

The Effect of Customer Relationship Marketing Practices on Customer Retention:
The Case of United Insurance Company, Addis Ababa Branch

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DECLARATION

I declare that the work which is being presented in the thesis entitled “The Effect of Customer Relationship Marketing Practices on Customer Retention: The Case of United Insurance Company, Addis Ababa Branch” is my original work and that it has not been submitted partially; or in full, by any other person for the award of a degree in any other university or institution. All references, including citations of published and unpublished sources, have been appropriately acknowledged in the work. I further declare that the work has not been submitted for a degree in any other university.

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This MSc thesis has been submitted for examination with my approval as a thesis by

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LETTER OF CERTIFICATION

This is to certify that Samrawit Addisu carried out her study on the topic entitled: “The Effect of Customer Relationship Marketing Practices on Customer Retention: The Case of United Insurance Company, Addis Ababa Branch” This work is original in nature and suitable for submission for the award of Masters of Arts in Marketing Management.

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ABSTRACT

Relationship marketing began to dominate the marketing field in the 21st century. At that time relationship marketing became a major issue in marketing and managing business. Relationship marketing strategy plays a decisive role in interacting and retaining customers, especially in service industries because of the intangible nature of service and high level of interaction with customers. Customer relationship management is an integration of people, process and technology and these elements play a great role on creating and developing effective relationship with customers. The general objective of the study was to assess the effect of Customer Relationship Marketing practices on Customer Retention in the case of United Insurance Company, Addis Ababa branch. To this end, pertinent data were gathered from primary and secondary sources. Quantitative data were gathered through questionnaire from 350 customers, whereas qualitative data collected via interview and observation. Regression analysis was used to test the effect of Customer Relationship Marketing practices on Customer Retention. Moreover, thematic analysis was used to analyze qualitative data gathered via interview. The study concluded that trust, commitment, communication and responsiveness dimensions of Customer Relationship Marketing have caused a statistically significant positive effect on customer retention. However, and empathy had positive but statistically insignificant effect on customer retention. Therefore, the organization is recommended to strengthen its Customer Relationship Marketing practices in order to retain its customers.

Keywords: Customer Relationship Marketing practices, customer retention, trust, commitment, communication, responsiveness, empathy

CHAPTER ONE

1. INTRODUCTION

This chapter provides introductory information. It presents background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope and limitation of the study, and organization of the study.

1.1. Background of the Study

Relationship marketing began to dominate the marketing field in the 21st century. At that time relationship marketing became a major issue in marketing and managing business (Egan, 2001). Relationship marketing has been developed over the years as stimulating area of marketing that emphasis on creating and maintaining long-term relationships with customers and other parties. In the competitive market, organizations are not only concerned on providing quality products or services but the key concern is to communicate with customers and understand their requirement to satisfy and retain them with a profitable relationship (Tseng, 2007). Relationship marketing strategy plays a decisive role in interacting and retaining customers, especially in service industries because of the intangible nature of service and high level of interaction with customers. Nowadays most organizations are implementing customer relationship marketing as a strategy to gather and use data for increasing customer value, relationship management. If this new viewpoint is understood and enacted properly it will change all parts of an organization (Hasanzadeh, and Kazemnejad, 2010). In view of customer importance as one of the bases of an organization's life and CRM emphasis on service improvement; company profit and to improve customer satisfaction and retention (Aaltonen, 2004).

Today, we live in a competitive world where customer demands from businessmen or organizations products/service more than before. No business can live on without satisfied customers unless it is a government-owned monopoly. It must be noticed that customers' needs and demands is increasing rapidly. Therefore, companies are looking for strategies to go beyond the needs and expectations of their customers. During the past years, a new viewpoint has been formed in this respect and that is customer satisfaction, costs reduction, mutual relationship between company and even millions of customers.

Customers' place and value is very vital in today's competitive atmosphere and therefore marketing experts encourage companies to look for newer and more effective methods. Products variety

presents providing many choices for customers. Companies have learned that losing one customer is not only losing one sale item, but also it means losing all purchases of the customer that he/she could have made during his life, so company should emphasis on retaining its customers (Kotler and Armstrong, 2002).

According to Gronroos (2000), customer relationship is developed when a customer perceives a mutual way of thinking exists between customer and service provider. From the organization viewpoint, relationship can develop only when the company builds a good contact and interaction with all or at least most important customers. Therefore, organizations should create communication and interaction processes with customers to develop effective and continuous relationship. Customer relationship marketing plays a decisive role for strategic position of an organization and concentrates on the integration of customer information, knowledge for finding, retaining and make customers loyal for long lasting relationships. Organizations should understand the reason of why customers leave them and finding the way of retaining them (Raghu, 2005).

Today service providers are highly competitive, and this is very challenging for companies to provide unique services as required by customers, to overcome this challenge, companies can build effective interaction and relationship with their customers, because customer focus is on the service delivery system and interaction with the service provider when evaluating the service provider company. Creating effective relationship with customers is critical issue; because service requires high interaction with customers, and this relationship has a great influence on customers' satisfaction and retention (Rootman, 2006). Relationship marketing strategy highly contributes to the development of IT applications often referred to Customer Relationship Management which act as an enabler and creating relevant customer information and making them readily available to different touch points (Chen and Popovich, 2003). Effective customer relationship marketing is the key issue for the success of firms and to retain profitable customers.

Therefore, insurance managers should develop effective relationship with customers to enable their companies more competent in the market. In recent years' insurance companies have been strongly competitive in their strategic approach to meet the growing demands of their customers (Zinkhan, 2002).

In the early 20th century, European entrepreneurs who came from Great Britain, Italy, France and others saw a significant interest in insurance industry and foreign investors owned the lion share

of the investments. Jointly owned by the Emperor, his supporters and foreign companies, the first domestic insurance company namely, Imperial Insurance Company started issuing policies in fire, life and general accident since 1951. The insurance sector during the command economic system was characterized by monopoly of the sector meaning it was under the control of the government and reliance on both motor and marine insurance business for much of gross premium income. The nationalization of private insurance companies and the restrictions imposed on private business enterprises had significant adverse impact on the development and growth.

The united insurance company S.C, better known as” UNIC-ETHIOPIA” was established by Ethiopians (individuals and enterprises) in November 1994 with an authorized capital of Br 25 million and an initial paid up capital of Br 8.073 million. Following the merger with lion insurance company SC in 2002, is currently owned by more than 478 shareholders. As a result of the merger and decision of the seventh extra-ordinary general meeting of shareholders, the company’s authorized capital rose to Br 250 million. The paid up capital is now Br 245 million. Further, on the 11th extra- ordinary meeting of shareholders in November 2018, a resolution is passed to increase the subscribed capital to Br.500million.currently the paid up capital of the company is Br 436,220,000.

1.2. Problem of the statement

Customer Relationship marketing in service provider organizations increases its importance through systematic and rational way of managing and maintaining relationships with their customers. Managing customer relationship in business organizations is a challenging phenomenon, because customers’ requirement can significantly vary and organizations are concentrated on different operations to meet their customer needs (Kleinaltenkamp and Ehret, 2006). Today, in the fierce competitive market, customers have information access related to different products and services, when organizations are unable provide their requirement, so customers can move to those organizations that are responsive to their request and provide high quality services that meet their expectation. So, service providers attempt to use distinctive strategy to attract, satisfy and retain their existing customers instead of acquiring new customer which needs more expenditure (Winer, 2001).

The difficulty in building customer relationship has created low confidence and trust in the insurance market today. The complexity and peculiarity of insurance contracts as well as the nature of the product/service remains a major barrier to the provision of satisfactory services to customers of insurance. Furthermore, market information is either not available or insufficient and too

technical for the ordinary person to understand. In view of the competitive nature of insurance market, there is the need to develop a more proactive approach by insurance companies in marketing their product and services. The strategy should not just aim at getting the product to the client but also develop a means of keeping the client to become loyal to the company (Eduankuma, 2011).

Customer relationship management is an integration of people, process and technology and these elements play a great role on creating and developing effective relationship with customers. When these elements are fail to perform as the customers' requirement, then it can affect the quality of an organization's management of customers (Burca, Fines and marshall, 2005). According to Kale (2004) many customer relationship marketing strategies can never be successful. There are many reasons for the failure of these strategies, the most common are; losing sight of customers, lack of management support, undervaluing customer data analysis, inflexible business process and underestimating required management involvement. Consequently, the problem on how to integrate IT in creating and developing effective relationship marketing has not been solved yet in a comprehensive and satisfactory way (Greenberg, 2001). Service providers lack an in depth understanding of customer preferences because of information gap. When customers are not fully satisfied by the service delivery system of the organization, they will not provide repeated purchase and customers shift to another organization. This creates a problem for insurance companies as the market is getting continuously competitive (Baran, Galka and Strunk 2008).

In service rendering organizations, developing effective communication and interaction with customers and providing quality service is essential to build effective relationship and to retain the existing customers. In the competitive environment, retaining customer is a very challenging assignment, because organizations compete by providing distinctive services to attract new customers and retain the existing ones (Leverin and Liljander, 2006). The continual survival of any organization is highly depends on the quality of service delivery system and the relationship with its customers and organizations should develop effective relationship marketing to understand the requirement of their customers. The application of customer relationship marketing is vital in today's fierce competition because when there is proper communication and smooth relationship with customers' organization should retain their customers (Kotler and Armstrong, 2010). Moreover, though companies have been implementing different customer relationship marketing

strategies to improve customer relationship and to provide better service, however some of these strategies fail to perform effectively (Ang and Buttle, 2006; Hendricks *et al*, 2007).

As a leading insurance company, the united Insurance company S.C has many customers. The corporation has made efforts to improve its customer communication strategy. There are different strategies exerted by the company to improve the strategy of communication with its customers through customized (unique) channel of communication by using face to face communication, phone call and through web site of the company. In addition to that transparency and access to adequate information on time are the efforts developed by the company to enhance relationship with its customers.

What are the contributions of all those customer communication strategies upon retention of customers? How successful is the company in retaining customers and how much is the role of its customer strategy in doing so? Therefore, the study will try to examine the level of customer retention in united Insurance Company. Hence this study will intend on assessing the role of customer relationship marketing in retaining customers in the context of the united Insurance Company (UIC).

1.3. Research question

Generally, the study was conduct to answer the following basic questions.

- What are the customer relationship marketing strategies being implemented by United Insurance Company?
- What strategies are being used by United Insurance Company to retain customers?
- What is the effect of customer relationship marketing on customer retention in the case of United Insurance Company?
- How does united Insurance Company practice customer relationship marketing strategy to retain its customers?

1.4.Objective of the Study

1.4.1.General Objective

The general objective of the study was to assess the effect of Customer Relationship Marketing practices on Customer Retention in the case of United Insurance Company, Addis Ababa branch.

1.4.2. Specific Objectives

The specific objectives of the study are:

- To identify the customer relationship marketing strategies used in the case of United Insurance Company.
- To assess customer retention strategies being used by United Insurance Company to retain customers.
- To investigate the contribution of customer relationship marketing in attracting and retaining customers in united insurance company S.C.

1.5. Significance of the Study

The study enables the student researcher to have an academic knowledge on conducting research. The research will also contribute to the future development of similar study, especially in developing countries like Ethiopia. The findings of this study will assist academicians in broadening and providing a deeper understanding of how customer relationship marketing affect customer retention. And also the result of this study will provide valuable inputs and directions for these companies to integrate their marketing strategies and customer knowledge management. It can also help for companies to identify the requirement of their customers and to improve the quality of their services and to retain the existing customer by providing technology based service in light of its competitors. Identifying the factors that affect customer retention in advance helps to achieve the objectives of the government especially it is important for insurance company managers to evaluate customer relationship marketing strategy and forward possible solutions for the problems.

1.6. Scope of the study

Even if broader research that encompasses all UIC would give a more holistic view on the study; however, due to time and financial constraint the study will be limited geographically, conceptually and methodologically. Geographically, UIC Addis Ababa headquarter branch is selected for the purpose of this study, because it will be difficult and unmanageable to include all the branches of

UIC found in different branches of the country. Conceptually, the study will assess the effect of Customer Relationship Marketing on Customer Retention in terms of relationship marketing dimensions such as Empathy, Trust, Commitment, Communication and Responsiveness. Methodologically, customers who are registered after May 2020 were not included in the study.

1.7. Definition of key operational terms

- Customer relationship marketing (CRM): - is a technique based on client relationship and customer loyalty. Using customer data and feedback, companies utilizing this marketing strategy develop long-term relationship with customers and develop laser-focused brand awareness.
- Customer retention (CR): -refers to the ability of a company or product to retain its customers over some specified period. High customer retention means customer of the product or business tend to return to, continue to buy or in some other way not defect to another product or business, or to non-use entirely.

1.8. Organization of the study

The study is organized in to five chapters. The first chapter deals with introduction part of the study which consists of background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study and definition of operational terms. The second chapter deals with review of related literature about customer relationship marketing and customer retention, and the third chapter deals with methodology of the study which includes research approach and design, data type and data source, sample size and sampling techniques, data collection instruments, ethical considerations, methods of data processing and analysis. The fourth chapter is about data presentation, analysis and interpretation. Finally, the fifth chapter presents summary, conclusion and recommendations of the study.

CHAPTER TWO

2. LITERATURE REVIEW

This part of the research tries to discuss the theoretical and empirical literature about customer relationship marketing and the conceptual framework of the study.

2.1. Evolution of Relationship Marketing

Relationship marketing is a new phenomenon developed in the 21st century and all marketers and managers use it, but they define differently. The dramatic change from transactional marketing to relationship marketing increases its significance and contribution in the customer relationship marketing (Lindgreen, 2001). In the recent time, relationship marketing has become known as most important strategic element of business. It has direct impact on firm's strategic performance and also relationship marketing is more effective when the relationships are more critical to customers. Moreover, effectiveness is greater when relationships are built with an individual than a firm (Robert and Daunt, 2006).

The main purposes of relationship marketing are creating and enhancing customer relationship starting from the beginning to satisfy and retain the existing customers, in the other way transactional marketing attempts to make the sale and acquire new customers rather than retaining the existing customers (Vence, 2002). According to Boulding (2005), Dimitriadis and Stevens (2008), CRM is an integration of marketing activities and technological resources to create strong relationship firms with their customers. Customer relationship management focuses on building relationship, applying systematic way to collect and analyze data, and integrate all these activities throughout the firm, and enhancing the ability of integrating these activities throughout the network of firms that collaborate to generate customer value, while creating shareholder value for the firm.

2.2. Definitions and goals of Relationship Marketing (RM)

Relationship marketing focuses on how a firm contributes to its customers and stakeholders and how this impacts on the firm's performance and the management of customers' requirement (Gronroos, 2000). RM is the process of attracting, retaining and improving relationships with customers and terminating them when necessary, so the purpose of those individuals involved in relationship marketing is to achieve their objective through mutual exchange and the fulfillment of promises (Zineldin and Philipson, 2007, Das, 2009, Gronroos, 2004). According to Bruhn, (2003) RM deals with planning, understanding, analyzing, monitoring and control of measures that

initiate, stabilize, intensify and promote business relationships with stakeholders, mainly with customers and the creation of mutually beneficial relationships. Customer relationship marketing is a customer oriented approach and focuses on the long lasting relationship with customers (Gray and Byun, 2003). The objective of Customer relationship marketing is to provide benefits and values to customers based on their requirement rather than what the company wants to sell. To make customers loyal it requires building and developing strong relationship. The basic goals of Customer Relationship Marketing include;

Customer identification; companies can collect complete information about their customers over time through interaction and other relationship marketing channels. Companies need to identify who are their customers and what they need so as to provide the service required by them.

Customer differentiation; Customers are segmented based on their lifetime value and unique service requirements.

Customer interaction; companies continuously needs to identify and understand customer requirements to create strong relationship and retain them.

Customization/personalization; the slogan of CRM is that customers need to be treated in different manner, through customization process to increase customer retention.

The main benefit of Customer Relationship Marketing is enhancing acquisition and retention capability of the firm to increase customer lifetime value through interacting and improving customer service. A successful Customer relationship marketing program helps company to create wealth and sustainable growth through integrating with customers and receiving value through relationship (Cap-Gemini and Young, 2005).

According to Das (2009) RM has been defined as customer satisfaction, retention and loyalty and characterized according to related underlying constructs of trust, commitment, collaboration, closeness and effective relationship. RM is a continuous, long-lasting win-win 11

relationship with customers through the use of interactive databases and networking so as to retain valuable customers on the basis of mutual benefit (Tadajewski, 2009). The development of industrial marketing and service marketing led to an improvement on customers' life time value and enhances close relationship between customers and service providers. Therefore, transaction-based marketing is concentrated on selling of the product and services, whereas integrated relation

marketing focus on the establishment of sustainable and long term relations with customers (Abbasi and Turkemani, 2010).

2.3. Customer Relationship Management and Information Technology

Customer relationship management gives more attention on the improvement of service quality and marketing function, and also it focuses on cross-selling and providing the required products or services better than competitors. Well-known IT applications are play a decisive role on creating effective relationship with customers and achieving the firm's objective. Today organizations use CRM-based IT to improve channel integration, product innovation, customer interaction, loyalty and retention, cost reduction, customer service, and management. IT integrates marketing activities, customer service, and diverse contact channels and provides customized services by understanding customers' requirement so as to maximize the value of the firm. IT provides completely new communication channel and contributes on enhancing the role and function of customer interaction (Buttle, 2009).

According to Combe and Buttle (2004) customer relationship management strategy requires center of information about all customers to understand the requirements of each customer so as to provide the required service. This center should have efficient and effective structure of information technology which is arranged based on the changing environment. It should have a systematic way of CRM so as to communicate with customers through direct transmission of information for satisfying and retaining with the organization (Steffes, 2005). And also the quality of information provided by service provider can affect building of good relationship with customers. In this context, application of IT can play a great role on promoting relationship marketing and information qualities (Zablah, 2005).

2.4. The Contribution of Relationship Marketing on Customer Retention

According to Walsh, Gilmore and Carson (2004) Relationship marketing is define as activities that are implemented by service provider companies in order to attract, interact with, and retain more profitable customers. Customer retention refers to firm's ability on providing the required services, without defections to profitable customers' to satisfy and retain them. The main goal of effective Customer relationship marketing is retention and the key to retention is through different means and practices to ensure repeat trade from existing customers by satisfying their requirements better than those of competing brands. Now a day companies are concentrated on developing strong

relationship and loyalty with their ultimate customers. In the past companies did not worry about fully satisfying and retain their customers, because at that time customers did not have many alternative suppliers and the firm believed on sales volume rather than satisfying and retaining customer's. Effective customer relationship marketing makes customer satisfied and delight. In turn, delighted customers remain loyal and talk favorably to others about the company and its products. Different studies indicated that there is a big difference in the loyalty of customers who are less satisfied, somewhat satisfied, and completely satisfied (Kotler and Armstrong, 2010). The following are the contribution of relationship marketing on customer acquisition, satisfaction and retention.

2.4.1. Customer Acquisition

According to Mittal and Kamakura (2001) Customer acquisition is a starting point in building customer relationship. Targeting, attracting and retaining the right customers require a consideration of fit with current firm providing, future profitability, and contribution to the overall success and risks of business. Many firms do not use appropriate criteria to identify and attract profitable customers and their marketing strategy is widely communicated to potential customers who may or may not be profitable. Subsequently, customer acquisition can be a costly and risky process because new customers may not represent a good fit for the organization's value proposition. Inadequate focus during acquisition activities result in adverse selection and make firms less profitable. Cao and Gruca (2005) describes that solving the problem of adverse selection by using data from firm's CRM system helps to target prospects and respond for the problem. This approach improves customers who are approved while reducing the number of "bad" customers. This method can be expanded to new customer attraction and better targeting of promotions to migrate customers to higher levels of lifetime value.

2.4.2. Customer Satisfaction

According to Berman and Evans (2010) customer satisfaction occurs when customer's expectation has been met or exceeded by the firm in terms of value and customer service provided. Customer service needs to be integrated with the overall value provided by the product or services to satisfy the customers' requirement. Retaining customers and building customer relationship on a long lasting base can be very challenging for many organizations. Therefore, measuring customer satisfaction is very important in building and developing CRM strategies. Oztaysi *et al.* (2011) describes that in order to develop CRM strategies first of all companies should assess their

customer's satisfaction level and this helps in developing effective relationships with customers. It is clear that a customer who has been loyal to the organization or a brand will have high amount of satisfaction from their purchases over time. Therefore, the higher the amount of satisfaction organization or a brand provides large number of loyal customers it will have.

According to Roberts-Lombard (2009) customer satisfaction is defined as the degree to which a business product or service performance that meets the expectation of customers. When the firm's product or service performance matches or exceeds the expectations, then the customer is satisfied or delighted, if not then the customer is dissatisfied. There are different factors that influence customer satisfaction such as expectations, perceived service and perceived quality (Hu, Kandampully and Juwaheer, 2009). Expectations influence the total satisfaction when the customer evaluates a product or service performance. Satisfaction is customer's emotional response when evaluating the difference between expectation of the service and the perception of actual performance. This perception of performance is obtained through physical interaction with the organization and the product and services of the organization (Salami, 2005). The customer first forms an expectation based on their needs, values, past experiences about product/service and the perceived value is evaluated through recent service experiences such as perceived product quality and perceived service quality. There is direct relationship between perceived service quality and satisfaction (Balaji, 2009).

2.4.3. Customer Retention (CR)

According to Menon and O'Connor (2007) customer retention is define as holding and maintaining customers to maximize customer life time value by creating effective relationship with the firm. There are different variables that can influence companies' relationship marketing and customer retention such as communication, customer information, empowerment, customization, loyalty programs, ethical behavior and technology of the firm. According to Ang and Buttle, (2006) described that when customers are loyal, the volumes of purchased items will increase and reduces costs of relationship because both organizations and customers know each other better than past, these loyal customers pay higher prices than the new ones, and are not claim for discounts which the organization offer to new customers in order to attract and acquire them. Therefore, to maximize the share of these customers, all of the necessary conditions for CRM programs should be integrated effectively. However, some organizations perform different activities that can be associated with retaining the customers like the processes for planning, customer satisfaction

measurement, complaint handling mechanism and quality assurance processes. Generally, to be successful implementing this program, companies should consider the related issues such as the type of customers to be retained and the nature of product or services provided to them (Ahmad and Buttle, 2002).

2.5. The Drivers and Determinants of Success to Attract and Retain Customers

Helgesen (2007) describes that companies are developing relationship marketing strategies so as to retain their customers and to increase profit per user through customer retention, process enhancement and product innovation. Companies are looking to derive value through effective customer relationship management, value chain and cost reduction strategies, which can provide highest level of customer service. The main objective of retention strategy is to keep existing customers of an organization, increase brand loyalty and talk positive word of mouth for other customers (Miocevic, 2008). Retention drivers are promotional strategies that increase the life time value of customers. These drivers are: tedly. Loyalty program helps firm to

2.5.1. Effective Communication System

Effective communication system provides innovative and timely information to customers, and this helps to improve retention level (Meyer-Waarden, 2008). In order to create and develop long term relationship with customers, companies develop two-way communication model, and currently, it has become multisided communication model. Communication helps in the exchange of thoughts, feelings and reaction of customers with their companies and generally helps for companies to obtain feedback from their customers (Egan, 2000). Companies can provide products and services based on their customers' requirement and ability to buy. These information exchange tools and communication process enables customers to share their thoughts, feelings, habits, cultural values, other activities that develop relationship (Romano and Fjermestad, 2003). From this database information about customers, organizations create a long lasting relationship and make profits from their retained customers (Ahmed and Buttle, 2002).

2.5.2. Quality Products and Services

The products and services that offer to customers are key elements for the success of business. Highest quality and reasonable cost of products and services are preferred by customers (Kaynak and Kara, 2001). High quality products and services can attract and acquire new customers and builds brand loyalty. In order to retain loyal customers who will bring long-term profits to the firm, the key issue for service provider is developing long term relationship in the way of managing

customers by providing the required products and services to them. The quality of the service is individually perceived by customers during the interactions with the service provider (Grönroos, 2000). Parasuraman *et al.* (1988), develops service quality measurement model to measure the differences between customer expectations and perceptions based on the following determinant elements, these are:

Tangibles: physical facilities, equipment and communication materials from service providers.

Reliability: The ability of Service Company to provide the promised services and products as required by the customers.¹⁶

Assurance: employees' knowledge and ability to understand courtesy, trust and confidence.

Responsiveness: is willingness to help customers and provide timely service to customers such as quick service, professionalism in handling and recovering from mistakes. Today service providers have the ability to provide the required services to customers in a timely manner.

Empathy: A service company provides customized services and individualized attention to its customers, as well as developing convenient working hours. High service quality is considered as a key to succeed in competitive service markets and directly influence on customer's satisfaction as well as trust in the service firm (Aydin and Ozer, 2005, Ismail *et al.*, 2006).

2.5.3. Loyalty/Frequency Programs

Loyalty program provides reward to targeted customers in order to encourage them to buy products and services repeat make competitive in the market place by retaining its customer (Winer, 2001). In service provider organization customer loyalty involves three dimensions such as affective loyalty, behavioral loyalty, and cognitive loyalty. Affective and behavioral loyalty are formed based on cognitive loyalty, and cognitive loyalty itself is influenced by company's good will, brand recognition, its public image and most importantly, corporate social responsibilities. On the other hand, in the intermittent service industry, customer satisfaction, service quality and customer perceived value are the main factors that affect customer loyalty (Farquhar and Panther, 2008; Juan and Yan, 2009). Besides there are also some determinants of behavioral loyalty like customer satisfaction, service quality, affective loyalty, customer perceived value, and cognitive loyalty. Generally, the main factor that can influence cognitive loyalty is the service quality (Juan and Yan, 2009).

Good customer relationship marketing makes customers satisfied and delighted. Those delighted customers are remaining loyal and talk favorably to others about the company and its products or services. Studies indicate that there are big differences in the loyalty of customers who are less satisfied, somewhat satisfied, and fully satisfied. Even a slight difference from complete satisfaction can create a huge difference in loyalty. So, the purpose of customer relationship marketing is to create not just customer satisfaction, but customer delight and customer retention (Kotler and Armstrong, 2010).

2.5.4. Customer Service

Customer service refers to a contact that customers have with a service provider company so as to acquire their requirement. There are two types of services by which companies can improve their customer service (Winer, 2001), these are:

Reactive service is practiced when a customer faces problem such as product failure or question about bill and contacts the firm to solve it or to get more information through e-mails, phone etc.

Proactive service is a situation where firms do not wait until customers communicate and contact them. Proactive service holds information about their customers prior to use reactive solutions such as complaint handling. This can be done where employees are dealing with and interested to realize customers' expectations (Winer, 2001 and Alireza, 2010).

2.5.5. Talented and Motivated Employees

In order to compete and achieve their success companies employ highly motivated and talented employees. Employees' communication skill, positive attitude and effective relationship with customers are essential to attract and retain customers. These motivated employees can provide quality product and services to the customers to improve sales performance. Motivated employees can deal more effectively and efficiently with customers and this makes customers more loyal to the company (Miocevic, 2008).

2.5.6. Influencing Factors of Customer Retention

Farquhar (2004) describes that, customer retention requires a clear direction from top management which serves as the first motive for customer retention practice. Top management needs to implement more common approach in order to make more receptive towards latest changes within the industry in serving and satisfying their customers. Switching cost plays an important role on customer retention (Chen and Hitt, 2002; Kim *et al.*, 2004). It involves all costs incurred when a

customer switches between different brands of products or services and it consists of both loss and gain costs. Loss cost occurs when customers withdraw from service providers while gain cost occurs when customers start to promise to new service/product providers (Burnham *et al.*, 2003, Hongyi and Man, 2011).

Customer retention is highly depending on customer's perception towards service delivery system (Kim *et al.*, 2004). It is based on unique attributes of products, value added services, customer treatment, price and convenient transactions greatly influence the customer's perception towards the service provider. According to Kim *et al.* (2004), Molapo and Mukwada (2011) Retained customers tend to have higher levels of perceived service quality which subsequently results in improving firms' performance. Relationship marketing is an important tool that promotes long-term relationships with all customers in general and profitable customer in particular throughout the process of creating and maintaining effective relationship (Petzer *et al.*, 2009). Interactions with customers would be effective when sustained through effective relationship marketing, where firms can interact effectively with customers (Farquhar, 2004; Ang and Buttle, 2006).

Employees are able to provide the required products/services to their customers' beyond their expectations when they are empowered, well-informed and have access to customers' information (Farquhar, 2004). Price of firm's offerings can affect customer satisfaction and also it influences customer retention. It is perceived that price set is expected to enhance both post-purchase satisfaction and repurchase intention (Srivastava and Lurie, 2001). Firms should also match prices with value of the products or services to promote repeat purchases which in turn influences customer acquisition and retention (Kukar-Kinney, 2006). Relationship allows firms to register detailed information about the individual customers. This information will be linked to customer database, which forms the basis for individualized marketing measures. Existence of effective information systems facilitate record keeping of customer membership and would be helpful for the firm's decision making process (Farquhar, 2004).

2.6. Relationship Marketing Practices and dimensions

2.6.1. Trust

Trust is the "corner stone" for building and developing long term relationship with customers (Juscus and Grigaite, 2011). According to Chattananon and Trimetsoontorn, (2009) Trust is defined as a belief or conviction about the other party's intention within the relationship. In

relationship marketing perspective, trust is defined as the dimension of a business relationship marketing that determines the level in which each party feels rely on the integrity of the promise offered by the other party. According to Clow and Kurtz (2003), the key issue to develop customer relationship marketing is not only obtaining a contractual agreement, but development of mutual trust is must. The primary issue in gaining customer acceptance of service delivery system and process modification is to develop customer trust and relationship. This relationship involves both parties sharing information and working together effectively to solve problems. Generally, trust is shown to have a positive influence on key relational outcomes, customer retention (Doney *et al.*, 2007).

2.6.2. Commitment

Commitment is fundamental to all relational exchanges between the firm and its different partners. Commitment is a critical issue in building customer loyalty, in identifying customers' need, modifying products or services to meet customers' requirement, and also the existence of flexibility in customer relationship is essential to improve the service delivery system (Ndubisi, 2007). According to White and Yanamandram (2007) Commitment provides an enduring desire to develop and maintain effective customer relationship. Commitment is an important ingredient that determines customers from switching to an alternative service provider. Commitment is central issue to develop successful relationship marketing, and the level of trust influences it, Moreover, commitment is one of the factors that enhance the level of long-term relationship and increases customer loyalty. According to Rowley (2005) also described that service providers should consider the influence of service commitment on retaining loyal customers, and act accordingly and also show genuine commitment to improve customer relationships. Committed customers are resistant to competitors, attempts to convince and tell good thing about the company to other customers and they are willing to expand their business with the brand, and to develop their relationship with the brand over a period of time.

2.6.3. Communication

Communication is defined as a formal as well as informal exchanging and sharing of meaningful and timely information between customers and service providers (Sin *et al.*, 2002). Communication is transmitting of message or information, through different methods, from the firm to customers and vice versa (Bosch *et al.*, 2006). According to Kotler *et al.*, (2010) describes that word of mouth and marketing communication are considered as methods of communication to and from clients.

Communication refers to the ability to provide timely and reliable information to customers. Today, there is a new view of communications as an interactive conversation between company and its customers, which takes place during the pre-selling, selling, and post selling stages. Communication in relationship marketing is keeping valued customers by providing timely and reliable information on the way of services delivery system and service changes and communicating with customers if a delivery problem occurs. Communication tells dissatisfied customers what the organization is doing to correct the causes of dissatisfaction. When there is effective communication between an organization and its customers, a better relationship will result and customers will be more loyal to the organization (Ndubisi, 2007).

2.6.4. Empathy

This is another key element of relationship marketing that can be defined as the ability to understand, share and have another person's feeling in a relational situation. Empathy is dealing with an organization and it allows two parties to see situations in the same perspective (Sin *et al.* 2002). According to Ndubisi (2004) empathy is the ability to share and understand another person's state of mind or behavior. He also described that the basic idea of empathy is characterized by looking expressions of the people facial expression or body movement, or by hearing their tone of voice, which will have immediate response on how they feel and treat them in the manner they would like to be treated. According to Clow and Kurtz (2003) empathy is defined as the ability of an individual to identify with the feelings or thoughts of another person. This skill is necessary for organization because customer contact serve as the interaction between customers and service provider organization. When customers have special requirements or problems, employees should understand the problem from their point of view and they attempt to solve it.

2.6.5. Social Bonds

Bonding: is defined as the measurement of business relationship between customers and the service providers, in providing the desired service. Bonding also defined as a dynamic process which is improved over time and the bonding process initiates the fundamental force of need for service providers to find customers for their product or services, and the desire for the customers to provide the product or services that will satisfy their needs. Different bonds exist between parties and shows different levels of relationships. Therefore, in order to create and develop long term relationship among party's existence of bonding should be essential (Frank, 2010).

2.6.6. Conflict Handling

There is a significant relationship between conflict handling and customer loyalty, and this develops trust and perceived relationship quality (Ndubisi and Wah, 2005). In service delivery system, there are constraints to be occasional service failures in spite of all the efforts put in by the service provider (Lovelock and Wirtz, 2007). According to Zeithaml and Bitner (2000) service failure is unavoidable even for the best firms with the best of intentions and for those firms that provide unique products and services. A major strategy organization should develop is that proactive planning and implementation on identifying potential conflicts, solving conflict before they manifest, avoiding potential conflict etc. Those efforts can bring better relationship and loyalty to the particular service firm with its customers.

2.6.7. Competence

When customers perceive the organization to be competent, they are more likely to stay with organization for longer period of time. It is assumed that competence as a relationship marketing practice that would have positive effect on customer retention. One major way that customers become very committed to service provider is the level of organizational competence demonstrated by the service provider (Aldlaigan and Buttle, 2005). According to Kim and Cha (2002) competence is expressed in terms of professional training and development of staff, organizing knowledgeable staff, ability of identifying customer needs, having adequate knowledge of the organization products and services, and providing quality and professional services to clients. Narteh (2009) described the positive relationship between service providers' competence and its customers' satisfaction and retention.

2.6.8. Responsiveness

Responsiveness is a firm's ability to respond the needs and wants of its customers in timely manner. For a firm to be responsive, it must gain deeper understanding and profiling of customer behavior, real-time customer information and loyalty, management at Point of Service, optimized sales through cross-sell activities and rapid response to customer's requirement. The firm's ability to respond the changing market conditions and increase customer's choice, satisfaction and loyalty provides valuable to customers. Showing sincerity and willingness to help customers are some of the key issues in responsiveness and enhances customer retention (Kojokuranchie, 2010).

2.7. Customer Relationship Marketing Strategy

Relationship marketing strategy provides a rise to the development of IT applications often referred to as customer relationship management system which perform as an enabler, producing relevant customer related information and making them readily accessible to various touch points (Chen and Popovich, 2003). This promotes customer relationship and leads to effective delivery of customer value (Bose, 2002). The main emphasis of relationship marketing is building closer relationships with customers as a strategy to overcome problems such as obtaining global competitive advantage, managing the rapidly changing technologies and reducing time to market of new products (Wel and Bojei, 2009).

In many organizations CRM strategy is a broad and detailed description of the scope of CRM programmed towards organizational goals. The strategy helps to the company to build and develop internal processes and technology, to acquire and retain business customers. CRM is basically a strategy associated with maximizing a firm's profitability, revenue and customer satisfaction by focusing on a customer centric process. CRM strategy helps businesses to use IT and human resources to gain insight into the behavior of customers. At the heart of perfect CRM strategy is the creation and development of mutual value for all parties participated in business process through creating sustainable competitive advantage, by being the best at understanding, communicating, providing and developing existing customer relationships in addition to creating and keeping new customers (Richa and Rashmi, 2009).

The last developments in information technology data warehousing and data mining have made it possible for organizations to develop and sustain one-to-one relationship with their customers. Organizations can often manage every single contact with their customer through account management, call centers, interactive voice response systems, on line dial up applications, and web sites to build effective and long lasting relationship. These interactions can potentially help for firms to collect information and insights about customer requirements and their buying behavior, to design and develop services that create value for both customers and organizations. Although customized as well as off the shelf technological solutions are accessible in the marketplace, business need to do a lot more than just accept these solutions to apply good customer relationship practices (Pisharodi *et al.*, 2003).

2.8. Empirical review

The final goal of Customer Relationship Marketing is customer retention which is the key to survive in competitive market for any firm. Customer satisfaction and surviving in today's competitive environment requires the ability to understand the requirement of customers, intelligence to analyze and capability to provide products and services to customers. Customers are the most significant factor in management of businesses, because they are able to choose the items they want from different choices and therefore change the strategies and programs firms have. Hence, having adequate information about customers' requirement and marketplace is a key factor to interact with their unexpected behaviors and then act in the direction of companies' objective (Ghahfarokhi and Zakaria, 2009).

According to Becker, Greve and Albers (2009) implementation of customer relationship programs affects the firm's goals in a different way and may result poor economical outcomes. For example, although many firms employ consultants and project members to implement Customer Relationship Management technological systems such as software applications and databases, to organize the firms' structures and they cannot be sure that focusing on these activities will guarantee on reaching the final goal of customer relationship marketing which is customer retention. Companies can reduce their cost significantly through customer retention by building strong relationship with customers. Firms can also reduce uncertainty of demand by building strong relationship with customers (Ndubisi, 2006). According to Zablah *et al.*, (2004), there are five major concepts of CRM; these are technology, strategy, philosophy, process, and capability that represent an important insight toward an integrated CRM framework. Indeed, many models have been developed to propose how CRM affects the firm performances which are different in conceptualization of key measurements and the relationships among them (Keramati *et al.*, 2010).

The Key findings of Gee *et al.* (2008) indicate that organizations must understand what drives both value and delight for their customers and adopting a customer centric vision that enables an organization to understand their customers, deliver customer delight and drive for loyalty and retention. They also described that different customers have different requirements and will be delighted in different ways and appropriate monitoring of customers is important to ensure customer satisfaction. This is essential for the sustainable growth of an organization.

According to Huseyin *et al.* (2005) findings, it is more expensive to find and attract new customers than to retain an existing one and banks need to redefine their corporate image to one that

emphasizes service quality by introducing standards for service excellence to make customers loyal. The study also indicates that customers are looking for banks that keep their promises, confidence about the way they handle transactions, provide prompt service and have employees that are competent and always willing to help the customers. They also described that due to the highly interactive nature of the employee-customer relationship, including input from employees on what constitutes service excellence will be beneficial for banks and need to reassess what customers expect from them in terms of products and services and thus, provide client specific services is very important.

According to the findings of Gee *et al.* (2008) states that service providers aimed at customer relationship management often look at four areas such as satisfaction, retention, loyalty and lifetime profitability. They also suggest a fundamental criterion for the success of customer initiative schemes is making sure that customer perceived value is met or better still, whether it is exceeded and organizations should evaluate future service schemes with respect to cost and results. They also described that in a competitive environment where customers have numerous choices and few switching costs, loyalty could from the organization point of view decrease costs and increase revenues. The need for businesses to retain customers is an important issue in today's competitive marketplace. They also recommended that to retain customers, business must build long-term relationships with profitable customers.

Effective communication in service provider organizations should affect all aspects of the relationship, but largely trust, satisfaction, and loyalty (Ball *et al.* 2004). Interactions between customers and the service providers lie at the heart of service delivery and people who deliver the service have key importance to both the customer they serve and the employer they represent (Huseyin *et al.*, 2005). They also indicated that bank customers want a high degree of interaction with bank staff that are sensitive to their needs and expect personalized service.

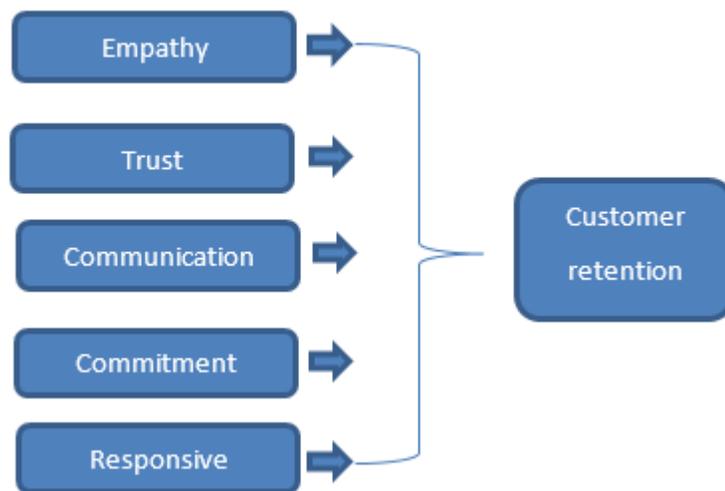
The findings of Ndubisi (2007) described that the greater the trust in the bank, the higher the level of the bank's commitment, the more reliable and timely its communications and the more satisfactorily it handles conflicts, the more loyal its customers will tend to be. Effective communication affects customers to stay with service providers. Loyalty can be cultivated by providing timely and reliable information, for example about the uses and benefits of the company new services. It can also be reinforced by the provision of honest information on what the bank is doing about existing problems and what it does to anticipate potential ones. The findings of Zabliah

et al. (2004) distinguishing the concept of CRM on building a comprehensive framework to aid marketers to achieve CRM implementation successfully. They concluded that perceiving relationships with customers as a continuous process helps maximize and save the profits to stay in the competition.

Kumar (2012) have been identified the key issues and successful patterns for collaborative customer relationship management in Swiss and German financial services networks. He identified key issues were privacy constraints, redundant competencies of partnering companies, customer information exchange and customer relationship management process and systems integration. For addressing these issues, the partnering organizations have to give their consensus on well-defined responsibilities in the collaborative processes. Other issues such as data privacy protection law, process integration, web services and internet-based standards and data integration were also explored in the study. The finding of Gera (2011) also has been identified and discussed the key conceptual and empirical inter-relationships between overall customer satisfactions, retention, service encounter variables of perceived agent service quality and perceived value and their relationships with repurchase intentions, word of mouth and intentions to complaint in the Indian life insurance services.

2.9. The Conceptual Framework

The overall objective of relationship marketing is providing higher level customer service than similar companies do. Therefore, companies must measure their customers' satisfaction level and improve their relationship marketing which help to deliver products and services beyond customer expectation to retain the existing customers (Winer, 2001). The conceptual frame work for the study is developed from the literature review done above, based on this framework effective customer relationship marketing is key ingredient for customer satisfaction and retention. Therefore, the researcher set the conceptual framework to guide the study as follows.



Source: Researcher's own conceptualization

Figure 1. Conceptual Frame-work for the study

When firms want to efficiently retain their profitable customers, they need to implement a comprehensive set of relationship marketing dimension such as trust, commitment, effective communication, empathy and responsiveness. These variables are the main determinants of customer retention in this study. The above figure indicates that the five relationship marketing dimensions play great role in building and developing effective relationship marketing. When there is effective relationship marketing between customers and the firm, customers should be satisfied by the service of the firm and the customers provide their feedback or level of satisfaction to the firm about the service/products provided to them and finally this leads to retention of customer.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

This section will present research approach and design, data type and source, sampling method and sample size, method of data collection, ethical considerations, and methods of data processing and analysis.

3.1. Research Approach and Design

This study will apply a mixed research approach as it aims to benefit from a combination of qualitative and quantitative research methods. This study employ more of quantitative case study method to answer the research questions and use some qualitative information to know the current conditions of UIC with regard to relationship marketing and customer retention. Moreover, the study will employ cross sectional survey design. According to Zikmund (2000) cross sectional survey design is type of survey design which is employed to collect necessary data at one point in time from particular set of population. This research design will utilize because of resource and time limitation to undertake longitudinal survey.

3.2.Data type and Data Source

3.2.1. Data type

The study will use both qualitative and quantitative data. Kumar (2005) has described qualitative and quantitative research methods based on the purpose of the research, data collection process and analysis of data. The purpose of quantitative study is to quantify the extent of variation in a phenomenon or situation through the use of a structured and predetermined methodology and analyzes them with some statistical procedures. Whereas qualitative research seeks to collect data in order to describe variation in a situation, phenomenon by the use of an unstructured and flexible methodology and analyzes them in descriptive and non-quantifiable form. Therefore, the researcher will be use quantitative type of data to analyze and interpret the data that can be collect through questionnaire and qualitative type of data will employ to analyze and interpret the data that can be collected through personal interview using narrative type of analysis.

3.2.2. Data sources

The study employs both primary and secondary sources of data. Primary data sources will be collect through interview, observation, focus group discussion and questionnaire. Saunders *et al.* (2009)

state that questionnaire is one of the most widely used techniques to collect the necessary data from large sample and each respondent answers the same set of questions, it is an efficient technique of gathering responses from large sample. For the purpose of this study, the data will be collected from selected sample of customers' who are visit United Insurance Company two or more times in order to obtain the require data. The primary data was collected through close end questionnaire and personal interview. Semi-structured interview was conducted with marketing manager of the company and the information gather from personal interview will be used to strengthen the information collect through structured questionnaire. Therefore, the researcher will use both questionnaire and personal interview as best instruments to collect the primary data.

On the other hand, secondary data is second hand information and for the purpose of this study secondary data will be collect from studies done before, like journal, articles, Internet/ libraries and other references that are related to the topic, in addition to that annual report of UIC. So the study will use the documents of the company to strengthen the data which will collect through structured questionnaire.

3.3. Sampling Method and Sampling Size

The target population for this study will be customers of the UIC who were registered until MAY2020 and their total number is 2800 and these customers are Local and International NGO, Public Enterprises, Financial Private, Government Institution, Private Enterprise, Financial Government, USA embassy and Private Individual customers. The sample size will be determined based on the following simplified formula proposed by Yamane (1967:886).

$$\text{Sample size } (n) = \frac{N}{1+N(e)^2}$$

Where: n= sample size,

N = the population size, which is 2800

e = level of precision (acceptable error) and its value is 0.0

Accordingly, the sample size for the study was calculated as follows.

$$n = \frac{2800}{1+2800(0.05^2)} = 350$$

$$n=350$$

The data will be collected from 350 customers by using convenience sampling technique based on the availability and willingness of customers to answer the questions. The reason for applying convenience sampling technique is to collect the required data from the sample customers who will be in city easily or conveniently.

3.4. Method of Data Collection

3.4.1. The Questionnaire

It is the most convenient when the sample size is large, because it limits inconsistency and also saves time. In order to collect the required data, the study will use well-designed/ structured questionnaire as best instrument. The design of the questionnaire is simple and clear language to collect meaningful data from the respondents. The reason for the structure and design of the questionnaire has great importance in any survey where the questionnaire is to be completed by the respondents (John A. *et al.*, 2007). The questions were statements form and customers was asked to express their agreement/disagreement in the five point Likert scale (1=strongly disagree, 2= disagree, 3= neutral, 4= agree, 5=strongly agree). The questions will be close ended questions.

3.5. Data reliability and Validity

Reliability defines that the results of a questionnaire be steady and reliable. Validity, on the other hand, means that the individual results of an instrument are significant and allow the researcher to draw valid conclusions from the sample population being studied (Cresswell, 2003). Reliability is determined by the Cronbach's alpha (α) coefficient, which is one of the popular criteria of reliability in quantitative studies. It is measured on a scale of 0 to 1.0, and an instrument is viewed extremely reliable if the instrument has a reliability coefficient statistic of $\alpha > .80$. The instrument is considered very reliable if $\alpha > .70$, and reliable if $\alpha > .60$; when $\alpha < .60$, reliability is considered poor to barely reliable. The reliability of an instrument contributes to its validity, as a reliable instrument will measure what it is supposed to measure and not something else. Therefore, results after consistent questionnaire was valid and more exact (Burg-Brown, 2016).

Table 1. Reliability Statistics

variables	Cronbach's Alpha	N of Items
Over all	.835	36
Empathy	.769	6
Trust	.902	6
Responsiveness	.679	6

Communication	.874	6
Commitment	.789	6
Customer retention	.854	6

Source: researcher's computation and SPSS 26 output results.6

As one can see in the above table 3.1, the overall Cronbach's alpha value is 0.835. This demonstration indicate that data have a good uniformity in internal consistency. The highest Cronbach's alpha value goes to (0.902) trust. This demonstration shows that the highest uniformity in internal consistency of 6 questions. Followed by customer retention was the second highest Cronbach's alpha value (0.854) which means the highest uniformity in internal consistency of 6 questions. Empathy has the lowest Cronbach's alpha value (0.769) which shows the data has lowest reliability. The customer retention in Cronbach's alpha value is 0.874 which demonstrate the highest uniformity in internal consistency of 6 questions.

3.6. Methods of Data processing and Analysis

3.6.1. Data Processing

This section deals with data processing procedure such as editing, coding, classification and the tabulation of collected data. The process and procedure of assigning numerical or other symbols come at this part to reduce responses into a limited number of groups/ classes. After this, the processes of classification of large volume of raw data into classes or groups on the basis of common characteristics. Finally, the researcher will use tabulation and pie charts to summarize the raw data which will be gather from the respondents.

3.6.2. Data Analysis and interpretation

Quantitative data gathered via questionnaire was be analyzed via descriptive statistics (percentage, frequency, mean and standard deviation). The Statistical Package for Social Science (SPSS) version16 software will be used to process the data collected through close ended questionnaire. Moreover, narrative analysis will be used to analyze qualitative data gathered via interview. The qualitative type of data will employ to analyze and interpret the data collected through personal interview using narrative type of analysis.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1.Introduction

In this chapter, the study attempted to examine the effect of customer relationship marketing practices on customer retention. Consequently, the outcomes of the study were offered and examined in this subdivision. The questionnaire was developed in five scales ranging from five to one; where 5 represents Strongly agree, 4 agree, 3 Neutral, 2 disagree, and 1 strongly disagree. The study used Regression Analysis was also used to test the effect of independent variable on dependent variable. The collected data were presented and analyzed using SPSS 26 software version.

4.2.Response rate

The study targeted a sample size of 350 respondents from which 287 were filled in and returned the questionnaires making a response rate of 82 percent. This rate implied that the response rate was acceptable to mark deductions for the study.

4.3.Descriptive analysis

Table 2.Respondents gender distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	175	60.9	60.9	60.9
	Female	112	39.1	39.1	100.0
	Total	287	100.0	100.0	
Education	High school	15	5.3	5.3	5.3
	BA`	121	42.2	42.2	47.5
	MA/MSc	151	52.5	52.5	100.0
	Total	287	100.0	100.0	
How long you have been a customer	less than 5 yrs	183	63.8	63.8	63.8
	5-9yrs	75	26.1	26.1	89.9
	above 15 yrs	29	10.1	10.1	100.0
	Total	287	100.0	100.0	

Source: Questionnaire and SPSS 26 output results.

Table 4.1 presents the gender composition of the respondents out of the total 287 respondents, 175 (60.9 percent) of them were male and 112 (39.1 percent) of them were female. This assumes that

in general, the boundary between the genders is negligible. This result depicted that there no gender bias in representation of male and female in the study.

In addition, table 4.1 presents education level of sample respondents'. And illustrate that the all of the respondents 121 (42.2%) were bachelor's degree holders while 151(52.5%) were second degree holder. This illustrate that majority of the respondents were in state of providing well response about their performance and their observation of the customer relationship marketing.

The respondents also requested to show their How long they have been a customer, the subjects were divided into four groups according to the number of years' service with the organization (group1: less than 5 years, group 2: 5 to 9 years, group3: 10 to 14 years, and group 4: 15-19years, group 5: more than 20 years). The number respondents whose were a customer for united insurance co. below 5 years is 183 (63.8 percent) and 75 (26.1 percent) respondents have between 5-9-year service years. Furthermore, 29 respondents who were a customer above 15 years.

4.3.1. Empathy

In this section the descriptive analysis result for empathy as a customer relationship marketing practice was presented.

Table 3. Empathy

	N	Min	Max	Mean	Std. Dev
The employees of the insurance understand your specific needs	287	3	5	3.94	.817
The insurance always see things from different point of view	287	3	5	4.06	.819
The insurance provides the service on the agreed time	287	3	5	4.05	.835
The working hours are flexible and comfortable to you	287	3	5	4.00	.824
The insurance listen problem of its customers	287	3	5	3.94	.811
The insurance corporation work in close co-operation with you	287	3	5	3.93	.832
Valid N (listwise)	287				

In the above table 4.2 the study assessed the empathy of customers on united insurance company and its service performers by taking six sub variable through questionnaire survey from customers. Response of the customers towards the individual variables of empathy using mean and std. dev. And the results of the variables of empathy are mean score of 4.00 and this indicates that majority of the customers were agreed with all the individual variables of empathy.

The respondents strongly admitted (mean = 4.06; std. dev. = .819) that the employees of the insurance understand customers' specific needs i.e. highest score in this variable. The second highest score is that the insurance provides the service on the agreed time mean = 4.05 & Std. Dev. 0.835 and this helps to develop strong relationship with its customers and improves customer satisfaction and retention level of the insurance. In addition, the insurance Co. the working hours are flexible and comfortable to you (mean = 4.00 & S.D = .824). Furthermore, the respondents strongly admitted that the employees of the insurance understand your specific needs and The insurance listen problem of its customers both statement scored mean value of 3.94 and S.D = .817 & .811 respectively.

4.3.2.Responsiveness

In this section the descriptive analysis result for responsiveness as a customer relationship marketing practice was presented.

Table 4.Responsiveness

	N	Min	Max	Mean	Std.Dev
Employees of the insurance are never busy to respond your requests	287	3	5	3.94	.798
Employees devote enough time to answer your questions	287	3	5	4.04	.821
Service of the insurance is done without delay	287	3	5	4.00	.838
The insurance is responsive to your complaints	287	3	5	4.01	.802
The insurance quickly solve your problem	287	3	5	4.03	.825
Employees of the insurance are well trained in using customer related technologies	287	3	5	4.02	.804
Valid N (listwise)	287			4.00	.814

As literature suggested Responsiveness is the ability to respond the needs and wants of customers. For a firm to be responsive it must gain deeper understanding and profiling of customers requirement, real time customer information and rapid response to customers need. The firm's ability to respond to the changing market conditions and increased customer choice, satisfaction and loyalty provides valuable to customers (Beauty, 2012).

In the above table 4.3 the study assessed the responsiveness of united insurance company and its service performers by taking six sub variable through questionnaire survey from customers.

Response of the customers towards the individual variables of responsiveness using mean and std. dev. And the results of the variables of responsiveness are mean score of 4.00 and this indicates that majority of the customers were agreed with all the individual variables of trust.

As presented in the above table 4.3. Majority of the respondents support the statement, that stated the insurance Co. employees are never busy to respond your requests shown with mean score of 3.94 allows you to express your opinion freely and shown with mean score of 3.91 and S.D = .800. The respondents strongly admitted (mean = 4.02; std dev < .832) that the insurance has applied more technology to meet customer needs and Marketing strategy of the insurance is effective to inform you (mean = 4.02; std dev < .791). Furthermore, when there is a change in the policy, or any other relevant issue the insurance communication with customer on time and provide clear instruction in use of the service (mean \approx 4.00; std dev < 1.000)

4.3.3.Trust

In this section the descriptive analysis result for trust as a customer relationship marketing practice was presented.

Table 5.Trust

	N	Min	Max	Mean	Std. Dev
The insurance has the ability to openly discuss solution when problem arise	287	3	5	4.02	.838
The insurance Co. trusted on anything you ask	287	3	5	3.93	.831
The insurance Co. fulfills its obligation to you	287	3	5	3.98	.821
The insurance Co. always show respect and honest to you	287	3	5	3.96	.801
The insurance has the ability to meet its promises	287	3	5	3.96	.821
Valid N (listwise)				3.97	.822

In the above table 4.4 the study assessed the trust of customers on united insurance company and its service performers by taking five sub variable through questionnaire survey from customers. Response of the customers towards the individual variables of trust using mean and std. dev. And the results of the variables of trust are mean score of 3.97 and this indicates that majority of the customers were agreed with all the individual variables of trust.

The respondents strongly admitted (mean \approx 4.00; std dev < .838) that the insurance has the ability to openly discuss solution when problem arise. This implied that the insurance openly discusses solutions when problem arise and allows for its customers to express their problems openly and

this helps to develop strong relationship with its customers and improves customer satisfaction and retention level of the insurance. In addition the insurance Co. always show respect and honest to its customer and has the ability to meet its promises (mean = 3.96 S.D = .801, mean = 3.96 S.D = .821 respectively). Furthermore, the respondents strongly admitted that the insurance Co. fulfill its obligation and keep its promise which is shown by mean score of 3.98 with S.D = .98.

4.3.4. Communication

In this section the descriptive analysis result for communication as a customer relationship marketing practice was presented.

Table 6. Communication

	N	Min	Max	Mean	Std. Dev
The insurance Co. allow you to express your opinions freely	287	3	5	3.91	.800
The insurance provide clear instruction in use of the service	287	3	5	3.98	.817
When there is a change in the policy, or any other relevant issue the insurance communication with you on time	287	3	5	3.99	.811
The insurance applies more technology to meet your needs	287	3	5	4.02	.832
Marketing strategy of the insurance is effective to inform you	287	3	5	4.02	.791
The insurance service use technology to become unique among competitors	287	3	5	3.92	.869
Valid N (listwise)	287			3.97	.820

In the above table 4.5. the study assessed the communication practice of Co. customers on united insurance company and its service performers by taking six sub variable through questionnaire survey from customers. Response of the customers towards the individual variables of communication using mean and std. dev. And the results of the variables of communication are mean score of 3.97 and this indicates that majority of the customers were agreed with all the individual variables of communication.

As presented in the above table 4.5. Majority of the respondents support the statement, that stated the insurance Co. allows you to express your opinion freely and shown with mean score of 3.91 and S.D = .800. The respondents strongly admitted (mean = 4.02; std dev < .832) that the insurance

has applied more technology to meet customer needs and Marketing strategy of the insurance is effective to inform you (mean = 4.02; std dev < .791). Furthermore, when there is a change in the policy, or any other relevant issue the insurance communication with customer on time and provide clear instruction in use of the service (mean \approx 4.00; std dev < 1.000)

4.3.5.Commitment

In this section the descriptive analysis result for commitment as a customer relationship marketing practice was presented.

Table 7.Commitment

	N	Min	Max	Mean	Std.Dev
The insurance always willing to help you	287	3	5	4.07	.821
The insurance is flexible when its service is changed	287	3	5	3.98	.813
The insurance is flexible in serving your needs	287	3	5	4.02	.819
Employees are consistently polite during service contact	287	3	5	3.96	.833
The insurance Co. make sure that problem do not rise in your business relationship	287	3	5	3.93	.810
The insurance Co. keeping customers informed about when services will be performed	287	3	5	4.05	.831
Valid N (listwise)	287			4.00	.821

In the above table 4.6 the study assessed the commitment practice of customers on united insurance company and its service performers by taking six sub variable through questionnaire survey from customers. Response of the customers towards the individual variables of commitment using mean and std. dev. And the results of the variables of commitment are mean score of 4.00 and this indicates that majority of the customers were agreed with all the individual variables of commitment. In addition, the perception of the respondents towards the individual variables of commitment using mean and standard deviation and the results were ranged between 3.93 and 4.07 for majority of the variables.

In the above table 4.6 shows that the respondents strongly agree with the statement. This means that majority customers support the statement up on the insurance always willing to help you with mean score of 4.07 & S.D .821. The implication is that majority of the customers strongly agreed with the statement. This is essential to provide appropriate and timely solutions for problems and to build strong relationship with customers and finally enhances customer retention level. In addition, customers were also given a chance to express their opinion on the statement, ‘The

insurance is flexible when its service is changed.’ According to table 4.6, the mean score of the customers’ response is 3.98 with std. deviation of 0.813. This shows that majority of the customers were agreed with the statement. The implication is that the insurance is flexible when service is changed this helps to update and improve service delivery system of the corporation. Generally flexibility in serving the requirement of customers is important to build strong relationship and satisfy them effectively. In addition, when customers were asked to reflect their opinion on the statement ‘Employees are consistently polite during service contact,’ accordingly the mean score of customers’ response is 3.96 with std. deviation of 0.833. The implication is that majority of the customers were strongly agreed with the statement.

Additionally, customers were also questioned to express their agreement level on the statement ‘The insurance keeping customers informed about when services will be performed’, as the above table 4.6 revealed that, the mean score of customers’ response is 4.05 with std. deviation of 0.831. The implication is that majority of the customers were agreed with the statement. Customers are well informed about when the service is performed and this helps to make customers loyal and customers care about the corporation.

4.3.6. Customer retention

In this section the descriptive analysis result for customer retention as a customer relationship marketing practice was presented.

Table 8. Customer retention

	N	Min	Max	Mean	Std. Dev
I am confident of giving positive word of mouth to others about this insurance	287	3	5	4.00	.834
The insurance co. stimulates you to buy repeatedly	287	3	5	4.00	.826
The insurance has an excellent reputation	287	3	5	4.00	.800
The insurance tries to establish long-term relationship with you	287	3	5	3.98	.784
The insurance transmits individualize marketing messages to you	287	3	5	4.02	.842
The insurance provides reward to motivate you to request and make purchase	287	3	5	4.01	.813
Valid N (listwise)	287			4.00	.816

In the above table 4.7. the study assessed the customer retention practice of Co. customers on united insurance company and its service performers by taking six sub variable through questionnaire survey from customers. Response of the customers towards the individual variables of commitment

using mean and std. dev. And the results of the variables of customer retention are mean score of 4.00 and this indicates that majority of the customers were agreed with all the individual variables of customer retention. In addition, the perception of the respondents towards the individual variables of customer retention using mean and standard deviation and the results were ranged between 3.98 and 4.02 for majority of the variables.

As presented in the above table 4.7. Majority of the respondents support the statement, that stated I am confident of giving positive word of mouth to others about this insurance, the insurance co. stimulates you to buy repeatedly and insurance has an excellent reputation and the results of the variables of commitment are mean score of 4.00 and this indicates that majority of the customers were agreed with all the individual variables of customer retention. Customers were also responded to the statement ‘The insurance tries to establish long term relationship with you.’ According to the above table the mean score of customers response is 3.98 with std. deviation of 0.784, the mean score of customers’ response shows that majority of the customers were in agreement with the statement. Likewise, customers were also reflecting their agreement level on the statement ‘The insurance provides reward to motivate you to request and make purchase’ According to the above table the mean score and std. of customers’ response is mean scores 4.01 and 0.813 std. deviation).

4.4. Regression Analysis

4.4.1. Classical linear regression model (CLRM) assumptions

In the descriptive statistics part, the study showed that the mean, standard deviation, minimum and maximum values of the dependent and explanatory variables for each variable. However, this section provides test for the classical linear regression model (CLRM) assumptions such as mean value of the error term is to be average value of the error term, normality, Linearity test and multi collinearity tests.

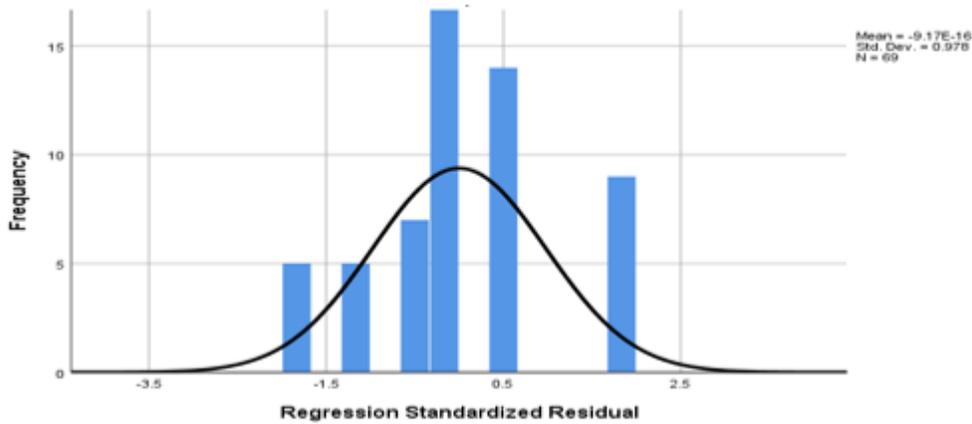
As far as the assumptions of classical linear regression model hold true, the coefficient estimators of both α (constant term) and β (independent variables) that are determined by OLS will have a number of desirable properties, and commonly acknowledged as (BLUE). Accordingly, before applying the model for testing the significance of the slopes and analyzing the regressed result, average value of the error term, normality, Linearity test and multi collinearity tests were made for identifying misspecification of data if any so as to fulfill research quality.

Test for average value of the error term is zero

The primary supposition obligatory is that the normal value of the errors is zero. Actually, if a constant term is comprised in the regression calculation, this assumption will not ever be disrupted. Therefore, since the constant term (i.e. α) was encompassed in the regression calculation, the average value of the error term in this study is estimated to be zero.

Normality test

This test was applied to control whether a data is well-modeled by a normal distribution or not, and to calculate in what way likely an underlying random variable is designate normally distributed. If the residuals are normally distributed, the histogram should be bell-shaped.



Source: researcher's computation and SPSS 26 output results.

Figure 2. Normality test

As shown in the above fig. 4.1 the histogram exhibited well bell-shaped structure. Therefore, the underlying random variable and the residuals were normally distributed.

Linearity test

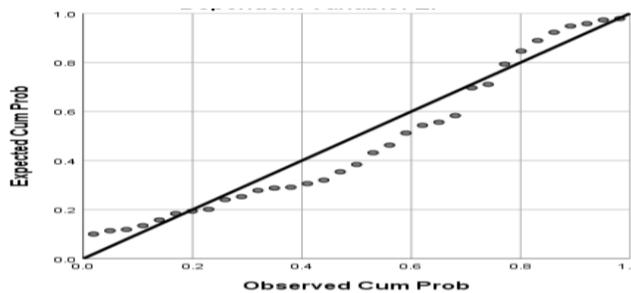


Figure 3. Linearity test

Source: researcher's computation and SPSS 26 output results.

There are a number of ways to check a linearity relationship exists. This study applied normal p-p plot in order to check linearity and visually inspect the scatter plot. As shown in above fig. 4.2 and the points show linearity.

Multi-collinearity test

The other test which was conducted in this study is the multi-co linearity test, this help to identify the correlation between explanatory variables and to avoid double effect of independent variable from the model. If an explanatory variable has strict linear amalgamation with the other independent variables, then one can say the model suffers from perfect co linearity, and its might not be estimated by OLS (Brooks 2008). This assumption is concerned with the relationship exist between explanatory variables. There is no consistent argument on the level of correlation that causes multi-co linearity. In order to examine the possible degree of multi-co linearity among the explanatory variables, correlation matrixes of selected explanatory variables were presented below.

The next table, described correlation among explanatory variables. A correlation is a distinct number that defines the point of relationship between two variables. According to Gujarati (2004), the standard statistical method for analyzing data for multi collinearity is examining the explanatory variables correlation coefficients; condition index and variance inflation factor. Consequently, in this study correlation matrix and variance inflation factor for all of the variables shown below in the table had been estimated.

Table 9. Multi collinearity test

		Collinearity Statistics	
		Tolerance	VIF
EMP		.714	1.401
RESP		.953	1.049
TRU		.688	1.453
COMMU		.654	1.321
COMMI		.852	1.542
	mean	.772	1.353

Source: researcher’s computation and SPSS 26 output results.

4.4.2. Regression result

Table 10. Summary of the model

Model	R Square	Adjusted R Square	Std. Error of the Estimate
1	.670	.645	.35696

a. Predictors: (Constant), EMP, RESP, TRU, COMMU, COMMI,

Source: researcher's computation and SPSS 26 output results.

In the above table 4.9 shown and illustrate that the amount variation in dependent variable i.e. customer relationship marketing in relation to independent variable i.e. the customer retention. In light of this the variation was determined by the value of R^2 and Sig. value. Accordingly the value of adjusted R square value is 0.645 this show that customer retention accounts about 64.5 percent variation of and of customer relationship marketing whereas the remaining 35.5 percent variation cause by other variables that is not include in this study.

Table 11. Analysis of variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.332	3	2.444	19.182	.000 ^b
	Residual	8.282	65	.127		
	Total	15.615	68			

a. Dependent Variable: CR

b. Predictors: (Constant), EMP, RESP, TRU, COMMU, COMMI,

Source: researcher's computation and SPSS 26 output results.

In the table 4.10 above show that the analysis of variance. It is also identified as model fit marks. The interest in this table are the F-statistics and its associated sig. value. The results show that the F-statistics is significant at Sig = 0.000. The null hypothesis of the model was that model has no power to predict. However, the result pronounced that the null hypothesis can be rejected and accept the alternative hypothesis i.e. model has power to predict customer retention from customer relationship marketing significantly.

To forecast the effect of customer relationship marketing (dependent variables) on customer retention (independent variable) multiple regression analysis was conducted. The result are accessible in the subsequent table 4.11.

The model that used to estimate the effects of customer relationship marketing on customer retention would be the following;

$$CR = C + \beta_1(EMP) + \beta_2(RESP) + \beta_3(TRU) + \beta_3(COMMU) + \beta_3(COMMI) \varepsilon$$

Table 12. Regression analysis

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.021	.320		-6.319	.000
	EMP	.050	.055	.098	.917	.363
	RESP	.026	.059	.041	.445	.008
	TRU	.370	.063	.635	5.835	.000
	COMMU	.184	.072	.111	2.552	.011
	COMMI	.240	.094	.119	2.171	.031

a. Dependent Variable: CR

Source: researcher's computation and SPSS 26 output results.

$$CR = C + .050(EMP) + .026(RESP) + .370(TRU) + .184(COMMU) + .240(COMMI) \varepsilon$$

A regression model was also computed to determine how the five practices of customer relationship marketing impact on customer satisfaction. The results are depicted in Table 4.11. An R^2 of 0.645 was obtained indicating that all five relationship marketing practices jointly determine 64.5% of customer satisfaction. Similarly, an attempt was made to estimate how the individual variables contribute to customer retention. The findings revealed that amongst the five practices of relationship marketing, trust is the chief driver of customer satisfaction, followed by commitment, communication, responsive and empathy respectively. The findings also revealed that, the highest influencer to customer satisfaction was trust followed closely by commitment, and communication. Furthermore, the coefficient estimate of all independent variables i.e. Trust (TRU) commitment (COMMI), communication (COMMU) and responsiveness (RESP) were positively and significant relation with customer retention. However, and empathy (EMP) had positive but statistically insignificant relation with customer retention.

4.5. Discussion of findings

This section will discuss findings of the study in line with other empirical study findings and shows extent of similarity and difference of findings.

4.5.1. Responsiveness

Responsiveness is another element of relationship marketing that is taken into account to explain customer's retention. Based on the regression result as it is shown on the above table 4.11. The responsiveness has coefficient score of $\beta = 0.026$ and Sig. value of 0.008 which is under the acceptance level. Hence responsiveness is found to have a positive and statistically significant relation with customer retention. Therefore, it is possible to conclude that the corporation is responsive in solving the complaints of its customers and this is important for the insurance to build and develop strong relationship with its customers. The finding also support Kojokuranchie, (2010) The firm's ability to respond the changing market conditions and increase customers choice, satisfaction and loyalty provides valuable to customers. Showing sincerity and willingness to help customers are some of the key issues in responsiveness and enhances customer retention (Kojokuranchie, 2010).

4.5.2. Trust

As it is clearly stated in the above table 4.11. The trust has coefficient score $\beta = 0.370$ and Sig. value of 0.000 which is higher than the acceptance level. Hence trust is found to have a positive and significant effects on customer retention. Trust proved to be the chief driver of relationship quality. As supported by earlier studies (Ndubisi & Wah, 2005; Ndubisi et al., 2007), higher levels of trust reinforced positive bank-customer relationship. In other words those customers that had more trust on the bank were more likely to establish a desirable relationship with it. Therefore, a bank perceived by its customers as honest in its performance is more likely to enjoy strong and lasting relationship with their entire customers. So it is suggested that banks should instruct their employees to exert adequate accuracy in accomplishing their duties.

The finding of the study also similar with Ndubisi (2007) study and indicated that trust is an important ingredient in firm-customer relationships and ultimately in the development of customer retention. Shortly trust has the power to increase customers' retention. Teichert and Rost (2003) investigated the relationship between trust and customer retention and they measured the effects of trust and involvement on customer retention. They found that trust serves as a strong trigger for enhancing customer retention, and involvement is revealed to play a prominent role in explaining both trust creation and customer retention.

4.5.3. Empathy

As it is clearly stated in the above table 4.11. The empathy has coefficient score $\beta = 0.050$ and Sig. value of 0.363 which is higher than the acceptance level. Hence empathy is found to have a positive but statistically insignificant effects on customer retention.

4.5.4. Communication

Communication is another element of relationship marketing that is taken into account to explain customer's retention. Based on the regression result as it is shown on the above table 4.11. The communication has coefficient score of $\beta = 0.184$ and Sig. value of 0.011 which is higher under the acceptance level. Hence communication is found to have a positive and statistically significant relation with customer retention.

Communication is an important relationship builder. Effective communication fosters positive interaction and enhances the quality of the relationship. Ndubisi (2006) stated that, banks with valued customers, provided timely and trustworthy information on service and service changes, and communicated proactively if a delivery problem were more likely to establish a desirable relationship with customers.

4.5.5. Commitment

Commitment is another element of relationship marketing that is taken into account to explain customer's retention. Based on the regression result as it is shown on the above table 4.11. The commitment has coefficient score of $\beta = 0.240$ and Sig. value of 0.031 which is under the acceptance significance level. Hence commitment is found to have a positive and statistically significant relation with customer retention. As the findings revealed by the findings, had a significant connection with relationship retention. The findings were supported by Venetic and Ghauri (2004), commitment is a key determinant in any relationship including buyer-seller relationships, therefore, banks should take some measures to create commitment and make their services compatible with each customer needs.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATION

5.1. Introduction

As far as this the preceding chapter offered descriptive analysis and observed the result of the regression of all independent variables in contradiction of the theories and the researcher expectations.

5.2. Conclusion

Based on the data analysis and summary of major findings the following conclusion were forwarded based on research objective and questions:

- Empathy has positive effect on customer retention. The result show that the customer retention would enhanced when empathy is practiced. Hence empathy is found to have a positive but statistically insignificant effects on customer retention.
- Responsiveness has positive effect on customer retention. The result show that the customer retention would enhanced when responsiveness is practiced. Hence responsiveness is found to have a positive and statistically significant effects on customer retention.
- Responsiveness has positive effect on customer retention. The result show that the customer retention would enhanced when responsiveness is practiced. Hence responsiveness is found to have a positive and statistically insignificant effects on customer retention.
- Trust has positive effect on customer retention. The result show that the customer retention would enhanced when trust is practiced. Hence trust is found to have a positive and significant effects on customer retention. Trust proved to be the chief driver of relationship quality.
- Communication has positive effect on customer retention. The result show that the customer retention would enhanced when communication is practiced. Hence communication is found to have a positive and significant effects on customer retention. Communication is an important relationship builder. Effective communication fosters positive interaction and enhances the quality of the relationship.
- Commitment has positive effect on customer retention. The result show that the customer retention would enhanced when commitment is practiced. Hence commitment is found to

have a positive and statistically significant relation with customer retention. As the findings revealed commitment, had a significant connection with relationship retention.

5.3. Recommendations

Based on the summary of major findings and conclusion, the following recommendations were forwarded based on research objective and questions;

- It is suggested that banks should deliver necessary information on time through various media at the time of supplying new services. The management of the banks should provide and distribute customers' guide booklets to support customers with pertinent and reliable information.
- Specific ways to demonstrate commitment include, offering both customized and flexible services. It means accommodating to customers' needs, tailoring products to requirements, and being generally flexible in customer relationships (Taleghani et al., 2011). It is suggested that the bank management and employees should identify each customer needs by establishing long term and stable relationship and do some measures to support customers with required and special services. They must show genuine commitment to customer relations, not lip service.
- To retain and develop loyal customers, the company should be trustworthy and show commitment, providing individualized attention to customers and must resolve conflicts in a manner that will eliminate unimportant loss and inconvenience to their customers. In Ethiopia, the growing number of insurance company led to the increase in the competition of insurance industry. Therefore, the company must be well aware of the want and needs of the customers. Nowadays customers are demanding more not only based on the service but they demand the way they are treated.
- The company should also design and provide continuous training sessions that emphasizes customer service handling (customer relationship marketing) for employees to develop skill, attitude and abilities and to fill customer handling gaps identified under this stud.
- While, trust and commitment dimensions in the customer relationship marketing practice at united insurance Co. contributed positively on the customer loyalty, customer retention and customer satisfaction. However, there is area that needs attention from management and employees of the bank to continuously strive to earn customers

trust by providing consistent quality services through minimizing frequent network failure/internet connection problems encountered.

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APPENDIX A

St. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDY

MASTERS OF BUSINESS ADMINISTRATION (MBA) PROGRAM

QUESTIONNAIRE TO BE FILLED BY CUSTOMERS

Dear Respondents:-

Above all, I would like to express my earnest appreciation for your generous time, honest and prompt responses. This questionnaire is designed to collect data about the effect of customer relationship marketing practices on customer retention. In an attempt to conduct the research, I kindly request you to complete the attached questionnaire in an honest manner. All responses will be treated as confidential as the result of the survey will be available on request.

General Instructions

- There is no need of writing your name.
- In all cases where answer options are available please tick (√) in the appropriate box.
- For question that demands your opinion, please try to honestly describe as per the question on the space provided.

Thank you in advance

Questioner

Measurement scales for customer relationship marketing

Note that: 1=SDA (strongly Disagree), 2=DA (Disagree), 3=N (Neutral), 4=A (agree) 5=SA (Strongly Agree)

Empathy					
1. The employees of the insurance understand your specific needs					
2. The insurance always see things from different point of view					

3. The insurance provides the service on the agreed time					
4. The working hours are flexible and comfortable to you					
5. The insurance listen problem of its customers					
6. The insurance corporation work in close co-operation with you					
Responsiveness					
7. Employees of the insurance are never busy to respond your requests					
8. Employees devote enough time to answer your questions					
9. Service of the insurance is done without delay					
10. The insurance is responsive to your complaints					
11. The insurance quickly solve your problem					
12. Employees of the insurance are well trained in using customer related technologies					
Trust					
13. The insurance has the ability to openly discuss solution when problem arise					
14. The insurance Co. trusted on anything you ask					
15. The insurance Co. fulfills its obligation to you					
16. The insurance Co. always show respect and honest to you					
17. The insurance has the ability to meet its promises					
Communication					
18. The insurance Co. allow you to express your opinions freely					
19. The insurance provide clear instruction in use of the service					
20. When there is a change in the policy, or any other relevant issue the insurance communication with you on time					
21. The insurance applies more technology to meet your needs					
22. Marketing strategy of the insurance is effective to inform you					
23. The insurance service use technology to become unique among competitors					
24. The insurance Co. communication with you based on the way you desire					

25. The insurance Co. clearly communicates about each policy to you (about your right, responsibility and other related issues)					
26. The insurance provide channels to enable ongoing two-way communication with you					
Commitment					
27. The insurance always willing to help you					
28. The insurance is flexible when its service is changed					
29. The insurance is flexible in serving your needs					
30. Employees are consistently polite during service contact					
31. The insurance Co. make sure that problem do not rise in your business relationship					
32. The insurance Co. keeping customers informed about when services will be performed					
33. The insurance is consistent in providing quality service					
34. The insurance give sincere and detailed information about all the condition of service					
Customer retention					
35. I am confident of giving positive word of mouth to others about this insurance					
36. The insurance co. stimulates you to buy repeatedly					
37. The insurance has an excellent reputation					
38. The insurance tries to establish long-term relationship with you					
39. The insurance transmits individualize marketing messages to you					
40. The insurance provides reward to motivate you to request and make purchase					
41. I am happy with the low charges of the insurance					