THE EFFECT OF THE ADOPTION OF CUSTOMER RELATIONSHIP MANAGEMENT ON SERVICE QUALITY IN THE KENYAN FREIGHT FORWARDING INDUSTRY

BY:

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

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DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination or academic purposes.

Signature:

.............................................                                      Date.......................................................

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This research project has been submitted for examination with our approval as the supervisors.

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My final gratitude goes to my family, Mr. & Mrs. Paul Odhiambo and family and my dear husband Lawrence Odhiambo for giving me endless support in my pursuit for higher education.

Thank you all and may God Almighty bless you abundantly.
DEDICATION

I dedicate this work to my dear parents Paul Odhiambo and Monica Anyango who laid the foundation of my career journey. A special dedication to my beloved husband Lawrence Odhiambo for his inspiration and support in all aspects of my life.
ABSTRACT

This research looks at customer relationship management (CRM) and examines the extent of its adoption within the Kenyan freight forwarding industry and its effect on service quality. A descriptive survey was conducted on a sample of fifty freight forwarding firms in Kenya to gauge the application of CRM in the industry, determine its impact on service quality and investigate the factors impeding CRM adoption if any. The results supported that the attributes of innovation proposed by Rogers’ (1995), attitude towards change, marketing orientation, innovation orientation, perceived accessibility of IT solutions, competition intensity and desire of customer intimacy were the antecedents of CRM adoption. The results also showed that CRM dimensions like CRM as a Competitive advantage, Organizational structure designed around customers, Customer-centric performance standards, IT and resources geared at managing customer relationships, actually have radically positive effects on the service quality and the organizational performance aspects of growth rate and profit. This report provides a detailed exploration of relationships between CRM implementation and service quality and this will consequently provide clues as to how freight forwarding companies can accommodate customer relationship creation to improve their overall performance. Limitations of the research study have been reported together with recommendations for future research.
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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In today’s world of business, top management are aware that customers are the core of a business and that the success of a company relies on effectively managing relationships with them. Customers’ needs and purchase patterns have changed dramatically, and in order to meet these dynamic needs, companies tend to adopt differentiated and customer-oriented operations and marketing strategies so as to gain competitive advantage. Furthermore, the rapid escalation of the internet and its related technologies has greatly increased opportunities for marketing and has transformed the way relationships between companies and their customers are managed (Bauer et al., 2002).

Customer Relationship Management (CRM) evolved from business processes like Relationship Management and the great amount of attention given to improving customer retention through the effective management of customer relationships (Light, 2001). As a business strategy, it positions the customer as the focus of the organization, creating a "customer centric" orientation (Grant, 2005). Over the years the interest in CRM has grown immensely and this can be attributed to the advances in information technology and data warehouses, mounting sophistication of customers, the high level and broadness of market dynamism and the growing intense competition (Chen and Popovich, 2003).

A freight forwarder or forwarding agent is a person or company who arranges the carriage of goods and the associated formalities on behalf of a shipper. Freight forwarder firms are a kind of
logistics intermediary companies which operate in a wide geographical coverage with a large number of customers in different industries. Therefore, they rarely focus on any particular fields in industrial supply chain (Cui and Hertz, 2011). They are considered as economic agents who complete transaction with their customer by purchasing from suppliers and sale to their customers (Spullber, 1999). They organize shipments for their customers (individuals or companies). In another words it is an agent that provides service in means of consignment for its client’s name or for itself (Wyckoff, 1992).

The duties of a freight forwarder include booking space on a ship, providing all the necessary documentation and arranging customs clearance. The freight forwarding industry is very dynamic and competitive and to survive in this marketplace, the best way for freight forwarding companies to retain customer loyalty is to provide an environment where customer relationships are effectively managed (Buttle, 2009).

1.1.1 Customer Relationship Management

CRM is a relatively young concept whose interest began to grow in the 1990s (Xu et al., 2002). The concept came to light at the peak of the internet boom and although still a vague notion, it was embraced across multiple channels as a management solution. CRM has no universally accepted definition despite being recognized as a critical business approach. CRM is defined as an enterprise approach to understanding and influencing customer behavior through meaningful communication in order to improve customer acquisition, customer retention, customer loyalty and customer profitability (Swift, 2001). CRM also refers to a term for methodologies, technologies, and e-commerce capabilities used by companies to manage customer relationships (Stone et al, 2001), and the management approach that involves identifying, attracting,
developing and maintaining successful customer relationships over time in order to increase retention of profitable customers (Massey et al 2001).

CRM is the strategic use of information, processes, technology and people to manage the customer’s relationship with your company (Marketing, Sales, Services and Support) across the whole customer life cycle (Kincaid, 2003). CRM has further been defined as the implementation of a specific technology solution project, an integrated series of customer-oriented technology, and a holistic strategic approach to managing customer relationships to create shareholder value (Payne et al, 2004). CRM is also proposed as an ongoing process that involves the development and leveraging of market intelligence for the purpose of building and sustaining a profit-maximizing portfolio of customer relationships (Zablah, 2004). The stated definitions all emphasize on the importance of comprehensively looking at CRM as a set of strategies for managing relationships with customers.

There are three common misconceptions about the nature of CRM which include the notion that CRM is database marketing. Database marketing is concerned with building and exploiting high quality customer bases for marketing purposes. Whereas most medium sized and large companies do indeed build and exploit customer databases, CRM is much wider in scope than database marketing. Database marketing is less evident in strategic and operational CRM (Buttle, 2009).

The second misunderstanding is that CRM is a marketing process, but although CRM software applications are used for various marketing activities like market segmentation and customer acquisition, CRM extends into selling and service functions. The use of CRM software is shared
more widely throughout the enterprise than by the marketing function alone. Operations management can use customer related data to produce customized products and Human Resources can use customer preference data to help recruit and train staff for the front-line jobs that interface with customers. Customer data can not only be used to integrate various internal departments, but can also be shared across the extended enterprise with suppliers or partners like transporters. This is a clear show that there is more to CRM than marketing.

The third misunderstanding identified by Buttle (2009) is that CRM is an IT issue. It should be understood that although CRM implementations require deployment of IT solutions, IT is only a facilitator. Successful CRM implementations involve people designing and implementing processes and strategies that deliver customer and company value. These processes are often IT–enabled and IT is therefore a part of most CRM strategies. Some CRM initiatives however do not involve IT investments. A major goal of many CRM projects is the development of relationships with, and the retention of highly valued customers, of which IT may play no role at all.

These misconceptions together with poor implementation lead to high operational costs and CRM project failures. Skepticism about CRM thereafter aroused as many companies saw the marginal cost increasing dramatically at every stage of the implementation of the CRM projects rather than profit increasing (Bradshaw and Brash, 2001).

The CRM project failure rate was estimated to be between 55 percent and 75 percent (Meta Group Inc., 2004). Management specialists later came to the realization that achieving successful CRM required enormous resources and commitment aligned to major organizational changes. Leaders are best placed to set the strategic direction or vision for CRM projects since they
monitor the external environments of the organizations. They are influential in the authorization and control of expenditure, the setting and monitoring of performance and the empowerment and motivation of key personnel (Pinto and Slevin, 1987).

It has been suggested that organizations should adopt a holistic approach which places CRM at the heart of the organization with customer orientated business processes and the integration of CRM systems. (Girishankar, 2000). Ciborra and Failla (2000) conceptualize CRM beyond a front office contact management system. For others, CRM goes further, to constitute operational, analytical and collaborative elements (Trepper, 2000).

1.1.2 Service Quality

A service is a process that leads to an outcome during partly simultaneous production and consumption processes and a common definition of service quality is that the service should correspond to the customers’ expectations and satisfy their needs and requirements.

During the past few decades service quality has become a major area of attention to practitioners, managers and researchers owing to its strong impact on business performance, lower costs, customer satisfaction, customer loyalty and profitability (Leonard and Sasser, 1982; Cronin and Taylor, 1992; Sureshchander et al., 2002)

It was noted that the quality of a service as perceived by customers has two dimensions: a functional (or process) dimension and a technical (or outcome) dimension. Functional quality focuses on “how”, and considers issues such as the behaviour of customer-contact staff and the speed of service, whereas technical quality focuses on “what” and considers such issues as the
end result of service provision (Gro¨nroos, 1990). Grönroos later describes service quality as both technical and functional, the first meaning what the customer gets and the latter how the customer receives the service. When a customer assesses service quality, the company’s profile or image acts a “filter”. If a company has a positive image, it is easier to overlook smaller mistakes in its service delivery; to regard them as temporary disturbances. Townsend and Gebhart (1986) speak of “quality in fact” and “quality in perception”. Quality in fact means that established specifications have been met. Quality in perception, on the other hand, means that the customer feels that he has received the quality he expected.

1.1.3 Effect of CRM on Service Quality

In an era when intense competition is being greatly facilitated by technology, the need of providing adequate product/service quality will necessitate that companies have to focus attention on issues of improving, measuring and controlling their product/service quality (Sylvestro et al., 1990). One way to measure quality is through customer complaints (Chapman et al., 1997) and customer survey. Quality measurement is of particular importance to be considered by all managers and marketers of high contact services including the freight forwarding industry.

Customer loyalty and the maintenance of the customer relationship are in fact dependent on how well a product and service measures up to the customer’s original expectations of quality. While Gro¨nroos (2000) divided the total quality of a service into technical quality and functional quality, Zineldin (2006) expended technical-functional quality models into framework of five quality dimensions (5Qs) which impacting the satisfaction and loyalty of a customer (5Qs):
Quality of object, Quality of processes, Quality of infrastructure, Quality of interaction and Quality of atmosphere.

First of all, customer response is the most important factor that impacts directly on customer satisfaction. It refers to activities that companies use to respond to customers’ problems, suggestions and complaints. Knowledge management application is the next factor. It focuses on collecting customers and markets information and performing analysis techniques in order to identify different marketing activities for target customers in target market. Thirdly, IT is another important element in categorizing targeted markets (Sylvestro et al., 1990). Finally, customer interaction or benefit interaction is used to gain customer loyalty. It refers to a firm’s operations that relate to information exchange, social exchange, the exchange of core business and any combination between the three, such as providing price discount for loyal customers. The result of Shang and Lu’s research also pointed out that the implementation of CRM has important effects on the success of operations or services.

1.1.4 The Kenya Freight Forwarding Industry

Freight forwarding is a particularly customer intensive service sector which links buyers and sellers, creating economic value by effectively delivering products to customers. It plays an important role in delivering high quality customer service and its performance has linkage with manufacturers’/suppliers’ performance (Lu, 2003).

In Kenya, service sectors’ output accounts for approximately 56 percent of GDP- or US$16.08 billion- in 2009, and service sectors grew by 4.2% in 2009. Over several years, the compound
annual growth rate of services’ value added in Kenya has been 8.6 percent and services as a share of GDP has generally trended upward over that time (World Bank, 2010). According to the report by World bank, the drop in Kenya’s service growth from 2007 to 2008 appears to be caused by lower growth in service value added relative to a larger increase in GDP, perhaps because of the disruptions caused by political unrest during this period (which particularly affected the BPO, non-banking financial and freight forwarding services). Kenya being a country surrounded by a number of land locked countries its freight forwarding industry has designed a network to reach clients in Rwanda, Uganda, Burundi and Southern Sudan.

The freight forwarder industry in Kenya has become highly competitive. Not only are freight forwarders looking less and less different from one another, but a growing range of freight forwarders is providing the same type of service. A freight forwarder has to create customer relationships that deliver value beyond that provided by the core product. This involves added tangible and intangible elements to the core products (Bernal et al, 2002). Customer-delivered value can be defined as the total value offered to a customer less the total cost to the customer.

Another problem facing freight forwarders is the ignorance of the importance of customer retention (Buttle, 2009). There are numerous cases of clients frequently switching between suppliers for various reasons and there is simply no stability within the industry such that a firm can comfortably claim to hold a certain share of the market.

Managing customer retention generates two key benefits for companies, reduced costs of customer acquisition and better customer insight (Kumar and Reinartz, 2012). Recruiting new clients could cost a company five times as much as retaining existing clients and in addition cost-to-serve existing clients also tends to decline over time. The costs associated with the implementation of a CRM strategy is another factor that has impeded the adoption of CRM into
businesses in Kenya. The risks involved are high and freight forwarding firms are not willing to take the leap. The forwarding and logistics market is evolving into an increasingly competitive and tight margin industry that warrants a new level of professionalism well beyond that of what a single sales manager can deliver (Christopher, 2010).

1.2 Research Problem

Indeed, various organizations are aware of the CRM concept and have tried to encompass the approach into their day to day operations. However, most CRM projects fail as stated earlier due to improper implementation. The most crucial step forward is the conceptualization of CRM as a strategy rather than a solution (Bowersox et al, 2000). CRM projects should not be at the departmental levels but rather at the corporate level. Most organizations direct CRM projects to the marketing department, a clear demonstration of the misconception of CRM being a marketing process

CRM needs to cross departmental boundaries and to change functions, processes and systems in other departments. Organizations also need to secure full involvement and commitment of the senior executive team. During the early stages of evolution of the CRM-driven business model, the concept was deployed as a technology solution, a software package that was bought and installed to automate the marketing function. The terms “sales-force automation” and “customer support automation” were often interchanged with CRM, though they are only components of the integrated enterprise-wide CRM strategy. The failures of the interdepartmental CRM projects are attributed to the unrealized scope, scale, and complexity of the CRM strategy and not the concept (Buttle, 2012).
The Kenya freight forwarding industry has traditionally operated in a stable business environment for decades. Today, the industry is however facing intense competition in a drastically aggressive and deregulated environment. Traditional freight forwarders have lost a substantial portion of their business to up and coming new players in the industry and finding a niche becomes vital to the long-range profitability and ultimate survival of the freight forwarding firms (Nordas et al, 2002).

Few empirical studies have examined CRM dimensions in the context of freight forwarding services and there is no known study establishing the extent to which CRM has been implemented in the Kenya freight forwarding industry. This study was set to answer the questions, to what extent has CRM been adopted in the Kenya freight forwarding industry and what is the effect of CRM adoption on service quality? What are the impediments of CRM adoption in Kenya and how best can they be tackled?

1.3 Research Objectives

This study was set to meet the following objectives:

1. To determine the extent to which CRM has been adopted in the Kenya freight forwarding industry.

2. To find out the effect of CRM adoption on service quality.

3. To identify the factors impeding full implementation of CRM in the freight forwarding firms in Kenya.
1.4 Value of the Study

Service provision of today is not a function, it is a way of doing business which has to be all pervasive, part of everyone’s job description, from the receptionists to the board of directors. In this competitive industry, freight forwarders have to work hard to have any added value. They have to work with their customers to discover ways to run the business more efficiently for themselves and more effectively for the customers. The findings of this study established the importance and impact of using the customer relationship management approach to improve service quality within the freight forwarding industry in Kenya.

Many organizations figure out how to provide high quality at low cost, but so do competitors. That is the basic nature of competition. If what a firm does can be done by many other firms, then it doesn’t have many added values, this dynamic erodes the attempted added value. To protect its added value, a freight forwarder needs to create, manage and enhance long-term customer relationships. The findings of this study also greatly contribute to the existing literature on CRM and more so sheds light on CRM in Kenya as well as serves as reference for future studies on the subject.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This literature review is structured into four main sections, which together provide an evaluation of the knowledge base upon which this study is founded. The chapter provides evidence of the relationship between customer relationship management and the improvement of service quality.

2.2 Theoretical Framework

This research provides a new framework that is summarized basing on the drawings from the theory of constraints and Kano’s theory of attractive quality.

2.2.1 The Theory of Constraints

The theory of constraints (TOC) is a management philosophy that has been effectively applied to manufacturing processes and procedures to improve organizational effectiveness. Three TOC paradigms that have evolved over the last twenty-five years: logistics, global performance measures, and thinking processes (Blackstone, 2001; Draman 1995). More recently, Boyd and Gupta (2004) have referred to these three paradigms as decision making, performance measurement systems, and organizational mindset, respectively. The TOC principles and ideas can be used to improve and implement change in any system, be it strategic planning for a firm or for one's personal life (Blackstone, 2001).

The Logistics Paradigm in Services

The five step focusing process has been applied to processes and procedures within services. It has been used to improve service times (Olson, 1998), information flows (Coman and Ronen,
1994; Feather and Cross, 1988; Jolley and Patrick, 1990), and in reengineering of administrative functions (Spencer and Wathen, 1994). The focusing steps have been used to improve sales (Hodgdon, 1998), and logistics functions with the military (Underwood, 1994). It has been used in medical settings (Roybal et al., 1999).

**Global Performance Measures in Services**

Most services will have limited amounts of "traditional" inventory (Cook et al., 1999; Motwani et al., 1996b; Motwani and Vogelsang, 1996); the service is often produced at the time of sale and cannot be carried in inventory. TOC's global performance measures are based on throughput, inventory, and operational expense. Just because inventory is often a smaller fraction of assets for services, these global performance measures can still be utilized (Bramorski et al., 1997; Motwani et al., 1996a; Walker and Cox, 1998; Hinneburg, et al., 1996; Simons and Moore, 1992a and 1992b; Underwood, 1994).

**Thinking Processes in Services**

The use of the TOC thinking processes can be used in services just as effectively as in manufacturing (Angst et al., 1996; Austin, 1998; Coman and Ronen 1994; Covington, 1998; Dettmer, 1997; Roadman, et. al., 1996; Tanner and Honeycutt, 1996). Services need a guiding management philosophy that will focus on process improvement. It may be the TOC thinking processes and problem-solving techniques that provide the most benefit to services.
2.2.2 Kano’s theory of attractive quality

Kano’s model is commonly used in the product/service development process to investigate the impact of the effectiveness of various quality attributes on customers’ satisfaction (Xu et al., 2008). In practice, the model allows the identification of five categories (Must-be, One-dimensional, Attractive, Indifferent, Reverse) of product/service quality elements with respect to the relationship between their effectiveness and customer satisfaction. Kano’s method for the classification of the quality elements is based on a customer questionnaire which contains a set of functional/dysfunctional question pairs for each product/service quality element. The final classification of a product/service quality element is obtained through a statistical analysis of the survey results of all respondents (Berger et al., 1993).

Classifying customer needs into Kano’s categories allows the management to focus efforts where customers will notice their effect the most. An effective quality strategy should guarantee to fulfill all Must-be needs, to be competitive with market leaders on the One-dimensional needs, to differentiate by including some Attractive element.

2.3 The Concept of Customer Relationship Management

According to Keely, Sebastian and Douglas (2001), CRM is one of the eight key processes that make up the core of Supply Chain Management (SCM). Supply chain management is defined as the integration of key business processes from the end user through the original suppliers that provides products, services and information that add value for customers and other stakeholders. The eight key processes are identified as customer relationship management, customer service management, demand management, order fulfillment, manufacturing flow management, procurement, product development and commercialization and returns. (See Figure 2.3)
Parvatiyar and Sheth (2001, p. 5) defined CRM as “a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value.
Improved relationships with customers can ultimately lead to greater customer loyalty, profitability and retention. In addition, the rapid growth of the internet and its associated technologies has greatly increased the opportunities for marketing and has transformed the way relationships between companies and their customers are managed (Bauer et al., 2002).

How CRM is defined is however extremely crucial since it significantly affects the way an entire organization accepts and practices CRM. From a strategic viewpoint, CRM is not an IT solution, but rather involves a profound synthesis of strategic vision; a corporate understanding of the nature of customer value in a multichannel environment; the utilization of the appropriate information management and CRM applications. Payne and Frow (2005) proposed that the broad strategic context be used in any organization. Girishankar (2000) and Payne et al (2005) suggested that organizations should adopt a holistic approach (See Figure 2). The holistic approach places CRM at the core of the organization with customer oriented business processes and the integration of CRM systems. Despite there being a substantial number of definitions of CRM, richer definitions are surfacing, with more emphasis and elaboration of the complexity and logistics of the concept.

2.4 CRM in the Freight Forwarding Industry

With the purpose of creating shareholder value and increasing retention of profitable customers, Shang and Lu (2012) stated that there are several factors that should be considered carefully to enhance service quality when applying CRM in business, such as knowledge management application, customer response, customer interaction management, flexible measures
management, etc. From a survey of 144 freight forwarders, Shang and Lu showed four main factors that have important meaning in identifying CRM dimensions in freight forwarders.

CRM in a freight forwarder targets many aspects to keep the customers loyal to the company with satisfying them by providing services in the highest possible quality. Including the quality approach, there are various requirements to fulfill in the concept of CRM from logistics service provider perspective. According to Grawe et al. 2012, it is crucial to place emphasis on recognizing customers’ interests and actively managing relationships with customers. In other words, evaluating the entire relationship from ‘customer’s angle rather than own’ is the key factor in managing and improving customer relationships. Grawe et al. 2012 advocates, this concept is highly influenced by the knowledge gained about customers through the sales carried out. Moreover, they noted that how close the companies are to their customers, more the companies are in advantage of gaining loyal customers. Therefore, managing the customer relationships in a freight forwarder as well as in any logistics provider, has a crucial effect on company overall performance. A successfully implemented customer relationship program includes well developed customer loyalty strategy, in-depth analysis of potential customers, efficiently usage of appropriate software and call center.

Factors such as marketing, support, feedback and sales are involved in the overall success of CRM. For most of the freight forwarder companies the branches sales, support and feedback are slightly in the foreground. The prominent fact is the similarities of services in logistics field. Feedbacks have crucial effect on freight forwarders decision making process. (Brian J, 1991) On the other hand, it is impossible to gather feedback without carrying out sales. Therefore feedbacks are sort of a performance measure for companies and the quality of services and customer relations has an important role while evaluating the performance.
2.5 Benefits and Barriers

A well implemented customer relationship program has valuable returns to companies. Most crucial returns are: customer loyalty, customer segmentation, improving decision making, serving customers in the best way (customer satisfaction) and improving services. If we take a closer look from freight forwarder perspective, a well implemented customer relationship strategy helps companies to identify their best customers and provides methods needed to be followed to improve their services towards the needs.

CRM targets to gain loyal customers. According to Chung (2011), there are various barriers that need to be handled while implementing a CRM strategy. Initial barrier is the relationship quality which is positively related for gaining loyal customers. Relationship quality includes various components that leads to customer loyalty such as; trust, satisfaction, commitment and overall quality. Second aspect needs to be evaluated is ‘trust’. Basically it means the bilateral belief of parties when it comes to fulfilling requirements. In other words, it is the honesty and reliability of one party to another. The term ‘trust’ is not simple to attain, but it is the biggest step could be taken in order to gain loyal customers. Third aspect is the level of service quality. Service quality has a direct influence on customer satisfaction and trust. It can be also defined as the difference between customer expectation and the perceived service quality (Chung, 2011). Fourth factor is intimacy which is crucial for freight forwarders and necessarily to be achieved. Intimacy basically means, understanding the customers and being able to meet their special needs. Intimacy can be established by high level of communication between company and their customers. Therefore it can be concluded that intimacy is an indicator of trust between parties.
The methods of a freight forwarding company for gaining intimacy is going to be examined in this study as well as the techniques for customer satisfaction and improving service quality.

2.6 Summary of Literature Review

The literature review establishes that CRM is a comprehensive approach that promises to maximize relationships with all customers, distribution channel members, and suppliers. Getting to “know” each customer through data mining techniques and a customer-centric business strategy helps the organization to proactively and consistently offer and sell more products and services for improved customer retention and loyalty over longer periods of time. Peppers and Rogers (1999) refer to this as maximizing lifetime customer share, resulting in customer retention and customer profitability. On the other hand, advanced customer data analysis also allows a company to identify the customers it does not want to serve.

Beside the technological advances, CRM initiatives represent a fundamental shift in emphasis from managing product portfolios to managing portfolios of customers, necessitating changes to business process and people. As companies start to re-engineer themselves around customers, individual employees must also come to terms with changing business process, organizational culture and, thus, the ways they view their customers and how they treat them. Organizations today must focus on delivering the highest value to customers through better communication, faster delivery, and personalized products and services. The identification of some implementation issues in this study raises several important research questions. In particular, what are the roles of suppliers and supply chain partners in CRM? What business processes, integration challenges, and organization structures are common throughout successful CRM implementations? Research in these areas will contribute to building thriving customer relationships and long-term corporate survival.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology that was used to carry out the study. It covers the proposed research design, the target population, sampling design, data collection and data analysis methods.

3.2 The Research Design

The study adopted a descriptive survey design. Descriptive research portrays an accurate profile of persons, events, or situations (Saunders, Lewis and Thornhill, 2003). Surveys also allow the collection of large amount of data from a sizeable population in an economical way.

3.3 Population of study

The last KRA listing of clearing and forwarding firms registered as at the year 2012 stood at 1135. This list was appropriate for assessing the population under study because KRA issues licenses to the freight forwarding firms and keeps organized records of the firms.

3.4 Sampling method

Due to the extremely large number of freight forwarding firms considered, the non-probability sampling technique was used to create a sampling frame. This allowed the identification of suitable respondents that possess the desired information and also discern those that could
adequately answer the research questions. The target population for this study consisted of 50 freight forwarding firms in Kenya. This accounts for 5% of the total population of these firms in Kenya.

3.5 Data Collection

This research study targeted respondents who are strongly involved customer relationship management within the sample firms. They were expected to be the best respondents since they relate with customers on a day to day basis and are more conversant with the organization’s relations with customers. The data was collected using questionnaires which consisted of three major sections. Section A captured data on the organizational profile, section B focused on customer relations strategies and section C addressed factors impeding adoption of CRM and overall service quality.

The questionnaires included structured and unstructured questions so as to evoke responses that would comprehensively meet the set objectives of this study. They were also be administered through drop and pick method. Such data collection emphasized objectivity and measurability.

3.6 Data analysis,

Qualitative and quantitative methods were used in the analysis of the data collected. According to Kothari (2004), quantitative research is based on quantity or amount. Therefore, it can be called as statistical data. On the other hand qualitative data concerns about qualitative
phenomenon which is non-statistical. This led to the identification of those areas of a freight forwarding firm’s service quality and positioning which are in need of further investigation.

With consideration to the nature of the information sought, quantitative methods was used to analyze the structured questions and the open-ended or unstructured questions were analyzed by use of content analysis. Content analysis is a measure through proportion and is used to measure the pervasiveness of an item being analyzed (Kothari, 2004). The quantitative analysis was conducted by use of descriptive statistics which included measures of central tendency, percentages and regression analysis whereas the content analysis was done by coming up with subjective logical explanations and conclusions. The data obtained from the respondents was processed through thematic conceptual content analysis and tables, graphs and charts were used in the presentation of the results.
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The main objective of this study was to determine the effect of the adoption of CRM on service quality in the freight forwarding industry in Kenya. The data was gathered using a questionnaire as the research instrument, which was designed in line with the objectives of the study.

To enhance the quality of data obtained, likert type questions were used whereby respondents indicated the extent to which variables were practiced in a five point likert scale. The findings are presented in percentages and frequency distributions, mean and standard deviations and correlation efficient.

4.2 Response rates

The study targeted 50 respondents and out of the 50 questionnaires issued out, only 28 responded and returned their questionnaires contributing to 56% response rate. This response was sufficient as it conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.
4.3 Demographic Information

The demographic information considered in this study include the type of business, the ownership of the company, company’s duration of existence, the towns in which the companies operate in East Africa and the positions of the respondents in the organization.

4.3.1 The Type of Business

The businesses were classified into large scale and small scale with reference with the operational breadth, the number of employees and resource capacity of the firms. The results are represented in the figure below:
4.3.2 Ownership of the Business

There has been immense foreign influence in the Kenyan freight forwarding industry for many years, and for that reason, the study set to find out the ownership of the companies. Only 3 companies are foreign owned, all of which are within the large-scale classification. All the remaining 25 firms are locally owned.

4.3.3 Duration of Existence

The respondents were asked to state the duration of existence of the firms and the results have been demonstrated in the graph below.
As shown in figure 4.3.3, 39% of the firms have been in existence for a period of less than five years, 26% for six to ten years, 15% have existed for eleven to twenty years, 12% for twenty-one to thirty years and finally only 8% have been in operation for over 30 years.

These results indicate a gradual increment in the number of freight forwarding firms incorporated over the past three decades and the largest share of the population having being established over the past ten years. These findings coincide with the liberalization of the freight forwarding industry.
4.3.4 The Towns in Which the Companies Operate

The study went further to determine how far and wide the companies spread by finding out the number of towns in which they are located within East Africa.

Table 4.3.4 Towns in which the companies operate

<table>
<thead>
<tr>
<th>No of Towns</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11</td>
<td>39.3</td>
<td>39.3</td>
</tr>
<tr>
<td>2</td>
<td>8</td>
<td>28.6</td>
<td>67.9</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>14.2</td>
<td>82.1</td>
</tr>
<tr>
<td>More than 3</td>
<td>5</td>
<td>17.9</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

82% of the companies were small scale and 36% of them were based in one town, Mombasa. This location can be attributed the Kilindini Port and Container Freight Stations which are situated in Mombasa. The town provides convenience and reduced costs to the freight forwarders within the town. The companies based in two towns were in Mombasa and Nairobi and those in more than three towns had spread their operations within East Africa.
4.3.5 Positions Currently Held by the Respondents

The respondents provided information on the positions they hold in their respective firms.

The information is presented in table 4.3.5

Table 4.3.5 Positions held by respondents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>8</td>
<td>28.6</td>
<td>28.6</td>
</tr>
<tr>
<td>Management</td>
<td>18</td>
<td>64.3</td>
<td>92.9</td>
</tr>
<tr>
<td>Supervisory</td>
<td>2</td>
<td>7.1</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

The results show that 28.6% of the respondents were directors of the firms and further investigation showed that these were small scale firms best known to the industry as ‘briefcase freight forwarders’. Only 7.1% of the respondents were in supervisory positions and the biggest percentage of 64.3% was managers.
4.4 Adoption and Implementation of Customer Relationship Management Approach

The respondents were asked to give their opinion on the adoption and implementation of CRM in their firms and several questions were asked to put together various aspects of CRM. The range was on a scale of ‘strongly disagree’ (1) to ‘strongly agree’ (5). The scores of strongly disagree/disagree were taken to represent a variable which had a mean score of 0 to 2.4 on the continuous likert scale; (0 ≤ S.D. ≤ 2.4). The scores of ‘Neutral’ were taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous likert scale; (2.5 ≤ N ≤ 3.4) and the score of strongly agree were taken to represent a variable with a mean score of 3.5 to 5.0 on a continuous likert scale; (3.5 ≤ S.A. ≤ 5.0).

Table 4.4 Implementation of the main aspects of CRM

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining long-term customer relationships as a competitive advantage</td>
<td>2.0000</td>
<td>.8728</td>
</tr>
<tr>
<td>Organizational structure designed around the customers</td>
<td>2.3674</td>
<td>.9216</td>
</tr>
<tr>
<td>Customer-centric performance standards</td>
<td>1.4884</td>
<td>.9095</td>
</tr>
<tr>
<td>Resources and IT geared at managing customer relationships</td>
<td>2.0698</td>
<td>.8835</td>
</tr>
</tbody>
</table>
A standard deviation of > 0.9 implies a significant difference on the implementation of the variable among respondents.

The results indicate that most freight forwarding firms have not adopted the CRM approach with the means of the CRM factor ranging between 1.4 and 2.3. This falls within the ‘strongly disagree’ aspect where the respondents were asked to apply the statements to their respective firms. This shows that the adoption of CRM is weak within the freight forwarding industry.

4.5 Factors Impeding CRM Adoption

From the findings of the study, a total of 5 factors were mentioned; costs involved in CRM adoption, lack of support from top management on CRM adoption, resistance to change, market uncertainty and poor implementations of CRM strategies. However, from further analysis of the findings we can deduce that there are three major factors that impede the adoption of CRM within the freight forwarding industry in Kenya. They include costs involved in CRM adoption, lack of support from top management on CRM adoption and poor implementations of CRM strategies.

The results indicate that resistance to CRM adoption and market uncertainty are minor challenges with the ratings of 7.14% and 3.57% respectively, whereas the main impediments are lack of support from top management and poor implementation of CRM strategies. See the figure 4.5 below.
4.6 The Effect of CRM on Service Quality

The respondents were also asked to give their opinion on the effect of CRM on the firms’ service quality and overall performance. The range was on a scale of ‘strongly disagree’ (1) to ‘strongly agree’ (5). The scores of strongly disagree/disagree were taken to represent a variable which had a mean score of 0 to 2.4 on the continuous likert scale; (0 ≤ S.D. ≤ 2.4). The scores of ‘Neutral’ were taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous likert scale; (2.5 ≤ N ≤ 3.4) and the score of strongly agree were taken to represent a variable with a mean score of 3.5 to 5.0 on a continuous likert scale; (3.5 ≤ S.A. ≤ 5.0).

The results indicate that despite the minimal implementation of CRM within the freight forwarding firms, the respondent are of the opinion that CRM has positively impacted on their service quality and financial performance.
Table 4.6 Effect of CRM on service quality

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization has high brand equity in the minds of key customers</td>
<td>2.6395</td>
<td>1.2645</td>
</tr>
<tr>
<td>Customer satisfaction and loyalty has improved since the adoption of CRM</td>
<td>2.7186</td>
<td>.8835</td>
</tr>
<tr>
<td>The profitability of the organization has increased after implementation of CRM</td>
<td>3.6047</td>
<td>1.9467</td>
</tr>
</tbody>
</table>

4.7 Current Rate of Service quality of the Freight Forwarding Firms

The respondents were asked to indicate the current rate of service quality of their respective freight forwarding firms. It is evident in figure 4.5 that a larger percentage of the firms (75%) rated their service quality at less than 15%. 11% of the respondents rated their firms between 16 and 30%, 4% of the respondents rated between 31 and 45% and finally 7% rated their firms between 46 and 60%.

There are few key players in the industry who take up a larger rate of service quality and as reflected in concurrent results of this study, these firms also tend to be the oldest in the industry and the most spread out within East Africa.
4.8 Regression Analysis

To test for the effect of CRM on service quality, scores on the implementation of the main aspects of CRM were regressed on scores of the rate of service quality.

Predictors: (Constant), CRM as a Competitive advantage, Organizational structure designed around customers, Customer-centric performance standards, IT and resources geared at managing customer relationships.

Dependent variables: Organization’s rate of service quality
The established multiple regression equation becomes:

\[ Y = 0.405 + 0.776X_1 + 0.592X_2 + 0.236X_3 + 0.563X_4 \]

Where:

Constant = 0.405 shows that if at any given time CRM as a Competitive advantage, Organizational structure designed around customers, Customer-centric performance standards and IT and resources geared at managing customer relationships were all zero, then the freight forwarding firm’s coverage will be 0.405

\( X_1 = 0.776 \) shows that one unit change in the use of CRM as a competitive advantage results in 0.776 unit increase in the level of freight forwarding firm rate of service quality.

\( X_2 = 0.592 \) shows that one unit change in the organizational structure designed around customers results in 0.592 unit increase in the level of freight forwarding firm service quality.

\( X_3 = 0.236 \) shows that one unit change in the customer-centric performance standards results in 0.236 unit increase in the level of freight forwarding firm service quality.

\( X_4 = 0.563 \) shows that one unit change in the IT and resources geared at managing customer relationships results in 0.563 unit increase in the level of freight forwarding firm service quality.
4.8.2 Beta coefficient from the regression analysis

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.405</td>
<td>.226</td>
<td>0.857</td>
</tr>
<tr>
<td>Competitive advantage</td>
<td>.776</td>
<td>.127</td>
<td>1.302</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>.592</td>
<td>.252</td>
<td>.845</td>
</tr>
<tr>
<td>Customer-centric performance standards</td>
<td>.236</td>
<td>.377</td>
<td>.975</td>
</tr>
<tr>
<td>IT and resources</td>
<td>.563</td>
<td>.268</td>
<td>.796</td>
</tr>
</tbody>
</table>

A positive relationship exists between the firm’s service quality and the various aspects of CRM adopted, namely; Competitive advantage ($\beta = 1.302$), Organizational structure ($\beta = 0.845$), Customer-centric performance standards ($\beta = 0.975$) and IT and resources ($\beta = 0.896$)

Dependent variable: Service quality of freight forwarding firm

These results mean that a freight forwarding firm can improve its service quality by adopting CRM but the most influential strategy is using CRM as a competitive advantage with a t-static value of 1.134 while the least influential CRM aspect is IT and resources with a t-value of 0.6
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the findings from the previous chapter and also gives conclusions and recommendations based on the objective of the study. The objectives of the study were to determine the extent of CRM adoption in the Kenyan freight forwarding industry and its effect of service quality.

5.2 Summary of the Findings

We have established from the study that the respondent freight forwarding firms are mainly young firms with the majority having been in existence for less than ten years. The respondents held different positions but were mostly within management and had a clear understanding of the firms and the industry as a whole. From the findings of the study we can see that the rate of service quality within the freight forwarding industry is generally low and little effort is put into maintenance of customer relationships. Very few firms understood the need for proper management of customer relationships and as a result, customer retention is very low within the industry. In firms where CRM is implemented (in whatever proportion) the overall service quality of the firm is seen to improve proportionately.

The firms have knowledge of the CRM concept and its consequential benefits but there seems to be a knowledge gap at the point of implementation. Competition within the freight forwarding industry has over the years increased greatly and there is an urgent need for the firms to differentiate themselves and gain a competitive advantage. The competition level can be attributed to liberalization, changing customer preferences, globalization and social-economics. The lifestyles of customers and the increased affluence have led to higher expectations by the
customer. They now demand quality service from their service providers and do not hesitate to move to a firm that would promise to deliver better service.

The study found that for one unit change in using CRM as a Competitive advantage, Organizational structure designed around customers, Customer-centric performance standards and IT and resources geared at managing customer relationships, there is subsequent increase in the level of freight forwarding firm service quality. However, the findings show that there are three main factors that are impeding the adoption of CRM. They include, costs involved in CRM adoption, lack of support from top management on CRM adoption and poor implementations of CRM strategies. These challenges need to be addressed if the Kenyan freight forwarding firms want to step up to the demanding expectations of its customers and remain competitive within the industry. The study also found that the respondents believe that the adoption and proper implementation of CRM within their organizations would ultimately result in higher profitability and overall performance of the freight forwarding firms.

### 5.3 Conclusion

The following conclusions were made from the research findings:

The freight forwarding industry in Kenya is challenged by the increasing levels of competition and this necessitates flexibility and adaptability so as to gain competitive advantage. The realization that customers are in actual sense the heart of the business is slowing dawning on the industry and the firms are vehemently looking for ways to lure potential customers. Marketing has taken up the minds of the business people, and the firms are pumping funds and effort into ‘advertising’, ‘re-branding’ and ‘promotions’. It is common knowledge that all companies strive
at growing their customer base. However, there is little merit in growing the customer base aimlessly and the goal must be to retain existing customers and recruit new customers that have future profit potential. Some customers may not be worth recruiting or maintaining at all, for example those who have a high cost-to-serve, are debtors, late players or promiscuous in the sense that they switch frequently between suppliers.

As customer tenure lengthens, the freight forwarding firms are able to develop a better understanding of customer requirements and expectations. This consequently places the company at a better position to identify and satisfy customer requirements profitably. Over time, as relationships deepen, trust and commitment between the parties is likely to grow and more so, revenue and profit streams from customers become more secure.

The findings of Grawe et al. (2012) state that it is crucial to place emphasis on recognizing customers’ interests and actively managing relationships with customers in order to improve overall operational performance of a company. Similarly, the findings from this study indicate that firms which have adopted CRM have better operational and financial performance compared to the firms which have not adopted the concept.

5.4. Recommendations

Managing customer retention generates two key benefits for companies, reduced marketing costs and better customer insight. The firms need to look at ways of tackling the issues impeding them form adoption and proper implementation of CRM. Organizations should adopt a holistic approach which places CRM at the heart of the organization with customer orientated business processes and the integration of CRM systems. CRM goes beyond a front office contact
management system as it goes further to constitute operational, analytical and collaborative elements.

Considering the increased competition and turbulence within the freight forwarding industry in Kenya, the firms need to adopt strategies that can make them stand out in the customers’ eye and suit the prevailing environmental conditions at the given period of time. Proper implementation of customer relationship management ensures a long-lasting imprint of good service quality in the customer’s mind and such an impression goes a long way. One good service experience by one customer will lead to repetitive purchasing of the service and multiple referrals to potential customers by the happy customer. This will in turn retain existing customers and also increase the customer base.

5.5 Recommendations for further research

The research looked at the level of CRM adoption within the freight forwarding industry in Kenya and its consequential effect on service quality. The adoption level was found to be low and there are clear stumbling blocks that are limiting further action into CRM. The study investigated the factors impeding CRM adoption but did not however look into ways that they can be tackled to increase the possibilities of CRM adoption. Further research needs to be done on the how to combat the factors impeding CRM adoption. The research study also confined itself to the freight forwarding industry in Kenya, however, further studies on the relationship between CRM and organization’s performance can be done to cover other industries both in Kenya and globally.
5.6 Limitations of the study

I would like to point out the various limitations of the study, which will provide meaningful directions for future research. First, the data collected on self-reported organizational performance and perceptions of CRM in freight forwarder services may have been subject to bias in terms of managers’ or staff’s willingness to report and respond. The managers were willing to report on organizational performance but only to a certain extent, not full disclosure. This is because of potential personal repercussions and confidentiality policies. The response rate was also low with only twenty eight feedbacks out of a total of fifty questionnaires issued out. It was however sufficient for analysis.
REFERENCES


Berger, C. et al. (1993), Kano’s method for understanding customer-defined quality, CQM Journal, Vol. 2 No. 4, pp. 3-36


APPENDICES

Appendix I: Questionnaire

This questionnaire is designed to explore the adoption of Customer Relationship Management and effects of its implementation in your firm. Your opinion matters a lot in the completion of the study so please feel free to give your honest opinion and diligently complete the questionnaire. The information provided by you will be kept confidential and used for research purpose only.

Company Name …………………………………………………………………

Your Designation …………………………………………………………………

SECTION A: THE COMPANY’S PROFILE

1. Please provide responses to the questions below.

<table>
<thead>
<tr>
<th></th>
<th>Type of business</th>
<th>Small scale [ ]</th>
<th>Large scale [ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Ownership of the company</td>
<td>Locally owned [ ]</td>
<td>Foreign owned [ ]</td>
</tr>
<tr>
<td>b.</td>
<td>Duration of existence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c.</td>
<td>Towns in East Africa in which operational offices are situated</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### SECTION B: CUSTOMER RELATIONSHIP MANAGEMENT

Kindly answer all the questions by putting one tick against the option of your choice. Please rate on a scale of 1 to 5 (1- Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree)

<table>
<thead>
<tr>
<th>S.No</th>
<th>Questions</th>
<th>Rating Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>My organization fully understands the needs of our key customers</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>2</td>
<td>Our competitive advantage is based on building and maintaining long-term customer relationships</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>3</td>
<td>Our top management team accepts and provides leadership for the building and maintaining customer relationships as a major goal of my organization.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4</td>
<td>My organization shares customer information across all points of contact.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>5</td>
<td>Our organizational structure is meticulously designed around our customers.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>6</td>
<td>There is perfect strategic fit in the different CRM goals of my organization.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>7</td>
<td>Customers can expect prompt service from employees of my organization</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>8</td>
<td>My organization regularly assesses the lifetime value of each customer.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Statement</td>
<td>1</td>
</tr>
<tr>
<td>---</td>
<td>---------------------------------------------------------------------------</td>
<td>---</td>
</tr>
<tr>
<td>9</td>
<td>IT facilitates the management of customer relationships.</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>My organization maintains a comprehensive database of our customers.</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>My organization customizes customer interactions to optimize value and loyalty.</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>My organization involves our key customers in service design.</td>
<td>1</td>
</tr>
<tr>
<td>13</td>
<td>Customer-centric performance standards are established and monitored at all customer touch points</td>
<td>1</td>
</tr>
<tr>
<td>14</td>
<td>My organization has established clear business goals related to customer acquisition, development, retention and reactivation.</td>
<td>1</td>
</tr>
<tr>
<td>15</td>
<td>The technical/operation people treat customers with great care.</td>
<td>1</td>
</tr>
<tr>
<td>16</td>
<td>All employees in my organization understand and share the common goal of building and maintaining customer relationships.</td>
<td>1</td>
</tr>
<tr>
<td>17</td>
<td>My organization provides customized services and products to our key customers.</td>
<td>1</td>
</tr>
<tr>
<td>18</td>
<td>My organization identifies the key customers based on the share of purchase and repeat purchase behaviour.</td>
<td>1</td>
</tr>
<tr>
<td>19</td>
<td>My organization has high brand equity in the minds of the key customers.</td>
<td>1</td>
</tr>
<tr>
<td>20</td>
<td>The profitability of my organization is quite high after implementing CRM strategies and practices.</td>
<td>1</td>
</tr>
</tbody>
</table>
3. If the company practices customer relationship management, to what extent do you agree with the following statements regarding customer relationship management? Tick appropriately using a likert scale of 5 where 5= Very great extent, 4= Great extent, 3= Moderate extent, 2= Small extent and 1= No extent.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Moderate extent</th>
<th>Less extent</th>
<th>No extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Customer relationship management has led to better understanding of customers’ needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Customer relationship management has promoted good corporate image of the company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Customer relationship management has led to an increase in customer loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Establishment of long-term business relationships has contributed to better financial performance of the company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Customer satisfaction has improved since the adoption of customer relationship management.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION C: OVERALL IMPLICATIONS OF CRM AND IMPROVED SERVICE QUALITY

1. What are the factors impeding the adoption of CRM in your firm?

2. At what percentage would you rate the company’s service quality?

3. To what extent will customer relationship management contribute to the overall competitiveness of the company within the industry? Tick next to your answer

   Very great extent [   ]
   Great extent [   ]
   Moderate extent [   ]
   Small extent [   ]
   No extent [   ]

Thank you for your participation!