AN ANALYSIS OF THE IMPACT OF CUSTOMER RELATIONSHIP MARKETING ON CUSTOMER SATISFACTION. A CASE OF BARCLAYS BANK ZIMBABWE.

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A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE BACHELOR OF BUSINESS STUDIES HONOURS DEGREE IN MARKETING OF BINDURA UNIVERSITY OF SCIENCE EDUCATION, FACULTY OF COMMERCE.

OCTOBER 2012
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DISSERTATION TITLE   An analysis of the impact of customer
relationship marketing on customer satisfaction. A
case of Barclays Bank Zimbabwe

DEGREE TITLE   Bachelor of Business Studies (Honours) Degree
Marketing

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I certify, to the best of my knowledge, that the required procedures have been followed and the preparation criteria have been met on this dissertation.

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DECLARATION

I, Amantha R. Nyamukondiwa, solemnly declare that the information in this dissertation, prepared in partial fulfillment of the Bachelor of Business Studies (Honours) Degree in Marketing, submitted to the Department of Business Studies, Faculty of Commerce at Bindura University of Science Education, has never been presented, submitted or
published in this nature or part. Previous works have been duly accredited and acknowledged properly.

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(Student’s signature) (Date)
DEDICATION

The research is dedicated to my father Mr. H. Nyamukondiwa and mother Mrs. G. Nyamukondiwa for their encouragement and support even in their times of financial difficulties.
ABSTRACT

The service industry has rapidly grown over the last three decades, and the importance of customer relationship marketing has grown with it. In order to satisfy their customers and instill a sense of loyalty banks have adopted customer relationship marketing. However, proper implementation and harvest of desired results has been a major problem in the banking sector. The study focused on analysing the impact of customer relationship marketing on customer satisfaction. The study sought to measure the customer relationship marketing levels at Barclays bank as well as the impact they have had on customer satisfaction and customer loyalty. The study took the path of a descriptive research study aided by random sampling and judgmental sampling techniques. The study used a sample of 15000 with sample size of 375 for customers. The sample for employees was 160 with a sample size of 113. The findings show that customer relationship marketing is perceived to be high among the employees and it has a positive impact on customer satisfaction, however, the study was not in favor of customer relationship marketing having a positive impact on customer loyalty.
ACKNOWLEDGEMENT

I would like to express my sincere gratitude to Ms S. Nyengerayi, and Mr. D. Chiguvi for supervising my project as well as all the Marketing lecturers in the faculty, under whose guidance the dissertation was carried out. Their attention to detail, immense insight and experience, suggestions and corrections were priceless and extremely helpful in the success of the project.

Special mention goes to Barclays Bank Zimbabwe for allowing me to carry out my research with them, using their premises and interacting with their customers.

I would like to acknowledge the help from my fellow classmates, and my friend Mirirai Mapfumo Hazel Chapman Nyika, for the support they provided.

Above all, I thank Almighty God with whom all things are made possible.
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CHAPTER 1

INTRODUCTION

1.0 Introduction

The chapter gives the introduction to the research which includes, the background of the study, statement of the problem, purpose of the study research, its objectives, questions, significance of the study, assumptions, scope and delimitations of the study and the limitations of the study as well as definition of the key terms and abbreviations.

1.1 Background of the study

The findings of several studies on services marketing have suggested that in order to acquire and maintain a competitive edge, service organisations should develop long term relationships with their customers (Berry 1995; Grönroos 1994, 1991). Customer relationships are critical to the success of service firms because services are intangible and customers often have little to evaluate prior to making a purchase commitment (Claycomb and Martin, 2001). Customer relationship marketing is about building long term relationships with a network of influence markets in order to understand and if possible, anticipate their needs and wants to better satisfy and retain them. Customer satisfaction therefore occurs when customer expectations are met or exceeded and the purchase decision is reinforced (Assael, 2005). He goes on to say that customer satisfaction reinforces positive attitudes toward brand leading to greater likelihood that the customer will repurchase the same brand.

According to Barnes (1997), the retail banking industry has been criticised for being slow to adopt marketing. It is widely agreed that banks have had difficulties in focusing on the customer
and in becoming market oriented (Callaghan, McPhail, and Yay, 1995). The world over, banks, have implemented quite a number of customer relationship marketing strategies, to try and stay ahead of the ever increasing competition (Barnes, 1997; Becker, Greve and Albers, 2009), devoting resources to staff training in customer relationship marketing and management so as to try and enhance business performance.

This also applies to the Zimbabwean situation. Customers have lost confidence in the banking sector. The trend from 2003-2008 shows that there was a tremendous decline in the quality of service delivery in the banking sector. This resulted in customers switching from one bank to another. According to the Reserve Bank monetary policy December 2003, it has been noted that many banks were failing to meet the requirements of their clients and instilling confidence in them. As a way to resuscitate business lost during the inflationary era of 2008, Barclays Bank implemented customer relationship marketing strategies. However, there has been a substantial increase of reported complaints at Barclays Bank. It is with this realisation that the researcher wishes to understand and assess the impact of the customer relationship marketing on customer satisfaction. The researcher chose customer satisfaction as it is a primary factor in determining, other business performance variables such as loyalty and retention (Anderson, Fornell, and Lehmann, 1994).

Customer relationship marketing has its origins in the basic paradigm of marketing, that is, to satisfy customers with the best alternative in the market through a relational exchange process, (Anderson and Narus, 1990). It goes beyond the transactional process and enables the marketer to estimate the customer’s sentiments and buying intentions so that the customer can be provided with products and services promptly (Becker et al. 2009). This is possible through the integration of four important components, that is, people, processes, technology and data. Webster, (1992), says ‘Customer relationship marketing reorients the traditional business models to suit the integrative approach of relationship marketing by emphasising on the customer life time value rather than the product life time value.’ In the global literature sense, a number of studies have been done in more developed countries on the various effects of customer relationship marketing.
1.2 Statement of the Problem

Barclays bank is failing to implement effective customer relationship marketing hence affecting the quality and delivery of banking services. This is causing poor customer satisfaction as well as shortening the relationship between the bank and its customers. Poor customer relationship marketing has reduced customer loyalty and customer retention.

1.3 Objectives of the Study

The research aimed to achieve the following objectives

i. To measure customer relationship marketing levels at Barclays Bank.
ii. To determine the impact of customer relationship marketing on customer satisfaction.
iii. To determine the impact of customer relationship marketing on customer loyalty (behavioural) to the service.
iv. To identify the areas of improvement in customer relationship marketing strategy at Barclays Bank.

1.4 Research Questions

i. What is the level of customer relationship marketing at Barclays Bank?
ii. To what extent does customer relationship marketing determine the levels of customer satisfaction at Barclays bank?
iii. How does customer relationship marketing affect customer loyalty at Barclays bank?
iv. Are there areas of improvement in the customer relationship marketing strategy at Barclays bank?

1.5 Significance of the study
Barclays Bank - Barclays bank will benefit from this research in identifying review areas in their customer relationship marketing strategies which will help them not only in satisfying their customers but also in acquiring new customers.

The bank is also going to benefit from the study since the research is going to venture into the customer relationship marketing and suggest recommendations to improve the current system. The research is going to bring out the relevance of customer relationship marketing in the banking business to improve the business performance. The research will also suggest effective cash management techniques and how they control cash and address the cash management problem.

The research is likely to avail important information to the bank’s management on customer relationship marketing as it outlines ways to maintain relations with customers. The research is also going to bring out the relevance of customer satisfaction in managing the relationships with customers.

Barclays Bank customers- The customers got the opportunity to freely express how they feel about the services they receive at Barclays bank. The researcher intends that the research’s findings and recommendations will guarantee improved quality of service due to the effective implementation of customer relationship marketing.

Bindura University- The researcher intends for this research to form a primary and preliminary platform for further study along the lines of customer relationship marketing and satisfaction. The research is also going to provide literature review (library) to students and others who would want to take a further study in customer relationship marketing. Besides literature review it will also give students an insight on customer relationship marketing which might motivate them to carry out further studies with regard to this topic.
The research other than being a successful fulfilment of academic requirements aided the researcher in research skills as well as increase her knowledge base on the topic in study. The researcher benefited a lot in the field of marketing as she managed to gather relevant information about customer relationship marketing and why it is of paramount importance to a banking institution. Not only did the researcher benefit academically in the research process but also the researcher improved her communication skills as she had to talk her way to access to information from both management and customers of the bank. This research process also boosted the researcher’s confidence as well as diagnostic skills that she will capitalize on in the business world. The research also helped improve the relations between the researcher and the supervisor as there was frequent interactions during the supervision process. Moreover, the research was done as a partial fulfillment of the Bachelor of Business Studies Degree (Honours) in Marketing thus complimenting the attainment of the researcher’s academic objective.

1.6 Research Assumptions

The research is based on the following assumptions.

The effective use of customer relationship marketing improves service delivery and enhances customer satisfaction.

Banks that fully harness customer relationship marketing achieve higher levels of customer satisfaction and loyalty through better service delivery.

The respondents provided reliable and accurate information.

1.7 Delimitations

The study will focus on the Barclays bank branches that are situated within the central business district (CBD) of Harare. Therefore the research may not give a reflection of other branches that are situated beyond this area. The study will focus on customer relationship marketing strategy and its impact on customer satisfaction and loyalty. It does not look at other variables of business performance. The research results to be found can be generalised to other banks in the
commercial banking sector of Zimbabwe. The findings of the research will be based on the
responses of Barclays bank customers and employees on elements pertaining to them. The
researcher examined the current customer relationship marketing strategies at Barclays bank
only. The location of the study is Harare central business district because it where the majority
population is located.

1.8 Limitations

In most libraries very few authors address customer relationship marketing in detail. To mitigate
this, the researcher extensively used online publications on the internet.

During data collection, most of the respondents did not have much interest in answering the
questionnaire, moreover, being approached by a student. However the researcher had to make
use of the bank tellers, personal bankers and other Barclays bank staff members in administering
and distributing the questionnaire in-order to gain cooperation of the respondents as well as
enhance freedom of expression to the responses given.

1.9 Definition of terms

marketing as a process of planning and executing the conception, pricing, promotion, and
distribution of ideas, goods, and services to create exchanges that satisfy individual and
organisational goals.

Relationship Marketing- Consistent application of up-to-date knowledge of individual
customers to product and service design, which is communicated interactively in order to
develop a continuous, mutually beneficial and long-term relationship, (Ezinkota and
Kotobe, 2001)

Customer Relationship Marketing (CRM) - it is a business process in which
relationships, customers and brand value are built through marketing strategies and
activities. It allows businesses to develop long-term relationships with established and new customers while helping streamline corporate performance, (Janssen, 2001).

**Customer Satisfaction**- Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used, (Taylor and Baker, 1994).

**Customer Loyalty**- it is all about attracting the right customer, getting them to buy, buy often, buy in higher quantities and bring even more customers, (Chartered Institute of Loyalty, CIL, 2012).

1.9 **Abbreviations**

**CRM**- customer relationship marketing

**CS**- customer satisfaction

**BBZ**- Barclays bank Zimbabwe

**CL**- customer loyalty

1.10 **Summary**

Chapter one focused on giving the background and introduction to the research, the questions and objectives to be met by the study, the circumstances underlying the research, the stakeholders benefiting from the research and the statement of the problem. It also gives definitions and abbreviations to be used in the research.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter aims at reviewing the literature, that is, not reproducing it but emphasising relatedness, thereby getting the proper psychological orientation about the study which is the investigation of the impact of customer relationship marketing on customer satisfaction. The chapter first discusses theoretical framework and then gives empirical literature.

2.1 Conceptual and theoretical framework

2.1.1 Customer relationship marketing

Customer relationship marketing has different meanings to different people, as well as being conceptualised in different ways (Irana and Buttle 2006). A consensus exists among other authors that the goal of organisations in applying customer relationship marketing is identifying their own customers and to provide personalised banking services in order to enhance and increase both customer satisfaction and loyalty in the long run (Kalakota and Robinson 2001; Gebert, Gerb, Kolbe, and Brenner 2003). It is a concept that has been borne from relationship marketing, and “views marketing as an integrative activity involving personnel from across the organisation, with emphasis on facilitating, building and maintaining relationships over time”. Berry and Parasuraman, (1991) and Grönroos, (1994) highlight that customer relationship marketing refers to marketing activities that attract, develop, maintain, and enhance customer relationships. Xu and Walton (2005), say that customer relationship marketing in the financial services is considered to be an approach to maximise client value through differentiating the management of client relationships. It is a set of business practices designed to make banks closer to its customers in order to be able to better understand each customer so that each one
becomes more important and more valuable to the organisation (Godsen, 2004). In this line of thought Kotler and Armstrong (2004), define customer relationship marketing as the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

From the above definitions the researcher noted that the main facets of customer relationship marketing are identifying customers, understanding their various needs, satisfying them, and maintaining profitable relationships as noted by Berry and Parasuraman, (1991); Grönroos, (1994), Kotler and Armstrong (2004), Godsen, (2004), Xu and Walton (2005); (Shani and Chalasani (1992); Kalakota and Robinson (2001); Gebert, et al. (2003).

2.1.1.1 Framework for Customer Relationship Marketing

Most observers agree that customer relationship marketing is not only based on looking at individual transactions (O’Malley, 2000). While transactional marketing is now viewed as integrated into customer relationship marketing (Tyler and Stanley, 1999), relational exchange is a long-term and complex relationship between service providers and customers, not simply or only a series of transactions (Berry, 1983; Jackson, 1985; Dwyer, and Tanner, 2005). Relationships are likely to rely less on contract law and more on issues such as trust, equity, responsibility, and commitment (Gundlach and Murphy, 1993).

Many factors including product, quality, price, exchange rate, and demand can all have a major influence on sales. However, customer relationship marketing can also impact sales and brand loyalty (Heffernan, O’Neill, Travaglione and Droulers 2008; Lee, Pae and Wong 2001). The studies concentrated on relationship marketing but accepted that many other factors also have to be managed optimally. Increasingly, marketing issues such as rapid customer turnover and the effects of discontinued customer relationships have become critical for many businesses.

Growing competition, coupled with industry maturity and recessionary pressures, mean that organisations cannot totally depend on new customers to take the place of lost customers (Zeithaml, Bitner, and Gremler, 2006). Customer attraction but not customer satisfaction and
brand loyalty are at the heart of transaction marketing exchanges which develop, sell and deliver products by means of short-term, discrete economic transactions. Relationship marketing is considered by some academic commentators to represent the beginning of a paradigm shift in marketing (Grönroos, 2000; O’Malley, 2000). The evolution of customer relationship marketing has been one of the most significant developments in marketing over the decades, particularly in relation to industrial marketing (Dwyer and Tanner 2005; Sheth and Parvatiyar, 1995).

Abramson and Ai (1997) studied the business-to-business sector in China and concluded that guanxi-style buyer-seller relationships (guanxi as a complex set of social relationships) were strongly related to reduce levels of perceived uncertainty about the business environment and a variety of improved performance outcomes. Wong (1998) undertook a study on guanxi and relationship performance on industrial buying in China and suggested that firms should adapt customer relationship marketing plans to compete in the changing environment of the Chinese market. The findings of these studies indicate that customer relationship marketing has a significant impact on the business performance of firms in both service and industrial marketing.

Much of the relational literature has been concerned with identifying the key dimensions of customer relationship marketing and exploring how these dimensions interact, Morgan and Hunt (1994). Less attention has been devoted to how these constructs drive business performance thereby leaving largely unanswered those questions about the links between relationships and the value they create.

Relational variables have been drawn from a wide variety of theoretical domains. Ahmad and Buttle (2002) identify six main sources of business partnerships: transaction cost analysis, relational exchange theory, resource-dependence theory, network theory, political economy paradigm, and cross-cultural management. Each theory has provided a particular lens through which relationships, their dimensions and appropriate research methodologies, are viewed.
Although marketing academics and practitioners have been examining customer relationship marketing for more than a decade (Grönroos, 1990, O’Malley, 2000), most of the studies on customer relationship marketing have been criticised as overly simplistic because of their uni-dimensional perspective (Yau, McFetridge, Chow, Lee, Sin, and Tse, 2000) unlike the model of Callaghan, McPhail, and Yay, (1995) which used a multi-dimensional perspective.

The first three marketing waves, mass marketing, target marketing and global marketing shared one thing in common. They focused on maximising sales. The goals were to maximise sales in mass markets, targeted markets or global markets. Marketers are now discovering that it is unfortunately possible to increase sales without increasing profits. So, now marketers look at quality of share, not just quantity of share. Their objective is enduring profitable growth. The new marketing goal is to increase sales and to increase profits simultaneously. Marketers are beginning to appreciate that the basis for enduring profitable growth is the creation and reinforcement of building customer relationships (Jansen, 2001).

Customer relationship marketing's core strength is an ability to glean insight from customer feedback to create enhanced, solid and focused marketing and brand awareness. Key motivating drivers for the development of more innovative customer relationship marketing strategies are Web technologies and a sharpened global focus on customer satisfaction and loyalty. Customer relationship marketing also provides a way to directly evaluate customer value. For example, a business that is genuinely interested in its customers will be rewarded with customer and brand loyalty. Because customer relationship marketing is mutually advantageous, market share viability advances at a sound pace (Jansen, 2001).

2.1.2 Customer satisfaction

According to Assael, (2005), customer satisfaction occurs when customer expectations are met or exceeded and the purchase decision is reinforced. Customer satisfaction was defined in broad as a concept that involves two components, that is, cognitive and affective, (Yu and Dean, 2001). The cognitive component refers to a customer’s evaluation of the perceived performance in terms of its adequacy in comparison to the customer’s expectation standards (Oliver, 1997), Wirtz, (1993), Liljander and Strandvik (1997). The affective component which is the emotional component consists of various emotions, such as happiness, surprise and disappointment (Stauss
and Neuhaus, 1997; Oliver, 1997b; Liljander and Strandvik, 1997). According to Westbrook (1985), customer satisfaction is a state of recognition to feel an appropriate or inappropriate experience for the sacrifice adequately. Oliver (1997) discusses satisfaction as a several psychological state which is about the expectation for feelings and experience from banking encounters. In addition, customer satisfaction is as a result of a services performance exceeding expectations. From the definitions provided above the researcher, noted that customer satisfaction has been taken to be a state of recognition, a feeling, or psychological state that occurs when expectations are met or exceeded having both a cognitive and affective component.

2.1.2.1 Customer satisfaction in financial institutions

The emergence of customer satisfaction at financial institutions has been widely studied and focus on customer satisfaction is the primary goal of any organisation, especially the bank and full understanding of this issue is important for researchers and officials. Researchers have found that the impact of a successful financial services business is customer satisfaction. Almost any business cannot continue to survive without the consent of the customer (Yuksel, Yuksel, and Bilim, 2010). The researchers stressed the importance of customer satisfaction in the banking industry and its role in the maintenance of the client is non-negligible (Farquhar and Panther, 2008). High level of customer satisfaction increases customer loyalty and price sensitivity of customers. It reduces costs of marketing failure and creating new customers as well as improves the effectiveness of advertisements and increases the firm's credit (Kim, Park and Jeong, 2004).

Customer relationship marketing relies upon the communication and acquisitions of consumer requirements solely from existing customers in a mutually beneficial exchange, usually involving permission for contact by the customer through an opt-in system (Ravald and Gronroos 1996).

With relevance to customer satisfaction the relative price of services and goods produced or sold through a company alongside customer service generally determine the amount or sales relative to that of competing companies. Groups targeted through customer relationship marketing may be smaller, accuracy of communication and overall relevance to the customer remains higher
than that of direct marketing, more potential for generating new leads than direct marketing, and is not limited to rivalry marketing for the acquisition of further customers (Taylor and Baker, 1994).

2.1.2.2 Improvements in Customer Satisfaction

Customer satisfaction depends on the product’s perceived performance relative to a buyer’s expectations. Customer satisfaction is the extent to which a product or service’s perceived performance matches a buyer’s expectations (Kotler, 2000). Payne (1995) established the link between customer satisfaction and relation strength. He concluded that customer satisfaction is only one dimension in increasing customer relationship strength.

Customer relationship marketing leads to customer satisfaction since all the organisational activities will be directed to overall customer satisfaction. Customer relationship marketing aims to delight customers by promising only what the company can deliver, then delivering more than it promised through customised products and services (Morgan and Hunt, 1994).

Buchanan and Gilles (1990) maintained that one of the key elements of business success and profitability is customer satisfaction, the more satisfied the customer, the more durable the relationship, and the longer this lasts, the more money the company stands to make. We can see the importance of not just finding customers but of keeping them, satisfying them and growing with them as well. Customer relationship marketing is oriented toward the long term; this means that companies must aim high if they want to hold on to their customers. Highly satisfied customers produce several benefits in the company, they are less price sensitive and they talk favourably to others about the company and its products and remain loyal a longer period.

2.1.3 Customer loyalty
According to the customer loyalty institute, (CLI) (2012), customer loyalty is all about attracting the right customer, getting them to buy, buy often, buy in higher quantities and bring even more customers. Oliver (1997), defines loyalty as a deeply held commitment to re-buy or repatronise a preferred service consistently in the future thereby causing repetitive same bank usage, despite situational influences and marketing efforts having the potential to cause switching behavior. Lovelock (2001) adds to say customer loyalty is the customer’s willingness to continue patronising a firm over the long term, preferably on an exclusive basis and recommending the firm’s products to friends and associates. Customer loyalty is difficult to define; generally there are two distinct approaches in order to measure loyalty. First is the behavioural measurement which considers consistent and repetitious purchase behavior as an indicator of loyalty, (Bloomer et al). Second are the attitudinal measurements which reflect the emotional and psychological attachments inherent in loyalty. Thus the attitudinal measurements are concerned with the sense of loyalty, engagement and allegiance (Wong, Dean, and White 1999).

In this research loyalty borrows from, the customer loyalty institute (2012); Hunter 1998, Wong, et al (1999); Lovelock (2007); Oliver (1997). It is to be taken as the behavioural aspect of repeated purchase as they do not consider loyalty as a result of psychological commitment toward a bank.

2.1.4 Impact of customer relationship marketing on customer satisfaction

Padmavathy, Balaji and Sivakuma (2012), postulate that customer relationship marketing enables firms to collect information across various interactions and customise the efforts to suit individual tastes and preferences. This enhances perception of perceived quality and affects customer satisfaction. Using a multi dimensional method approach in a retail context, Srinivasan and Moorman (2005) examined the effects of customer relationship marketing investments on customer satisfaction. Their findings showed that the firm’s strategic commitments of customer relationship marketing system investments and customer relationship marketing capabilities were positively associated with increased customer satisfaction. However, Ndubisi and Wah (2005) found differences between bank customers who are satisfied and loyal and those who are not satisfied by key customer relationship marketing dimensions such as competence, conflict
Handling and trust. Thus the researcher noted that even though Mithas et al (2005), identifies a positive relationship, not all customers are interested in long term relationships. In yet another multibank study, Molina, Martin-Consuegra and Esteban (2007) shared that the bank performance measured in terms of customer satisfaction was greater for firms that have strong customer relationship marketing strategy in place.

Having this light the objectives of customer relationship marketing include the delivery of sustained or increasing levels of satisfaction and the retention of those customers by the maintenance and promotion of the relationship (Ravald and Grönroos, 1996). In this situation, the emphasis is primarily on interactive marketing activities and on managing these interactive marketing dimensions, that is, with the aim of establishing, developing and maintaining co-operative customer relationships for mutual benefits (Grönroos, 1994).

Most authors describe the key goal of customer relationship marketing as customer satisfaction, which is the key to survival in competitive markets for any firm. Customer satisfaction and surviving in today’s competitive environments require a heart to understand the customers; a brain to analyse; and hands on to deliver the products to them (Ghahfarokhi and Zakaria, 2009). These researchers also explain that customers are the source of revenue because they are the ones who pay bills and generate profits. The role of customers is so vital for organisations and that is why customer relationship marketing is born based on the recognition of the value customers have.

Today customers are the most significant factor in management of business they are now able to choose the items they want from a variety of choices and therefore change the strategies and programs firms have, hence having enough information about customers’ needs and market place is a vital factor to interact with their unexpected behaviours and then act in such a way which satisfies them and is in the direction of company’s objectives (Morgan and Hunt, 1994).

Now firms know that absorbing and maintaining the customers is an art. They have realised that to reach this purpose using appropriate programs such as customer relationship marketing, a business philosophy that provides the organisations a vision to deal with their customers better, is inevitable. A customer relationship marketing strategy delivers this vision by giving shape to customer service, marketing and activities to analyse data and most organisations view the final
purpose of this vision, maximisation of relationships with their profitable customers by increasing the value of these relationships, (Grönroos, 2000).

Previous researches have shown that there is a strong dependency between customer satisfaction and customer retention (Gwinner, 2001). Considering customer retention, any firm needs to improve the relationships with its customers in a way that results in more customer satisfaction and therefore increased profits (Dwyer, and Tanner, 1987; Becker, Greve and Albers 2009). Customer relationship marketing tries to retain the customers by its relationship programs whose major goal is to deliver a high level of customer satisfaction. Therefore if companies want to retain their customers, they must develop and efficiently execute a comprehensive set of relationship programs to deliver a targeted performance, customers expect. These programs include customisation, customer service, community building and loyalty programs (Winer, 2001).

Becker et al. (2009), add that most of the times the implementation of these programs affect each of the firm’s goals in different ways and may result in poor economical outcomes, for example, although many firms engage consultants and project members to implement customer relationship marketing technological systems such as software applications and databases or to align the firm’s structures and organisations, they cannot be sure that focusing on these activities will guarantee reaching the final goal of customer relationship marketing which is customer satisfaction. In order to attain this goal of customer satisfaction, in addition to investments for customer relationship marketing technologies, firms should consider their organisational and human resources and also relationship between processes and people because they can determine the degree to which customer relationship marketing is adopted and supported.

Customer relationship marketing is now considered as a necessity and its methods and experiences are applied in many industries because of its great role in becoming more customers focused to deal with the competitions between companies and to retain their current and loyal customers to gain more profit and reduce the costs, (Barnes, 1997).
2.1.6 Implementation challenges of customer relationship marketing

Although there are many evidences to show the impact of customer relationship marketing on customer satisfaction at and the organisation’s performance, there are many reports showing disappointing results of the customer relationship marketing to satisfy existing and developing relationships with them, (Lovelock, 2001). The wide range scope of customer relationship marketing implementation and the unfortunate reality that it is often the weakest link that determines the success of an implementation shows the challenge of getting it right. The common reasons for failure include;

2.1.6.1 Viewing customer relationship marketing as a technology initiative. It is to let the focus shift toward technology and its features, with the result that the information technology (IT) department – rather than top management or marketing-takes the lead in devising customer relationship marketing strategy. This often results in a lack of strategic direction and understanding of customers and markets during implementation (Lovelock, 2001).

2.1.6.2 Insufficient appreciation of customer lifetime value (LTV). The marketing of many firms is not sufficiently structured around the vastly different profitability of different customers. Furthermore, servicing costs for different customer segments are often not captured well for example, using activity based costing, (Lovelock, 2001).

2.1.6.3 Inadequate support from top management. Without ownership and active involvement of top management, customer relationship marketing the customer relationship marketing strategic intent will not survive the implementation intact, (Lovelock, 2001).

2.1.6.4 Failing to re-engineer business processes. It is virtually impossible to implement customer relationship marketing successfully without redesigning customer service and back office processes. Many implementations fail to fit a customer centric customer relationship
marketing implementation. Redesigning also requires effective change management and employee engagement and support, which often are lacking, (Lovelock, 2001).

2.1.6.5 **Understanding the challenges in data integration.** Firms frequently fail to integrate customer data, which often are scattered all over the organisation. A key to unlocking the potential of customer relationship marketing is to make knowledge available in real time to all employees who need it (Lovelock, 2001).

2.1.6.6 **The assumptions governing the implementation of customer relationship marketing**-
Some of these include assuming that the client wants to establish a long term relationship with the company. Assuming that the client is ready for interaction and joint ventures can be a wrong move. These assumptions often lead to the company incurring unnecessary expenses in research and development, time devoted and marketing which will go unrealised. However this can be avoided by engaging in a one on one interaction with the client so as to determine his wishes as well as change their perspective on the relationship to be established (Lovelock, 2001).

2.1.7 **Enhancing customer satisfaction and loyalty through customer relationship marketing**

2.1.7.1 **Bonding** is defined as the dimension of a business relationship that results in two parties (the customer and the supplier) acting in a unified manner toward a desired goal (Callaghan et al., 1995). In the dyadic relationship of a buyer and a seller, bonding can be described as a dynamic process that is progressive over time (Dwyer et al., 1987). The bonding process begins with the very basic force of the need for a seller to find a buyer for their product, and the desire for a buyer to purchase a product that will satisfy their needs. Various bonds exist between parties and indicate different levels of relationships. Bonds have served effectively to control social and business behaviour in society and contribute to removing doubt, creating trust and forming close relationships. The dimension of bonding as it applies to relationship marketing consists of the development and enhancement of consumer and brand loyalty and, as Levitt
(1983) described, a long-term relationship (a bonded relationship) with the seller. Thus, a long-term relationship requires bonding in order to exist. At an advanced stage in the relationship, the bonds are so solidified that they are almost impossible to break.

2.2 Empirical Literature

2.2.1 Customer relationship marketing impact on customer satisfaction

Ata and Toker, (2012), investigated the effects of customer relationship marketing, practices on customer satisfaction and firm performance, in their study, ‘the effect of customer relationship marketing adoption in business to business markets’. The study developed a model and empirically tested it through survey data from 113 Turkish Business to Business companies. The results $R^2 = 0.70$ P-value $0.011<0.05$ indicate that customer relationship marketing adoption has a significant positive effect on both satisfaction and organisational performance in business to business settings. The results further revealed that enhanced customer satisfaction leads to better organisational performance in the business to business organisation. The research findings indicate that there is a significant positive relationship between customer relationship marketing adoption and customer satisfaction.

Sadek, Youssef, Ghonerm and Tantawi, (2011), undertook a study called ‘measuring the effect of customer relationship marketing components on the non financial performance of commercial banks’. The paper presented customer relationship marketing components as applied on the Egyptian commercial banks examined from the banker’s point of view as well as measure their effect on customer satisfaction and loyalty from the customer’s point of view. The paper uses quantitative techniques, questionnaires and convenience sampling. It used 270 customers to measure level of customer satisfaction and loyalty. The results showed a negative relationship between customer relationship marketing and customer satisfaction $R^2 = 0.44$, P-value=0.00 in Egyptian banks when applying them together. There was also a positive relationship between customer relationship marketing and customer loyalty $R^2 = 0.74$, P-value 0.00. The results lack generalisability as the sample chosen was very small for the population.
The researchers recommend replication of the study in different environments with a large enough sample size to generalise results. They also recommend the use of time series data.

Mehra and Ranganathan (2008), ‘Implementing customer relationship marketing with a focus on enhancing customer satisfaction.’ The study used meta-analysis. Existing research studies on customer relationship marketing and were quantified, summarised and tested for moderators to clarify customer relationship marketing impact. It is found by this study that customer relationship marketing substantially increases customer satisfaction across diverse industrial and cultural settings. The average effect size between customer relationship marketing and customer satisfaction was found to be Z-scale = 0.32 which is a range of small to medium, implying a small impact. The relationship broadened the scope of customer relationship marketing as applicability across varied industrial and cultural settings to achieve higher customer focus. Recommendation was put on increasing customer satisfaction and increase the need for meta-analytic studies on the subject.

In a study by Padmavathy, Balaji, Sivakuma, (2012), ‘Measuring effectiveness of customer relationship management in Indian retail banks’, their objective was to develop a multi-item scale for measuring customer relationship marketing effectiveness with key customer response variable.’ The relationship between customer relationship marketing dimensions and customer satisfaction were examined in responses obtained from 261 customers from 197 Indian retail banking customers. The results indicated that there was a positive effect (R² = 0.59, P-value 0.01) on customer satisfaction and the average of dimensions identified. The identified dimensions of customer relationship marketing were process driven approach, reliability, and technology. However the results cannot be generalised to other cultural settings. They suggested further study on customer loyalty as a product of customer satisfaction in the retail banking sector.

Hadzagas, (2011), undertook a study entitled, ‘Applying customer relationship marketing systems for customer satisfaction, an empirical approach for small and medium sized
companies.’ One of the paper’s objectives was to examine the extent to which customer relationship marketing systems contribute to the increase of customer satisfaction in an empirical research conducted in Greece. The hypothesis on the objective above was ‘the adaptation of customer relationship marketing systems by an small and medium sized company leads to a significant improvement of customers’ satisfaction rate. The aforementioned hypothesis was tested through a survey investigation which was conducted among small and medium sized business companies with a broadly approved expertise in implementing customer relationship marketing systems. Data were gathered by personal interviews with senior managers of the sampled small and medium sized’ giving a managerial perspective. 80 small and medium sized companies made the sample but only 43 senior managers agreed to answer. 63% of the respondents assigned a positive response to the hypothesis aforementioned. However this was a manager’s perspective and therefore limiting the reliability of the findings. The researchers suggested further research on the same study but from the customers’ point of view.

2.2.2 Impact of customer relationship marketing on customer loyalty

Ehigie (2006), ‘Correlates of loyalty to their bank, a case study in Nigeria.’ This study used 300 participants from 34 banks to conduct a same day, same time survey of the impact of quality of quality of service at the banks in Nigeria on customer loyalty. This was to prevent users of more than one bank from repeated participation. A BANKSERV measurement scale was used to measure customer loyalty. The findings ($R^2 = 0.87$, $P$-value = 0.00) revealed that there was a positive relationship between customer relationship marketing and customer loyalty. Age was significantly unrelated to customer loyalty with ($R^2 = 0.25$). However gender, years of patronage, and number of banks used were unrelated to customer loyalty. The study implied that older customers (the elderly) are more loyal to their banks than younger customers. The study revealed that the more favourable customers perceived bank services the more satisfied they are, the more loyal they are to their banks. The variables presented in the research were however not exhaustive. The study did not distinguish between behavioural and attitudinal components of customer loyalty. The findings cannot be generalised to other banking services in other cultural environments. Duplication of the same study in a different cultural environment or financial service was recommended.
Izquierdo, Cillán, and Gutiérrez, (2005), ‘the impact of customer relationship marketing on the firm performance: a Spanish case’. The purpose of this research was to produce some evidence of the association between customer relationship marketing strategies and the market and economic performance of the firm. The proposed hypotheses were tested in the case of car repair and maintenance services, as a case where long-term relationships are frequent. The hypotheses were evaluated using a path analysis, which associates relationship marketing activities with market performance (that is, customers’ perceptions, market position and loyalty) and market performance with economic performance. The findings suggest that the effect of attraction and loyalty programs is greater on market performance than on economic performance. Furthermore, the results ($R^2 = 0.27$, P-value = 0.10) show that attracting customers through a good service quality and reaching a good position in the market have greater impact on economic results than loyalty. As a managerial implication, the authors suggest that service providers should put their efforts on improving quality rather than on promotion, advertising or economic bonus to customers. The study also revealed that interaction activities have little impact on customer loyalty, that is, the number of loyal customers and incomes associated with loyal customers. The research was a manager’s point of view only, raising the reliability of the research findings. The study was also limited in that it was a case of only the Spanish car repair services.

Another study is that of Loverin and Liljander, (2006), ‘does relationship marketing improve customer relationship satisfaction and loyalty.’ The purpose of this study was to investigate the customer relationship marketing of a retail bank and examine whether –after its implementation– customer relationships were strengthened through perceived improvements in customer satisfaction. They conducted a survey of a segment that was exposed to customer relationship marketing in Finland. The study was a case study of one branch of bank group in Finland, which limits the external validity of the results. Out of the 504 questionnaires distributed only 345 were returned and 319 were used for the research. The study divided the respondents into two segments of the profitable (segment 2) and the less profitable (segment 1) basing on their income levels. The regression results were segment 1, $R^2 = 0.37$, P-value = 0.00;
segment 2, $R^2 = 0.56$, $P$-value = 0.00. The results indicate a positive relationship for segment 2. The study was a small case bank of a semi rural setting limiting the validity of the results. There was also self selection bias in the sampling procedure. Recommendation was given on studying customer’s desire or lack of it of maintaining relationships with service providers.

Lee (2010), ‘Factors influencing customer loyalty of mobile phone service, empirical evidence from Koreans.’ This was a study of mobile subscribers in Seoul, Korea. It used stratified sampling techniques and results from a path analysis revealed that customer relationship marketing, perceived value and customer satisfaction significantly affected loyalty with customer relationship marketing being the most significant ($R^2=0.76$). Customer satisfaction played major role in mediating relationship between customer relationship marketing, perceived value and loyalty. The study was limited to mobile subscribers only and therefore the results cannot be generalised to other service industries. The study recommended more improvement on customer relationship marketing and encourage word of mouth as well as to incorporate perceived value as an antecedent of customer loyalty.

2.3 Justification of study

A rundown on empirical literature showed that customer relationship marketing is a field that many researchers had studied let alone its impact on customer satisfaction and customer loyalty. However, the researcher realised some gaps that this research sought to cover that had not been covered by the previous studies.

Sadek et al (2011) undertook a similar study in Egyptian banks, Padmavathy et al (2012) also researched on customer relationship marketing on customer satisfaction in the Indian retail bank, the study wishes to compare the findings of the research to the above and also considering a larger sample size as compared to that of Ata and Toker (2012).

Ata and Toker (2012) focused on business to business respondents in Turkey, while the study by Hadzagas (2011) focused on small and medium sized companies in Greece. This research aimed at replicating these studies in a different economic and cultural set up and respondent base. The
Zimbabwean services industry is characterised with inconsistencies and a different cultural setting from those above and uses the banking sector as its respondent base.

Mehra and Ranganathan’s (2008), study was based on Meta analysis and this study was based on quantitative analysis based on primary data.

The researcher realised that non financial performance, measurements like quality, customer satisfaction, customer loyalty is more difficult in services than in manufacturing firms and there are however limited studies on the impact of customer relationship marketing on customer satisfaction in Zimbabwe’s banking sector.

The study by Ehigie (2006) did not distinguish between behavioural and attitudinal loyalty, this research was based on the behavioural component of attitude. Loverin and Liljander (2006) undertook a similar study in a small retail bank in Finland. The study was however in a semi rural setting. This research takes the same components to a larger bank (Barclays bank) in an urban setting, which is the central business district (CBD) of Harare.

Also noted was the mediating effect of customer satisfaction between customer relationship marketing and customer loyalty Lee (2010). In this research customer satisfaction was removed as a mediating factor for customer loyalty. The researcher also wishes to test whether age and gender have an impact on customer satisfaction as Ehigie (2006), tested its impact on and loyalty only.

2.4 Summary

The chapter highlighted on the conceptual and theoretical framework of customer relationship marketing and customer satisfaction, as well as, the studies done by other researchers in the same line of thought. The chapter goes on to give the justification of the study. The following chapter gives the data presentation analysis and discussion on the findings of the research.
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The previous chapter was on literature review. This chapter is set out to give a description of how the research study was executed, embracing all the activities and procedures undertaken during the study. It gives an insight of the research methodology adopted and the rationale for its use including how the information was collected and analysed. Aspects such as the research design, sample design, data sources and data collection instruments used are the focus of this chapter. The chapter also contains the merits and demerits that were realised by the researcher of each method used during data collection.

3.1 Research Design

According to Leedy (1993), a research design is a total plan showing how research data is gathered. A research design provides a blue print for reacting to the objectives of the research hence gives a framework for the research plan of action (Smith, 1996). The researcher will use the descriptive survey research design.

Descriptive research design was chosen because the data solicited is not static, how the market environment reacts to the effect of customer relationship marketing strategies may not be the same in future. The design for the research was a combination of both qualitative and quantitative approaches. This method of combining the two approaches sought to capitalise on the strengths of the two and to compensate for the weaknesses of each approach. However it was more quantitative than qualitative. Qualitative was done in a bid to obtain customers views and opinions on customer satisfaction and customer loyalty. The quantitative approaches made it
easier to collect, quantify, present, and analyse the data. The descriptive research design is cheap and does not require complex skills.

3.2 Research Instruments

3.2.1 Questionnaire

Borg and Gall (1996) states that a questionnaire is a document that asks the same questions to all individuals in the sample. Two questionnaires were designed whereby one was designed for employees and the other for customers of Barclays bank. The customers and employees were asked to tick a value from a five point Likert Rating Scale ranging from; 1-Strongly Disagree to 5-Strongly Agree was used. The customer’s questionnaire consisted of three sections. Section one, described the respondent by demographic characteristics which included gender, age, and educational level. The second section consisted of twenty one (21) questions on customer satisfaction and sixteen (16) questions on customer loyalty. These questions were adopted from other researches done relating to customer satisfaction loyalty and customer relationship marketing. These researches included the works of Ehigie (2006), Hallowell, (1996) and Ndubisi and Wah, (2005). The employees’ questionnaire was divided into two sections, the first section like that of the customers, had demographic data and section two had 6 questions pertaining to customer relationship marketing implementation at Barclays bank.

Considering the quantitative nature of the study, questionnaires made it easier to quantify the data as well as to analyse it without subjectivity. The questionnaire was cost saving and created confidentiality because it was anonymous. The questionnaire helped the researcher reach many respondents at the same time. However the researcher was not able to observe the respondents’ body language and facial expressions as they responded to the questionnaire.

3.3 Population

Bless and Higson (1995) defined population as the entire set of objectives and events or groups of people which the researcher wants to determine some characteristics from. The population of this study was all of Barclays bank Harare’s central business district (CBD) customers as well as
its employees. There were four (4) Barclays bank branches in the central business district (CBD) at the time of the study. The researcher’s population was made of the four branches namely First Street branch, Kurima House, Pearl House and Harare Street branch. The researcher based the population on an ad hoc estimate of customers and the population for the study was considered to be 15000. The total population of the bank’s employees was 159 at the time of the study.

3.4 Sampling

The researcher made use of both non probability and probability sampling techniques. The use of probability sampling methods allowed for a purely random basis for selection of respondents. In this regard the researcher made use of simple random sampling techniques. The non probability sampling methods were used as aids in selecting respondents and here the researcher used judgmental sampling technique.

3.4.1 Simple random sampling

The random sampling technique involves choosing the respondents on a random basis without following any pattern or system, (Saunders, Thornhill, 2000). Particularly to this study, each customer had an equal chance of being included in the sample. Since it gave each member a fair chance of being selected, simple random sampling, proved to be free from bias and classification error. Compared to other sampling methods that require advanced knowledge, simple random sampling required only the complete identification of elements in the population. However the technique required a lot of time at the bank mall distributing questionnaires and collecting data.

3.4.2 Judgmental sampling

The researcher used her own judgment to select the best sampling units to include in the sample for the customers. This method thereby excluded anyone who would have needed another
person’s help in responding to the questionnaire. These included the illiterate customers and physically challenged, for example, the blind. No special knowledge of statistics was required; therefore it was very easy to understand. Also, the researcher noted that it was not time consuming since she based on her own opinion.

3.5 Sample size

Saunders and Thornhill (2000) acknowledge that not every member of the population is measurable because of time, cost and the need to choose a sample that is representative of the target population through the process of sampling.

For this research, sample size has been determined using Figure 3.1 below, that was adapted from Krejie and Morgan (1970);

<table>
<thead>
<tr>
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<td>280</td>
<td>162</td>
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<td>260</td>
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<td>850</td>
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<td>120</td>
<td>92</td>
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<td>900</td>
<td>269</td>
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<td>24</td>
<td>130</td>
<td>97</td>
<td>320</td>
<td>175</td>
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<td>274</td>
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<td>28</td>
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<td>103</td>
<td>340</td>
<td>181</td>
<td>1000</td>
<td>278</td>
<td>4500</td>
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<td>35</td>
<td>32</td>
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<td>285</td>
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<td>36</td>
<td>160</td>
<td>113</td>
<td>380</td>
<td>181</td>
<td>1200</td>
<td>291</td>
<td>6000</td>
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<tr>
<td>45</td>
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<td>180</td>
<td>118</td>
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<td>7000</td>
<td>364</td>
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<td>44</td>
<td>190</td>
<td>123</td>
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<td>440</td>
<td>205</td>
<td>1500</td>
<td>306</td>
<td>9000</td>
<td>368</td>
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<td>60</td>
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<td>210</td>
<td>132</td>
<td>460</td>
<td>210</td>
<td>1600</td>
<td>310</td>
<td>10000</td>
<td>373</td>
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<td>65</td>
<td>56</td>
<td>220</td>
<td>136</td>
<td>480</td>
<td>214</td>
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<td>313</td>
<td>15000</td>
<td>375</td>
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<td>70</td>
<td>59</td>
<td>230</td>
<td>140</td>
<td>500</td>
<td>217</td>
<td>1800</td>
<td>317</td>
<td>20000</td>
<td>377</td>
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<tr>
<td>75</td>
<td>63</td>
<td>240</td>
<td>144</td>
<td>550</td>
<td>225</td>
<td>1900</td>
<td>320</td>
<td>30000</td>
<td>379</td>
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</table>
The above table was used to get the sample sizes of the population, the population for customers was 15000 therefore the sample size was found to be 375. The population for employees was 159 and from the table 160 was closest and therefore the researcher used a sample size of 113.

3.6 Data Collection Procedures

Permission was sought from the manager of Barclays Bank of Bindura to carry out a research with them as well as access to relevant information in the organisation.

A pilot test was conducted on the questionnaires in order to evaluate the impact of the questionnaire as well as to enable the researcher to assess the quality of the responses and also to enable reliable and quality data to be collected. Effective changes were made after the pilot survey was done.

Questionnaires were administered in person in order to achieve a high response rate. Some of the questionnaires were administered by bank tellers and personal bankers to encourage a high response rate and take advantage of their relationship with customers. The researcher made visits to Barclays bank branches and approached customers at the automated teller machines (ATM’s) and banking to customers in the waiting line. The researcher distributed the questionnaires to the customers on three days of the week. The researcher chose Mondays, Wednesdays and Fridays of the month of October 2012 to distribute the questionnaires until the required sample had been reached. These are the days that the bank hall had more customers to distribute the

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<td>152</td>
<td>650</td>
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<td>327</td>
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<td>90</td>
<td>73</td>
<td>270</td>
<td>155</td>
<td>700</td>
<td>248</td>
<td>2400</td>
<td>331</td>
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<td>95</td>
<td>76</td>
<td>270</td>
<td>159</td>
<td>750</td>
<td>256</td>
<td>2600</td>
<td>335</td>
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Figure 3.1: Determining sample size for a given population

Source: Morgan and Krejcie (1970)
questionnaires to at a random pattern. For the employees questionnaires were given to the branch managers to distribute on behalf of the researcher.

After this the researcher collected the filled in questionnaires and combined the data from the questionnaires. Analysis was done using the SPSS V20 with the assistance of associates with knowledgeable information on its use in analysing research results and then the presentation of data followed.

3.7 Data presentation and analysis

Data gathered from scaled questionnaires was analysed through the use of statistical packages SPSS V20 and presented in tables. They enable quick and accurate analysis of data as well as good presentation of data.

3.8 Reliability

Cooper and Schindler (2003) define reliability as the degree of consistency that an instrument or procedure demonstrates. An instrument which is reliable maintains consistency in whatever it is measuring. To ensure reliability, Cronbach’s reliability test was conducted on the results.

3.9 Ethical Considerations

As attributed by Kothari, (2004), ethics refers to code of conduct, rules or laws that govern behaviour. They therefore are principles to abide by relating to what is right and what is wrong. The research was conducted with the assurance of integrity on confidentiality and anonymity. The researcher used simple random sampling technique which helped her to get information from those customers that were willing and able to fill them.
3.10 Summary

Descriptive research design was used in the study. Respondents were selected using sample random sampling and judgmental sampling. 15000 customers of Barclays Bank made the population of the study and a sample size of 375 was chosen. There were 159 employees at Barclays bank’s Harare CBD branches and a sample size of 113 was chosen from this population. The researcher distributed self administered questionnaires to gather data. The results are highlighted in the following chapter, chapter 4.
CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION AND ANALYSIS

4.0 Introduction

Chapter four presents the findings of the research study, an analysis and discussion. The findings are presented in tables. The objective was to highlight and analyse research findings using both qualitative and quantitative techniques. The data was compiled and analysed using the Statistical Package for the Social Science Version 20 (SPSS 20). The analysis of the collected data was carried out through correlation and linear regressions. The findings were linked to the research objectives and questions of this research study.

4.1 Reliability measurement of the research instrument

Table 4.1 Reliability Statistics

<table>
<thead>
<tr>
<th>Scale Item</th>
<th>Cronbach’s Alpha</th>
<th>N=number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>.769</td>
<td>21</td>
</tr>
<tr>
<td>Loyalty</td>
<td>.806</td>
<td>16</td>
</tr>
<tr>
<td>Customer relationship marketing</td>
<td>.710</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Primary Research Data
The results of the Cronbach’s alpha test were 0.77, 0.81 and 0.71 for customer satisfaction, customer loyalty and customer relationship marketing respectively. A Cronbach’s alpha coefficient with acceptable cut off point 0.70 demonstrates that all attributes are consistent. The internal consistency of the questionnaire was confirmed as all the test results were above 0.70 as shown in table 4.1 above this is an indication that the findings were not by chance therefore they can be accepted for analysis.

4.2 Response rate

As mentioned earlier in Chapter 3, questionnaires were used to collect the data. Three hundred and seventy five (375) questionnaires were randomly distributed to the bank’s customers and one hundred and thirteen (113) to Barclays bank employees giving a total of four hundred and ninety two (492) questionnaires that were dispatched to the respondents for the four branches in the central business district (CBD) of Harare also on a random basis. 86.1% of the questionnaires distributed to customers were usable for the study, while 95.5% of those distributed to employees were used for the research. Table 4.2 illustrates the response rate for the study.

<table>
<thead>
<tr>
<th>Target</th>
<th>Questionnaires issued</th>
<th>Questionnaires returned</th>
<th>Questionnaires usable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>375</td>
<td>100%</td>
<td>323</td>
</tr>
<tr>
<td>Employees</td>
<td>113</td>
<td>100%</td>
<td>111</td>
</tr>
</tbody>
</table>

Source: Primary Research Data

4.3 Summary of demographic responses of employees and customers

According to the demographic responses of the research it would appear that most customer respondents were males with 54.9% while there was an equal distribution (50%) of gender from the employees. Most of the customers (33.3%) were in the 36-45 age range, while a 39.8% was highest for the 26-35 age range for the employees. The mode (32.7%) of customer respondents
on the years of patronage was in the 7-9 years category, while most (47.2) of the employees had less than three years working for Barclays bank. At least 43.5% of the employees had a professional course while 15.7% had secondary education. The employee respondents were mostly tellers (54.6%). These results are shown in table 4.3 below.

Table 4.3 Demographic characteristics of respondents

<table>
<thead>
<tr>
<th>CHARACTERISTICS</th>
<th>RESPONSE RATE %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CUSTOMERS n=306</td>
</tr>
<tr>
<td>GENDER</td>
<td></td>
</tr>
<tr>
<td>MALE</td>
<td>54.9</td>
</tr>
<tr>
<td>FEMALE</td>
<td>45.1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
</tr>
<tr>
<td>AGE</td>
<td></td>
</tr>
<tr>
<td>18-25</td>
<td>12.7</td>
</tr>
<tr>
<td>26-35</td>
<td>30.7</td>
</tr>
<tr>
<td>36-45</td>
<td>33.3</td>
</tr>
<tr>
<td>46-ABOVE</td>
<td>23.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
</tr>
<tr>
<td>YEARS OF PATRONAGE/WITH THE BANK</td>
<td></td>
</tr>
<tr>
<td>1-3</td>
<td>12.7</td>
</tr>
<tr>
<td>4-6</td>
<td>31.0</td>
</tr>
<tr>
<td>7-9</td>
<td>32.7</td>
</tr>
<tr>
<td>10-ABOVE</td>
<td>23.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
</tr>
<tr>
<td>EDUCATIONAL BACKGROUND</td>
<td></td>
</tr>
<tr>
<td>SECONDARY</td>
<td>N/A</td>
</tr>
<tr>
<td>PROFESSIONAL COURSE DEGREE</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
</tr>
<tr>
<td>OCCUPATIONAL POSITION</td>
<td></td>
</tr>
<tr>
<td>TELLER</td>
<td>N/A</td>
</tr>
<tr>
<td>FLOOR SUPERVISOR</td>
<td></td>
</tr>
<tr>
<td>MANAGEMENT</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Research Data
### 4.4 Customer relationship marketing levels

The first objective of the study was to measure the level of customer relationship marketing. To do this the researcher issued out a questionnaire to the employees of Barclays bank and analysed the results using the measures of central tendency and dispersion as shown in Table 4.4 below.

**Table 4.4 Descriptive statistics on customer relationship marketing**

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMER RELATIONSHIP</td>
<td>108</td>
<td>2</td>
<td>5</td>
<td>3.86</td>
<td>.740</td>
</tr>
<tr>
<td>MARKETING</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source: Primary Research Data**

The measures of central tendency (mean) and dispersion (standard deviation, minimum and maximum) were calculated for customer relationship marketing. The table shows that the mean response from the 108 valid responses was 3.86 which is significantly above 2.5 indicating that there are high levels of customer relationship marketing at Barclays bank according to the employees’ view.

### 4.5 Descriptive statistics for research variables

Responses were based on a Likert Scale with: 1 = Strongly Disagree, 2 = Disagree, 3 = Neither Agree or Disagree, 4 = Agree, 5 = Strongly Agree. The measures of central tendency were computed based on responses on customer satisfaction and customer loyalty, were obtained from the customers. From table 4.4 above, the means were above 2.5 which indicates that there is high customer satisfaction and customer loyalty. The least and greatest response for customer satisfaction and customer loyalty were Strongly Disagree (1) and Strongly Agree (5). Customer
relationship marketing had disagree (2) as its least response and strongly agree as its greatest value (5). The results are shown in Table 4.5 below.

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMER LOYALTY</td>
<td>306</td>
<td>1</td>
<td>5</td>
<td>2.84</td>
<td>.967</td>
</tr>
<tr>
<td>CUSTOMER SATISFACTION</td>
<td>306</td>
<td>1</td>
<td>5</td>
<td>2.73</td>
<td>.873</td>
</tr>
</tbody>
</table>

Source: Primary Research Data

### 4.6 Customer relationship marketing’s impact on customer satisfaction

In testing the second objective and answering the second research question. A regression analysis was done on customer relationship marketing and customer satisfaction. Customer satisfaction was set as dependent on customer relationship marketing and the results are shown in table 4.6 and 4.7 below.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.938a</td>
<td>.881</td>
<td>.879</td>
<td>.413</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CUSTOMER RELATIONSHIP MARKETING

Source: Primary Research Data
### Table 4.7 Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.311</td>
<td>.143</td>
<td>2.181</td>
</tr>
<tr>
<td></td>
<td>CUSTOMER RELATIONSHIP MARKETING</td>
<td>.913</td>
<td>.034</td>
<td>.938</td>
</tr>
</tbody>
</table>

a. Dependent Variable: CUSTOMER SATISFACTION

**Source: Primary Research Data**

The correlation coefficient between customer relationship marketing and customer satisfaction was $R^2 = 0.881$ which is significant (table 4.7) at the P-value of 0.000 shown in the table 4.8 above. The $R^2$ value represents an 88% positive impact of customer relationship marketing on customer satisfaction.

### 4.7 Customer relationship marketing’s impact on customer loyalty

Customer relationship marketing was set as an independent variable against which customer satisfaction was dependent and regressed. The results of the regression analysis are shown in Tables 4.8 and 4.9 below.
Table 4.8 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.581(^a)</td>
<td>.338</td>
<td>.334</td>
<td>.796</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CUSTOMER RELATIONSHIP MARKETING

Source: Primary Research Data

Table 4.9 Coefficients\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.451</td>
<td>.163</td>
<td>8.912</td>
</tr>
<tr>
<td></td>
<td>CUSTOMER RELATIONSHIP MARKETING</td>
<td>.507</td>
<td>.056</td>
<td>.581</td>
</tr>
</tbody>
</table>

a. Dependent Variable: CUSTOMER LOYALTY

Source: Primary research data

The coefficient R\(^2\) = 0.34 (Table 4.7) which is significant at the P-value of 0.000 shown in the Table 4. The results represent 34% and indicate a weak impact of customer relationship marketing on customer loyalty. A significant P-value would be one that is below 0.05 therefore The P-value of the regressed variables at 0.00 shows that the results were not by chance.
4.8 Discussion

The impact of customer relationship marketing and customer satisfaction was found to be positive at 88%. These results are in line with the results of Ata and Toker (2012) 70%; and Hadzagas (2011) 63%; Padmavathy et al (2012) 59%. The slight differences could be attributed to the significant difference in respondent base and different locations as the research by Ata and Toker (2012) was a study in Turkey on business to business companies and that of Hadzagas (2011) was done in Greece on small and medium sized companies. The study by Padmavathy et al (2012) was much similar to the current study as it was in a bank setting of India. The variance it has can be as a result of the different culture between India and Zimbabwe.

However, the results are not congruent with those of Sadek et al (2011) 44%, Mehra and Ranganathan (2008) 32%. Sadek et al (2011) did a study in the Egyptian banking sector and despite the adverse results this research was based on their methodology. Their research was also quantitative with a 270 customer sample size, they also used bankers (employees) to determine customer relationship marketing levels and regressed it against customer satisfaction and loyalty (which had 74%), data from the customers. The researcher believes this unlikely difference was because of the different economic and cultural settings of Zimbabwe and Egypt. The researcher however attributes the 32% found by Mehra and Ranganathan (2008), to the weaknesses of their research methodology (Meta analysis). Meta analysis is suitable for manufacturing industry as customer relationship marketing is consistently improving, however the Japanese environment in which the study was carried out has a stable economy and technology was mainly used to determine the relationship.

Many researchers however support that there is a positive relationship between customer relationship marketing and customer satisfaction. As highlighted in Chapter 2 that even though Mithas et al (2005), identifies a positive relationship, not all customers are interested in long term relationships. Molina, Martin-Consuegra and Esteban (2007) shared that the bank performance measured in terms of customer satisfaction was greater for firms that have strong customer relationship marketing strategy in place. This therefore

Ganguli and Roy (2011) are of the notion that customers become loyal to the bank, only if the systems provided are easy to use. They concluded that the easier the system the more the
customers are likely to repeat the use of the service. This conclusion is based on the behavioural aspect of loyalty. Furthermore, it was argued that customer relationship marketing efforts lead to rational bonds and intense customer loyalty (Abratt and Russell 1999; Farquhar 2004). Therefore the relationship efforts directed towards an individual customer influences his or her loyalty towards the firm than when directed towards a group (Palmatier et al. 2006).

Customer satisfaction is one of the main predictors of loyalty (in this case behavioural) and as Bloemer et al (1998) puts it, it in the banking context, customer satisfaction with the relationship serves as a basis for loyalty.

A 34% relationship between customer relationship marketing and customer loyalty was realised by this study. Izquierdo et al (2005) realised a 27% in their study as well as a 37% from Loverin et al (2006) in the first segment of the less profitable customer. Izquierdo et al (2005) was a case of car repair and maintenance in Spain and a manager’s point of view. The managers compared loyalty and profitability. The study also revealed that interaction activities have little impact on customer loyalty, that is, the number of loyal customers and incomes associated with loyal customers. Concerning Loverin et al (2006)’s study, the researcher assumes that there was discrimination in the treatment and investment levels of the profitable and less profitable customers in customer relationship marketing as shown by a 56% result from the profitable segment. The researcher believes that there could have been a positive impact if all the customers were treated equally. The fact that their study was in a semi rural setting did not affect the impact of customer relationship marketing on customer loyalty of the less profitable customers. The researcher therefore agrees with this notion as the study in question did not discriminate against customer profitability.

Ehigie (2006) found an 87% correlation between customer relationship marketing and customer loyalty but however did not distinguish between attitudinal and behavioural attitude with which this research did. The study was conducted as a same day same time survey for thirty banks in order to reduce the likelihood of the same respondents taking part in the survey again as other respondents were multi bank users or would visit a different branch of the same bank. This study did not consider that notion and the researcher would want to highlight that the probability of getting a positive result would have been high if the same strategy had been considered.
Lee (2010) studied the impact of customer relationship marketing on customer loyalty for mobile subscribers in Seoul, Korea. His results were a significant 76% positive impact. However, customer satisfaction acted as a mediating variable between customer relationship marketing and customer loyalty. The difference may also have been due to the fact that there is less customer contact in mobile subscriptions service than there is in the banking sector.

4.10 Summary

The chapter presented the research findings. The overall impact customer relationship marketing on customer satisfaction and customer loyalty was discussed. Customer satisfaction and customer loyalty were highlighted from the customers’ responses. The research also revealed how the findings are similar and/or difference to those of other researchers and what other scholars have revealed. The next chapter marks the end of the research study and presents summary, conclusions and recommendations.
CHAPTER FIFE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter gives summary of the major findings, conclusions and recommendations that have emerged from the current study. The chapter is divided into three sections. The first section is the summary findings. The second part is on description of the major conclusions and the last is on recommendations. These findings and conclusions add to the understanding of the impact of customer relationship marketing on customer satisfaction.

5.1 Summary

The study was focused on achieving the following objectives;

- To measure customer relationship marketing levels at Barclays Bank.
- To determine the impact of customer relationship marketing on customer satisfaction.
- To determine the impact of customer relationship marketing on customer loyalty (behavioural) to the service.
- To identify the areas of improvement in customer relationship marketing strategy at Barclays Bank.

In line with the first objective of measuring the level of customer relationship marketing at Barclays bank, an analysis of measures of central tendency revealed that the mean value for response was 4 showing that the employees of the central business district of Harare agreed that there are high customer relationship marketing levels at the bank.
The study also revealed that there is a positive impact of customer relationship marketing on customer satisfaction at Barclays bank in the central business district (CBD) of Harare. The study revealed an 88% impact of customer relationship marketing on customer satisfaction.

There was a 34% impact of customer relationship marketing on customer loyalty implying that customer loyalty at Barclays bank was not as a result of the customer relationship marketing strategies implemented at the bank.

5.2 Conclusions

The researcher concludes that there are acceptably high levels of customer relationship marketing at Barclays bank. The researcher also concludes that customer relationship marketing has positive impact on customer satisfaction in the banking sector. Satisfaction of customers is mainly as a result on customer relationship marketing. This therefore implies that the complaints of the customers were not because of the performance of the employees but other reasons.

Another conclusion for this research is that even though there are high levels of customer relationship marketing, behavioural customer loyalty was not affected by the way in which the employees conducted their duties. The loyalty of customers in the banking sector is based on other reasons other than customer relationship marketing.

5.3 Recommendations

In light of the above conclusions the researcher makes the following recommends

- The researcher recommends that there be another study on the impact of customer relationship marketing on customer satisfaction and loyalty with the customer’s view of customer relationship marketing.
- The researcher also recommends that the bank continuously trains its employees on customer relationship marketing strategies. The researcher also recommends that the
bank implements off the job trainings as well as on the job trainings on customer relationship marketing.

- In addition the bank should rotate its employees on a regular basis to other cities and towns so as to learn to adapt to strategies in customer relationship marketing.
- This study also recommends that top management takes part in the formulation of objectives on customer relationship marketing as well as in its implementation. This will help in fostering a good relationship with the employees hence a satisfied workforce that will then satisfy and help keep customers loyal in acquiring the bank’s services.
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APPENDIX 1

Bindura University of Science Education
Faculty of Commerce
Department of Marketing

Customer Questionnaire

Dear respondent, please lend me few minutes of your time to fill out this questionnaire. It is strictly for academic purposes and therefore all information provided shall be treated with maximum caution and confidentiality. All personal data provided shall be treated collectively and not on personal levels.

1. Biographic Data

a. Gender

b. Age
   [ 4 ] 46-above

c. How long have you been with the bank?
2. Please indicate the extent to which you agree with the following. You are to assess the following on a scale of strongly disagree to strongly agree. Strongly Disagree carries the least weight of 1; Disagree 2; Neither Agree nor Disagree, 3; Agree, 4; and Strongly Agree carries the highest weight of 5. Please tick (√) appropriately.

a. When BBZ promises to do something by a certain time it does so 1 2 3 4 5
b. When you have a problem BBZ shows a sincere interest in solving it 1 2 3 4 5
c. BBZ performs the service right the first time 1 2 3 4 5
d. BBZ provides its services at the time it promises to do so 1 2 3 4 5
e. BBZ insists on error free records 1 2 3 4 5
f. Employees of BBZ tell you exactly when services will be performed 1 2 3 4 5
g. Employees of BBZ give you prompt service 1 2 3 4 5
h. Employees of BBZ are always willing to help you 1 2 3 4 5
i. Employees of BBZ are never too busy to respond to your requests 1 2 3 4 5
j. The behaviour of employees of BBZ instills confidence in customers 1 2 3 4 5
k. You feel safe in your transaction with BBZ 1 2 3 4 5
l. Employees at BBZ are consistently courteous with you 1 2 3 4 5
m. Employees of BBZ have the knowledge to answer your questions 1 2 3 4 5
n. BBZ gives you individual attention 1 2 3 4 5
o. BBZ has operating hours convenient to all its customers 1 2 3 4 5
p. BBZ has employees who give you personal attention 1 2 3 4 5
q. BBZ has your best interest at heart 1 2 3 4 5
r. Employees of BBZ understand your specific needs 1 2 3 4 5
s. BBZ has modern-looking equipment 1 2 3 4 5
t. BBZ’s employees are neat appearing 1 2 3 4 5
u. BBZ’s physical facilities are very appealing 1 2 3 4 5
v. Materials associated with the service are visually appealing at BBZ 1 2 3 4 5
3. Please indicate the extent to which you agree with the following in the same manner as above.

a. I am very particular about the bank I use 1 2 3 4 5
b. Though I am used to this bank I can still stop using it 1 2 3 4 5
c. I use more than one bank 1 2 3 4 5
d. If I use another bank, it will satisfy me like the one I presently use 1 2 3 4 5
e. This bank is the best in Zimbabwe 1 2 3 4 5
f. This bank’s services are of high quality 1 2 3 4 5
g. I derive maximum satisfaction from this bank 1 2 3 4 5
h. I will influence others to use this bank 1 2 3 4 5
i. I will discourage present users from patronising this bank 1 2 3 4 5
j. I will introduce this bank to others 1 2 3 4 5
k. I will continuously use this bank 1 2 3 4 5
l. I am thinking of closing my account with this bank 1 2 3 4 5
m. I will advise all users of this bank to still transact business with it 1 2 3 4 5

Thank you and God bless!
Employee Questionnaire

Dear respondent, please lend me few minutes of your time to fill out this questionnaire. It is strictly for academic purposes and therefore all information provided shall be treated with maximum caution and confidentiality. All personal data provided shall be treated collectively and not on personal levels.

1. Biographic Data

   b. Age
       [ 4 ] 46-above
   c. Educational background
   d. Level of employment
   e. How long have you been with the bank?
       [ 1 ] less than a year a year-3 years       [ 2 ] 4-6years       [ 3 ] 7-9 years
2. The following section requires you to tick where appropriate. You are to assess the following on a scale of strongly disagree to strongly agree. Strongly Disagree carries the least weight of 1 and Strongly Agree carries the highest weight of 5. Please tick (√) appropriately.

a. In our bank, creating long term relations with customers is the key

[ ] Strongly Disagree
[ ] Disagree
[ ] Neither Agree nor Disagree
[ ] Agree
[ ] Strongly Agree

b. Our bank has comprehensive databases for customer information

[ ] Strongly Disagree
[ ] Disagree
[ ] Neither Agree nor Disagree
[ ] Agree
[ ] Strongly Agree
c. In our bank, resources are designated in a way that benefits are provided to main customers

[ 1 ] Strongly Disagree
[ 2 ] Disagree
[ 3 ] Neither Agree nor Disagree
[ 4 ] Agree
[ 5 ] Strongly Agree

d. In our bank, customer-orientation has become a culture

[ 1 ] Strongly Disagree
[ 2 ] Disagree
[ 3 ] Neither Agree nor Disagree
[ 4 ] Agree
[ 5 ] Strongly Agree

e. In our bank customer personalisation is of great concern

[ 1 ] Strongly Disagree
[ 2 ] Disagree
[ 3 ] Neither Agree nor Disagree
f. Customer relationship marketing strategies are well implemented at your bank

[ 1 ] Strongly Disagree
[ 2 ] Disagree
[ 3 ] Neither Agree nor Disagree
[ 4 ] Agree
[ 5 ] Strongly Agree

Thank you and God bless!
APPENDIX 2
Bindura University of Science Education
1020 Atherstone Road
Bindura

08 November 2012

The Manager
Barclays Bank Limited
Harare

Dear Sir/Madam

RE: APPLICATION TO CONDUCT A RESEARCH ON THE EFFECTIVENESS OF CUSTOMER RELATIONSHIP MARKETING ON CUSTOMER SATISFACTION

I am a student at the Bindura University of Science Education, currently pursuing an Honours Degree in Marketing and am kindly requesting permission to carry out a research at your institution on the topic: AN INVESTIGATIN ON THE EFFECTIVENESS OF CUSTOMER RELATIONSHIP MARKETING ON CUSTOMER SATISFACTION.

I wish to use self-administered questionnaires to the customers of your organisation. I also wish to be given access to all relevant information which may be required to undertake this study.

All the information will be treated in the strictest confidence.

Yours faithfully

Nyamukondiwa Amantha R. (Ms)