ASSESSMENT OF THE CUSTOMER DATA USAGE AND PERCEIVED SERVICE QUALITY IN MANAGING CUSTOMER RELATIONS IN BANKING INDUSTRY

A CASE OF CRDB BANK

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A CASE OF CRDB BANK

By

Ester .C. Tairo

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Science in Marketing Management (MSc-MKT) of Mzumbe University Dar es Salaam Campus College.

2014

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a thesis entitled*;* ***Assessment of the Customer Data Usage and Perceived Service Quality in Managing Customer Relations in Banking Industry: A Case of CRDB Bank,*** in partial fulfillment of the requirements for award of the degree of Master of Science in Marketing Management (MSc-MKT) of Mzumbe University

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I, **Ester Tairo,** declare that this dissertation is my own original work and it has not been presented and will not be presented to any other University for a similar anyother degree award.

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Date: ___________________________________

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This dissertation is a product of God's mercies and assistance. To Him alone belong all the praise and glory.

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DEDICATION

I thank God, who gives me strength; good health as well as ability of doing this research, without his wills I could not succeed

I would like to dedicate this work firstly to my family, my beloved parents late Father and mother Mr & Mrs Costantine Tairo may the almighty God Rest them in peace Amen. We still love you very much while you are not with us.

I dedicate this work also to my young brother Godfrey,Gabriel,Yudatadei and late brother Joseph May our almighty God Rest him in peace Amen. My young sister Maria Tairo and Desilina William. I love you all very much. My lovely young father Mr. William Bahati and Rogati Tairo, Mr & Mrs Ndesamburo Ringo.

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I love you all, may you stay blessed

LIST OF ABBREVIATIONS

ATM	-	Automated Teller Machine
CE	-	Customer Equity
CLV	-	Customer Lifetime Valueand
CO	-	Customer Orientation
CRDB	-	Cooperative and Rural Development Bank
CRM	-	Customer Relationship Management
CRME	-	Customer Relationship Management Effectiveness
CS	-	Customer Satisfaction
Et al	-	And other
GDP	-	Gross Domestic Product
MSc	-	Master of Science
PLS	-	Partial Least Squares
RM	-	Relationship Marketing
SERVPERF	-	Service Performance
SERVQUAL	-	Service Quality
SO	-	Selling Orientation
SPSS	-	Statistical Package for Social Science
UK	-	United Kingdom

ABSTRACT

A study assess customer data usage and perceived service quality in managing customer relations in banking industry. The specific objectives were to; examine the relationships between customer satisfaction and customer relationship management in banking industry, examine the relationships between customer loyalty and customer relationship management in banking industry; examine the service quality dimensions that determine customer relationship management in banking industry and examine the customer data usage and perceived service quality in managing customer relations in banking industry.

The study adopted case study design; purposive sampling and simple random sampling were used to select respondents. Questionnaires, interview and documentary review were used in data collection and sample size of 55 respondents was used in the study. Findings indicated that, respondents identified meeting customer expectations by 62% as key relationship that links customer satisfaction and customer relationship management. Findings also revealed that, respondents identified attitudinal loyalty by 58% as key relationship that links customer loyalty towards customer relationship management.

Moreover, the findings revealed that, respondents identified assurance by 39% and empathy by 28% as the key service quality dimensions that determine customer relationship management. Furthermore, the findings revealed that, respondents accepted perceived or experienced service was not consistent with the expected service resulting in bad quality and a quality problem. paraphrase

The study concluded that, meeting customer expectations exert significant linkage between customer satisfaction and customer relationship management. Also, attitudinal dimension lead customer's intention to repurchase and recommend, which are good indicators of a loyal customer. Likewise, assurance and empathy service quality attributes are essential for an organization survival and growth. Similarly, expectations were unrealistic the total perceived quality was low, irrespective of the experienced quality. Henceforth, the study recommended that, Bank managers should implement an effective customer relationship management that enhances customer satisfaction, loyalty and provides opportunities for banks to cross-sell other related and unrelated products to its customers. Policy makers should use the findings of the study to develop appropriate regulatory policies and frameworks for ensuring faster realization of CRM inclusion strategies. Banks should evolve role of customer data in CRM and help identify new directions for customer data usage.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the mid-twentieth century, mass production techniques and mass marketing changed the competitive landscape by increasing product availability for consumers. However, the purchasing process that allowed the shopkeeper and customer to spend quality time interacting with each other will be also fundamentally changed. As a result, customers lost their uniqueness becoming an “account number”. Shopkeepers lost track of their customers’ individual needs as the market became full of product and service options. Many companies today are striving to re-establish their connections to new as well as existing customers to boost long-term customer loyalty (Chen and Popovich, 2003).

The world has come full circle from selling to marketing and from seller’s market to buyer’s market. The customer today has the option to buy what he thinks he should and from whom, being in his best interest. Product development, technological improvement, cost optimization and excellent service facility are very important for any organisation but their importance is only if the customer appreciates it. For example, both diamond and coal are carbon but they are priced differently due to different valuations by the customer. Therefore, any business begins and ends with the customer (Sugandhi, 2002). Thus, service organizations are shifting their focus from “transactional exchange” to “relational exchange” for developing mutually satisfying relationship with customers. Extended relationships are reported to have a significant impact on transaction cost and profitability, and customer lifetime value. Serving the customers, in true sense, is the need of the hour as the customer will be, is and will remain the central focus of all organizational activities.

Additionally, there is little to distinguish between one bank products and services from another. Thus, it has become imperative for bank organizations to gain a competitive advantage. There are two strategies most commonly used by managers in order to gain a competitive advantage. These are low-cost leadership through price discounting and developing customer loyalty by providing unique benefits to customers (Getty and Thompson, 2004). Banks that attempt to improve their market shares by discounting price run the serious risk of having a negative impact on the bank's medium- and long-term profitability. As a result, it is quality of service rather than price that has become the key to a bank's ability to differentiate itself from its competitors and to gain customer loyalty. Getty and Thompson (2004) suggest that customers' intentions to recommend are a function of their perception of both their satisfaction and service quality with the bank experience.

However, satisfying customers alone is not enough, since there is no guarantee that satisfied customers will return to purchase. It is now becoming apparent that customer loyalty is significantly more important than customer satisfaction for success (*ibid*). Numerous examples illustrate that it is important that the banking industry develop customer loyalty through customer relationship management (CRM) as opposed to relying solely on pricing strategies. Researchers have shown that a 5 % increase in customer loyalty can produce a profit increase of 25% to 85% (Reichheld and Sasser, 2005). Hence, a dedicated focus on customer relationship management is likely to become a necessary prerequisite for the future survival of bank organizations.

In banking industry, customer relationship management (CRM) is more than the practice of collecting guest-centric data. It is the art of using historical, personal, and experiential information to personalize a guest's stay while generating incremental revenue opportunities. With the latest offerings in CRM, bankers can develop comprehensive customer profiles from visiting information and demonstrate to customers that the services are in touch with their needs, drive customer-centric data down to the transaction level, allowing employees and customers-facing technology to deliver greater value to the customers, generate a realistic profile on the spending and stay patterns of customers, allowing the property to create customer-centric marketing for increased loyalty and spending and the like.(Microsoft, 2006).

In summing up, the shift in the sales and marketing landscape requires the bank organizations to be as advanced as technology will allow in managing their customer relationships. There is a big change from management of customer data to management of customer relationships". (Eurhotec, 2000) "Bank organizations must carefully consider how they store, track, analyze and act upon every aspect of their relationships with their customers." The emphasis should be on using the data intelligently to predict consumer behavior, such as loyalty and usage patterns, and to use the customer knowledge to anticipate the customer needs or problems. This study aims to assess customer data usage and perceived service quality in managing customer relations in banking industry.

1.2 Statement of the Problem

Through reviewing different current empirical studies on the customer data usage and perceived service quality in managing customer relations in banking industry. The major problem observed on banks is ineffective operations of the banks due to improper management of customers informations. Most of the empirical studies reviewed are in context of customer satisfaction, customer loyalty, service quality perceptions, service customization, customer management, service quality and retention in other countries and other studies focused on customer relationship management on other sector apart from banking industry. From the empirical studies reviewed, there are missing literation in the customer data usage and perceived service quality in managing customer relations. Managing customer relations is directly connected to service quality in the sense that all customer informations are keen stored and be easily traced out to see exactly what customer needs and wants to be put in place. Banks are fundamentally important to the economy of Tanzania, as they contribute, amongst others, to its Gross Domestic Product (GDP), employment rate and have a major impact on national economies. Henceforth, due to the reason that many banks struggle to satisfy their customers and fail to manage customer relationships which in turn create a switching habit of customers from one bank to another. Therefore, the study assessed customer data usage and perceived service quality in managing customer relations in banking industry.

1.3 Research Objectives

1.3.1 Main Objective

The main objective of this study was to assess customer data usage and perceived service quality in managing customer relations in banking industry.

1.3.2 Specific Objectives

(i.) To examine the relationships between customer satisfaction and customer relationship management in banking industry.

(ii.) To examine the relationships between customer loyalty and customer relationship management in banking industry.

(iii.) To examine the service quality dimensions that determines customer relationship management in banking industry.

(iv.) To examine the customer data usage and perceived service quality in managing customer relations in banking industry.

1.4 Research Questions

1.4.1 General Question

How customer data usage and perceived service quality help in managing customer relations in banking industry?

1.4.2 Specific Questions

(i.) What are the relationships between customer satisfaction and customer relationship management in banking industry?

(ii.) What are the relationships between customer loyalty and customer relationship management in banking industry?

(iii.) What are the service quality dimensions that determine customer relationship management in banking industry?

(iv.) What are the customer data usage and perceived service quality in managing customer relations in banking industry?

1.5 Significance of the Study

The study illustrates the customer data usage by reviewing the secondary data in the bank documents and perceived service quality in managing customer relations in banking industry, this provides new insights and knowledge such as customer tracking and customer retention to bankers about the necessity on managing customer relations towards satisfaction, loyalty and hence retention for organization profitability.

To bank organization: The findings of this study will benefit the management of bank to understand what customer expect in terms of service quality by tracking the customer data available to the bank.

To policy makers: The findings will help policy makers within bank organization when making policies to consider the advantages of customer relations such as customer loyalty via data usage and value for organization profitability.

1.6 Scope of the Study

The study was conducted in CRDB bank headquarters in Dar es Salaam and the study only focused on customer data usage and perceived service quality in managing customer relations. The prime of the study area is influenced by being largest cosmopolitan city of Tanzania, it offers all types of sample needed by the study and it is also convenient for the researcher.

1.7 Limitations

Time and financial constraints were the major limitations in this study; with all the duties in the work place remaining the same, time was a limiting factor. With the fact that the whole budget to facilitate the research came from own pocket, finances were tight as well. To tackle these time and financial constraints the study was conducted in only CRDB headquarters in Dar es Salaam which was a representative of other branches in the country. However, the researcher used different methods of data collection to collect data from different respondents from service providers to maintain data confidentiality. Moreover, the researcher was committed on follow-up measures in collecting all questionnaires from respondents timely and efficiently without delay.

1.8 Organization of the Study

This study was organized into five chapters:

Chapter one presents the background to the study, statement of the problem and research objectives. It also covers research questions, significance of the study, scope of the study, limitations of the study and finally organization of the study.

Chapter two presents the literature review related to the study. It provides the definitions of key concepts as used in this study, theoretical review, empirical review and conceptual framework of the study.

Chapter Three presents the research methodology used in the study. It presents research design, sampling methods, data collection methods and data analysis.

Chapter Four presents the data. It analyses and discusses the findings as per objective of the study.

Chapter Five presents the summary of the findings; conclusion and recommendations made with regard to the study findings and objectives and suggest areas for further studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Definition of Key Concepts

This part defines the key concepts that are used in the study. This includes customer relationship management, service, customer, customer loyalty, customer satisfaction and service quality.

2.1.1 Customer Relationship Management

Customer Relationship Management (CRM) "is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by IT" (Buttle, 2004).

CRM is a business strategy to identify, cultivate, and maintain long-term profitable customer relationships. It requires developing a method to select your most profitable customer relationships (or those with the most potential) and working to provide those customers with service quality that exceeds their expectations (McDonald, 2002).This study used the same definition.

2.1.2 Service

Services are deeds, processes, and performances (Parasuraman et al. 2005). Gronroos (2003) defined service as: "An activity or series of activities of more or less intangibles nature that normally, but not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and systems of service provider, which are provided as solutions to customer problems"

2.1.3 Customer

Stanton (2007) defines a customer as the most important visitor of human premises. He or she is not dependent of other. People depend on him or her. He or she is not an interruption on our work; he is the purpose of it. He or she is not an outsider on our business; he or she is part of it.

Kotler (2007) defines a customer as a person who brings his/her wants. It is human job to handle them profitably to him/her and to ourselves. This study uses the same explanation in discussing about customer.

2.1.4 Customer Loyalty

Customer loyalty can be defined as "customer behavior characterized by a positive buying pattern during an extended period (measured by means of repeat purchase, frequency of purchase, wallet share or other indicators) and driven by a positive attitude towards the company and its products or services" (Looy *et al*, 2003). In this study customer loyalty is used in the same context.

2.1.5 Customer Satisfaction

According to existing definitions and approaches, customer satisfaction can be analyzed as a general/overall judgment that a customer makes after consuming a product or a service. Customer satisfaction is perceived as "psychological state (feeling) appearing after buying and consuming a product or service …" (Lendrevie and Lindon 1997) cited by (Merouane 2008/2009). Thus, customer satisfaction reflects "a pleasure resulting to product's consumption, including under or over fulfillment level" (Oliver 1997, pp. 13) cited by (Homburg, 2002). According to Olivier's argument , customer satisfaction does not mean only positive feeling, it could also lead to a negative or neutral feeling withdrew from consuming a product or a service. Briefly, "customer satisfaction is captured as positive feeling (satisfaction), indifference (neutral), or negative feelings (dissatisfaction)" (Bhattacherjee 2001) cited by (Swaid and Wigand 2007, Homburg, 2002).

2.1.6 Service Quality

Service quality is defined as "the difference between customer expectations and perceptions of service" or "as the customers' satisfaction or dissatisfaction formed by their experience of purchase and use of the service” (Gronroos, 2004 and Parasuraman et al.2008).

Oliver (2003) reported that service quality is a casual antecedent of customer satisfaction, due to the fact that service quality is viewed at transactional level and satisfaction is viewed to be an attitude. Dabholkar et al. (1996) and Zeithaml et al. (1996) reported that the service quality divisions are related to overall service quality and or customer satisfaction. Fornell et al., (1996) expressed that satisfaction is a consequence of service quality. Hurley and Estelami (1998) argued that there is causal relationship between service quality and satisfaction, and that the perceptions of service quality affect the feelings of satisfaction.

2.2 Theoretical Review

This section discusses different theories concerning the study area. The aim is to get understanding of the topic.

2.2.1 Customer Relations in Service Organizations

An organization’s survival depends largely on pleasant relationships with its stakeholders in the market. Customers provide the ‘life-blood’ to the organization in terms of competitive advantage, revenue and profits. Managing relationships with customers is imperative for all types and size of service organizations. A sound base of satisfied customers allows the organization to move on the path of growth, enhance profitability, fight out competition and carve a niche in the market place. Bennett (1996) describe that CRM seeks to establish long term, committed, trusting and cooperative relationship with customers, characterized by openness, genuine concern for the delivery of high quality services, responsiveness to customer suggestions, fair dealings and willingness to sacrifice short term advantage for long term gains. Schneider and Bowen (2008) advocate that service business can retain customers and achieve profitability by building reciprocal relationships founded on safeguarding and affirming customer security, fairness and self-esteem. It requires that companies view customers as people first and consumers second. Trust, commitment, ethical practices, fulfillment of promises, mutual exchange, emotional bonding, personalization and customer orientation have been reported to be the key elements in the relationship building process (Morgan, 1994; Gronroos, 2004; Gummesson, 2004; Levitt, 2006; Bejou *et* al, 2008).

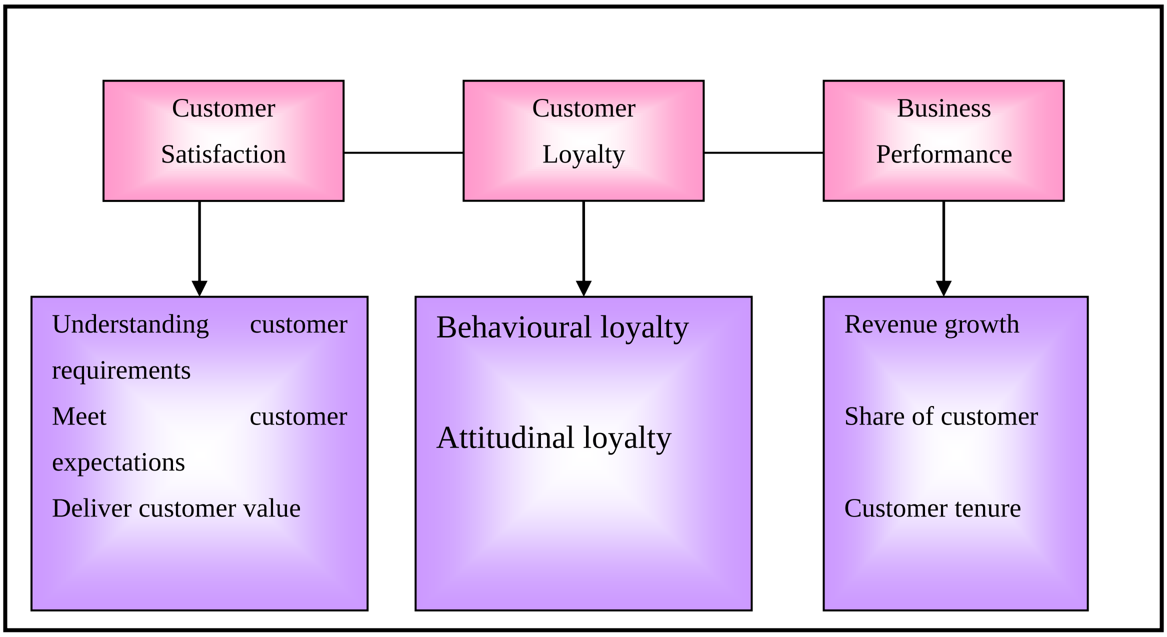
CRM refers to all business activities directed towards initiating, establishing, maintaining, and developing successful long-term relational exchanges (Reinartz and Kumar, 2003; Heide, 2004). One of the results of CRM is the promotion of customer loyalty (Evans and Laskin, 2004), which is considered to be a relational phenomenon, (Chow and Holden, 2007; Jacoby and Kyner, 2003; Sheth and Parvatiyar, 2005; cited by Macintosh and Lockshin, 2007). The benefits of customer loyalty to a provider of either services or products are numerous, and thus organizations are eager to secure as significant a loyal customer base as possible (Rowley and Dawes, 2000; Gefen, 2002; Reinartz and Kumar, 2003). Recent developments in Internet technology have given the Internet a new role to facilitate the link between CRM and customer loyalty (Body and Limayem, 2004). It is common knowledge that a dissatisfied and unhappy customer will share his unfortunate experience more than a satisfied customer. It is also observed that a fraction of unhappy customers choose to complain while others simply switch their loyalty to other service providers. Loss of customer is loss of business along with the opportunity for business growth and profitability. Feedback collection from the customer is essential for the supplier to ascertain customer satisfaction and scope for improvisation (Sugandhi, 2002).

The fundamental reason for companies aspiring to build relationships with customers is economic. For survival in the global market, focusing on the customer is becoming a key factor for companies big and small. Establishing and managing a good customer relationship is a strategic endeavor. Having a CRM software installed does not ensure a successful customer relationship. For this to happen, business processes and company culture have to be redesigned to focus on the customer. CRM software can be only a tool to implement a customer strategy. It is known that it takes up to five times more money to acquire a new customer than to get an existing customer to make a new purchase. Improving customer retention rates increases the size of the customer base. Thus, customer retention is essential (Baumeister, 2013).

2.2.2 Customer Satisfaction, Loyalty and business Performance

The rationale for CRM is that it improves business performance by enhancing customer satisfaction and driving up customer loyalty (Figure 2.1). There is a compelling logic to the model, which has been dubbed the 'satisfaction-profit chain' (Anderson and Mittal, 2000). Satisfaction increases because customer insight allows companies to understand their customers better, and create improved customer value propositions. As customer satisfaction rises, so does customer repurchase intention (Anderson, 2004). This in turn influences actual purchasing behaviour, which has a significant impact on business performance.

Figure 1: Customer Satisfaction, Customer Loyalty and Business Performance



Source: Buttle, (2004)

Customer satisfaction has been the subject of considerable studies and has been defined and measured in various ways (Oliver, 2007). Customer satisfaction may be defined as the customer's fulfillment response to a consumption experience, or some part of it. Customer satisfaction is a pleasurable fulfillment response while dissatisfaction is an un-pleasurable one (Buttle, 2004). Satisfaction and dissatisfaction are two ends of a continuum, where the location is defined by a comparison between expectations and outcome. Customers would be satisfied if the outcome of the service meets expectations.

When the service quality exceeds the expectations, the service provider has won a delighted customer. Dissatisfaction will occur when the perceived overall service quality does not meet expectations (Looy *et* al, 2003). Sometimes customer's expectations are met, yet the customer is not satisfied. This occurs when the expectations are low (Buttle, 2005). For example, the customer expects the flight to be late and it gets late.

Customer satisfaction is considered to be one of the most important outcomes of all marketing activities in a market-oriented firm. The obvious need for satisfying the firm's customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business, all of which lead to improved profitability (Barsky, 2002). Studies conducted by Cronin and Taylor (2002) in service sectors such as banking, pest control, dry cleaning, and fast food found that customer satisfaction has a significant impact on purchase intentions in all four sectors. Similarly, in the health-care sector, McAlexander *et al (*2004) found that patient satisfaction and service quality have a significant impact on future purchase intentions. (Kandampully and Suhartanto, 2000)

Practitioners and researchers have not clearly identified a theoretical framework, identifying factors that could lead to the development of customer loyalty (Gremler and Brown, 2007). However, there is a consensus amongst practitioners and academics that customer satisfaction and service quality are prerequisites of loyalty (Cronin and Taylor, 2002; Gremler and Brown, 2007). Those technical, economical and psychological factors that influence customers to switch suppliers are considered to be additional prerequisites of loyalty (Selnes, 2003; Gremler and Brown, 2007).

Recent studies also indicate that the firm's image may influence customer enthusiasm; value, delight, and loyalty (Bhote, 2006).

Loyalty behaviors, including relationship continuance, increased scale or scope of relationship, and recommendation (word of mouth advertising) result from customers' beliefs that the quantity of value received from one supplier is greater than that available from other suppliers. Loyalty, in one or more of the forms noted above, creates increased profit through enhanced revenues, reduced costs to acquire customers, lower customer-price sensitivity, and decreased costs to serve customers familiar with a firm's service delivery system (Reicheld and Sasser, 2000). Yi's "Critical review of customer satisfaction" concludes, "Many studies found that customer satisfaction influences purchase intentions as well as post-purchase attitude".(P.1O4).

Customer loyalty can be viewed in two distinct ways (Jacoby and Kyner, 2003). The first views loyalty as an attitude. Different feelings create an individual's overall attachment to a product, service, or organization (Fornier, 2004). These feelings define the individual's (purely cognitive) degree of loyalty. The second view of loyalty is behavioral. Examples of loyalty behavior include continuing to purchase services from the same supplier, increasing the scale and or scope of a relationship, or the act of recommendation (Yi, 2000).

The behavioral view of loyalty is similar to loyalty as defined in the service management literature. In brief, there are two dimensions to customer loyalty: behavioral and attitudinal (Julander *et al.,* 2007). The behavior dimension refers to a customer's behavior on repeat purchases, indicating a preference for a brand or a service over time (Bowen and Shoemaker, 2008). Attitudinal dimensions, on the other hand, refer to a customer's intention to repurchase and recommend, which are good indicators of a loyal customer (Getty and Thompson, 2004). Moreover, a customer who has the intention to repurchase and recommend is very likely to remain with the company. (Kandampully & Suhartanto, 2000 and Hallowell, 2006).

Customer attitude is difficult to measure. For financial and practical purposes, customer retention is widely used as an indicator of customer loyalty. Researchers have combined both views into comprehensive models of customer loyalty. Dick and Basu (2004) came up with a two-dimensional model of customer loyalty identifying four forms of loyalty according to relative attitudinal strength and repeat purchase behavior. According to them, the true loyal are those who have high levels of repeat purchase behavior and a strong relative attitude. Spuriously loyal customers tend to be more motivated by impulse, convenience and habit i.e. if the conditions are right. Latent loyalty applies to those customers who are loyal simply because they have no other choice. Lastly, there will always be some customers who shall not be loyal to any particular brand.

2.2.3 CRM and Service Quality

Service quality is essential for an organization’s survival and growth. Interest in service quality emerged in 1970s. Ever since, the topic has attracted substantial attention among researchers and practitioners (Gronroos, 2001). Service quality is a form of attitude representing a long-run, overall, evaluation, which is different from customer satisfaction, a more short term, transaction specific judgment. The level of customer satisfaction is a result of the customer’s comparison of the service quality expected in a given service encounter with perceived service quality. This implies that satisfaction assessments require customer experiences while quality does not (Caruana *et al*, 2000).

2.2.4 Customer’s Perception of Quality

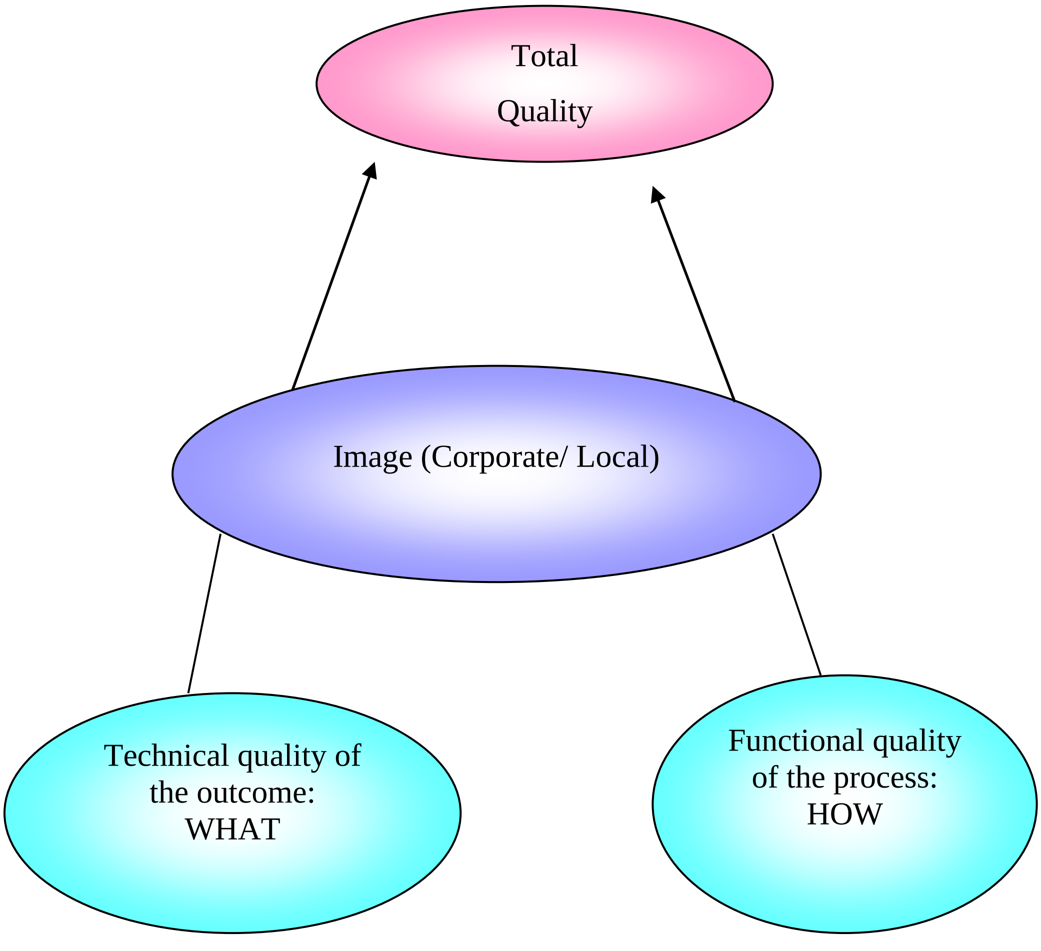
Quality of a particular service is whatever the customer perceives it to be (Gronroos, 2004). Service quality as perceived by the customer may differ from the quality of the service actually delivered. Services are subjectively experienced processes where production and consumption activities take place simultaneously. Interactions, including a series of moments of truth between the customer and the service provider occur. Such buyer-seller interactions or service encounters have a critical impact on the perceived service. The Nordic Model, originated by Christian Gronroos and developed by others, adopts a disconfirmation of expectations approach. This claims that customers have certain expectations of service performance with which they compare with their actual experience. If the expectations are met, this is confirmation; if they are over performed, this is positive disconfirmation; if they are underperformed this is negative disconfirmation. According to Gronroos (2004), the quality of service as perceived by customers has two dimensions; a technical or outcome dimension and a functional or process-related dimension.

What customers receive in their interaction with a firm is clearly important to them and their quality evaluation. This is one quality dimension, the Technical Quality of the outcome of the service production process. However, as there are numerous interactions between the service provider and customers, including various series of moments of truth, the technical quality dimension will not count for the total quality which the customer perceives he has received. The customer will also be influenced by the way in which technical quality- the outcome of the process is transferred to him or her and this will have an impact on the process experience. Examples include the accessibility of Automated Teller Machine (ATM), a website, appearance and behavior of waiting staff, how service employees perform their task, what they say and how they do it.

Interestingly, other customers simultaneously consuming the same or similar services may influence the way in which customers will perceive a service. Thus, the consumer is also influenced by how he or she receives the service and how he experiences the simultaneous production and consumption process. This is the second quality dimension, the Functional Quality of the process, closely related to how the moments of truth of the service encounters them and are taken care of and how the service provider functions. Illustrated in Figure 2, there are the two basic quality dimensions, namely, What the customer receives and How the customer receives it; the technical result or outcome of the process (technical quality) and the functional dimension of the process (functional quality. An organization's image is an important variable that positively or negatively influences marketing activities. Image is considered to have the ability to influence customers' perception of the goods and services offered (Zeithaml and Bitner, 2003).Thus, image will h ave an impact on customers' buying behavior. Image is considered to influence customers' minds through the combined impacts of advertising, public relations, physical image, word-of-mouth, and their actual experiences with the goods and services (Normann, 2001).

For instance, if the service provider shares a positive or favorable image in the minds of the customers, minor mistakes will probably be overlooked or forgiven. However, if the image is negative, the impact of any mistake will often be considerably greater than it otherwise would be. This entire combination shall lead to total quality.

Figure 2: Two Service Quality Dimensions



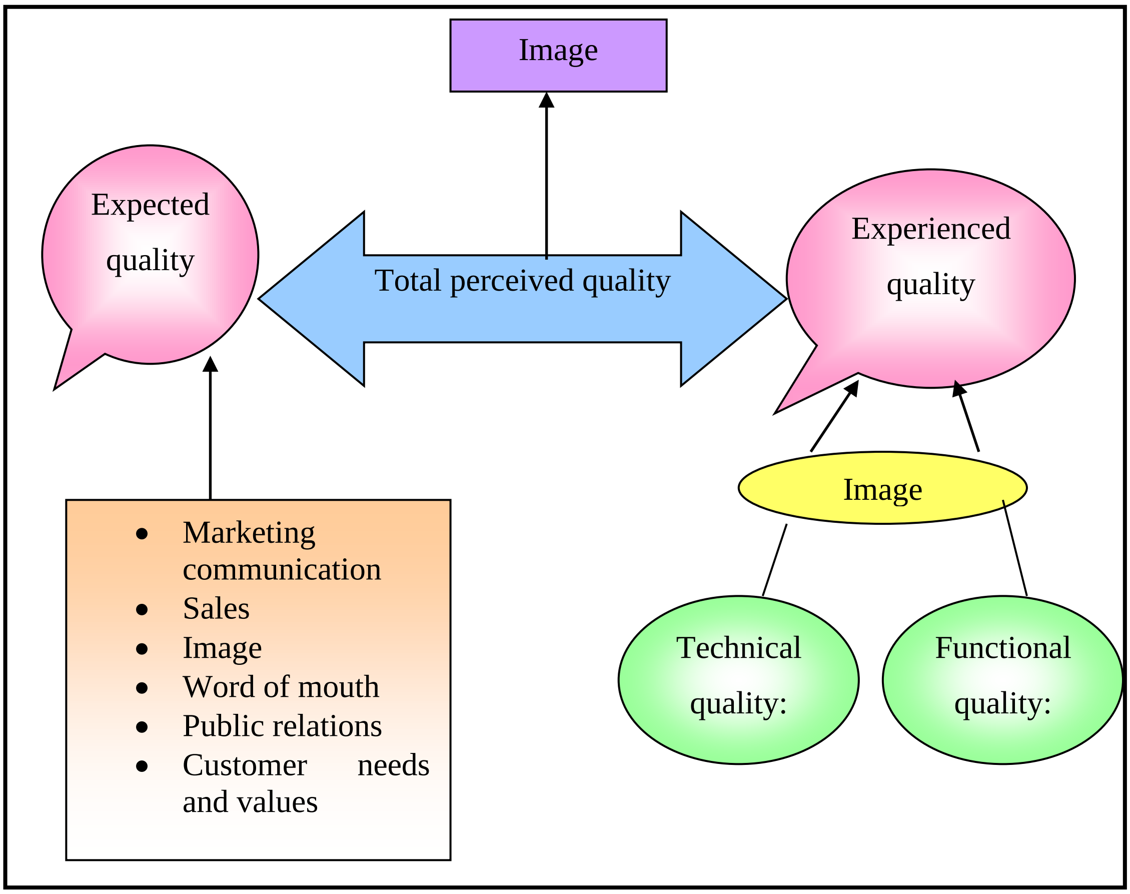
Source: Gronroos, (2001)

2.2.5 The Perceived Service Quality Approach

Gronroos (2002) introduced a service oriented approach to quality with the concept of Perceived Service Quality and the model of Total Perceived Service Quality. This approach is based on research into consumer behavior and the impacts of expectations concerning goods performance on post-consumption evaluations.

In previous sections, the two basic quality dimensions (what and the how) in the minds of the customers has been discussed. However, the quality perception process is more complicated. It is not the experiences of the quality dimensions alone that determine whether quality is perceived as good, neutral or bad. Figure 2.3 illustrates how quality experiences are connected to traditional marketing activities resulting in a Perceived Service Quality. Good perceived quality is obtained when the experienced quality meets the expectations of the customers i.e. the expected quality. If expectations are unrealistic, the total perceived quality was low, irrespective of the experienced quality measured in an objective way being good. As illustrated in Figure 2.3, the expected quality is a function of factors, namely, marketing communication, word of mouth, company/local image, price, customer needs and values. Marketing communication includes advertising, direct mail, sales promotion, websites, internet communication and sales campaigns. These are directly under the control of the company unlike the image and word of mouth factors which are indirectly controlled by the company. Image of the company plays a central role in customer perception of service quality. Thus, it is imperative that image be properly managed. External impact on these factors could possibly occur, but they are a basically a function of the previous performance of the firm, supported by for instance advertising. Lastly, the needs of the customers as well as the values that determine the choice of customers also impact on their expectations. Thus, the level of total perceived quality is not determined simply by the level of technical and functional quality dimensions, but rather by the gap between the expected and experienced quality.

Figure 3: Total Perceived Quality



Source: Gronroos, (2001).

2.3 Empirical Studies

Study by Padmavathy *et al.*, (2012) on measuring effectiveness of customer relationship management in Indian retail banks. The purpose of the study was to develop a multi-item scale for measuring the customer relationship management effectiveness (CRME) in Indian retail banks and to examine its relationship with key customer response variable. This research adopts two different studies to develop and validate the scale for CRME. In study 1, responses obtained from 197 Indian retail banking customers were used to identify key dimensions of CRME. In study 2, homological validity for the CRME scale was provided using a new sample of 261 actual bank customers. Furthermore, the relationship between CRME dimensions and customer behavioral outcomes such as customer satisfaction, loyalty and cross-buying were examined. The results of factor analyses revealed five dimensions for

CRME, namely, organizational commitment, customer experience, process-driven approach, reliability and technology-orientation. Organizational commitment, process-driven approach and reliability were found to positively affect customer satisfaction. Reliability was found to have direct association with customer loyalty and both customer satisfaction and loyalty-influenced cross-buying. The identification of the dimension will help bank managers to implement an effective customer relationship management (CRM) that enhances customer satisfaction, loyalty and provides opportunities for banks to cross-sell other related and unrelated products to its customers.

Study by Hannu *et al* (2013) on the customer relationship management: the evolving role of customer data. Customer relationship management (CRM) developed a separate identity as a result of companies utilizing customer data in managing customer relationships. In this evolution, CRM became a heavily company-oriented construct: customer data were used instrumentally to serve companies' purposes. However, as companies increasingly shift attention from selling products to serving customers, traditional CRM activities, such as segmentation and cross-selling, may prove inappropriate owing to their inherent orientation towards selling more products to customers. The perspective on customer data usage needs to better address the strategic goal of serving customers. Consequently, the purpose of the paper is to reconfigure the role of customer data within the CRM framework. CRM literature is briefly reviewed and a case study is conducted to empirically illustrate how customer data can be used also for the benefit of the customer. As a result, four CRM waves are identified that characterize the evolving role of customer data in CRM and help identify new directions for customer data usage. The focus is shifted from the internal to the external use of customer data: customer data are increasingly understood to be a resource for the customer's-not just the firm's-value creation.

Study by Abdul et al (2013) on assessing the influence of customer relationship management (CRM) dimensions on organization performance: An empirical study in the hotel industry. The purpose of this paper is to investigate the relationship between CRM dimensions (i.e. customer orientation, CRM organization, knowledge management, and technology based CRM) and various aspects of organization performance (i.e. financial, customer, internal process, and learning and growth) in Malaysian hotels. This is a quantitative study, the response came from the managers of 152 Malaysian hotels (3 to 5 star) and data collected was subjected to correlation and regression analysis in pursuance of the study's stated objectives. The results of this study suggest that all dimensions of CRM (i.e. customer orientation, CRM organization, knowledge management and technology based CRM) have a positive and significant impact on different perspectives of hotel performance. However, CRM technology failed to show a significant relationship with learning and growth perspective of hotel performance. An emphasis has been placed on the direct relationship between CRM dimensions and organization performance perspectives as well as, the study concentrated only on 3 to 5 star hotels. Meaningful implications are made that building an extensive and effective CRM dimensions in hotel firms is crucial to face a high competition and improve performance in Malaysia hotel sector.

Study by Nelson et al (2008) on the supplier-customer relationship management and customer loyalty: The banking industry perspective. The purpose of this paper is to examine the impact of the relationship marketing underpinnings, namely: commitment; competence; communication and conflict handling on the one hand and customer loyalty on the other, as well as the mediation effects of trust and relationship quality. Bank customers in Kota Kinabalu, Malaysia were surveyed using a questionnaire. Bank intercept technique was used in administering the instrument. A total of 220 customers provided the data for the study. Multiple regression analysis was used to measure the construct's relationship. The results show that relationship marketing strategies, namely: communication; commitment; competence; and conflict handling are directly and indirectly (through trust and relationship quality) associated with customer loyalty. Moreover, trust and relationship quality are directly associated with loyalty. Although the study focuses on the banking industry in Malaysia, the outcome may be relevant to other service sectors. By identifying the relevant RM underpinnings in this sector, more researches adapting or replicating the present study in other sectors would help in pushing back the frontier of knowledge in the customer relationship management domain. This study unveils how firms can use the relationship marketing (RM) strategy to nurture and keep loyal customers and how to manage the supplier-customer relationship in the banking sector.

Study by Andreas and Veronica (2010) on how relationship marketing improves customer relationship satisfaction and loyalty. The purpose of this study is to investigate the relationship marketing (RM) strategy of a retail bank and examine whether – after its implementation – customer relationships were strengthened through perceived improvements in the banking relationship and consequent loyalty towards the bank. A survey was conducted on two profitability segments, of which the more profitable segment had been directly exposed to a customer oriented RM strategy, whereas the less profitable segment had been subjected to more sales oriented marketing communications. No significant differences were found between the segments on customers' evaluations of the service relationship or their loyalty toward the bank.

Furthermore, regression analysis revealed that relationship satisfaction was less important as a determinant of loyalty in the more profitable segment. This study was conducted as a case study of one specific branch of a bank group in Finland, which limits the external validity of its results. It was not possible to ascertain if, or to what extent, customers of the more profitable segment had received the intended RM treatment. Other limitations are also discussed. Customer orientation is desirable within retail banking and more studies are needed on the differential drivers of loyalty across customer profitability segments. By identifying the aspects of a banking relationship that are more highly valued among more profitable customers than among less profitable customers, bank managers would be able to more effectively devise appropriate strategies for different segments.

Study by Adrienne and Susan (2008) on the relative importance of technology in enhancing customer relationships in banking-a Scottish perspective. This paper sheds some light on the debate about the extent of use of IT in services, in this case in banking. In such a competitive sector where quality of service can be a differentiator in the marketplace, the balance between personal interaction and technologically delivered services must be right if customers are to be retained over time. Research was carried out in Scotland to elicit the views of personal bank customers, business customers and bank staff with respect to the use of different banking technologies. Findings point towards the need for a balanced approach that avoids over use of technology at the expense of the personal approach to service delivery and towards the need to provide customers with some technological training rather than assuming they will automatically accept technology and make use of it.

Study by Pedro and Jörg (2012) on creating customer loyalty through service customization. Although practitioners and scholars alike embrace service customization as a possibly powerful management instrument, its impact on customer relationships as well as contingencies for its effective application are not well understood. Drawing from relationship marketing and exchange theory, this paper aims to develop a model of customer relationship outcomes of service customization and the efficacy of service customization. Two large-scale, representative, cross-sectional studies in different service industries based on the European Customer Satisfaction Index framework are conducted, and PLS path modeling is applied to test the model. Customization increases perceived service quality, customer satisfaction, customer trust, and ultimately customer loyalty toward a service provider. Customization has both direct and mediated effects on customer loyalty and interacts with the effects of customer satisfaction and customer trust on loyalty.

Service customization is a viable instrument for relationship marketing. Its efficacy depends on customer satisfaction and customer trust. While this study solely focuses on the impact of service customization, future research could assess the relative importance of service customization in the presence of other relationship marketing instruments. Service providers can use service customization as an effective instrument for achieving not only higher customer satisfaction, but also higher customer loyalty. Service customization is most effective for companies that have deficits in satisfying their customers, while at the same time their customer relationships are characterized by a high level of trust. These results help managers to decide upon resource allocation to enhance customer satisfaction, trust and loyalty. Study by Arvid and Cornelia (2012) on the impact of fraud prevention on bank-customer relationships: An empirical investigation in retail banking. The purpose of this paper is to establish a conceptual as well as an empirical link between retail banks' activities to protect their customers from third-party fraud, the quality of customer relationships, and customer loyalty. A conceptual framework is developed linking customer familiarity with and knowledge about fraud prevention measures, relationship quality, and customer loyalty.

To empirically test the conceptual framework, data were collected in collaboration with a large German retail bank. A positive association was found between customer familiarity with and knowledge about fraud prevention measures and the quality of customer relationships as measured by satisfaction, trust, and commitment. The quality of customer relationships, in turn, is positively associated with customer loyalty as measured by intentions to continue their relationship with and cross-buy other products from their bank. The paper focuses on the German retail banking market and uses data from only one bank. Future research may investigate the generalizability of the findings across other banks, as well as other countries. Moreover, future research could address how specific anti-fraud instruments and their communication differentially affect customer satisfaction, trust, and commitment. The results stress the importance of fraud prevention for retail banks and show that besides the financial objective of reducing operating costs, fraud prevention and its effective communication is a meaningful way to improve customer relationship quality and, ultimately, customer loyalty.

Study by Malcolm and Sangeeta (2008) on exploring the myth of customer relationship management: Evidence from United Kingdom (UK) retail banking. The paper aims to explore the relationship between customer satisfaction and branch profitability within the UK retail-banking sector. A survey is conducted within one UK bank, providing access to national customer survey data, and access to branch managers and branch performance data. The findings provide further evidence to debunk the myth perpetuated in the literature of the 1990s, that customer satisfaction has a positive impact on corporate profitability. The findings, though remarkably consistent, are based on a relatively small sample of bank branches over a relatively narrow time frame, and consequently may not necessarily be applicable to other banking groups, or other countries. The findings have important practical implications for bank expenditures on customer satisfaction and loyalty programs, since they suggest that current levels of investment may not be justified by the benefits accruing.

Study by Nurdilek et al (2011) on a multidimensional typology of customer relationships: from faltering to affective. The complexity of customer relationships has been recognized in the relationship marketing literature. Yet, the understanding of how this complexity impacts on the formation and development of different relationship forms is limited. Focusing on the development of customer-service provider relationships in a financial services context, this paper aims to critically examine the nature and formation of business-to-consumer service relationships. Qualitative methods were employed, with in-depth interviews undertaken with a sample of UK bank customers.

The complexity of customer relationships was documented by approaching relationships as multidimensional, dynamic and contextual. A relationship typology based on four key relationship components (trust, commitment, buyer-seller bonds, and relationship benefits) is proposed. This typology suggests that for a relationship to exist it does not necessarily have to encompass an emotional dimension. Moreover, the paper demonstrates the importance of the fit between customers' relational expectations and their experiences with service providers in developing long-term committed relationships. The study was limited to the UK context. The extension of this study to other sectors or financial institutions operating in different regulatory and technological environments needs to be tested. It is crucial that relationships are viewed as multidimensional, taking into account various relationship components. Since different relationship components influence relationships differently, organization’s need to develop different relationship marketing strategies for each consumer segment according to consumers' relational expectations.

Study by Michel et al (2009) on an examination of the relationship between service quality dimensions, overall internet banking service quality and customer satisfaction: A New Zealand study. The purpose of this paper is to examine the relationships among three dimensions of service quality that influence overall internet banking service quality and its subsequent effect on customer satisfaction in a New Zealand banking context. Internet banking service customers of a national bank in New Zealand completed a self-administered questionnaire. Data obtained from the customers were analyzed using the SEM-based partial least squares (PLS) methodology. The results show significant relationships among online customer service quality, online information system quality, banking service product quality, overall internet banking service quality and customer satisfaction.

Study by Mohammad et al (2009) on the relationship between service quality and retention within the automated and traditional contexts of retail banking. The main purpose of this paper is to highlight the significance of service quality factors on customer retention within the Australian traditional and automated banking contexts. The relative importance of traditional and automated service quality factors on customer retention was examined with the intention of determining which indicator factors are likely to have a significant impact on customer retention. The paper then proposes a conceptual model of the relationship between service quality factors within the two contexts and customer retention. AMOS 5 was used to test for the hypothesized relationships. All of the traditional service quality factors have positively influenced customer retention. Conversely, this paper finds that automated service quality in general has no positive significant influence on customer retention. This research was applied to the financial institutions in Queensland, Australia.

Further testing of the proposed conceptual model across different industries and countries is needed to determine the generalizability and consistency of this study's findings. The proposed model of retention prediction has the potential to help

Australian bank managers to strengthen the customer-bank relationship and, ultimately, to enhance customer retention ratios.

Study by Muslim and Zaidi (2008) on an examination of the relationship between service quality perception and customer satisfaction: A SEM approach towards Malaysian Islamic banking. This study attempts to examine the relationship between service quality perception and customers' satisfaction in Malaysian Islamic banking using the SEM approach. This model starts with Service Quality (SERVQUAL) measurement scales consisting of six dimensional structures: tangibles, reliability, responsiveness, assurance, and empathy, and plus the compliance dimensions to measure Malaysian Islamic banking service quality. Respondents are the customers (Muslim and non-Muslim) who visit the bank counters. They must have an account with one of the full-fledged Islamic banking and dual-banking systems. The results showed that the proportion of Malaysian Muslims' awareness of the Islamic banking products and services were high compared to non-Muslim customers. The majority of the Islamic banking customers were satisfied with the overall service quality provided by their banks.

The findings suggest that the standard model of Islamic banking service quality dimensions should consist of the six dimensions and good determinants of satisfaction. The relationship between service quality and customer satisfaction was significant. Further research should be considered in order to gather more information regarding service quality and customer satisfaction dimensions in the context of Malaysian Islamic banking industry. The six dimensions of SERVQUAL represent a valid instrument to measure service quality in Malaysian Islamic banking. Providing financial counseling to attract Muslim customers to use more Islamic banking products and services is critical, where 60 percent of the Malaysian population is Muslim. There is a potential target market for Islamic banking that needs be concerned.

Study by Andreas (2013) on profitable customer management: reducing costs by influencing customer behavior. The purpose of this paper is to investigate how firms attempt to increase the profitability of specific groups of extant customers by achieving adjustments in customer behaviour that consequently lead to reduced costs associated with serving these customers. The paper takes the form of multiple case studies in the retail banking sector. Three specific initiatives launched by European retail banks for the stated (partial) purpose of modifying customer behaviour in order to reduce customer-related costs are evaluated. The findings from the three case studies show that strategies that aim to modify customer behaviour in a positive way can successfully decrease the costs of interacting with customers while at the same time maintaining and even increasing customer retention and customer-related revenues. This study is limited to an assessment of three initiatives carried out by three European banks. The findings bring the issue of costs into customer relationship management in a constructive manner, abandoning the view of cost reductions as a necessary evil or drastic measure to handle problematic customers. Marketing and customer relationship managers who consider strategies to change customer behaviour in a cost-reducing way as a complement to traditional revenue and loyalty enhancement strategies will expand their opportunities to achieve increases in customer lifetime value (CLV) and customer equity (CE).

Study by Hayat et al (2011) on service quality and customer satisfaction in the banking sector: A comparative study of conventional and Islamic banks in Pakistan. The purpose of this paper is to investigate the service quality and its relationship to customer satisfaction among the customers of conventional banks and Islamic banks. A modified SERVQUAL scale is utilized to ascertain the functional dimensions of service quality specific to the industry and service context under study. In addition, the study examines the differences in service quality satisfaction and its impact on the behavioral intentions of customers. A field survey carried out with the help of a questionnaire constructed by using a modified SERVQUAL scale. Data were collected from 200 walk-in customers conveniently drawn from three major conventional banks and three Islamic banks located in urban areas of Pakistan. Data were analyzed using the analytical hierarchy process to identify service quality and customer satisfaction-related factors for Islamic and conventional banks. By using factor analysis, 52 measurement items with a factor loading greater than (0.5) were identified to form five service quality dimensions namely empathy, service architecture, convenience service encounter, employee service criteria, customer focus and five customer satisfaction dimensions: responsiveness, competency, safe transaction, competitive services, knowledge for the overall banking industry explained 56 percent of the variance. Results from regression analysis of the relationship between multidimensional service quality dimensions and one-dimensional customer satisfaction factors also validated the importance of service quality aspects for behavioral intentions (satisfaction, feelings) for customers from conventional banks and Islamic banks.

Study by Min-Hsin (2008) on the influence of selling behaviors on customer relationships in financial services. To compare the selling orientation (SO) versus customer orientation (CO) selling behavior of a service employee and examine the impacts of SO versus CO behavior on customer relationship quality and retention in financial services selling. Specifically, this research hypothesizes that a salesperson's SO is negatively related to relationship quality while salesperson's CO is positively related to relationship quality. A conceptual framework is proposed that considers customer retention as a consequence, and a service employees' SOCO behavior as an antecedent of, relationship quality. Structural equation modeling techniques are applied to data collected from customers in the two important financial services (insurance and banking) in Taiwan to test the framework. A service employee with CO approach increases relationship quality while a SO approach decreases relationship quality with customers. Furthermore, relationship quality is verified to positively affect customers' future retention. Although the sample may be representative of the financial industry in general, it is possible that results may vary for specific service industries. Also, the fact that data were collected in Taiwan raises the question of its transferability into other cultural regions. The results should lead managers to consider the importance of emphasizing a CO approach when service employees are selling services. This study suggests that service employee training emphasizing CO can add additional value to a company's service offering and influence future retention of the service firms.

Study by Roland and Werner (2010) on consumer trust in service companies: a multiple mediating analysis. The concept of “trust” has gained considerable importance in the field of marketing during the last decades and is seen as a key mediator of customer relationship marketing. But upon a closer look at the literature, the construct “trust” is conceptualized and measured very differently. Based on a literature review and theoretical work, the purpose of this paper is to develop a conceptual model of consumer trust in a service company, which distinguishes two fundamental dimensions. Using these dimensions, it is possible to detect different mediating effects of trust in the customer relationship to the service company. Antecedents and consequences of trust are studied in a business-to-consumer services context in the banking industry.

To test hypotheses, empirical data are collected from a sample of 232 retail bank customers with checking accounts. By means of a LISREL approach, two rivaling measurement models of trust are compared and show various mediating effects. The empirical data support the two-dimensional model of trust. Further, the two dimensions of trust are mediating the effect of differently. In particular, it is shown that “benevolence” has a significantly greater influence on customer loyalty than “credibility.” Finally, beside CS, the customer's propensity to trust also influences trust. Findings are limited to the cross-sectional design of the study and the financial industry. For the management of consumers' trust perception, the adequate conceptualization and measurement of trust is central. The aspect of benevolence is crucial for creating consumer loyalty and trust as well as the building of customer relationships. Consequently, management should foster activities to signal customers to be benevolent partners (e.g. service guarantees and branding) to ensure a high-quality service experience.

Study by Nelson et al (2011) on the antecedents of relationship quality in Malaysia and New Zealand. The purpose of this paper is to examine the relationship between the relational dynamics, namely trust, personalization, communication, conflict handling and empathy, and relationship quality in the banking industry of two culturally dissimilar nations – Malaysia and New Zealand. Bank customers in Kuala

Lumpur, Malaysia and Dunedin, New Zealand were surveyed using a questionnaire. Bank intercept technique was used in administering the instrument. A total of 358 customers (comprising 150 from Malaysia and 208 from New Zealand) provided the data for the study. Multiple regression analysis was used to estimate the hypothesized relationships. The results of the study show that the five relational dynamics explain 84 percent and 76 percent of variations in relationship quality in Malaysia and New Zealand respectively. Communication, trust, and empathy are significantly related with relationship quality in both countries, whereas personalization has a significant impact on relationship quality in New Zealand but not in Malaysia. The results also reveal that conflict handling is significantly and marginally associated with relationship quality in New Zealand and Malaysia respectively. Although the study was conducted on the banking industry, the outcome may be relevant to other service sectors. Further, understanding relational dynamics in different cultures is important, as the study has shown; thus integrating culture in the relationship marketing/management models would advance the understanding of culture roles in consumers' perceptions of and influences on relationship quality.

Study by Zahra and Mohammad (2011) on the predictors and outcomes of relationship quality: a guide for customer-oriented strategies. This paper aims to examine the influence of a number of factors on relationship quality and also study the impact of relationship quality on customer's behavioral intentions. Based on prior studies we tried to develop a comprehensive model. The model covered different antecedents and consequences of relationship quality. Responses of a total of 217 key customers of a semi-private bank were considered. Structural equation modeling (SEM) was then used to test the research model and hypotheses. This research evaluated the impact of a series of potential factors on relationship quality. While trust, competency and commitment had a positive impact on relationship quality, communication and conflict handling did not show a significant relationship with this variable. Moreover relationship quality had a significant relationship with customer satisfaction. Furthermore, customer satisfaction had a positive impact on re-purchase intentions, positive word-of-mouth and customer's positive feedback.

Study by Amy and Amrik (2006) on understanding the quality of relationships in consumer services: A study in a retail environment. The purpose of this study is to examine consumer perceptions of their shopping experience in a retail environment. Based on the literature, a model of relationship strength is developed and empirically tested with a sample of consumers in a chain departmental store setting in Victoria, Australia. The model investigates the effect of service quality, trust, and commitment on relationship strength. The model then seeks to explore the impact of relationship strength on attitudinal outcomes such as relationship quality and behavioral outcomes such as customer loyalty. Interrelationships among these variables are also considered. The data are analyzed using LISREL VIII as the proposed research model consists of a simultaneous system of equations having latent constructs and multiple indicators. Overall, the findings were consistent with hypotheses from the marketing/management literature. Empirical support is provided for the relationship between service quality and trust. Although this study found significant relationships between the constructs in the research model, it should be taken into account that the levels of variance explained are relatively modest given the large sample size. In addition, the relationship strength model was tested using a cross sectional design making casual assessments difficult.

2.3.1 Synthesis of Empirical studies

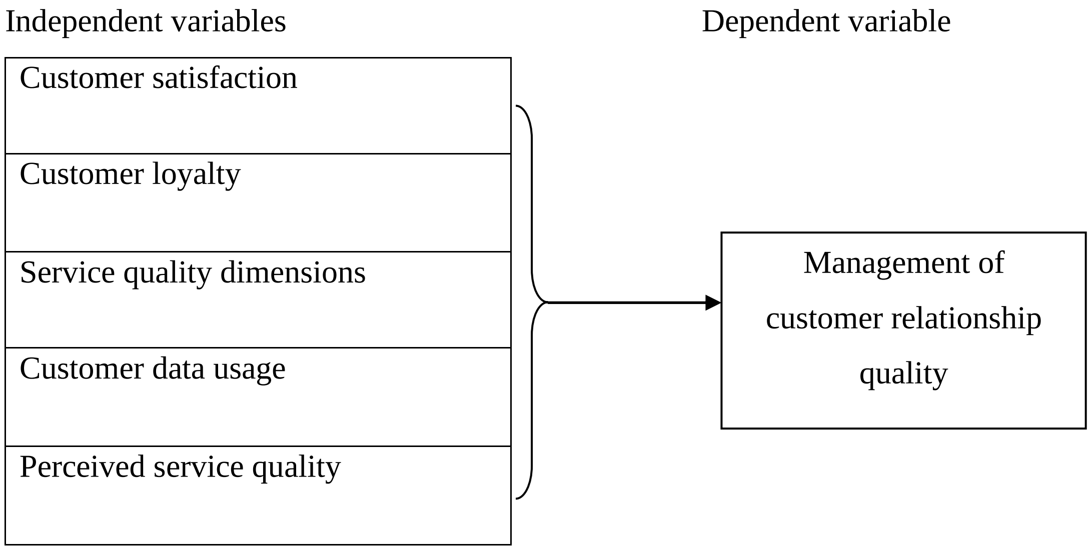
The previous studies provided a robust scale for measuring CRM in the Indian banking context. It examined the relationship between CRM efforts and relational outcomes of satisfaction, loyalty and cross-buying. Introduced a fresh perspective to CRM by exploring the evolving role of customer data within the CRM framework. New directions for customer data were introduced that have major implications both theoretically and practically. Addressed CRM dimensions issues specifically for hotels in Malaysia. Not much is understood about the actual influences of the underpinnings of relationship marketing on customer loyalty from empirical evidence. The previous study would help organizations in evaluating the results of investments and sacrifices of the firm in building relationships with its customers and contributed to the RM literature and marketing of financial services by providing empirical evidence of the effects of RM activities on customer relationship perceptions in different profitability segments. Previous studies focused on the relative importance of technology in enhancing customer relationships in banking. Also, the study investigated the simultaneous effects of service customization on customer loyalty and other relationships variables and offers new insights relatively to the nature and size of customization effects. It filled an important gap in the knowledge of customization outcomes, and clarified under which circumstances service customization is most effective. The previous study is of great value for service providers that faced the decision whether to customize their offering or not. The previous study provided further evidence of the absence of an important supposed relationship, in an area of the literature subject to contentious and conflicting research findings. The previous broadened understanding of the complexity of customer-firm relationships by presenting insight into the affective element of relationships and highlighting the role of the fit between customers' relational expectations and their experiences in relationship development. Little attention has been given in the literature to understanding the service quality dimensions that influence overall internet banking service quality and the specific outcome of customer satisfaction. By expanding previous study in internet banking service quality, the previous study empirically examined the relationships between three service quality dimensions, overall internet banking service quality and customer satisfaction.

The key contribution of the previous study is a conceptualization of customer retention predictors that takes into account both traditional and automated service customer interactions with banks. Previous studies are important in line with the obvious cross-cultural and religious differences between these two key customer segments; Muslims and non-Muslims. In the Malaysian context, there is a strategic dimension that needs to be understood and reclaimed the management of costs as a key customer management activity, thereby answering calls for more attention to cost issues in marketing. Moreover, previous studies had practical significance for conventional and Islamic banking policy makers for understanding the behavioral intentions of their customers and using them for effectively positioning the service quality of their banks and completely compare the CO approach with SO approach in a service selling. In previous research, trust has been often conceptualized and measured in an inconsistent and unequivocal way. In the proposed approach, the two facets of trust are theoretically conceptualized and measured separately. Thus, differentiated effects of antecedents as well as consequences of trust can be detected. The previous research assessed and compared the impact of relational dynamics on relationship quality among bank customers from two different cultures. By comparing opposite cultures this study is an advance over past single country studies, and enhances the prospect of generalizing the findings. While most studies had considered only the perquisites or the outcomes of relationship quality, the previous study had tried to provide a comprehensive understanding about both antecedents and consequences of relationship quality in one model. Since there was a lack of such research especially in countries with rather collective cultures like Iran, this paper can provide theoretical basis for future studies as well as practical implications for managers and practitioners. The previous research findings could be generalized to services that share some common characteristics with regard to the nature of customer relationships in the retail industry, for example, banking, accounting, and insurance services but this study assesses customer data usage and perceived service quality in managing customer relations in banking industry in order to bridge the gaps of customer informations in the banking sector.

2.4 Conceptual Framework

This section explains the conceptual framework which is used to assess customer data usage and perceived service quality in managing customer relations in banking industry in Tanzania. This framework conceptualizes a clear and direct relationship between customer satisfaction, customer loyalty and service quality dimensions towards customer data usage and perceived quality on CRM.

Figure 4: Conceptual Framework



Source: Research own Construct, 2014

Relationship between customer satisfaction and CRM, customer satisfaction has been the subject of considerable studies and has been defined and measured in various ways (Oliver, 2007). Satisfaction and dissatisfaction are two ends of a continuum, where the location is defined by a comparison between expectations and outcome. Customers would be satisfied if the outcome of the service meets expectations. When the service quality exceeds the expectations, the service provider has won a delighted customer. Dissatisfaction will occur when the perceived overall service quality does not meet expectations (Looy *et* al, 2003). Sometimes customer's expectations are met, yet the customer is not satisfied. This occurs when the expectations are low (Buttle, 2005). Customer satisfaction is considered to be one of the most important outcomes of CRM in a market-oriented firm. The obvious need for satisfying the firm's customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business, all of which lead to improved profitability (Barsky, 2002).

Relationship between customer loyalty and CRM, customer loyalty can be viewed in two distinct ways (Jacoby and Kyner, 2003). The first views loyalty as an attitude. Different feelings create an individual's overall attachment to a product, service, or organization (Fornier, 2004). These feelings define the individual's (purely cognitive) degree of loyalty. The second view of loyalty is behavioral. Examples of loyalty behavior include continuing to purchase services from the same supplier, increasing the scale and or scope of a customer relationship, or the act of recommendation (Yi, 2000). The behavioral view of loyalty is similar to loyalty as defined in the service management literature. In brief, there are two dimensions to customer loyalty: behavioral and attitudinal (Julander *et al.,* 2007). The behavior dimension refers to a customer's behavior on repeat purchases, indicating a preference for a brand or a service over time (Bowen and Shoemaker, 2008). Attitudinal dimensions, on the other hand, refer to a customer's intention to repurchase and recommend, which are good indicators of a loyal customer (Getty and Thompson, 2004). Moreover, a customer who has the intention to repurchase and recommend is very likely to remain with the company. (Kandampully & Suhartanto, 2000 and Hallowell, 2006).

Relationship between service quality dimensions and CRM, service quality is essential for an organization's survival and growth. Interest in service quality emerged in 1970s. Ever since, the topic has attracted substantial attention among researchers and practitioners (Gronroos, 2001). Service quality is a form of attitude representing a long-run, overall, evaluation, which is different from customer satisfaction, a more short term, transaction specific judgment. The level of customer satisfaction is a result of the customer's comparison of the service quality expected in a given service encounter with perceived service quality. This implies that satisfaction assessments require customer experiences while quality does not (Caruana *et al*, 2000). The relationship is further explained by looking to the service quality dimensions that include tangibility, assurance, reliability, responsiveness and empathy.

Table 1: Operationalization of the Research Variables

Variable	Formal definition	Operational definition	Indicators	Measurements
Customer satisfaction	It is a measure of how products and services supplied by a company meet or surpass customer expectation	Customer satisfaction can be analyzed as an overall judgment that a customer makes after consuming a product or a service	Understanding customer requirements Meet customer expectations	Service performance
Customer loyalty	Is an attitudinal and behavioral tendency to favor one brand over all others, whether due to satisfaction with the product or service, its convenience or performance, or simply familiarity and comfort with the brand.	Customer behavior characterized by a positive buying pattern during an extended period and driven by a positive attitude towards the company and its products or services	Behavioural loyalty Attitudinal loyalty	Service performance
Service quality	Is a comparison of expectations with performance	Is the difference between customer expectations and perceptions of service	Tangibility Responsiveness Reliability Assurance Empathy	Service quality

Source: Research own construct, 2014

2.4.1 Service Quality Measurement Theory *(Soutar 2001)*

The study employs the service quality measurement theory. Service quality is vital to all organizations and many service strategies are implemented to achieve customers' service quality expectations. Before each business makes a decision of which strategies are to be used, they have to know their strengths and weaknesses in order to make the right decision.

A way to help the organizations determine their own situation is to measure the existing service quality provided to its customers. Several methods are used including customer satisfaction measurement, measurement by the critical incident technique, performance measurement, and attribute-based measurement. As the study focused on the attribute-based measurement, therefore expectation-perception approach (SERVQUAL) and only-performance approach (SERVPERF) were described. Soutar (2001) specified the most commonly used measurement of service quality is the SERVQUAL.

Schneider and White (2004) suggest that the perception-expectation measurement of service quality provides practical and research benefits. By using the perception-expectation measure, the practitioners knew which dimensions were needed to be improved. For the research benefit, the perception-expectation measure offered opportunities for the researchers to track the service quality.

According to Johns and Howard (1998), quality measurements only have operational value if they are able to indicate the ways in which service was or was not satisfactory. For service providers, the assessment of service quality is made during the actual delivery of the service. Much current research on service quality is rooted in expectancy-disconfirmation theory, which holds that customers perceive service quality as the difference between when the actual service performances exceeds expectations and negative when the opposite is the case. The theory has been used to help the organizations determine their own situation to measure the existing service quality provided to its customers.

The chapter presents the definitions of key terms, theoretical literature review, empirical literature review and conceptual framework as used and explained by different scholars on negotiation skills in maximization of purchasing effectiveness.

CHAPTER THREE

RESEACH METHODOLODY

3.1 Introduction

Chapter three presents research design, area of study, population of relevance, sampling design, data collection methods and data analysis.

3.2 Research Design

A case study design of Benson Informatics Limited operating in Dar es Salaam was employed in this study. A case study is an in- depth comprehensive study of a person, a social group, a process, a situation, a program, a community, an institution or any other social unit (Krishna, 2006). According to Krishna (2006), the case studies are flexible with respect to data collection methods (all methods of data collection are useful to case studies). The design is a highly fruitful approach for the purpose of group or process analysis as against the analysis of individual traits alone. Kothari (2004) denotes that a case study involves a careful and complete observation of social units. It is a method of study that emphasizes depth rather than breadth, based on a limited number of events or conditions and other interrelations. Data collected from such a study is considered quite reliable and up to date.

3.3 Area of the Study

This study was conducted at CRDB headquarters in Dar es Salaam. The prime of the study area was influenced by being largest cosmopolitan city of Tanzania, it offered all types of sample needed by the study and it was also convenient for the researcher.

3.4 Population of Relevance

Customers and CRDB employees were the unit of inquiry for collection of data for this study to gather insights and opinions towards customer data and perceived service quality in managing customer relations.

3.5 Sampling Techniques

Due to the nature of this study and types of respondents, simple random and purposive sampling procedures were employed to select the study respondents.

3.5.1 Simple Random Sampling Procedure

The study employed simple random sampling. Simple random sampling was chosen over other sampling methods for two reasons: first, the method ensured the likelihood of any individual element in the population having an equal chance of being selected and being representative, hence minimized sampling biases (Krishna swami, 2006, Bouma, 2000). Secondly, was the homogenous nature of the population. In simple random sampling each respondent in the population had an equal chance of inclusion in the sample and have the same probability of being selected. Random sampling method was applied to customers of CRDB bank to be included in the sample. The technique was done by first; establish a list of bank customers from the population of the study and then customers were numbered in population. Then, random number generating process was employed to obtain a simple random sample of size of 55 from the population among total number of 60.

3.5.2 Purposive Sampling Procedure

The study also adopted purposive sampling procedure. The choice of this technique based on the fact that it catered for specific purpose. Mason (2008) argued that purposive sampling is a set of procedures where the researcher manipulates the analysis, approach and sampling activity during the research process to greater extent than in statistical sampling. In addition, Kothari (2004) pointed out that purposive sampling is a deliberate selection of particular units of the universe for constituting a sample that represents the universe. Also, in this type of sampling, the decision with regard to which element or item to be included or excluded in the sample rests on the researcher’s judgment and intuition (Adam and Kamuzora, 2008:138). The researcher chose only those elements which were able to deliver the required data basing on their knowledge through questionnares on the problem being investigated using the customer information available in the bank documents. This method therefore was used to select employees of CRDB bank located at CRDB headquarters in Dar es Salaam.

The purposive sampling technique was used by first; establish the lists of employees located at CRDB headquarters in Dar es Salaam. Second, some employees were deducted from the list basing on functions performed and relevance to required data of the study and remaining only employees who were relevant to the study and this was done by looking the link of their functions, department towards the area of the study. Third, the remaining employees were sorted out judgmentally by looking to their positions and availability of data that suited the study to remain with the required employees who were included in the sample of the study.

3.6 Sample Size

Baker (1999) notes in her book "Doing Social Research" that there were two major goals that sampling can achieve. The first was to establish representatives of what was being studied and conversely to reduce bias. The second was to be able to make inferences from findings based on a sample to a larger population from which that sample was drawn. The sample size of this study consisted of 5 Executives, 5 customer service employees, 5 bank tellers and 40 consumers, henceforth that made a total of 55 respondents for this study.

Table 2: Sample Size of the Respondents

Category	Number of Respondents
Executives	5
Customer service employees	5
Bank tellers	5
Customer	40
Total	**55**

Source: Own research construct, 2014

3.7 Types and Sources of Data

3.7.1 Primary Data

Primary data are those which are collected afresh and for the first time and thus happen to be original in character (Kothari, 2004:95). In this study, primary data were collected directly from respondents by means of questionnaire and interview.

3.7.2 Secondary Data

Secondary data are those which have already been collected by someone else and which have already been passed through the statistical process (Kothari, 2004). In this study, these data were collected from various publication, CRDB documents and different empirical studies in the literature. In this regard, they helped the researcher to understand the magnitude of the problem and how it went on in the past.

3.8 Data Collection Methods

While deciding about the methods of data collection to be used for the study, the researcher kept in mind two types of data; namely primary and secondary. In order to collect the data needed in this study; the researcher used questionnaire and interview methods for collecting primary data and documentary and literature review methods for collecting secondary data. This study involved the collection of data by using quantitative and qualitative approaches.

3.8.1 Questionnaire

In this method of data collection respondents were administered a questionnaire-based survey in the same locations. Questionnaires contained questions already prepared to fill so as to enable the researcher understood his or her stance in relation to the questions. Questionnaires were used among customer service staffs, bank tellers and customers. The questionnaires were used to get views from customer service staffs, bank tellers and customers on the relationships between customer satisfaction, customer loyalty and service quality dimensions towards customer relationship management in banking industry. Before distributing questionnaires a pilot study was conducted so as to pre-test them to ensure that there were no ambiguous or unnecessary questions. Under this method, questionnaires were reviewed by researcher supervisor. The questionnaire comprised of both restricted or closed and unrestricted or open ended questions. The reasons for using open and closed ended questionnaire was to enable the coding process of data in the SPSS program.

Questionnaires were pre-tested before being used. The aim was to test whether the instrument elicited responses required to achieve the research objectives, to test whether the content of the instrument was relevant and adequate, to test whether the wording of questions was clear and suit to the understanding of the respondents and to develop appropriate procedure for administering the instrument with reference to field conditions (Krishna, 2006).

Also, pre testing assessed whether the questions were clear, specific, answerable, interconnected and substantially relevant (Punch, 2000). The exercise helped to ‘’fine-tune’’ the questionnaire. Some ambiguous questions were removed and others were re-phrased. After revision, the questionnaires were duplicated ready for use. After a pre-test, the questionnaires were revised; some questions were rephrased in order to make them more understandable. The time for pre-testing was about 25 minutes per respondents.

3.8.2 Interview

In this study, the researcher used unstructured and structured interviews in order to give the respondents more freedom to express themselves on their understanding on customer data usage and perceived service quality in managing customer relations at CRDB bank. The method also enabled the researcher to twist questions in such a way that the respondents became willing and able to answer. Interview was used among CRDB executives in the study area. The interview guides were used to get views from executives on customer satisfaction, customer loyalty and service quality dimensions in relation to customer management in banking industry.

3.8.3 Documentary Review

This is a method of data collection whereby the researcher collected data from publications of the past empirical studies. This method helped the researcher to understand the magnitude of the problem in the past and how it had recently increased. In this method different department of CRDB bank was visited to get reading materials such as banking files, manuals, magazines, pamphlets, brochures and research reports so as to get supportive information about the problem.The documents were very usel as they demonstrated informations of customer data which were useful to the study.

3.9 Data Processing, Analysis and Presentation

In this study, the questionnaires data were analyzed by using a SPSS program for windows 20.0. Interview guides and secondary data were descriptively presented. Before the detailed data analysis, questionnaires and interview guides were thoroughly examined, variables coded and then imported into the SPSS software package. This process was done to all questionnaires and interview guides obtained data that were used during the field. This meant that the information in the questionnaires and interview guides were coded-that was converted into numerical codes and organized in a systematic,' machine-readable' manner. Therefore, the coding process helped to analyze the data into more details. The study used statistical techniques such as graphs and charts to present the data.

3.10 Validity and Reliability of the Data

3.10.1 Validity of the Data

Welman and Kruger (2001) described validity as a mechanism that ensured that the process implemented to collect data had collected the intended data successfully. Validity refered to extent to which an empirical measure adequately reflects the real meaning of the subject under investigation (Babbie, 1995). To ensure the data acquired were valid in this study; the following steps were taken.

An extensive literature review, interview and questionnaire were conducted (Blancher & Durrheim, 1999, Gunn, 1994, Finn *et al*, 2000). Interview guidelines were generated in conjunctions with the fieldworker. This ensured that the interviews focused on the topic under investigation and the purpose of the study was clearly explained to the respondents and issues of concerned were resolved satisfactorily. The procedure of the interview was explained to the respondents. Lastly, respondents were assured of anonymity and confidentiality. This encouraged frankness during the interview. The above steps ensured that the multiple sources of data collection such as literature, interviews and questionnaire were conducted under conditions and in an environment acceptable to the respondents and therefore ensured that the process and findings were trustworthy and valid.

3.10.2 Reliability of the Data

Babbie, (1995) described reliability as a condition in which the same results were achieved whenever the same technique was repeated to do the same study. This was achieved by the following means:

The anonymity and confidentiality of the respondents were ensured so that they were able to provide information for use strictly for the purpose of the study. A rapport with the respondents was successfully established during the preliminary fieldwork study. Here the researcher begun to build a relationship of trust with the respondents and the credibility of the study was reinforced also pre-testing of the instrument like the questionnaire was done during the field study just to observe whether it could yield the same results. And the utilization of trained fieldworker ensured that the discussion level was high where necessary and relevant to the study.

3.11 Ethical Considerations

Respondent’s information’s that were confidential were protected by the researcher. Sullivan (2001) argued that, social researchers were bound to ethical considerations in their studies. The researcher observed the rights of all respondents including the information given by respondents which were kept confidential to avoid harming the respondent.

The study followed and considered all research directives, such as seeking permission from the required offices and officers. Also, all the respondents were respected and the information's which were provided by respondents were kept confidential.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF THE FINDINGS

4.1 Introduction

This chapter seeks to present data obtained from the research. The researcher started to present the demographic characteristics of the respondents. The results are guided by four research questions that aimed to; examine the relationships between customer satisfaction and customer relationship management in banking industry, examine the relationships between customer loyalty and customer relationship management in banking industry, examine the service quality dimensions that determines customer relationship management in banking industry and examine the customer data usage and perceived service quality in managing customer relations in banking industry.

4.2 Respondents Demographic Profile

This section presents the respondents demographic profile in the study area. It focuses on gender, age, marital status, level of education and occupation.

4.2.1 Gender

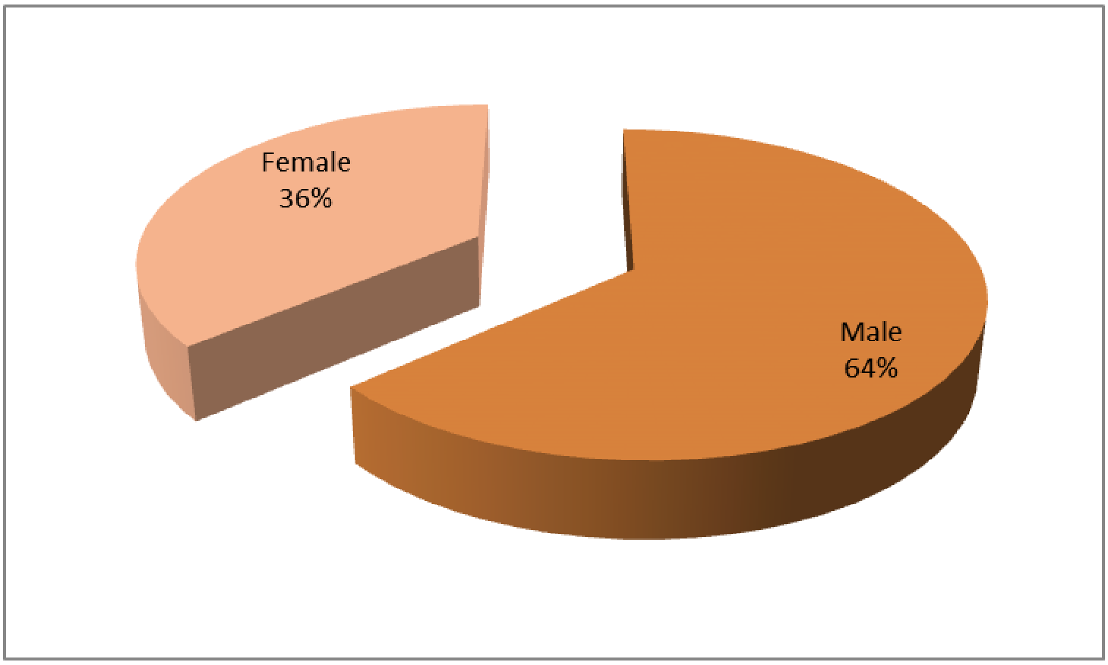
Respondents were asked to indicate their gender. Table 3 and Figure 5 respectively indicate their responses.

Table 3: Gender of Respondents

Gender	Frequency	Percent
Male	35	64
Female	20	36
Total	**55**	**100**

Source: Field Data, (2014)

Figure 5: Gender of the Respondents



Source: Field Data, (2014)

Table 3 and Figure 5 above indicates that number of male respondents were 36% while female respondents were 64% out of 55 respondents. Results indicated that male respondents were higher than female respondents. This implies there is a wide disparity between the male and female responses. However, this does not mean that the responses are biased based on the gender.

4.2.2 Age

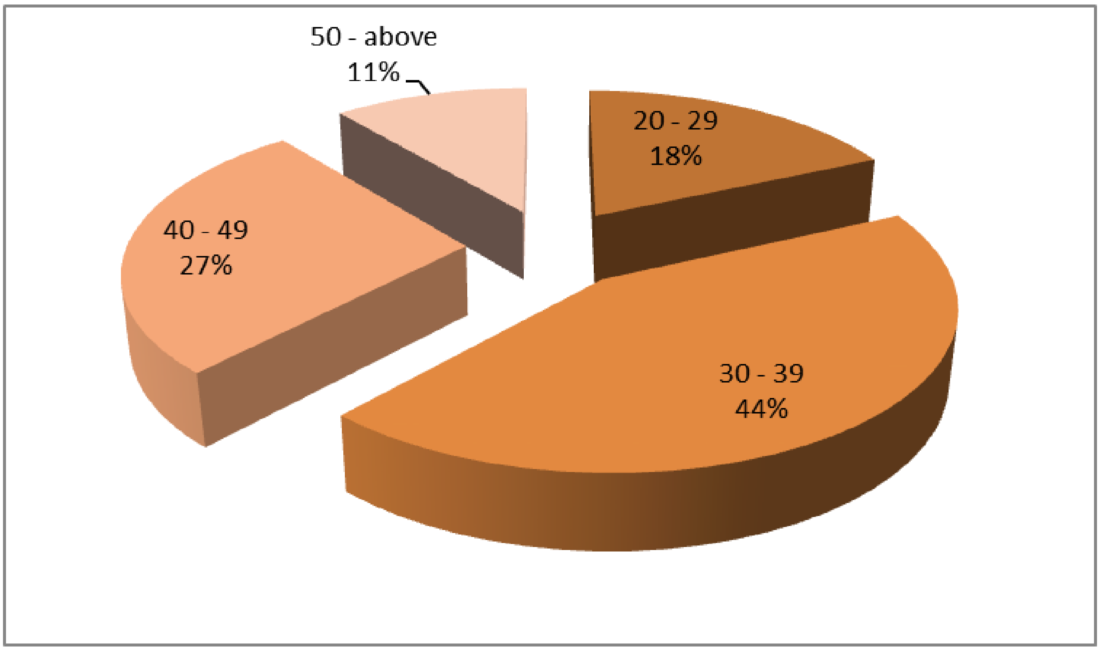
Respondents were asked to indicate their age. Table 4 and Figure 6 respectively indicate their responses.

Table 4: Age Group of Respondents

Age group	Frequency	Percent
20 - 29	10	18
30 – 39	24	44
40 - 49	15	27
50 – above	6	11
Total	**55**	**100**

Source: Field Data, (2014)

Figure 6: Age of the Respondents



Source: Field Data, (2014)

Table 4 and Figure 6 above revealed that 18%, 44%, 27% and 11%) age group of respondents fall under the categories of 20-29, 30-39, 40-49 and 50 and above years respectively. Findings indicated that the majority of respondents fall under the age group of 30-39 categories. This implies that most of the respondents who were involved in the study were in their prime age and they had ample knowledge on the subject matter.

4.2.3 Marital Status

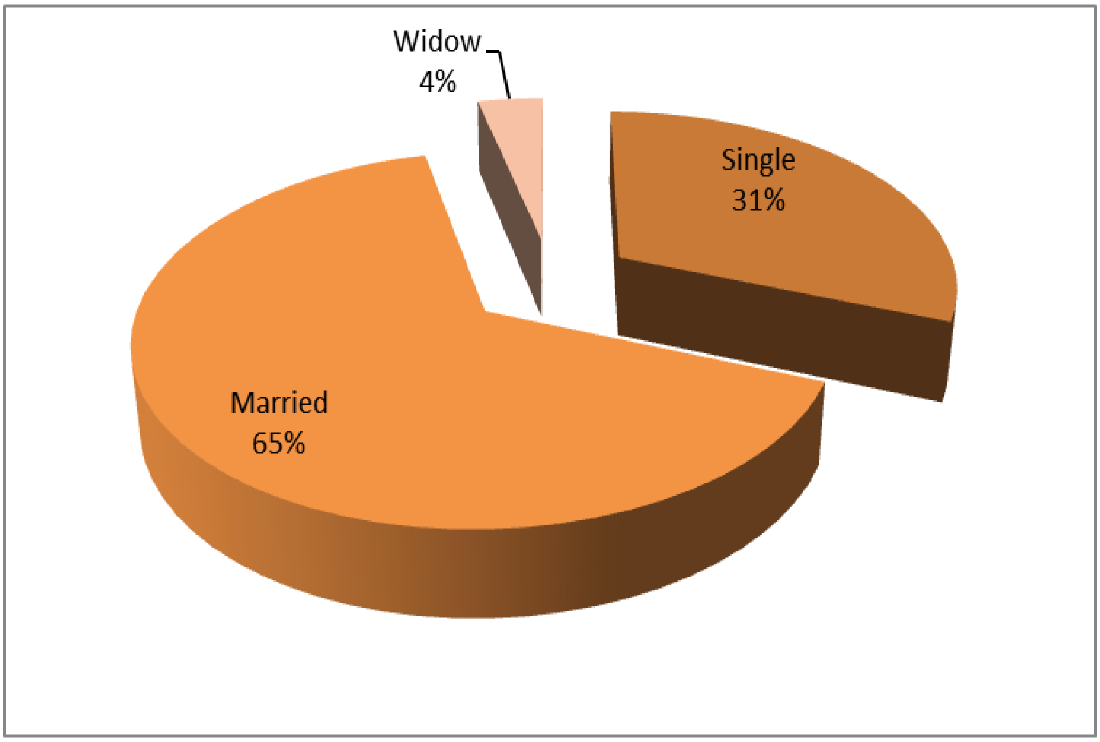
Respondents were asked to indicate their marital status. Table 5 and Figure 7 respectively indicate their responses.

Table 5: Marital Status of the Respondents

Marital Status	Frequency	Percent
Single	17	31
Married	36	65
Widow	2	4
Total	**55**	**100**

Source: Field Data,(2014)

Figure 7: Marital Status of the Respondents



Source: Field Data (2014)

Table 5 and Figure 7 above revealed that 31%, 65% and 4% were single, married and widow respectively. Findings indicated that the majority of respondents were married.

4.2.4 Level of Education

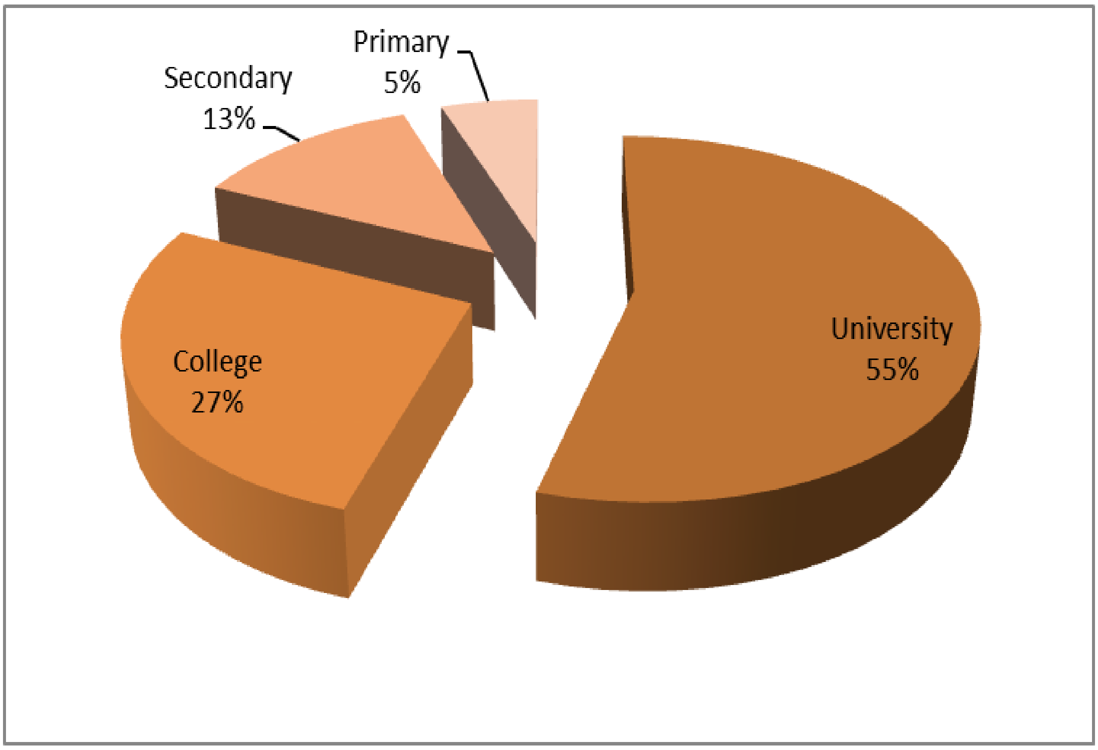
Respondents were asked to indicate their education level. Table 6 and Figure 8 respectively illustrate the findings.

Table 6: Level of Education of the Respondents

Level of Education	Frequency	Percent
University	30	55
College	15	27
Secondary	7	13
Primary	3	5
Total	**55**	**100**

Source: Field Data, (2014)

Figure 8: Level of Education of the Respondents



Source: Field Data, (2014)

Table 6 and Figure 8 above revealed that 55%, 27%, 13% and 5% had university, college, secondary and primary level of education respectively. Findings indicated that the majority of respondents had university level of education. This implies that most of the respondents who were involved in the study were in their crucial age and they had sufficient knowledge on the subject matter.

4.2.5 Occupation

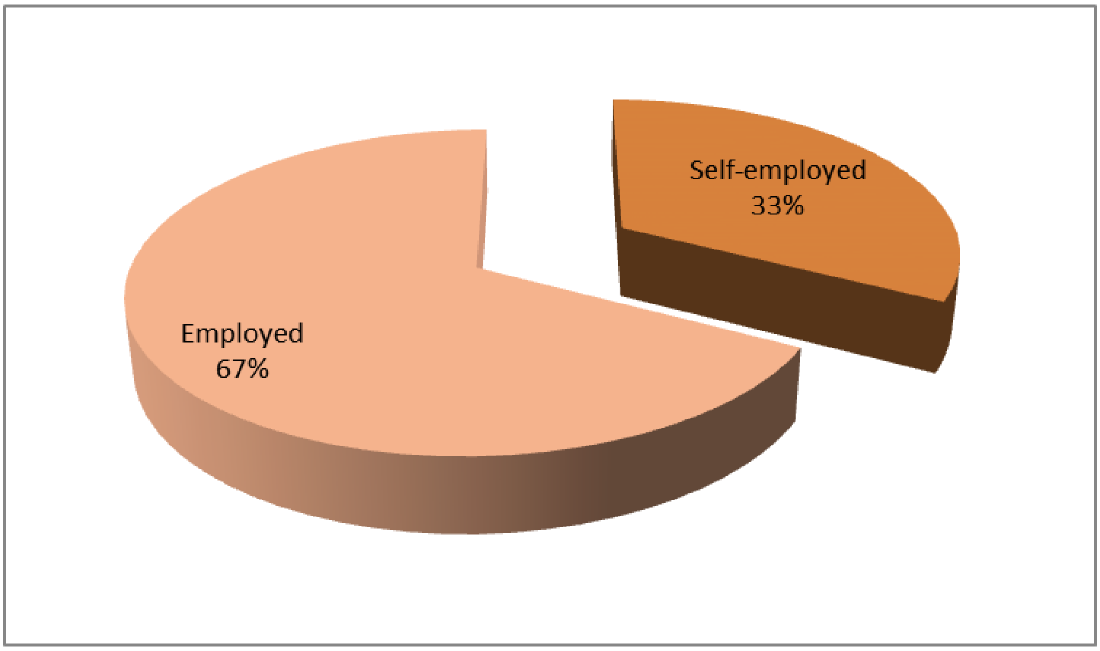
Respondents were asked to indicate their occupation. Table 7 and Figure 9 respectively illustrated the findings.

Table 7: Occupation of Respondents

Occupation	Frequency	Percent
Self-employed	18	33
Employed	37	67
Total	**55**	**100**

Source: Field Data, (2014)

Figure 9: Occupation of Respondents



Source: Field Data, (2014)

Table 7 and Figure 9 above revealed that 67% and 33% of respondents were employed and self-employed respectively. Findings indicated that the majority of respondents were employed. This implies that the respondents were drawn from diverse professions meaning their views about the subject of study were varied.

DISCUSSION OF FINDINGS

The study was conducted to investigate the assessment of the customer data usage and perceived service quality in managing costomer relations in banking industry. Taking CRDB Bank(headquarter) as a case study and are discussed in this section finds

4.3 Relationships between Customer Satisfaction and Customer Relationship Management

Study aimed at examining the relationships between customer satisfaction and customer relationship management in banking industry. Respondents were asked to identify relationships between customer satisfaction and customer relationship management. Table 8 indicated the responses.

Table 8: Relationships between Customer Satisfaction and CRM

Relationships	Frequency	Percent
Understanding of customer requirements	21	38
Meeting customer expectations	34	62
Total	**55**	**100**

Source: Field Data, (2014)

Table 8 indicated that 38% and 62% of interviewed respondents identified understanding of customer requirements and meeting customer expectations respectively as relationships that exists between customer satisfaction and customer relationship management in banking industry. The majority of respondents identified meeting customer expectations as key relationship that links customer satisfaction and customer relationship management in banking industry. Findings implied that, meeting customer expectations exert significant linkage between customer satisfaction and CRM. The findings correspond with the observation done by Barsky, (2002) on customer satisfaction as one of the most important outcomes of all marketing activities in a market-oriented firm. The obvious need for satisfying the firm's customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business, all of which lead to improved profitability.

4.3.1 Understanding of Customer Requirements Relates to CRM

Respondents were asked to rate whether understanding of customer requirements relates to customer relationship management. This was done using a point 5 Likert scale. Table 9 illustrated findings.

Table 9: Customer Requirements Relates to CRM

Ratings	Frequency	Percent
Agree	37	67
Strongly Agree	10	19
Neutral	1	2
Disagree	4	7
Strongly Disagree	3	5
Total	**55**	**100**

Source: Field Data, (2014)

Table 9 revealed that, 5% of interviewed respondents strongly disagreed and 7% disagree that understanding customer requirements relates to customer relationship management; whereas 2% was neutral. On the other hand, 67% of interviewed respondents agreed and 19% strongly agreed that understanding customer requirements relates to customer relationship management. A total of 13% of interviewed respondents disagreed while a total of 86% agreed that understanding customer requirements relates to customer relationship management. Findings implied that there is a great relationship between understanding customer requirements and CRM.

4.3.2 Meeting Customer Expectations Relates to CRM

Respondents were asked to rate whether meeting customer expectations relates to CRM. This was done using a point 5 Likert scale. Table 10 provided their responses.

Table 10: Meeting Customer Expectations Relates to CRM

Ratings	Frequency	Percent
Agree	29	53
Strongly Agree	20	36
Neutral	2	4
Disagree	3	5
Strongly Disagree	1	2
Total	**55**	**100**

Source: Field Data, (2014)

Table 10 indicated that, 2% of interviewed respondents strongly disagreed and 5% disagreed that meeting customer expectations relates to customer relationship management; while 5% were neutral. On the other hand, 53% of interviewed respondents agreed and 36% strongly agreed that meeting customer expectations relates to customer relationship management. A total of 7% of respondents disagreed whereas a total of 89% agreed that meeting customer expectations relates to customer relationship management. Findings implied that there is a great relation between meeting customer expectations and customer relationship management.

4.4 Relationships Between Customer Loyalty and Customer Relationship Management

The study aimed at examining the relationships between customer loyalty and customer relationship management in banking industry. The respondents were asked to identify the attributes that links customer loyalty and customer relationship management. The findings are presented in Table 11.

Table 11: Relationships between Customer Loyalty and CRM

Attributes	Frequency	Percent
Behavioural loyalty	23	42
Attitudinal loyalty	32	58
Total	**55**	**100**

Source: Field Data, (2014)

Table 11 indicated that, 42% and 58% of interviewed respondents identified behavioral loyalty and attitudinal loyalty respectively as relationships that exists between customer loyalty and customer relationship management in banking industry. The majority of respondents identify attitudinal loyalty as key relationship that links customer loyalty towards customer relationship management in banking industry. Findings implied that attitudinal dimension lead customer's intention to repurchase and recommend, which are good indicators of a loyal customer. The findings resemble with the observation done by Julander *et al., (*2007) on customer loyalty as viewed in two distinct ways, the first views loyalty as an attitude and the second view of loyalty as behavioral.

4.4.1 Relationship between Behavioral Loyalty and CRM

Respondents were asked to rate whether behavioral loyalty relates to CRM. This was done using a point 5 Likert scale. The findings are presented in Table 12.

Table 12: Relationship between Behavioral Loyalty and CRM

Ratings	Frequency	Percent
Agree	35	63
Strongly Agree	12	22
Neutral	1	2
Disagree	5	9
Strongly Disagree	2	4
Total	**55**	**100**

Source: Field Data, (2014)

Table 12 indicated that, 4% of respondents strongly disagreed and 9% disagreed that behavioral loyalty relates to customer relationship management; whereas about 2% were neutral. On the other hand, 63% of respondents agreed and 22% strongly agreed that behavioral loyalty relates to customer relationship management. A total of 13% of respondents disagreed while a total of 85% of respondents agreed that behavioral loyalty relates to CRM. Findings implied that loyalty behavior include continuing to purchase services from the same service provider increasing the scale and scope of a relationship, and the act of recommendation to other customers.

4.4.2 Relationship between Attitudinal Loyalty and CRM

Respondents were asked to rate whether attitudinal loyalty relates to CRM. This was done using a point 5 Likert scale. The findings are presented in Table 13.

Table 13: Relationship between Attitudinal Loyalty and CRM

Ratings	Frequency	Percent
Agree	39	71
Strongly Agree	9	16
Neutral	2	4
Disagree	4	7
Strongly Disagree	1	2
Total	**55**	**100**

Source: Field Data, (2014)

Table 13 indicated that, 2% of respondents strongly disagreed and 7% disagreed that attitudinal loyalty relates to customer relationship management; whereas about 4% were neutral. On the other hand, 71% of respondents agreed and 16% strongly agreed that attitudinal loyalty relates to customer relationship management. A total of 9% of respondents disagreed whereas a total of 87% agreed that attitudinal loyalty relates to CRM. Findings implied that attitudinal dimensions lead to a customer's intention to repurchase and recommend. Moreover, a customer who has the intention to repurchase and recommend is very likely to remain with the service provider.

4.5 Service Quality Dimensions that Determines Customer Relationship Management

The study aimed at examining the service quality dimensions that determines customer relationship management in banking industry. Respondents were asked to identify service quality dimensions that determine customer relationship management in banking industry. The findings are presented in Table 14.

Table 14: Service Quality Dimensions that Determines CRM

Dimensions	Frequency	Percent
Tangibility	6	7
Reliability	8	9
Responsiveness	16	17
Assurance	33	39
Empathy	24	28
Total	**55**	**100**

Source: Field Data, (2014)

Table 14 indicated that, 7%, 9%, 17%, 39% and 28% of interviewed respondents identified tangibility, reliability, responsiveness, assurance and empathy respectively as service quality dimensions that determine customer relationship management in banking industry. The majority of respondents identified assurance and empathy dimensions as the key service quality dimensions that determine customer relationship management in banking industry. Findings implied that assurance and empathy service quality attributes are essential for an organization survival and growth. This finding concurs with observation done by Gronroos (2001) that service quality represents a long-run, overall, evaluation which is different from customer satisfaction, a more short-term transaction specific judgment.

Correspondingly, the study further aimed at establishing the relationship between service quality dimensions and customer relationship management. This was done using 5 point Likert scale. Table 15 below illustrated the findings.

Table 15: Service Quality Dimensions and CRM

Ratings	Frequency	Percent
Strong disagree	7	13
Disagree	4	7
Neutral	3	6
Agree	32	58
Strong agree	9	16
Total	**55**	**100**

Source: Field Data, (2014)

According to the study as shown on table 15, the study revealed that 13% of respondents strongly disagreed and 7% disagreed that service quality dimensions relates to customer relationship management; whereas only 7% were neutral. On the other hand, 58% of respondents agreed and 16% strongly agreed that service quality dimensions relates to customer relationship management. A total of 20% of respondents disagreed while 74% agreed that service quality dimensions relates to customer relationship management. Findings imply that service quality dimensions determine CRM and have great impact on performance.

4.6 Customer Data Usage and Perceived Service Quality in Managing Customer Relations

The study aimed at examining the customer data usage and perceived service quality in managing customer relations in banking industry. Respondents were asked to identify the customer data usage and perceived service quality in managing customer relations.

The findings indicated that, it was not the experiences of the quality dimensions alone that determined whether quality was perceived as good, neutral or bad but quality experiences were connected to marketing activities in managing customer relations resulting in a Perceived Service Quality. Good perceived quality was obtained when the experienced quality met the expectations of the customers (expected quality). If expectations were unrealistic, the total perceived quality was low, irrespective of the experienced quality measured in an objective way been well.

Findings further revealed that, perceived or experienced service was not consistent with the expected service resulting in negatively confirmed (bad) quality and a quality problem, bad word of mouth, a negative impact on service provider image and lost business.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations of the study based on the objectives of the study. The main objective of this study was to assess customer data usage and perceived service quality in managing customer relations in banking industry. The specific objectives were to; examine the relationships between customer satisfaction and customer relationship management in banking industry, examine the relationships between customer loyalty and customer relationship management in banking industry; examine the service quality dimensions that determine customer relationship management in banking industry and examine the customer data usage and perceived service quality in managing customer relations in banking industry. The study involved 55 respondents and combined both qualitative and quantitative data.

5.2 Summary of Findings

The findings revealed that, understanding of customer requirements and meeting customer expectations respectively linked the relationships that exist between customer satisfaction and customer relationship management in banking industry. The majority of respondents identified meeting customer expectations by 62% as key relationship that links customer satisfaction and customer relationship management in banking industry.

Similarly, findings revealed that, behavioral loyalty and attitudinal loyalty respectively linked the relationships that existed between customer loyalty and customer relationship management in banking industry. The majority of respondents identified attitudinal loyalty by 58% as key relationship that links customer loyalty towards customer relationship management in banking industry.

Moreover, the findings revealed that, tangibility, reliability, responsiveness, assurance and empathy respectively as service quality dimensions that determine customer relationship management in banking industry. The majority of respondents identified assurance by 39% and empathy by 28% as the key service quality dimensions that determine customer relationship management in banking industry.

Furthermore, the findings revealed that, good perceived quality was obtained when the experienced quality met the expectations of the customers (expected quality) and when expectations were unrealistic the total perceived quality was low, irrespective of the experienced quality measured in an objective way been well. The majority of respondents identified perceived or experienced service was not consistent with the expected service resulting in negatively confirmed (bad) quality and a quality problem.

5.3 Conclusions

Based on the findings that, majority of respondents identified meeting customer expectations as key relationship that links customer satisfaction and customer relationship management in banking industry, therefore the study concluded that, meeting customer expectations exert significant linkage between customer satisfaction and CRM.

Likewise, based on the findings that, majority of respondents identified attitudinal loyalty as key relationship that links customer loyalty towards customer relationship management in banking industry, therefore the study concluded that, attitudinal dimension lead customer's intention to repurchase and recommend, which are good indicators of a loyal customer.

Similarly, based on the findings that, majority of respondents identified assurance and empathy dimensions as the key service quality dimensions that determine customer relationship management in banking industry, therefore the study concluded that, assurance and empathy service quality attributes are essential for an organization survival and growth.

Furthermore, based on the findings that, majority of respondents accepted perceived or experienced service was not consistent with the expected service resulting in negatively confirmed (bad) quality and a quality problem, therefore the study concluded that, expectations were unrealistic the total perceived quality was low, irrespective of the experienced quality.

5.4 Recommendations

Based on the conclusion, the following recommendations are put forward in assessing customer data usage and perceived service quality in managing customer relations in banking industry.

(i.) Bank managers should implement an effective customer relationship management (CRM) that enhances customer satisfaction, loyalty and provides opportunities for banks to cross-sell other related and unrelated products to its customers.

(ii.) Policy makers should use the findings of the study to develop appropriate regulatory policies and frameworks for ensuring faster realization of CRM inclusion strategies.

(iii.) Banks should evolve role of customer data in CRM and help identify new directions for customer data usage. The focus is shifted from the internal to the external use of customer data: customer data are increasingly understood to be a resource for the customer's-not just the firm's-value creation.

(iv.) Practitioners should unveil how firms can use the customer relationship management (CRM) strategy to raise and keep loyal customers and how to manage the supplier-customer relationship in the banking sector.

5.5 Areas for Further Study

The study has assessed customer data usage and perceived service quality in managing customer relations in banking industry. This warrants the need for another study which would ensure generalization of the study findings for banks in Tanzania and hence pave way for new policies. The study therefore recommends further study to be carried out to investigate the evolving role of customer data on customer relationship management.

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APPENDICES

Appendix 1: QUESTIONNAIRE TO CUSTOMERS

It is the aim of this questionnaire to seek for your feelings, perception and opinion regarding customer data usage and perceived service quality in managing customer relations in banking industry.

Being one of the participants, you are asked to respond freely to this questionnaire and all answers you provide will be kept strictly confidential.

Part A: Personal information

Please put a tick (X) against the appropriate answer

1. Gender:
   - (a) Male ( )
   - (b) Female ( )

2. Age Group:
   - (a) 20 – 29 ( )
   - (b) 30 – 39 ( )
   - (c) 40 – 49 ( )
   - (d) 50 – above ( )

3. Marital Status:
   - (a) Single ( )
   - (b) Married ( )
   - (c) Divorced ( )
   - (d) Widow ( )
   - (e) Separated ( )

4. Education Level:

(a)	University	( )
(b)	College	( )
(c)	Secondary	( )
(d)	Primary	( )

5. Occupation:

(a)	Self – Employed	( )
(b)	Employed	( )

Part B: Relationships between customer satisfaction and customer relationship management. Please put a tick (X) against the appropriate answer (s)

1. What do you think is the relationship between customer satisfaction and customer relationship management in your bank?
   (a) Understanding of customer requirements
   (b) Meeting customer expectations

2. Does the understanding of your requirements satisfy you and maintain your relationship with your bank?

(a)	Agree	( )
(b)	Strongly Agree	( )
(c)	Neutral	( )
(d)	Disagree	( )
(e)	Strongly Disagree	( )

3. Do you think meeting customer expectations satisfy you and maintain your relationship with your bank?

(a)	Agree	( )
(b)	Strongly Agree	( )
(c)	Neutral	( )
(d)	Disagree	( )
(e)	Strongly Disagree	( )

Part C: Relationships between customer loyalty and customer relationship management

Please put a tick (X) against the appropriate answer (s)

4. What do you think is the relationship between customer loyalty and customer relationship management in your bank?
   (a) Behavioural loyalty ( )
   (b) Attitudinal loyalty ( )

5. Do you think your attitude create an overall attachment to your bank?
   (a) Agree ( )
   (b) Strongly Agree ( )
   (c) Neutral ( )
   (d) Disagree ( )
   (e) Strongly Disagree ( )

6. Do you think your behaviour create an overall attachment to your bank?
   (a) Agree ( )
   (b) Strongly Agree ( )
   (c) Neutral ( )
   (d) Disagree ( )
   (e) Strongly Disagree ( )

Part D: Service quality dimensions that determine customer relationship management.

Please put a tick (X) against the appropriate answer

7. What is the service quality dimension that determines your relationship with your bank?
   (a) Tangibility ( )
   (b) Reliability ( )
   (c) Responsiveness ( )
   (d) Assurance ( )
   (e) Empathy ( )

8. Tangibility dimension determines your relationship with your bank?

(a)	Agree	(	)
(b)	Strongly Agree	(	)
(c)	Neutral	(	)
(d)	Disagree	(	)
(e)	Strongly Disagree	(	)

9. Reliability dimension determines your relationship with your bank?

(a)	Agree	(	)
(b)	Strongly Agree	(	)
(c)	Neutral	(	)
(d)	Disagree	(	)
(e)	Strongly Disagree	(	)

10. Responsiveness dimension determines your relationship with your bank?

(a)	Agree	(	)
(b)	Strongly Agree	(	)
(c)	Neutral	(	)
(d)	Disagree	(	)
(e)	Strongly Disagree	(	)

11. Assurance dimension determines your relationship with your bank?

(a)	Agree	(	)
(b)	Strongly Agree	(	)
(c)	Neutral	(	)
(d)	Disagree	(	)
(e)	Strongly Disagree	(	)

12. Empathy dimension determines your relationship with your bank?

(a)	Agree	( )
(b)	Strongly Agree	( )
(c)	Neutral	( )
(d)	Disagree	( )
(e)	Strongly Disagree	( )

Thank You For Your Cooperation

Appendix 2: QUESTIONNAIRE TO CUSTOMERS SERVICE STAFFS AND BANK TELLERS

It is the aim of this questionnaire to seek for your feelings, perception and opinion regarding customer data usage and perceived service quality in managing customer relations in banking industry.

Being one of the participants, you are asked to respond freely to this questionnaire and all answers you provide will be kept strictly confidential.

Part A: Personal information

Please put a tick (X) against the appropriate answer

1. Gender:
   - (a) Male ( )
   - (b) Female ( )

2. Age Group:
   - (a) 20 – 29 ( )
   - (b) 30 – 39 ( )
   - (c) 40 – 49 ( )
   - (d) 50 – above ( )

3. Marital Status:
   - (a) Single ( )
   - (b) Married ( )
   - (c) Divorced ( )
   - (d) Widow ( )
   - (e) Separated ( )

4. Education Level:
   - (a) University ( )
   - (b) College ( )
   - (c) Secondary ( )
   - (d) Primary ( )

5. Occupation:

  (a) Self – Employed ( )

  (b) Employed ( )

Part B: Relationships between customer satisfaction and customer relationship management

Please put a tick (X) against the appropriate answer

1. What do you think is the relationship between customer satisfaction and customer relationship management in your bank?

  (a) Understanding of customer requirements ( )

  (b) Meeting customer expectations ( )

2. Do you think understanding of customer requirements satisfy customers and maintain their relationship with your bank?

  (a) Agree ( )

  (b) Strongly Agree ( )

  (c) Neutral ( )

  (d) Disagree ( )

  (e) Strongly Disagree ( )

3. Do you think meeting customer expectations satisfy customers and maintain their relationship with your bank?

  (a) Agree ( )

  (b) Strongly Agree ( )

  (c) Neutral ( )

  (d) Disagree ( )

  (e) Strongly Disagree ( )

Part C: Relationships between customer loyalty and customer relationship managementPlease put a tick (X) against the appropriate answer (s)

4. What type of customer loyalty relationship does your bank have with customers?

(a)	Behavioural loyalty	( )
(b)	Attitudinal loyalty	( )

5. Do you think customer attitude towards your bank create an overall attachment?

(a)	Agree	( )
(b)	Strongly Agree	( )
(c)	Neutral	( )
(d)	Disagree	( )
(e)	Strongly Disagree	( )

6. Do you think customer behaviour towards your bank create an overall attachment?

(a)	Agree	( )
(b)	Strongly Agree	( )
(c)	Neutral	( )
(d)	Disagree	( )
(e)	Strongly Disagree	( )

Part D: Service quality dimensions that determine customer relationship management Please put a tick (X) against the appropriate answer

7. What is the service quality dimension that determines customer relationships with your bank?

(a)	Tangibility	( )
(b)	Reliability	( )
(c)	Responsiveness	( )
(d)	Assurance	( )
(e)	Empathy	( )

8. Tangibility dimension determines customer relationships with your bank?

(a) Agree ( )
(b) Strongly Agree ( )
(c) Neutral ( )
(d) Disagree ( )
(e) Strongly Disagree ( )

9. Reliability dimension determines customer relationships with your bank?

(a) Agree ( )
(b) Strongly Agree ( )
(c) Neutral ( )
(d) Disagree ( )
(e) Strongly Disagree ( )

10. Responsiveness dimension determines customer relationships with your bank?

(a) Agree ( )
(b) Strongly Agree ( )
(c) Neutral ( )
(d) Disagree ( )
(e) Strongly Disagree ( )

11. Assurance dimension determines customer relationships with your bank?

(a) Agree ( )
(b) Strongly Agree ( )
(c) Neutral ( )
(d) Disagree ( )
(e) Strongly Disagree ( )

12. Empathy dimension determines customer relationships with your bank?

(a)	Agree	( )
(b)	Strongly Agree	( )
(c)	Neutral	( )
(d)	Disagree	( )
(e)	Strongly Disagree	( )

Thank You For Your Cooperation

Appendix 3: INTERVIEW GUIDE

1. How does customer data usage and perceived service quality help to manage customer relationships in your bank?

   ____

2. How does your bank gather and store customer data?

   ____

3. What are the relationships between customer satisfaction and customer relationship management in banking industry?

   ____

4. What are the relationships between customer loyalty and customer relationship management in banking industry?

   ____

5. What are the service quality dimensions that determine customer relationship management in banking industry?

   ____

6. Do you think customer behaviors influence an overall attachment to your bank?

   ____

7. Does customer attitude influence an overall attachment to your bank?

   ____

   ____

Thank You for Your Time and Cooperation