and retention of profitable customers by selecting initiating, building and maintaining appropriate relationships with them (Payne and Frow, 2006). Traditional customer relationship management systems were geared towards collecting information and the acquisition of customers, either new ones or those currently purchasing from competitors. Organizations focused on the contribution that customers could make to the bottom line but not the value addition of the organization to the customer which could then be turned into bottom line profitability. The systems were designed to analyze data so that if utilized well, would increase the ability of the customer face staff to gain more insight into the customers and how the organization could increase its market share.

Customer relationship is considered to be a crucial strategic initiative for gaining competitive advantage. In today’s competitive era, companies are highly dependent on customer satisfaction for survival and success. Customer’s satisfaction leads to a positive impression, strong brand presence and good image of the companies. In addition, the customers become loyal to the brand, repurchase the products, and undertake word of mouth advertising and increases the opportunities of the company to cross sell new products and services to its customers (Saviga and Teerayout, 2012).

In practice, customer relationship management brings about various benefits to a company or organization. According to Unhanandana and Teerayout (2012), customer relationship management strategies like promotional advantages and value added services have a positive impact on the attitude, satisfaction and loyalty of the customers in Thailand. In addition, according to them, customers seem to pay significant attention to the rapid problem solving and free of charge promotion campaign change. This is orchestrated to the lifestyles as well as their behaviors focusing on looking for the best value for money services.

In a study by Coltman (2007), he found that customer relationship management has a positive impact on the performance of the banks in Australia. However, according to Coltman, Customer relationship management programs should be directed towards an adroit combination of capabilities that competitors may struggle to match (Coltman, 2007). In Nigeria, Kerechi found
that in practice, customer relationship management had a positive impact on the organization performance of MTN Nigeria.

However, in practice Customer relationship management strategies do not only bring positive impacts to the firm or business. Ryals (2005), Zablah, Bellenger, and Johnston 2004, have documented failures in the implementation of customer relationship management strategies leading to skepticism among managers about the much touted potential of the strategies to generate firm values. Thompson (2005), in a study in a particular industry found that majority of the customer relationship management projects fall short of delivering strategic value because they fail to grow customer loyalty, revenues and profits sufficiently.

In the recent years, the growth and evolution of customer relationship management has been driven by several factors. These factors include the growing de-intermediation process in many industries due to the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end customers (Sheth and Atul, 2001). According to Sheth and Atul (2001), in many industries such as the airline, banking, insurance, computer software, or household appliances industries and even consumables, the de-intermediation process is fast changing the nature of marketing and consequently making relationship marketing more popular. Databases and direct marketing tools give these industries the means to individualize their marketing efforts. As a result, producers do not need the functions formerly performed by middlemen (Sheth and Atul, 2001). Another factor that has led to the adoption of Customer relationship management in practice is the total quality movement. Companies are increasingly embracing the Total Quality Management philosophy to improve quality and reduce costs, it is becoming necessary to involve suppliers and other stakeholders at all levels of the value chain (Sheth and Atul, 2001).

In the current era of very intense competition, marketers are being forced to increase their concern on customer retention and loyalty (Dick and Basu, 1994). Retaining customers perhaps offers a more sustainable competitive advantage than acquiring new ones. What marketers are realizing is that it costs less to retain customers than to compete for new ones (Rosenberg and Czepiel, 1984).
According to the Central Bank of Kenya statistics, the banking industry in Kenya currently comprises of 42 banks. Previously, there were 46 banks but some banks merged while others were acquired by bigger banks leading to the current 42 banks. There are 2 fully Shariah compliant banks, namely, Gulf African Bank and First Community Bank. The Kenyan banking sector has seen a lot of interest by foreign banks including Zenith Bank and Bank PHB among others who have declared intentions of venturing into the lucrative segment. The Banking sector in Kenya is very competitive and banks are employed all strategies to attract and maintain customers. This has resulted to increased innovations amongst the players and also new entrants into the market and the implementation of customer relationship management programs by the Banks.

1.2 Statement of the Problem

In Kenya, the uptake of customer relationship management is very slow with only a few top tier companies employing the use of the programs to manage customer expectations. A number of reasons are cited for this including the high cost that is associated with setting up and running the programs. This is despite the presence of a majority of studies that have shown benefits accruing from customer relationship management are far much more than the costs associated e.g. Wattanasupachoke and Unhanandana (2012), who found that CRM helps companies to build competitive advantage, Ryals (2006) who identified that CRM strategies help in the maintenance of profitable relationships with customers and Ismail and Alsadi (2010) who found that Customer Relationship Marketing leads to better organizational performance.

In the Kenyan banking sector, customer relationship management is still restricted to the use of face to face contact between bank representatives and the clients and setting up of call centers. These representatives include relationship officers, business advisors, customer service representatives and other people directly related to the sales and marketing teams. The set up of the systems is still considered to be a huge cost. Before embarking on the implementation of the customer relationship management systems a bank must carry out cost benefit analysis and the potential impact on their bottom line. However it must be noted that customer relationship management is not a short term business strategy and organizations that decide to implement it.
The practice of Customer Relationship management in Kenyan banks is therefore only extended to call centers, relationship management and customer services. However, scholars have identified various avenues of customer relationship management e.g. loyalty programs which have been successful implemented in other sectors of the Kenyan economy e.g. the retail sector but has been slowly implemented in the banking sector. In fact according to Omwage (2009), no Kenyan bank has implemented a customer loyalty programs as a customer relationship management tool. This indicates gaps in the practice of Customer relationship management in the Banking sector.

In theory several studies all over the world have been undertaken on Customer relationship management and firm performance Ismail and Alsadi, (2010), Ryals (2006), Coltman (2007), Krasnikov, Jayachandran and Kumar (2009) and Coltman, Devinney and Midgley (2009) and Kelechi (2011). Most of these studies and many others have provided evidence to show that implementetation of customer relationship management leads to better firm performance, competitive advantage and cost efficient. However, there are not many studies on Customer relationship management as a competitive advantage acquisition strategy in Africa. While most of the studies on CRM in Africa are aimed at identifying whether it leads to better firm performance (Kelechi, 2011), very few studies exist on the use of CRM as a competitive advantage acquisition strategy. This pattern on lack of literature is more evident in the Kenyan setting where the researcher could not identify a study on CRM and competitive advantage in Kenya. This therefore creates a literature gap that this study seeks to fill.

Based on the literature gaps identified above, this study seeks to deviate from the common studies available of CRM and firm performance and provide a body of literature and findings of CRM and competitive advantage in the Kenyan Setting.

1.3 Purpose of the Study

This study sought to assess the use of customer relationship management (CRM) programs as a strategy to achieve a competitive advantage in the banking industry
1.4 Research Questions

The research questions formulated for this study were:

1.4.1 What are the key benefits of CRM?

1.4.2 What are the issues in the implementation of CRM?

1.4.3 What are the strategies for developing an effective CRM?

1.5 Importance of the Study

1.5.1 Change Management/ HR Professionals

One of the key reasons as to why CRM implementation projects fail is because of internal issues. Successful implementation is defined as being one that is framed within an adaptive organization that can manage change effectively. This study will assist those charged with change management to visualize the impediments that could arise during the process and ways in which to avoid failure occasioned by internal issues.

1.5.2 Senior Management/ Board of Directors

A key requirement for the effective implementation of CRM is the right leadership. This study will assist senior management executives to understand the key importance of leadership as well as the issues associated with the implementation of CRM such as technology needs, change management and cost implications.

1.5.3 Employees.

One of the key challenges that have been faced by organizations in the implementation of CRM systems is lack of buy in from employees. The lack of buy in stems from a lack of understanding by employees as to what exactly CRM is and how it can increase value for their customers but also how it can increase value for them by making their jobs easier. This paper will attempt to demystify CRM for the employees and lead to better understanding and buy in.
1.5.4 Researchers

The study will contribute to the existing knowledge base on CRM and act as a guide for future research as CRM continues to gain popularity in Kenya.

1.6 Scope of the Study

The study was undertaken in the period between December 2012 and January 2013 and targeted a Kenyan Local Bank (Kenya Commercial bank) which had implemented Customer Relationship Management systems. The study was undertaken in 3 of the banks branches located in Nairobi County and within the Central business District. The population of the study included all the employees of Kenya Commercial Bank in the 3 branches who are 120.

1.7 Definition of Terms

1.7.1 Customer Relationship Management:

Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer (Parvatiyar1 & Sheth 2001)

1.7.2 Business process re-engineering

Business Process Re-Engineering can be defined as the, “Fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as costs, quality service and speed” (Hammer and Champy, 1993).

1.7.3 Competitive Advantage

Competitive advantage is the possession of something that your competitors do not have. Competitive advantage can be based on firms marketing strategy, implementation of the strategy and the industry context as provided in the Porters Model (Sudarashan, 1995).
1.8 Chapter Summary

Chapter one provides a brief background of the study, in addition the chapter provides the research questions, purpose of the study, scope of the study, the problem statement and the scope of the study.

Chapter Two provides a review of the existing literature. The literature review uses studies on customer relationship management in the international arena and the local arena.

Chapter Three provides a research framework of how the research was undertaken, the research design, data collection and research procedures.

Chapter Four of this paper provides findings of this research based on the research questions identified in this chapter and reviewed in chapter two.

Chapter Five provides a summary of the findings, the discussion of the results, conclusions and recommendations drawn from this study.
CHAPTER 2

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter provides the existing literature on Customer Relationship Management. CRM is a widely studied subject and huge volumes of literature exist in relation to CRM. There exists a synthesis of existing knowledge on Customer Relationship management that take into account various factors and exploration forms. This study will draw upon this literature.

2.2 Benefits of CRM
Customer relationship management is, “an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value added contacts over a long period of time” (Shani and Chalasani, 1992 pg. 44). In analyzing the benefits of companies investing in customer relationship management programs we must take recognition of the various differences among scholars on the exact meaning of customer relationship management. While Payne and Frow found that to some practitioners customer relationship management meant direct mail, a loyalty scheme, help desk and call centre, other executives saw customer relationship management as a data warehouse, data mining, e-commerce solution or databases for sales force automation (Payne and Frow, 2006).

These differences reflect the tactical and strategic way in which customer relationship management has been deployed. When viewed from a tactical perspective, customer relationship management comprises functions in isolation, such as sales automation or internet based campaigns. These applications provide silos of customer information based on a single view of the customer; through a particular contact channel. This can be frustrating for bank customers with a loan product and a savings product because they may need to interact with the bank for various reasons (withdrawal transaction, balance request, complaint etc.) using a variety of channels. To overcome this limitation, CRM has also been deployed at an enterprise level, or what Kumar and Reinartz (2006) term strategic CRM. According to this approach CRM is nested
within an intricate organizational system of interrelated and interdependent resources that is used to generate competitive advantage. Such an approach aligns with two schools of thought underpinning resource based theory namely the resource-based view (RBV) and the knowledge-based view (KBV) that emphasizes firm specific competitive advantages (Coltman, 2007).

Customer relationship management strategies and programs have various benefits to the company. According to Parvatiyar and Sheth (2001), customer relationship management helps a company improve market productivity and creating mutual values through marketing efficiencies and enhancing market effectiveness. This enhances the company’s effectiveness in the acquisition of customers, the enhancement of the profitability of the existing customers and the retention of existing customers.

2.2.1 Customer Relationship Management enhances Business Process Re-engineering

Customer relationship management enhances business process re-engineering (Chang, 2007). Business process re-engineering can be defined as the, “Fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as costs, quality service and speed” (Hammer and Champy, 1993).

According to Spencer (1992), business process reengineering is promoted as a potent, customer based approach to improve productivity and quality through processes. Business process reengineering involves the process of innovation with a business wide scope, implying a complete redesign of all business process (Davenport, 1993). Further, according to Earl et al (1995), business process reengineering means the redesigning of existing business processes and implementing new ones. Business process reengineering is a customer focused, top down management effort aimed at establishing breakthroughs in the performance of inter functional process (Davis, 1993).

Customer relationship management on the other hand integrates related set of functions and business processes to enhance the performance of the organization as a whole (Laudon and Laudon, 2004). Customer relationship management systems require changes in the sales,
marketing and customer service processes to encourage sharing of customer information, support from top management and a very clear idea of the benefits that could be obtained from consolidating the customer data (Chang, 2007). It can therefore be considered that customer relationship management enhances business process re-engineering in a business.

2.2.2 Customer Relationship Management enhances Organizational Learning

The second benefit of customer relationship management is that it enhances organizational learning. Organizational learning can be defined as the encoding of inferences from history into routines that guide behavior. According to Kim (1993), organizational learning is defined as increasing an organization’s capacity to take effective actions. Laudon & Laudon (2004) define organizational learning as the ‘creation of new standard operating procedures and business processes that reflect organizations’ experience.’ Daft (2004) considers a learning organization as an organization in which everyone is engaged in identifying problems, enabling the organization to continuously experiment, improve, and increase its capability (Daft, 2004).

The learning process involves the collection of external data e.g. customers, suppliers, new technologies and economic conditions and the internal development of new processes and product ideas. To maintain the competitive advantage in dynamic, competitive markets, firms have to adapt to changes in their trading environment. Strategy, training, policy, and structure all have to facilitate continued employee learning, to support the organization’s continued success. Laudon & Laudon (2004) suggest that most firms implementing a formal CRM system need to transform their focus from a product-centric view to a customer-centric view, which requires some fundamental changes in the organization culture and business processes, notably a closer cooperation between the information systems and sales and marketing groups. Organizational learning in support of this change requires the acquisition of complex knowledge of new business rules and processes and the ‘unlearning’ of the previous ones.

2.2.3 Customer Relationship Management leads to better organization Performance

How does CRM affect organizational performance? In general, the academic literature suggests that CRM offers a firm strategic benefits, such as greater customer satisfaction and loyalty
(Kumar and Shah 2004), higher response to cross-selling efforts (Anderson 1996), and better word-of-mouth publicity. Overall, there is a strong sense that CRM efforts improve firm performance. Boulding and colleagues (2005) note that CRM has the potential to enhance both firm performance and customer benefits through the dual creation of value. According to this view, CRM enables firms to augment the value they extract from customers, while customers gain greater value because firms meet their specific needs. Firms that have stronger relationships with customers enjoy higher profitability (e.g., Bolton 1998; Reinartz, Thomas, and Kumar 2005). Indeed, firms create and maintain portfolios of profitable customer relationships by identifying valuable customers, ensuring better communications with them, and customizing products and services to meet their needs (Venkatesan and Kumar 2004). In turn, customers are likely to stay longer in their relationship with these firms, purchase more often, and show lower propensity to switch to competitors (Johnson and Selnes 2004). However, when firms customize their products and services, they may sacrifice the scale advantages that are possible from the production of standardized products (Pine, Victor, and Boyton 1993). Thus the implementation of a CRM system has an effect on cost efficiency and Profit efficiency.

All relationship marketing activities of a firm are evaluated based on the company’s overall profitability as well as key relationship marketing outcomes of customer loyalty and positive customer word of mouth communication (Thurau et al, 2002). Thompson (2008) posits that customer relationship management is an effective tool for achieving positive organizational performance and which reflects an increase in profit, goodwill, better product and service delivery.

According to Remo (2011), the ultimate purpose of CRM, like any organizational initiative, is to increase profit. In the case of CRM this is achieved mainly by providing a better service to customers than competitors do. CRM does not only improve the service to customers, a good CRM capability will also reduce costs, wastage, and complaints. CRM also reduces staff stress, because attrition - a major cause of stress - reduces as services and relationships improve. CRM enables instant market research as well: opening the lines of communications with your customers gives you direct constant market reaction to your products, services and performance, far better than any market survey. Good CRM also helps you grow your business: customers stay
with you longer; customer churn rates reduce while referrals to new customers increase from the increasing numbers of satisfied customers; demand reduces on fire-fighting and trouble-shooting staff, the organization's service flows and the teams work more efficiently and more happily to produce a given output mix, and it depends on the extent to which it limits the wasting of resources. Cost efficiency is defined as the ratio of actual costs expended to minimum costs that could have been expended in producing the output mix (Farrell 1957; Greene 1993). The implementation of CRM could be resource intensive. Compared with firms that produce standardized outputs, firms that adopt CRM face additional costs, such as those associated with the customization of outputs and customer information management.

Finally customer relationship management can lead to a better performance for the firm (Chang, 2007). Performance evaluation can be subjective or quantitative. The Balanced Scorecard (Kaplan & Norton, 1992, 1993, 1996) emphasizes the importance of incorporating non-financial performance measures such as customer satisfaction, internal business process, and innovation and learning, as well as ‘traditional’ financial measures. The Balanced Scorecard (BSC) translates mission and strategy into objectives and measurable terms, viewed from the financial, customer, internal business process, and learning and growth perspectives, providing a balance between short- and long-term objectives, between desired outcomes, performance drivers of those outcomes, and between hard objectives measures and soft subjective measures. Hugh et al. (1996) suggest that a firm’s performance management technique enables it to focus resources on changing behavior and promoting customer-orientation.

2.3 Strategies for Developing and Effective CRM

Customer Relationship Management enhances the development of a better relationship between customers and the business. Smith (1998) considers relationship quality the result of overall assessment of the strength of a relationship and the extent to which it meets the needs and expectations of the parties based on a history of successful or unsuccessful encounters. Crosby et al. (1990) consider it a construct composed of (at least) two dimensions: Trust and Satisfaction. Trust is particularly important in relational contexts where individuals seek predictable and obligatory behavior on the part of their relational partner, so that a relatively high degree of certainty is attached to future rewards. Satisfaction is an emotional state that occurs in response
to a positive evaluation of these interaction experiences. Morgan & Hunt (1994) describe relationship quality in terms of Commitment and Trust components. Marketers are urged to maximize these by resisting attractive short-term alternatives in favor of the expected long-term benefits of cooperation with existing partners, and by viewing potentially high-risk actions as being prudent because of the belief that partners will not act opportunistically.

2.3.1 Relationship Qualities for Building a CRM

Lee & Kim (1999) consider five relationship quality components that are important in building a successful customer relationship management system: trust, business understanding, benefit and risk share, conflict, and commitment. Roberts et al. (2003) identified four variables to are useful in building relationship quality (trust, commitment, satisfaction, and affective conflict). Generalizing the above views, building customer relationship quality is described in terms of the customer’s expectation of benefit from the relationship, based on their past experience. If relationship quality is considered to be made up of customer satisfaction, trust, and commitment, then a CRM system will be designed to automate customer related procedures in such a way as to maximize these perceptions.

According to Ismail and Al sedi (2010), the relationship between the customer and the firm should be based on the promises from the organization that go beyond obvious assurance that potential customer expect. It involves a set of promises made by the organization, within the organization and between buyers and sellers interactions determining whether a marketing encounter will be positive or negative buyer seller relationship. Most firms make promises to existing and potential customers through external marketing, directly to the customers, suppliers and other parties outside the organization. The promises communicate what a customer can expect from the firms goods and services. The promise must be both realistic and consistent with one another. A firm that makes unrealistic promises can disappoint a customer who will never buy the firms products again (Zeithmal, V et al, 2006; Boone and Kurtz, 2007).
2.3.2 External and Internal Marketing

A firm can only make good its promise to its existing and potential customers through external marketing only if it enables these promises through internal marketing. Internal marketing includes recruiting talented employees and providing them with tools, training and motivation they need to do their job effectively (Boone and Kurtz, 2007). To create a good and quality relationship between the customer and the bank, they must keep promises made to each other. However, making, enabling, and keeping promises are crucial parts of relationship marketing process, but developing relationships require more than promises. All relationships depend on the development of emotional links between the parties. There are four key dimensions of relationship marketing: bonding, empathy, reciprocity, trust and tangibility (Chris and Graham, 2007). According to Jobber and Fahy (2006), two parties must bond together in order to develop a long term strong relationship. Stronger bonds increase each party’s commitment to the relationship. Trust is the ultimate glue in a relationship. Trust reflects the extent of one party’s confidence in another party’s integrity. When parties follow through on commitments, they enhance trust and strengthen relationships. Stronger trust leads to more cooperation between parties in a relationship (Chris and Graham, 2007). Reciprocity in Every long-term relationship includes some give-and-take between the parties; one make allowances and grants favors to the other in exchange for the same treatment when its owned need arises (Chris and Graham, 2007). Empathy involves the ability to see situations from a different perspective i.e. that of the other party (Chris and Graham, 2007)

2.3.3 Customer Loyalty Campaigns

The important aspect of CRM strategy is Loyalty Campaign. It helps establish a strong link between the enterprises and the customers such as point collecting program, privilege purchase plan, exclusive service for premium customers, call center, special discount, etc. These programs bring about competitive advantages as well as customer satisfaction and loyalty which contribute to continuous rebuys. Ultimately, they become the significant supporters of the businesses by promoting and referring the products and services to other customers. CRM strategy creates bond and connection between the enterprises and the customers by using customer insight to persuade
consumers to buy products/services. Furthermore, it gives customers a positive impression on the companies resulting in a successful market penetration which helps businesses maintain and increase market shares in the long run. That is why many firms use CRM strategy to build competitiveness for their businesses.

Companies depend significantly on customer satisfaction in order to survive and succeed. Customer contentment contributes to positive impression, strong brand presence and good image of the companies. They become loyal to the brands, repurchase products/services as well as promoting businesses to other customers (Kabiraj and Shanmugan, 2009).

The crucial outcomes of using CRM strategies in business operations are the continuous interactions between the companies and the clients (Kabiraj and Shanmugan, 2009). It leads to deeper customer insight and genuine customer satisfaction. CRM strategies significantly influence customer understanding in a positive way (Mithas et al, 2005). The profound customer comprehension data facilitates enterprises to target the real customer needs and to predict customer buying behavior more precisely. Consequently, customers have better attitude and feeling toward the brands. Moreover, CRM can lead to higher customer value (Payne and Frow, 2005).

2.3.4 Communication

Communication between the customer partnerships is very critical for an effective customer relationship management strategy. Communication helps in the development of the relationship, fosters trust and provides the information and knowledge needed to undertake the cooperative and collaborative activities of relationship marketing (Sheth and Atul, 2001). Communication provides the lifeblood of relationship marketing. According to Sheth and Atul (2001), by establishing proper communication channels for sharing information with the customers a company can enhance their relationship with them. In addition, intra company communication among all the concerned individuals and corporate functions of the company has a direct impact on the formulation of appropriate strategies for the implementation of the customer relationship management system (Sheth and Atul, 2001). According to Sheth (1994), “Although communication with customer partners helps to foster relationship bonds, conscious efforts to
create common bonds will have a more sustaining impact on the relationship. In business-to-business relationships, social bonds are created through interactions; however, with mass-market customers frequent face-to-face interactions will be uneconomical. Thus marketers should create common bonds through symbolic relationships, endorsements, affinity groups, and membership benefits or by creating on-line communities. Whatever the chosen mode, institutionalizing relationships with customers is accomplished by creating value bonding, reputation bonding, and structural bonding” (Sheth, 1994).

2.3.5 Top Management Support

The perception of top management on the environment and company’s place within the environment has a long lasting and perpetual influence on their behavior (Baum et al, 1992). In the early days, the role of managerial support and goodwill did not have a great influence on the traditional theories of getting a competitive advantage (Finkelstein, 1996). However, with the introduction of new programs such as Customer Relationship Management, manager’s support and goodwill is critical for the success of any CRM strategy. For example, some managers may believe that CRM will enhance the effectiveness of the firm, whilst others believe it may destroy existing competencies, enhance legitimacy in the market, or have little or no effect on current performance (Henderson and Clark, 1990).

According to a study by Computer Sciences Corporation, on the importance of managerial support and beliefs, they found that there is a strong correlation between the levels of managerial support and the successful reengineering of change programs. The report further showed that reengineering programs with “breakthrough” ambitions were more likely to succeed than those with modest objectives (CSCC, 1994). Further, a study by McKinsey supports the view that when managers support implementation of CRM strategies the chances of their success are higher. According to the McKinsey Report, “when managers hedge their bets, they are unlikely to infuse CRM deployment with the necessary energy to modify the structures and metrics for evaluating frontline behavior. The predictable result is that CRM systems are used little or not at all. For example, in the insurance industry more than one third of the CRM modules developed
2.4 Issues in Customer Relationship Management

Formulation, Development and implement of CRM programs is not an easy task nor a task for the light hearted. There are challenges and issues associated with the deployment and implementation of customer relationship management programs.

2.4.1 Diverse Customer Expectations

In the implementation of customer relationship programs, the organization has to deal with a multitude of customer interfaces (Sheth, 1994). According to Sheth and Atul (2001), until recently, a company’s direct interface with customers, if any, was primarily through sales people or service agents. In today’s business environment, most companies interface with their customers through a variety of channels including sales people, service personnel, call centers, Internet websites, marketing departments, fulfillment houses, market and business development agents, and so forth. For large customers, it also includes cross-functional teams that may include personnel from various functional departments. Although each of these units could operate independently, they still need to share information about individual customers and their interactions with the company on a real-time basis. For example, a customer who just placed an order on the Internet and subsequently calls the call center for order verification expects the call during the past three years remain dormant in areas such as marketing campaign management, data analysis and opportunity management” (Agarwal et al, 2004).

To show how important top management support is in the development of effective strategies for CRM, Bull (2003), in his research on ELMS a medium sized SME in Kenya found that, “some of the excluded staff felt undervalued by senior managers, others felt they lacked influence and queried the method for valuing their intellectual capital. Some of those with high levels of pertinent knowledge, such as sales engineers, did not feel engaged or empowered. This resulted in a fear of CRM, that it was about efficiency or cost cutting exercises. This resulted in a perception that CRM would replace or de-skill their knowledge and contributions to the organization and result in staff redundancies.” This had a negative effect on the implementation of CRM system in ELMS.
center staff to know the details of his or her order history. Similarly, a customer approached by a sales person unaware of the fact that the customer had recently complained about dissatisfactory customer service is not likely to be treated kindly by the customer. On the other hand, if the salesperson was aware of the problem encountered by the customer, the complaint, and the action already initiated to resolve the complaint, the salesperson would be in a relatively good position to handle the situation well.

According to Newell (2000) CRM is a useful tool in terms of identifying the right customer groups and for helping to decide which customers to discard. According to Newell, jettisoning customers is necessary because of the high-maintenance, high cost involved in maintaining such relationships and the subsequent drain on an organization’s profitability. Clemons (2000) estimates there may be a tenfold difference between the most profitable customers and the average.

There is a wide spread notion in most financial services provides that a firm cannot maintain a profitable relationship with all customers. Therefore these firms are targeting customers with differentiated products and services or segregating markets and concentrating on particular market segments as opposed to the whole market (Bulls, 2003).

One method for identifying customer groups is the idea of categorizing between transaction and relationship customers. Transaction customers are highly volatile and have little loyalty, and their major aim is to get the best price. Relationship customers have more potential for loyalty as they are often prepared to pay a premium price for a range of quality and reliable goods or services Newell (2000). Once relationship customers are identified and recruited they are less likely to switch provided they continue to receive quality service. Relationship customers are also more cost effective than new customers because they are already familiar with, and require far less persuasion to buy the company's products or services (Bulls, 2003). Peck et al. (1999) argue that for many organizations it would be beneficial to distinguish between the two types of customer and focus on relationship customers. According to Newell (2000) there are often three distinct types of relationship customers: the top, middle and lower groups. The top group (top 10%) consists of customers with excellent loyalty and of high profitability for the organization.
CRM is needed to retain and offer them the best possible services in order to avoid them defecting to hungry competitors. Middle group customers (next 40 to 50%) are ones delivering good profits and who show good potential for future growth and loyalty. These are the customers who are probably giving some of their business to competitors. The idea is to use CRM to target middle group customers effectively as they are the greatest source of potential growth. Lower group relational (bottom 40 to 50%) customers are those who are only marginally profitable. Some may have potential for growth but the expense and effort involved in targeting such numbers, hinders the effectiveness of servicing existing relational customers in the top and middle groups.

CRM should be used to identify this group and seriously consider the response required. Transactional customers contribute either nothing or have an adverse effect on profitability. The consensus therefore is that CRM is invaluable for identifying existing transactional customers and helping organizations to jettison them immediately. This has the double benefit of improving the prospects for one organization’s profitability whilst potentially offloading burdens onto competitors.

2.4.2 Effective Leadership Issues

Customer Relationship Management normally involves the change of business process and the introduction of new information technologies, therefore effective leadership is crucial and very important (Galbreath and Rogers, 1999). According to Pinto and Slevin (1987), “Because leaders monitor the external environments of an organization they are often the best placed to set the vision or strategic direction for CRM projects. In addition, leaders are influential in the authorization and control of expenditure, the setting and monitoring of performance and the empowerment and motivation of key personnel”

Secondly Customer relationship management requires effective leadership because it reaches into many parts of the business. The holistic approach puts customer relationship management at the heart of the organization with customer orientated business processes and the inclusion of the relevant systems (Girishankar, 2000). CRM goes beyond having a front office contact management system (Ciborra and Failla, 2000). However, according to Trepper (2000), customer
relationship management goes beyond the definition by Ciborra and Failla and includes operational, analytical and collaborative elements. This holistic approach of CRM requires effective leadership which lacks in most of the companies that implement CRM (Bulls, 2003). The leadership is necessary to coordinate, organize and effectively maintain the growth of disparate customer contact points or channels of communication (Peppard, 2000).

According to Bulls (2003) in his study on ELMS, leadership is an important and problematic activity. In agreement with Galbreath and Rogers (1999), Bulls found that the lack of a vision or strategic direction in a project had adverse consequences on the success of Customer Relationship Management systems.

### 2.4.3 Sourcing Issues

Sourcing is another issues related to effective customer relationship management systems. According to Bulls (2003) most organizations do not have alternatives but to outsource a significant proportion of their CRM solution as they lack the resources to develop and implement CRM software. According to MacSweeney (2000) 60 per cent of in house CRM systems fail. In developing effect CRM systems timing is also important as developing CRM software in house can be a lengthy process and there are rewards to those that can respond rapidly and appropriately (Howle, 2000). According to Downes and Mui (1998); Hamm and Hof (2000), customer relationship management is reputed to facilitate the outsourcing of more business operations directly to the customer as indicated by the US$ 164 million savings by UPS in their customer self tracking system and enormous savings enjoyed by Banks in internet banking.

### 2.4.4 Failure of CRM strategies

CRM strategies are only effective if they deliver positive outcomes. It is no longer good enough just to say that you are customer focused, but it matters, what you do. Newell (2000) discusses a range of CRM case studies that used customer knowledge to deliver relevant products and services. Blockbusters recognised that their customer's top priority was the ability to rent their first-choice movie, when they visited a store. The industry norm for achieving this customer service was around 80 per cent. The company implemented an information system called 'Centre
Stage' to improve stock availability of first-choice titles. The Centre Stage system stores customer data to help predict the likely demand for specific movies. The company then stocks the relevant number of products and now delivers significantly improved availability, whilst other competitors don’t. Blockbuster strongly believes that CRM has enabled them to remain a market leader. The consensus appears to be that the fundamental goal of CRM is to improve organisational profitability through efficient and effective customer relations. If the CRM strategy is struggling to influence profitability, after a reasonable period of time, then the organisation is clearly failing. Organisations in this position should immediately consider changing direction and adopt alternative strategies. The position for those organisations that have failed may result in a series of circumstances that are hard to recover from. Such companies may find they have a disproportionate number of unprofitable customers that others have jettisoned. The path back to growth may require far more radical approaches. If a CRM strategy can be shown to improve profitability, then the organisation is obviously on the right path and succeeding. Companies in this healthy position should avoid complacency. They would be wise to devote sufficient resources and time to CRM and remember that effective CRM strategies are iterative and continually evolving.

2.5 Chapter Summary

This chapter provided the existing literature on Customer Relationship management and its benefits. In addition, this chapter provides an overview of the strategies used to build successful CRM programs and the challenges faced in developing customer relationship management programs. The topics covered under this chapter were guided by the research questions developed in Chapter One and the presence and availability of literature to support this paper. In the subsequent chapters the research Methodology including the research design, the population the sample, sample size, and sampling technique, the data analysis techniques and research procedures are discussed in Chapter Three. Chapter Four provides a layout of the findings of this research using statistical inferences including graphs, tables and charts. Chapter Five provides a discussion of the results in Chapter Four, the summary of findings, conclusions and recommendations.
CHAPTER 3

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the research methodology and the framework which guided the study. In particular, this chapter provides the research design, the population, and sample, sampling technique, the research procedures and the data analysis procedures to be adopted.

3.2 Research Design

This study adopted a descriptive research design using a survey technique. A survey research approach comprises of a cross-sectional design in relation to which data are collected predominantly by questionnaire or by structured interviews on more than one case and at a single point in time in order to collect a body of quantitative or quantifiable data in connection with two or more variables which are then examined to detect patterns of association (Bryman and Bell, 2011).

A descriptive research design, seeks to portray an accurate profile of persons, events or situations usually with the involvement of an evaluation and synthesis of ideas (Chinyanga, 2011). In addition, a descriptive research design is easily replicable to other areas of study or replicable to a different set of population based on the same study. Secondly, descriptive research findings are considered more valid especially where there is the use of random or probability based sampling as is the case of this study. Finally, the due to the replicability of this study, the findings of the study can be compared against similar findings elsewhere enhancing the validity of the findings.

The reliability, validity of findings and replicability of a descriptive research design were the major factors that informed the adoption of the research design.

The dependent and independent variables for this study are as shown in the conceptual framework below;
3.3. Population and Sampling Design

3.3.1 Population

The population can be defined as all the people or items with the characteristic one wish to understand (Odhiambo et al, 2010). The population of the study included employees of the KCB bank located within the Nairobi CBD. The three banks branches identified for inclusion in this study include Kencom, Tom Mboya Street and Loita Street branch. KCB bank was chosen for inclusion in this study due to its presence in all parts of Kenya being the biggest bank in branches terms in Kenya. In addition, KCB was chosen as it has implemented an elaborate customer relationship management system. The choice of the three banks branches was made based on the relative distance of the branches to the researcher and access thereof. The three KCB branches identified were the closest to the researcher and were easily accessible since they are in the Nairobi CBD. The choice of these branches was very instrumental in ensuring a high response rate.
3.3.2 Sampling Design

Due to time and resource constraints, gathering information from everyone in a population is very hard and the goal becomes to finding a representative sample of the population (Odhiambo, et al, 2010).

3.3.2.1 Sampling Frame

A sampling frame can be defined as the listing of all units in the population from which a sample is selected (Bryman, 2002). According to Statistics provided by the management of KCB bank, there are 40 employees in the Tom Mboya Street branch, 50 employees in the Kencom branch and 40 employees in the Loita street branch. The total sampling frame list therefore was 130 as shown in table 3.1 below;

Table 3:1: Sampling Frame

<table>
<thead>
<tr>
<th>Branch</th>
<th>No. Of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom Mboya Street</td>
<td>40</td>
</tr>
<tr>
<td>Kencom Branch</td>
<td>50</td>
</tr>
<tr>
<td>Loita Street</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>130</strong></td>
</tr>
</tbody>
</table>

3.3.2.2 Sampling Technique

Time and resource constraints necessitate that a sample be selected for inclusion in the study. A sampling technique can be defined as that part of statistical practice concerned with the selection of individual observations intended to yield some knowledge about a population of concern, especially for the purpose of statistical inference (Odhambo et al, 2010 pg. 23). This study adopted a probability sampling method, stratified random sampling technique. In stratified random sampling technique each element or person in the population is placed in to a strata or
group. Each element or person in each of the strata’s is given an equal chance for inclusion in the study.

3.3.2 Sample Size

Sampling frame or "sample frame" otherwise "survey frame" is the actual set of units from which a sample has been drawn (Odhiambo et al, 2010). To attain a representative sample several approaches can be used including using the sample of a similar study, using formula or using tables. This study used the formulae method to attain a representative sample. Yamane (1967) provided a simplified formula to calculate a representative sample. The formula used to calculate the sample size was given by;

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

Where: \(n\) = Sample Size

\(N\) = Population Size

\(E\) = is the confidence level 90%

\[
n = \frac{120}{1+120(0.10)^2} = 60
\]

The distribution of the sample is as shown in table 3.1 below;

<table>
<thead>
<tr>
<th>Branch</th>
<th>Population</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kencom</td>
<td>50</td>
<td>20</td>
</tr>
<tr>
<td>Tom Mboya Street</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>Loita Street</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>TOTAL</td>
<td>130</td>
<td>60</td>
</tr>
</tbody>
</table>
3.4 Data Collection Methods

This study used primary data. According to Odhiambo et al (2010), primary data is fresh and collected for the first time and it is original in character. The primary data used in the course of this study was collected using a questionnaire. A questionnaire was adopted for use in this study due to its ease of use, time saving attributes and the relative low cost of using a questionnaire in data collection. A questionnaire is easy to use for data collection as the researchers presence is not needed, it is very fast to collect data using a questionnaire and the costs associated with collecting data using a questionnaire as compared to other tools e.g. interviews and observation is also very low. Other factors that influenced the adoption of questionnaire as a data collection tool are quick to administer since they can be distributed by couriers and be collected using the same channels, absence of interviewer effects, no interviewer variability and its convenience to the respondents (Bryman and Bell, 2011).

The questionnaire contained both open ended and closed ended questions. Closed ended questions were used to collect specified responses from the respondents while open ended questions were used to allow the respondents to exert their own opinions and feelings on the topic under study. The questionnaire was divided into four sections;

Demographic section; to collect the general information and background of the respondents

Benefits of Customer Relationship Management: this section sought to identify the benefits perceived by the employees of KCB on the implementation of CRM

Issues in Implementing Customer Relationship Management Strategies; this section sought to identify the issues that arise during the implementation of CRM strategies e.g. customer expectations etc

Strategies for Developing Effective Customer Relationship Management, this section sought to identify the strategies that are critical for the successful implementation of Customer Relationship Management Programs.
3.5 Research Procedures

The data collection tool was formulated based on the sections identified above. After formulation the questionnaire was pretested to ensure validity, reliability and understanding of the questionnaire by the respondents. Five respondents were used to pre test the questionnaire on their level of understanding and clarity of the questions. Comments and deficiencies identified during the pre testing period were amended into the final questionnaire. The five respondents were employees of KCB who were excluded from the actual study.

The final questionnaire was administered to the respondents through emails, personal delivery or postal couriers. Respondents were expected to complete the filling of the questionnaire within two weeks. After the lapse of the two weeks the questionnaires were collected by the researcher using the same channels that delivery was done.

To ensure a high response rate, the researcher was in constant contact and communication with the respondents using phone calls, short Messages Services reminders and email reminders. The same communication channels were used to address challenges encountered by the respondents in due course of completion of the questionnaire.

3.6 Data Analysis Methods

After collection of the questionnaire, inspection was undertaken to review whether the questionnaires contain any errors and if the questionnaires were completed correctly and editing undertaken. After editing of the completed questionnaire, the questionnaire was coded where every question represented a variable. After coding, the coded data was entered in to Statistical Package for Social Sciences (SPSS) for analysis.

Data Analysis included running commands for statistical measures. Advanced statistical measures of means, variances, medians and standard deviation were used to describe relationships in the data collected.

Data presentation and description were done through charts, figures, frequency distribution tables and graphs. Advanced statistical measures of means, variances and standard deviation were used to describe relationships in the data collected.
3.7 Chapter Summary

This chapter provides a clear framework of how the research was undertaken. The research framework was based on existing studies identified in Chapter Two and the research questions identified in Chapter One. In addition, this chapter provides the research procedures, the data collection methods and how the data was analyzed and presented. Chapter Four of this study provides the empirical data analyzed and presented using charts and figures. Chapter Five of this study provides a discussion of the results, conclusions, summary of findings and the recommendations.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

The data for this study was collected and analyzed using the research methodology as shown Chapter Three above. The data collected was analyzed using descriptive statistics of Percentiles, Means, variances and standard deviations. The data analyzed was presented in frequency distribution Tables, Tables of means, charts and graphs.

4.1 Introduction

As detailed in Chapter three above, the researcher distributed 60 questionnaires to the respondents of three bank branches. In total the researcher collected a total of 55 questionnaires which were inspected for completeness. However, 3 questionnaires were not properly completed and could not be edited and were thus excluded from the study. This study therefore utilized 52 questionnaires for data analysis. This represents a 87% response rate.

4.2 Demographic Information

This section presents the demographic information of the respondents to this study.

4.2.1 Gender and Age

Majority of the respondents to this study were of the male gender who contributed 71% of the total respondents. Female respondents were 29% of the total respondents as shown in Figure 4.1 below
Figure 4.1: Gender of Respondents

In addition, 46% of the respondents were between the ages of 30 -39 years, while 6% of the respondents were in the less than 29% age bracket. A further 40% of the respondents were between the ages of 40 -49 years and 8% were in the 50 – 59 years age bracket as shown in Figure 4.2 below.

Figure 4.2: Age Bracket of Respondents
4.2.2 Employment and Length of Experience

According to 35% of the respondents they were junior employees of the bank, 60% of the respondents were middle level managers and 6% of the respondents were top level managers in the bank as shown in Figure 4.3 below:

![Employee Level Chart]

**Figure 4.3: Employee Level**

For this study 35% of the respondents were drawn from the Kencom Branch of KCB, 31% were drawn from Tom Mboya Branch of KCB and 35% were drawn from the Loita Street Branch as shown in Figure 4.4 below:

![Bank Branch Chart]

**Figure 4.4: Bank Branch**
In addition, according to 19% of the respondents, they had experience working in a bank for less than 5 years. Further, 29% of the respondents had experience of 6 – 10 years, 38% had experience of between 11 -15 years, 8% had experience of 16 -20 years while 6% of the respondents had experience of more than 21 years as shown in Table 4.1 below;

Table 4.2: Length of Experience

<table>
<thead>
<tr>
<th>Length of Experience</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>10</td>
<td>19%</td>
</tr>
<tr>
<td>6 - 10 years</td>
<td>15</td>
<td>29%</td>
</tr>
<tr>
<td>11 - 15 years</td>
<td>20</td>
<td>38%</td>
</tr>
<tr>
<td>16 - 20 years</td>
<td>4</td>
<td>8%</td>
</tr>
<tr>
<td>More than 21 Years</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.2.3 Academic Qualification

According to all the respondents to this study they had at least an undergraduate degree as their minimum level of qualification. None of the respondents had a college certificate or a high school certificate as their minimum academic qualification.

4.2.4 Knowledge of Customer Relationship Management

As shown in Table 4.2 below, 62% of the respondents felt they had intermediate level of understanding about customer relationship management. In addition, 15% of the respondents indicated to having a competent understanding of customer relationship management and 23% had a basic understanding of Customer relationship management.
Table 4.3: Understanding of Customer Relationship Management

<table>
<thead>
<tr>
<th>Understanding of Customer Relationship Management</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>12</td>
<td>23%</td>
</tr>
<tr>
<td>Intermediate</td>
<td>32</td>
<td>62%</td>
</tr>
<tr>
<td>Competent</td>
<td>8</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.3 Benefits of Customer Relationship Management

According to all the respondents, customer relationship management has benefits to the organization. According to them, the most important benefits of customer relationship management is ease of attraction and retention of customers, a good brand image and better management of employees especially the loyal customers.

In addition, 35% of the respondents felt that the benefits of customer relationship management is enhancement of business process re-engineering, 44% felt that it enhanced organization learning, 81% felt that it leads to better organization performance, 63% felt that it enhanced market productivity. Further, 23% of the respondents felt that the benefits of customer relationship management was the creation of mutual value through market efficiencies and 62% of the respondents felt that it enhance market effectiveness as shown in Table 4.3 below;
Table 4.4: Benefits of CRM

<table>
<thead>
<tr>
<th>BENEFITS OF CRM</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhances Business Process Re-engineering</td>
<td>18</td>
<td>35%</td>
</tr>
<tr>
<td>Enhances Organizational Learning</td>
<td>23</td>
<td>44%</td>
</tr>
<tr>
<td>Leads to better Organization Performance</td>
<td>42</td>
<td>81%</td>
</tr>
<tr>
<td>Enhances Market Productivity</td>
<td>33</td>
<td>63%</td>
</tr>
<tr>
<td>Creates Mutual values through market efficiencies</td>
<td>12</td>
<td>23%</td>
</tr>
<tr>
<td>Enhances Market Effectiveness</td>
<td>32</td>
<td>62%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>160</strong></td>
<td></td>
</tr>
</tbody>
</table>

4.3.1 Business Process Re-engineering

According to 81% of the respondents, customer relationship management enhanced business process re-engineering while 19% felt that it did not as shown in Figure 4.5 below;

![Business Process Re-engineering](image)

**Figure 4.5: Business Process Re-Engineering**

Further, according to Table 4.4 below, the components of business process re-engineering in Customer relationship management are: improvement of productivity (79%), enhancing quality
through processes (63%), and redesign of all business processes (44%) and implementation of new business processes (77%).

Table 4.5: Components of CRM

<table>
<thead>
<tr>
<th>COMPONENTS OF CRM</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement of productivity</td>
<td>41</td>
<td>79%</td>
</tr>
<tr>
<td>Enhancing quality through processes</td>
<td>33</td>
<td>63%</td>
</tr>
<tr>
<td>Redesign of all business Processes</td>
<td>23</td>
<td>44%</td>
</tr>
<tr>
<td>Implementation of new business processes</td>
<td>40</td>
<td>77%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>137</strong></td>
<td></td>
</tr>
</tbody>
</table>

According to 92% of the respondents the perception of Business Process Re-engineering is that its customer focused, 69% felt that it is a top down management effort and 83% perceived business process reengineering as it improves firm performance as shown in Figure 4.6 below.

![Perception of BPR](image)

**Figure 4.6: Perception of BPR**

Finally, according to 96% of the respondents Business Process Re-engineering in CRM leads to changes in sales, 75% felt that it led to changes in marketing while 83% of the respondents felt that it led to changes in customer service processes as shown in Figure 4.7 below;
4.3.2 Organization Learning

According to the respondents, 83% felt that organization learning enhances customer relationship management while 17% did not as shown in Figure 4.8 below;
In addition, according to 67% of the respondents organization learning in Customer relationship management constituted of collection of external data, 71% felt that it constituted internal development of new processes and Ideas, 75% felt that it constituted implementation of new technologies while 40% felt that it constituted understanding economic conditions as shown in Table 4.5 below;

**Table 4.6: Components of Organization Learning**

<table>
<thead>
<tr>
<th>COMPONENTS OF ORGANIZATION LEARNING</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection of External Data</td>
<td>35</td>
<td>67%</td>
</tr>
<tr>
<td>Internal Development of New Processes and Ideas</td>
<td>37</td>
<td>71%</td>
</tr>
<tr>
<td>Implementing new technologies</td>
<td>39</td>
<td>75%</td>
</tr>
<tr>
<td>Understanding economic conditions</td>
<td>21</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>132</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

In addition, according to 87% of the respondents implementation of CRM programs was a customer centric focus rather than a product centric focus with 13% of the respondents as shown in Table 4.6 below;

**Table 4.7: Focus of Implementation of CRM Programs**

<table>
<thead>
<tr>
<th>FOCUS OF IMPLEMENTATION OF CRM PROGRAMS</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Centric Focus</td>
<td>7</td>
<td>13%</td>
</tr>
<tr>
<td>Customer Centric Focus</td>
<td>45</td>
<td>87%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### 4.3.3 Organization Performance

According to the 92% of the respondents, customer relationship management had an effect on the organization performance while 8% felt that it did not have any effect as shown in Figure 4.9 below.
According to 65% of the respondents, the attributes of organization performance in CRM is the increased customer satisfaction and loyalty, 50% felt that it enhances higher cross selling efforts, 54% felt that it enhances better word of mouth advertising, 83% felt that it increased profitability while 75% felt that it enhances better product and service delivery as shown in Table 4.7 below;

Table 4.8: Attributes of Organization Performance

<table>
<thead>
<tr>
<th>ATTRIBUTES OF ORGANIZATION PERFORMANCE</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased Customer Satisfaction and Loyalty</td>
<td>34</td>
<td>65%</td>
</tr>
<tr>
<td>Higher Cross selling efforts</td>
<td>26</td>
<td>50%</td>
</tr>
<tr>
<td>Better Word of mouth advertising</td>
<td>28</td>
<td>54%</td>
</tr>
<tr>
<td>Increased Profitability</td>
<td>43</td>
<td>83%</td>
</tr>
<tr>
<td>Better Product and service delivery</td>
<td>39</td>
<td>75%</td>
</tr>
<tr>
<td>Total</td>
<td>170</td>
<td></td>
</tr>
</tbody>
</table>

Further, this study found that according to 73% of the respondent’s customer relationship management enhances the profitability of the organization. However, 27% of the respondents
felt that CRM did not enhance the profitability of the organization as shown in Figure 4.10 below;

---

**Figure 4.10: CRM and Profitability**

In addition to profitability of the firm, 69% of the respondents felt that the creation and maintenance of profitable CRM enhances the identification of valuable customers, 35% felt that it enhances better communication while 58% felt that it enhances customization of products and services to customers as shown in Table 4.8 below;

**Table 4.9: Creation and Maintenance of Profitable CRM**

<table>
<thead>
<tr>
<th>CREATION AND MAINTENANCE OF PROFITABLE CRM</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of valuable Customers</td>
<td>36</td>
<td>69%</td>
</tr>
<tr>
<td>Better Communication</td>
<td>18</td>
<td>35%</td>
</tr>
<tr>
<td>Customization of products and services to customer needs</td>
<td>30</td>
<td>58%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>84</strong></td>
<td></td>
</tr>
</tbody>
</table>

Finally, according to the 73% of the respondents the effect of implementation of CRM systems on profitability is that it enhances cost efficiency while 27% felt that enhanced profit efficiency as shown in Figure 4.11 below;
4.4 Issues in Customer Relationship Management

According to all the respondents, KCB has implemented a customer relationship management system. Further, according to all the respondents the bank encountered issues in the implementation of the Customer Relationship Management system. Some of the issues identified by the respondents include; lack of support by management, financial constrains and lack of knowledge on the part of the employees.

Further according 63% of the respondents, KCB encountered diverse customer expectation issues in the implementation of the CRM system, 40% of the respondents indicated that KCB encountered leadership issues, 23% of the respondents indicated that they faced sourcing issues while 67% of the respondents indicated that the bank experienced failure of CRM issues as shown in Table 4.9 below;
Table 4.10: Issues in Implementation of CRM

<table>
<thead>
<tr>
<th>ISSUES IN IMPLEMENTATION OF CRM</th>
<th>Freq</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diverse Customer Expectations</td>
<td>33</td>
<td>63%</td>
</tr>
<tr>
<td>Leadership issues</td>
<td>21</td>
<td>40%</td>
</tr>
<tr>
<td>Sourcing Issues</td>
<td>12</td>
<td>23%</td>
</tr>
<tr>
<td>Failure of CRM issues</td>
<td>35</td>
<td>67%</td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

4.4.1 Diverse Customer Expectation Issues

According to 71% of the respondents, KCB faced diverse customer expectations in the implementation of the CRM system, however 29% of the respondents felt that the bank did not face any diverse customer expectations issues as shown in Figure 4.12 below;

![Diverse Customer Expectations](image)

**Figure 4.12: Diverse Customer Expectations**

Further, according to all the respondents the bank used call centers and internet websites to interact with its customers as part of the Customer Relationship Management system. Further, 67% indicated that the bank use appointed agents, 71% marketing departments and 38% for
other channels used by the bank to interact with customers as shown in Table 4.10 below. Other channels indicated include workshops, trade fairs and social media

### Table 4.11: Bank Interaction with Customers

<table>
<thead>
<tr>
<th>Bank Interaction with Customers</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call Centers</td>
<td>52</td>
<td>100%</td>
</tr>
<tr>
<td>Internet Websites</td>
<td>52</td>
<td>100%</td>
</tr>
<tr>
<td>Appointed Agents</td>
<td>35</td>
<td>67%</td>
</tr>
<tr>
<td>Marketing Departments</td>
<td>37</td>
<td>71%</td>
</tr>
<tr>
<td>Others</td>
<td>20</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>196</td>
<td></td>
</tr>
</tbody>
</table>

According to all the respondents to this study, KCB segment its customers on the basis of type of individual i.e. corporate, SME’s and individuals. In addition, the bank offer services to all the customer segments it has established. Furthermore, all the respondents indicated that Customer relationship management is critical in customer market segmentation.

#### 4.4.2 Effective Leadership Issues

According to all the respondents, effective leadership is critical for the success of Customer Relationship Management Systems. According to the 77% of the respondents, effective leadership was important because it offers strategic direction, 50% indicated that it enhances authorization and control of expectations, 71% indicated that it enhances setting of performance targets, 23% indicated that it enhances motivation to personnel while other reasons were indicated by 23% of the respondents as shown in Table 4.11 below;
Table 4.12: Importance of Effective Leadership in CRM

<table>
<thead>
<tr>
<th>Importance of Effective Leadership in CRM</th>
<th>Freq</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offers Strategic Direction</td>
<td>40</td>
<td>77%</td>
</tr>
<tr>
<td>Authorization and Control of Expectations</td>
<td>26</td>
<td>50%</td>
</tr>
<tr>
<td>Setting Performance Targets</td>
<td>37</td>
<td>71%</td>
</tr>
<tr>
<td>Motivation to Personnel</td>
<td>12</td>
<td>23%</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>23%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>127</strong></td>
<td></td>
</tr>
</tbody>
</table>

According to 12% of the respondents, CRM is a front office operation in KCB. However, 88% of the respondents indicated that CRM is not only a front office operation as shown in Figure 4.13 below.

![CRM A Front Office Operation](image)

**Figure 4.13: CRM a Front Office Operation**

According to 67% of the respondents, the components of CRM are enhancement of analysis of customers, 32% indicated it was enhancement of operation efficiency, 48% indicated that it enhances collaborations with stakeholders while 87% indicated that it enhances front office customer care as shown in Table 4.12 below:
Table 4.13: Components of CRM

<table>
<thead>
<tr>
<th>Components of CRM</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhances Analysis of Customers</td>
<td>35</td>
<td>67%</td>
</tr>
<tr>
<td>Enhances Operation Efficiencies</td>
<td>16</td>
<td>31%</td>
</tr>
<tr>
<td>Enhances Collaborations with Stakeholders</td>
<td>25</td>
<td>48%</td>
</tr>
<tr>
<td>Front Office Customer Care</td>
<td>45</td>
<td>87%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>121</strong></td>
<td></td>
</tr>
</tbody>
</table>

Finally, according to 90% of the respondents strategic vision is critical for the success of CRM while 10% felt that it is not critical as shown in Figure 4.14 below.

Figure 4.14: Strategic Vision and Success of CRM

4.4.3 Sourcing Issues

According to all the respondents of this study, CRM management at KCB bank was internally managed. Further, according to the respondents own opinion, factors that informed outsourcing of CRM system are as shown in Table 4.13 below. According to the Table, 81% indicated that
companies outsourced the CRM due to lack of resources, lack of personnel (69%), Cost efficiency (77%) and lack of knowledge (37%).

Table 4.14: Factors informing Outsourcing of the CRM System

<table>
<thead>
<tr>
<th>Factors informing Outsourcing of the CRM System</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Resources</td>
<td>42</td>
<td>81%</td>
</tr>
<tr>
<td>Lack of Personnel</td>
<td>36</td>
<td>69%</td>
</tr>
<tr>
<td>Cost Efficiency</td>
<td>40</td>
<td>77%</td>
</tr>
<tr>
<td>Lack of Knowledge</td>
<td>19</td>
<td>37%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>137</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.4.4 Failure of CRM Issues

According to 83% of the respondents, the most successful CRM systems are those that are internally managed while 17% of the respondents felt that the outsourced CRM are the most successful as shown in Figure 4.15 below:

Figure 4.15: Successful CRM Systems
Finally, according to the 69% respondents, the benefits of outsourcing the Customer Relationship Management system as opposed to managing it internally include the cost effectiveness of the approach, 62% indicated that it the benefit was accrued from the management of the CRM by qualified staff and 35% indicated that the benefit of outsourcing the CRM was that it increased the probability of success as shown in Table 4.14 below;

Table 4.15: Benefits of Outsourcing CRM

<table>
<thead>
<tr>
<th>Benefits of Outsourcing CRM</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost effective</td>
<td>36</td>
<td>69%</td>
</tr>
<tr>
<td>Management by qualified Staff</td>
<td>32</td>
<td>62%</td>
</tr>
<tr>
<td>Increased probability of success</td>
<td>18</td>
<td>35%</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td></td>
</tr>
</tbody>
</table>

4.5 Strategies for Developing an Effective CRM

According to 83% of the respondents to this study, CRM enhances the development of better relationships between customers and business. In addition, all the respondents to this study indicated that trust and satisfaction have a role to play in the development of effective CRM strategies.

4.5.1 Relationship Qualities of Building a CRM

According to 96% of the respondents, trust is the most important relationship quality component for building effective CRM. Further 52% of the respondents indicated that business understanding was the most important relationship quality component. Other components identified by respondents as important for the CRM building process are Benefits and risk sharing (54%), conflict (13%), Commitment (69%) and Satisfaction (73%) respectively as shown in Figure 4.16 below;
Further, the rating of this components indicated that respondents rated trust as the most important with a mean rating of 4.3 and max rating of 5 and Min rating of 3. In addition, respondents rated satisfaction second with a mean rating of 3.6 and commitment third with a mean rating of 3.3 with corresponding minimum and maximum ratings of 1 and 5 respectively. Benefits and risk sharing was rated with a mean of 2.8 and business understanding with a mean rating of 2.5. The least rated component of relationship qualities was conflict with a mean rating of 1.6 as shown in Table 4.15 below;

**Table 4.16: Rating of Components of Relationship Qualities**

<table>
<thead>
<tr>
<th>Rating of Components of Relationship Qualities</th>
<th>Freq.</th>
<th>Max</th>
<th>Min</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>52</td>
<td>5</td>
<td>3</td>
<td>4.3</td>
</tr>
<tr>
<td>Business Understanding</td>
<td>52</td>
<td>5</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>Benefits and Risk Sharing</td>
<td>52</td>
<td>5</td>
<td>2</td>
<td>2.8</td>
</tr>
<tr>
<td>Conflict</td>
<td>52</td>
<td>5</td>
<td>1</td>
<td>1.6</td>
</tr>
<tr>
<td>Commitment</td>
<td>52</td>
<td>5</td>
<td>1</td>
<td>3.3</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>52</td>
<td>5</td>
<td>1</td>
<td>3.6</td>
</tr>
</tbody>
</table>
4.5.2 Communication of Promise

According to 77% of the respondents to this study, the promise of meeting customer expectations had a role in building a quality relationship while 23% of the respondents indicated that it did not as shown in Figure 4.17 below.

Figure 4.17: Promise of Meeting Customer Expectations

Further according to the respondents of this study, the communication of the promise to meet customer expectation was communicated through external marketing e.g. advertising and sales promotion according to 62% of the respondents, face to face meeting with customers according to 23% of the respondents and 3rd parties according to 15% of the respondents as shown in Table 4.16 below;

Table 4.17: Communication of Promise to Meet Customer Expectation

<table>
<thead>
<tr>
<th>Communication of Promise to meet Customer Expectation</th>
<th>Freq.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Marketing e.g. Advertising</td>
<td>32</td>
<td>62%</td>
</tr>
<tr>
<td>Face to Face with customers</td>
<td>12</td>
<td>23%</td>
</tr>
<tr>
<td>3rd Parties</td>
<td>8</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
In addition, internal marketing was undertaken as part of CRM in KCB bank. According to 33% of the respondents internal marketing of the CRM was undertaken through recruitment of talented staff, provision of necessary equipment to staff was indicated by 44% of the respondents, training and motivating employees was indicated by 65% of the respondents while other factors were identified by 19% of the respondents as shown in Figure 4.18 below;

![Internal Marketing in CRM](image)

**Figure 4.18: Internal Marketing in CRM**

### 4.5.3 Customer Loyalty Programs

According to 92% of the respondents they were aware of a customer loyalty program existing in the bank. However, 8% of the respondents to this study did not identify or indicate the presence of a customer loyalty program at KCB bank as shown in Figure 4.19 below:
According to all the respondents, customer loyalty programs had an effect on the building of effective CRM systems. Further according to the respondents there were several benefits of communication in building effective CRM systems. As shown in Table 4.17 below, 81% of the respondents indicated that customer loyalty programs enhanced repeat purchases, 69% of the respondents indicated that it enhanced customer commitment, 23% indicated that it increased customer satisfaction while 19% of the respondents indicated other reasons as benefits of customer loyalty programs.

Table 4.18: Effect of Customer Loyalty Programs

<table>
<thead>
<tr>
<th>Effect of Customer Loyalty Programs</th>
<th>Freq</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance repeat purchases</td>
<td>42</td>
<td>81%</td>
</tr>
<tr>
<td>enhance Customer commitment</td>
<td>36</td>
<td>69%</td>
</tr>
<tr>
<td>Increased customer satisfaction</td>
<td>12</td>
<td>23%</td>
</tr>
<tr>
<td>Others</td>
<td>10</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
4.5.4 Communication in CRM

As shown in Figure 4.20 below, communication is very important for the building of effective CRM systems according to 88% of the respondents. However, 12% of the respondents felt that communication was not important in building effective CRM systems.

![Communication in CRM](image)

**Figure 4.20: Communication on building CRM Systems**

Further, communication of the CRM systems should be done to customers according to 31% of the respondents, 4% of the respondents indicated that communication should be done to the internal stakeholders while 65% of the respondents indicated that communication should be done to both the customers and internal stakeholders as shown in Figure 4.21 below;
4.5.5 Top Management Support

According to all the respondents, top management support and goodwill is critical for the success of the CRM strategy. In deed, the mean rating of the influence of support and goodwill of top management on CRM strategy was 3.5 measured on a scale of 1 -5 with 5 being the highest score.

In addition, all the respondents indicated that support of management ensures the success of a CRM strategy due to factors like it enhances resource allocation, unity in the organization towards a common goal, strategic vision and mission and effective leadership provided by top management.

4.6 Chapter Summary

This chapter provides a detailed presentation of the findings of this study based on the research questions. The presentation of the findings was based on the research questions identified in Chapter One and literature for the same provided in Chapter Two. Further, the presented data was collected and analyzed using the research methodology as shown in Chapter Three. Chapter Five of this study presents a discussion of the results presented in Chapter Four. In addition, the Chapter provides a summary of the findings, conclusions and recommendations.
CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a discussion of the results provided in Chapter Four above. In addition, this chapter provides a brief overview of the findings in the form of a summary, conclusions and recommendations.

5.2 Summary

This study sought to assess the use of customer relationship management programs as a strategy to achieve a competitive advantage in the banking industry using KCB bank as a case study. The study sought to find answers to the following research questions; what are the key benefits of CRM, what the issues in the implementation of CRM are and what are the strategies for the development of an effective CRM.

The study utilized a descriptive research design using a survey technique. The population of the study was drawn from the Employees of KCB bank in three of its branches i.e. Kencom, Tom Mboya and Loita street branches. Using a stratified random sampling technique, the study acquired a sample size of 60 employees who were included in the study. Data for this study was collected using a questionnaire that comprised of open and closed questions. The questionnaire was self administered using E-mail and personal delivery by the researcher and reminders done to enhance the response rate. The collected data was analyzed using SPSS and statistical measures of means, variances, frequency distribution and standard deviation. The data was presented using charts, figures and tables.

According to this study, majority of the employees of KCB bank are between the ages of 30 – 49 years and predominantly of the male gender. Most of the employees have experience of between 11 -15 years and 6 – 10 years and have university degrees. In addition most of the employees have intermediate knowledge of customer relationship management.
According to this study, the major benefits perceived from the use of CRM are that it leads to better organization performance, enhances market productivity, enhances market effectiveness and enhances organization learning.

Secondly, this study found that the major issues encountered by KCB bank in the implementation of the CRM are the diverse customer expectations, failure of CRM issues and Leadership issues respectively in their respective order respectively.

This study found that, the most important strategies for the development of an effective CRM include the building and maintenance of relationships qualities such as trust, commitment, benefits and risk sharing and satisfaction. In addition, the communication of the brand promise to meet customer expectations is important for effective CRM implementation. Other factors identified that are critical for the implementation of effective CRM include the use of customer loyalty programs, top management support and effective communication.

5.3 Discussion

This section provides a critic of the findings of this study. It provides the findings of the study and critic in favor of and against findings of similar studies.

5.3.1 Benefits of Customer Relationship Management

The major components of Customer relationship management according to this study, are that it enhances analysis of customers, enhances collaboration with stakeholders, and enhances front office operations of customer care.

According to the findings of this study, the benefits of customer relationship management are that it enhances organization learning, leads to better organization performance, and enhances market productivity and that it enhances market effectiveness. This is similar to the findings of Parvatiyar and Sheth (2001), who found that customer relationship management helps a company improve market productivity and creating mutual values through marketing efficiencies and enhancing market effectiveness. Further they found that CRM enhances the company’s
effectiveness in the acquisition of customers, the enhancement of the profitability of the existing customers and the retention of existing customers.

Similar to the findings of this study, Chang (2007), found that CRM enhances business process re-engineering. According to this study, business proves re-engineering is enhanced by CRM. Further this study found that the major components of CRM that enhances Business Process Re-engineering are that it enhances the improvement of productivity, enhances quality through process and enhances the implementation of new business process respectively. Other studies with similar findings include those of Davenport (1993), Earl et al (1995), Davis (1993) and Spencer (1992). However, in his study Davis (1993) identified that Business process reengineering is a customer focused, top down management effort aimed at establishing breakthroughs in the performance of inter functional process. However in this study in this study, business process re-engineering is a customer focused initiative that improves the firm performance. The minor differences in the findings can be attributed to the time difference in the two studies which were conducted in two different periods eras and organization setting. While Davis study was undertaken in 1993, this study was undertaken in 2012 and there might have been changes in the academic and professional orientation in the opinions of the two set of respondents. However, Laudon and Laudon (2004) in his study identified that performance of an organization as whole is enhanced by CRM through business process re-engineering.

The major benefits associated with Business process Re-engineering in KCB bank is that it enhances changes in sales and changes in customer service processes. These findings are similar to the findings of Chang (2007), who identified that CRM enhances changes in sales, changes in marketing and customer service processes to encourage sharing of customer information, support from top management and a very clear idea of the benefits that could be obtained from consolidating the customer data (Chang, 2007). However this study did not identify some of the factors identified by Chang in his study e.g. encourages sharing of information and consolidation of customer data. This could be because financial customer data in Kenya is kept very secret and is considered private and confidential. In fact, before a recent change in law, sharing of customer’s information was prohibited by law.
The second advantage or benefit of CRM is that it enhances organization learning. Similarly, Kim (1993), Laudon & Laudon (2004) and Daft (2004) identified the same advantage of CRM that the learning process involves the collection of external data e.g. customers, suppliers, new technologies and economic conditions and the internal development of new processes and product ideas. Organization Learning in KCB bank comprises of the collection of external data, the internal development of new process and ideas and the implementation of new technologies. This is similar to the findings of Laudon and Laudon (2004). The implementation of CRM programs in KCB bank was customer centered rather than product centered this findings is supported by the findings of Laudon and Laudon (2004) who found that, most firms implementing a formal CRM system need to transform their focus from a product-centric view to a customer-centric view.

The third advantage or benefit of CRM identified by this study is that it enhances organization performance. This is a finding supported by the findings of Kamar and Shah (2004), Boulding and colleagues (2005), Anderson (1996), Bolton (1998); Reinartz, Thomas, and Kumar 2005. In addition, according to this study CRM boosts the performance of the organization in the form of increased customer satisfaction and loyalty, high cross selling of products and services, the company is able to market its products and services better using the word of mouth, it increases profitability and enhances better product and service delivery respectively similar to the findings of Kamar and Shah (2004), Boulding and colleagues (2005), Anderson (1996), Bolton (1998); Reinartz, Thomas, and Kumar (2005).

According to majority of the respondents, CRM enhances the profitability of the Company through the identification of valuable customers and the ability of the company to customize its products and services to meet customer needs. Further this study found that, through enhancing cost efficiency CRM are able to enhance the profitability of the company. This is similar to the proposition by Pine, Victor and Boyton, (1993) who stated that when firms customize their products and services, they may sacrifice the scale advantages that are possible from the production of standardized products (Pine, Victor, and Boyton 1993). Thus the implementation of a CRM system has an effect on cost efficiency and Profit efficiency. Similar findings on the

5.3.2 Issues in Customer Relationship Management

According to the findings of this study, the major issues identified or encountered in the implementation of CRM systems include: diverse customer expectations and failure of CRM issues. However, other issues that were identified by a small proportion of the respondents include leadership issues and sourcing issues.

According to this study, diverse customer expectations are present and hinder the implementation or development of Customer relationship management programs. Similar findings were presented by Sheth (1994), Newell (2000) and Sheth and Atul (2001). According to this study, the company communicates or interacts with customers primarily through call centers, internet and websites, marketing departments and appointed agents. Other channels for the interaction of customers include the use of trade fairs, social media and workshops.

Further according to this study, KCB bank has segment its customers based on the type of individual or organization. There are three segments of customers in the Bank; individuals, SME’s and corporate organizations. The bank offers services to all the segments of the market. In addition, it is important to note that the bank considers customer relationship management critical in the customer market segmentation process. Newell (2000) in his study stated that CRM is useful in the segmentation of customers and identification of the right customer groups. In addition, Bulls (2003) supports the segmentation of customers by stating that firms are targeting customers with differentiated products and services or segregating markets and concentrating on particular market segments as opposed to the whole market.

Effective leadership is another issue identified in the implementation of CRM programs. Similarly, Galbreath and Rogers (1999), Pinto and Slevin (1987), Girishankar (2000), Ciborra and Failla (2000), and Trepper (2000) indicated that effective leadership is crucial and very important for CRM. According to Pinto and Slevin (1987), “Because leaders monitor the external environments of an organization they are often the best placed to set the vision or
strategic direction for CRM projects. According to this study, leadership issues are critical for the success of customer relationship management since it offers strategic direction; it enhances authorization and control of expectations and enhances setting of performance targets. Furthermore, according to this study, CRM is not a front office only operation in the bank. Leadership in CRM is important as it provides strategic vision and success of CRM. This reasoning is similar to the findings that, “Customer relationship management requires effective leadership because it reaches into many parts of the business. The holistic approach puts customer relationship management at the heart of the organization with customer orientated business processes and the inclusion of the relevant systems” (Girishankar, 2000). According to Bulls (2003) and Galbreath and Rogers (1999), the holistic approach of CRM requires effective leadership that is lacking in most companies. In addition, they stated that the lack of a vision or strategic direction in a project had adverse consequences on the success of Customer Relationship Management systems which is closely related to the findings of this study.

According to this study, the management of CRM at KCB bank is done internally by the management and banks personnel. Further, this study found that the factors that would make a company to outsource its CRM systems or programs to a third party would be informed by lack of resources, lack of qualified personnel and for cost efficiency. The findings of the reasons informing the outsourcing of CRM systems are similar to those offered by Bulls (2003), MacSweeney (2000), Downes and Mui (1998); Hamm and Hof (2000) and Howle (2000).

In addition, this study found that internally managed CRM are perceived to be more successful that outsourced CRMs because the management shares a common, vision and goal with employees and customers. In addition, the chances of success of internally managed CRM systems are increased because the management is more aware and appreciative of the customer’s tastes, preferences, needs and wants than a third party. Contrary to the findings of this study, MacSweeney (2000) in his study identified that 60% of the inhouse or internally managed CRM systems fail. This difference in the findings could be because the respondents to this study were mainly exposed to a highly successful CRM system that was managed internally. However, by outsourcing the CRM system, the business or firm stands to gain through cost effectiveness and management of CRM by professional qualified staff.
5.3.3 Strategies for Developing Effective CRM Programs

Customer Relationship management enhances the development of better relationships between customers and businesses. Further, trust and satisfaction are the most important relationship attributes or characteristics that are necessary for effective CRM programs. According to this study, trust is the most important relationship quality component for building effective CRM. In addition business understanding, benefits and risk sharing, commitment and satisfaction were rated as some of the crucial relationship qualities for the building of a customer relationship management system. In the rating of this attributes, this study found that the most important attributes are trust, satisfaction, commitment, benefits and risk sharing and business understanding in their decreasing order of importance. Crosby et al. (1990) similarly in their study found that, Trust and Satisfaction are the most important aspect of building quality relationships. Trust is particularly important in relational contexts where individuals seek predictable and obligatory behavior on the part of their relational partner, so that a relatively high degree of certainty is attached to future rewards. Satisfaction is an emotional state that occurs in response to a positive evaluation of these interaction experiences. However, contrary to the findings of this study, Robert et al (2003) identified conflict among other factors as critical for building effective CRM.

Further, this study found that communication of the brand promise to meet customer expectations is important in building a quality relationship. In KCB, the communication of the brand promise to meet customer expectations was primarily done through external marketing e.g. advertising and promotions. Similarly, Zeithmal, V et al,(2006); Boone and Kurtz, (2007), identified that A firm that makes unrealistic promises can disappoint a customer who will never buy the firms products again. In addition, there stated that the company must communicate the promise to meet the customer expectations a finding supported by the findings of Ismael and Alsedi (2010).

According to Boone and Kurtz (2007) external and internal marketing of the brand promise is very important in building of effective CRM. This finding is similar to the findings of this study that as part of CRM management the bank undertook internal marketing which was undertaken
through the provision of necessary equipment to the staff, training and motivation of the employees and other ways which included monetary benefits, strategic plans and visions respectively. This findings are supported by the findings of Jobber and Fahy (2006), Chris and Graham (2007).

This study found that customer loyalty programs were used as part of building CRM systems in KCB. According to the respondents customer loyalty programs, had the effect of building effective CRM systems as the enhanced repeat purchases, enhanced customer satisfaction and enhanced customer commitment. According to Mithas et al, (2005), Kabiraj and Shanmugan, (2009), an important aspect of CRM strategy is Loyalty Campaign. It helps establish a strong link between the enterprises and the customers such as point collecting program, privilege purchase plan, exclusive service for premium customers, call center, special discount, etc. These programs bring about competitive advantages as well as customer satisfaction and loyalty which contribute to continuous rebuys

Sheth (1994) and Sheth and Atul (2001) in their study found that, Communication between the customer partnerships is very critical for an effective customer relationship management strategy. Communication helps in the development of the relationship, fosters trust and provides the information and knowledge needed to undertake the cooperative and collaborative activities of relationship marketing. Similarly this study found that Communication is critical in building effective CRM’s. According to this study, communication of CRM systems should be undertaken through to both the customers and internal stakeholders rather than to one of the groups only.

Finally, this study found that top management and goodwill is critical for the success of the CRM strategy. According to the respondents, the support of the management ensures that there is resource allocation, unity in the organization towards a common goal, strategic vision and mission and support of the management provides strategic leadership towards the CRM in the organization. Similar findings were presented by Baun et al (1992), Finkelstein (1996), Henderson and Clark (1990) and CSCC (1994) who stated that, manager’s support and goodwill is critical for the success of any CRM strategy. For example, some managers may believe that
CRM will enhance the effectiveness of the firm, whilst others believe it may destroy existing competencies, enhance legitimacy in the market, or have little or no effect on current performance (Henderson and Clark, 1990).

5.4 Conclusions

The following conclusions are derived from the results presented and discussed in this chapter.

5.4.1 Benefits of Customer Relationship Management

This study concludes that major customer relationship management systems comprise of analysis of customers, collaboration with stakeholders and enhancement of front office operations in a company. In addition, this study concludes that the major benefits of customer relationship management systems is that they enhance organization learning, leads to better organization performance and enhance the market productivity and effectiveness for organizations.

Further, this study concludes that CRM enhances changes in sales and customer services process as a result of Business process re-engineering. In addition, organization learning in CRM is characterized by collection and analysis of external data, implementation of new technologies and development of new processes internally by the Bank. Further, this study concludes that CRM enhances the performance of the organization through activities such as increased customer satisfaction and loyalty, cross selling of products and services using the word of mouth and profitability of the organizations through better product and service delivery. Further this study concludes that profitability of the company in enhanced through CRM by being cost effective.

5.4.2 Issues in Customer Relationship Management

This study concludes that major banks in Kenya face diverse customer expectations and failure of CRM challenges in the implementation of CRM systems. In addition, this study identified that leadership issues are also a challenge in the implementation of CRM. Leadership poses a
challenge for the implementation of CRM through factors such as lack of a strategic direction, lack of authorization and control of expectations and setting of performance targets.

Further this study recommends that customer relationship management is critical in the segmentation of the customers of a company. Further, this study concludes that CRM internally managed CRM are more successful than outsourced systems despite the fact that outsourced CRM enhance cost efficiency and management by professional qualified staff.

Finally this study concludes that, firms outsource their CRM because of lack of resources, lack of qualified personnel and reduction of costs.

5.4.3 Strategies for Development of Effective CRM

This study concludes that for companies to develop successful CRM, they must foster quality relationships with their customers and internal stakeholders. Specifically, the firms must foster the virtues of trust and satisfaction for CRM programs to be successful. In addition, the firm must understand the business, and enhance the sharing of benefits and risks with customers.

Secondly, this study concludes that the firm must communicate to its customers the promise to meet their expectations. In fact communication is very critical for the success of CRM. Communication must to be all the stakeholders rather than one group only e.g. customers. The internal and external stakeholders must all be including in communication for CRM to be successful.

In addition, customer loyalty programs help in building effective CRM. Customer loyalty programs are important because they foster loyalty in customers, enhance repeat purchases and perpetuate customer commitment and satisfaction. Finally, this study concludes that the support and goodwill of top management is very critical and important in the development of successful CRM strategies.
5.5 Recommendations

From observation, industry knowledge and recommendations of scholarly articles and publications the following recommendations are made to enhance customer relationship management.

5.5.1 Benefits of Customer Relationship Management

This study found that customer relationship management enhances the performance of the company, through customer satisfaction, increased profitability, organization learning and market productivity and effectiveness.

Therefore this study recommends that firms must implement CRM systems and get the facts right the first time. In fact in the modern world characterized by intense competition, firms and businesses must have customer relationship systems and programs in place to enhance the retention of customers and also enhance the attraction of customers. In deed, it has been proven by researchers that the attraction of new customers is much more costly than the retention of customers.

As a consequence, this study recommends that to enjoy the benefits above, firms must have in place adequate measures and activities that are meant to enhance customer satisfaction and retain them while at the same time attracting others primarily through the use of word of mouth advertising. In deed, all these activities can only be undertaken under an effective and adequate customer relationship system. It is therefore imperative that firms implement CRM systems to enhance cost reduction and increase the profits and satisfaction of its customers.

5.5.2 Issues in Customer Relationship Management

Customer expectations were identified as a major issue in customer relationship management. This study therefore recommends that firms that are serious about gaining the benefits of CRM must continuously undertake research for it to fully understand the needs and expectations of its customers and provide products and services that satisfy these needs.
Secondly, this study recommends that, management of the organization must always provide the requisite leadership needed for the success of CRM. In deed, leadership is very important as it offers direction to the employees especially in regard to CRM.

Further, this study recommends that where possible firms must implement and manage their CRM internally rather than outsource it to third parties since this enhances the probability of success of the CRM due to the shared visions, ideology and goals.

5.5.3 Strategies for Developing an Effective CRM

This study concluded that communication is an important facet for effective implementation of CRM. This study recommends that firms should enhance communication with customer and partners to enhance the building of relationships. In fact this is important for the building of relationship marketing where the focus is on trust, provision of information and knowledge to enhance the making of proper decisions (Parvatiya and Sheth, 2001).

In fact this study recommends that organization should go beyond conventional channels of communication and adopt modern channels of communication. Rather than use advertising, external advertisements and other conventional modes of communication, the firms can use innovative cheap and modern ways of communication e.g. the use of social media. Further, this companies can even establish contact centers or customer enquiry centers in the social media e.g. on Facebook and twitter where any customer or potential customer can ask a question or query and get instant responses. Further this communication must be wholesome and to all the stakeholders.

Finally, this study recommends that firm should establish loyalty programs to enhance CRM programs. In addition, this study recommends that, to lock in customers the firms must create switching costs to their customers. This can be through the use of customer loyalty programs which reward the customer.
REFERENCES


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Janson, R. (1992) How reengineering transforms organizations to satisfy customers, Business Process Reengineering (Institute of Industrial Engineers)


Section 1: Demographic Information

To enhance the validity of the results of this research please answer the questions as honest and objective as possible. All data, collected using this questionnaire will be used for academic reasons and will be treated with utmost confidentiality.

1. What is you Gender?
   - Male
   - Female

2. What is your age Bracket?
   - Less than 29 years
   - 30 – 39 years
   - 40 – 49 years
   - 50 – 59 years

3. Which branch of KCB do you work for?
   - Kencom Branch
   - Tom Mboya Street
   - Loita Street

4. What is your Employment Level?
   - Junior Employee
   - Top Level Manager
   - Middle Level Manager

5. How long have you work in the bank?

1
6. What is your academic qualification?

University Graduate
College graduate
High School graduate

7. Please rate your general knowledge on Customer Relationship Management?

Basic
Intermediate
Competent

Section 2: Benefits of Customer Relationship Management

1. Does Customer Relationship Management have any benefits?

Yes
No

2. What are the benefits of Customer Relationship management? (Please write down some)

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
3. Please indicate if you are aware of any of the following benefits of customer relationship management

- Enhances Business Process Re-engineering
- Enhances organizational learning
- Leads to better organization performance
- Enhances Market Productivity
- Creates mutual values through market efficiencies
- Enhances market effectiveness

**Business Process Re-engineering**

4. Does customer relationship management enhance business process re-engineering?

   Yes [ ]  No [ ]

5. What does business Process Re-engineering include in customer relationship management (pick any)

   - Improvement of productivity [ ]
   - Enhancing quality through processes [ ]
   - Redesign of all business processes [ ]
   - Implementation of new business processes [ ]

6. What is your perception of Business Process Re-engineering in CRM in the bank you work for?

   - It is customer focused [ ]
   - It is a top down management effort [ ]
   - It helps to improve firm performance [ ]
7. What does changes did business process re-engineering in CRM bring at you place of work

Changes in Sales

Changes in marketing

Changes in customer service processes

Organizational Learning

8. Does CRM enhance organization Learning?

Yes  

No  

9. What does organization learning in CRM entail?

Collection of external data

Internal development of new processes and ideas

Implementing new technologies

Understanding economic conditions

10. What is the focus of implementation of CRM programs in organization?

Product Centric focus

Customer centric focus

Organizational Performance

11. Does CRM have an effect on organization performance?

Yes  

No  

12. Please pick some of the organizational performance attributes of CRM?

- Increased customer satisfaction and loyalty
- Higher cross selling efforts
- Better word of mouth advertising
- Increased profitability
- Better product and service delivery

13. Does strong customer firm relationship lead to higher profitability?

Yes  ☐  No  ☐

14. How do firms create and maintain profitable customer relationships?

- Identification of valuable customers
- Better communication
- Customization of products and services to customer needs

15. What effect does the implementation of CRM system have on profitability?

- Cost efficiency
- Profit efficiency

Section 3: Issues in Implementing Customer Relationship Management Strategies

1. Has your bank implemented a customer relationship management system?

Yes  ☐  No  ☐

2. Did the bank encounter any issues in the implementation of the CRM?

Yes  ☐  No  ☐
3. What are the issues encountered?

__________________________________________________________________

__________________________________________________________________

4. From the options available please select the issues encountered in implementation of CRM systems?

Diverse Customer Expectations issues  
Leadership Issues  
Sourcing Issues  
Failure of CRM issues  

Diverse Customer Expectations Issues

5. Does you firm face challenges in CRM associated with diverse customer expectations issues

Yes  
No  

6. How does the bank interact with the customers?

Face to face interaction thru sales personnel  
Call centers  
Internet Websites  
Appointed Agents  
Marketing Departments  
Others____________________________________________________________


7. Has your bank segmented its customers

   Yes [ ] No [ ]

8. What is the basis of the segmentation of customers

   ____________________________________________

9. Does the bank offer services to all the customer segments

   Yes [ ] No [ ]

10. If no why?

   ____________________________________________

11. Does the CRM have any role in the segmentation of customers?

   Yes [ ] No [ ]

12. In your opinion does effective leadership have a role in the success of a CRM system?

   Yes [ ] No [ ]

13. Why is effective leadership important in CRM

   Offers strategic direction [ ]
   Authorization and control of expectations [ ]
   Setting performance targets [ ]
   Motivation of personnel [ ]
   Others ____________________________________________
14. In your bank is the CRM system a front office operation only

Yes ☐ No ☐

15. Please choose the below components of CRM which are applicable in your organization

Enhances Analysis of customers ☐
Enhances Operational efficiencies ☐
Enhances collaborations with stakeholders ☐
Front Office customer care ☐

16. Does the lack of strategic vision and direction have an impact on the success of the CRM?

Yes ☐ No ☐

17. If yes how? _________________________________________________________
   ___________________________________________________________________
   ___________________________________________________________________
   ___________________________________________________________________

18. Who manages the CRM system

Internally Managed ☐
Outsourced to another Company ☐

19. What are the factors informing the outsourcing of the CRM system

Lack of resources ☐
Lack of personnel ☐
Cost efficiency ☐
Lack of knowledge ☐
Others ________________________________________________________________

8
20. In your opinion which CRM system is most successful?

- The internally managed CRM □
- The Outsourced CRM □

21. What the benefits are of outsourcing the CRM function?

- Cost effective □
- Management by qualified personnel □
- Increased probability of success □
- Others________________________________________________________

Section 4: Strategies for Developing Effective Customer Relationship Management

1. Does CRM enhance the development of better relationships between customers and business

   Yes □  No □

2. Does trust and satisfaction have a role to play in the development of effective CRM strategies

   Yes □  No □

Relationship Qualities for Building a CRM

3. What are the relationship quality components important in building effective CRM

   Trust □
   Business understanding □
   Benefits and risk Sharing □
   Conflict □
   Commitment □
   Satisfaction □
4. Please rate the importance of the relationship quality components on a scale of 1-5 (5 is the highest score denoting very important while 1 is the lowest score denoting least important)

- Trust
- Business understanding
- Benefits and risk Sharing
- Conflict
- Commitment
- Satisfaction

5. Does the promise of meeting customer expectation have a role in building a quality relationship?

- Yes
- No

6. How is the promise of meeting customer expectation communicated?

- Through external marketing
- Face to face with the customers
- Through 3rd parties e.g. suppliers

7. What does Internal marketing in CRM management involve?

- Recruitment of talented staff
- Providing staff with necessary equipment
- Training and motivation of employees
- Others

Others: __________________________________________
**Customer Loyalty Campaigns**

8. Does the bank have customer loyalty programs

   Yes  □   No  □

9. Does a customer loyalty program enhance building a strong CRM system

   Yes  □   No  □

10. What effect does customer loyalty programs have

   - Enhance repeat purchases  □
   - Enhance customer commitment  □
   - Increased customer satisfaction  □
   - Others__________________________________________________

11. Does communication have an effect on building effective CRM systems

   Yes  □   No  □

12. What are the benefits of communication in building effective CRM systems

   - Provide information and knowledge  □
   - Helps in development of relationships  □
   - Fosters trust  □
   - Enhance co-operative and collaborative activities on CRM  □
13. In building effective CRM strategies who should the company communicate to?

- Customers
- Internal Stakeholders
- Both
- None

**Top Management Support**

14. Does the support and goodwill of top management have an effect on the CRM strategy?

- Yes
- No

15. Please rate the influence of support and goodwill of top management on CRM strategy on a scale of 1-5 (with 5 being the highest score)

- [ ]

16. In your opinion does the support of management ensure the success of a CRM strategy?

- Yes
- No

17. Please give you reasons for the answer in question 16 above

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________
## APPENDIX II: GANTT CHART

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