

**STRATEGIC INFLUENCE OF CUSTOMER RELATIONSHIP
MANAGEMENT AS A COMPETITIVE STRATEGY IN MOTOR INDUSTRY
IN NAIROBI COUNTY**

ABIGAEL WANJIRU MUNYINYI

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

NOVEMBER, 2014

DECLARATION

I **Abigael Wanjiru Munyinyi** hereby declare that this research project is my original work and has not been presented for any degree in any other University.

Signature..... Date.....

REG NO: D61/60385/2010

Supervisor's Approval:

This project has been submitted for examination with my approval as the University Supervisor.

Signature..... Date.....

DR. JAMES GATHUNGU

Department of Business Administration,

School of Business,

University of Nairobi

DEDICATION

I dedicate this work to my dear mum and dad Mr. & Mrs. Munyinyi who have continued to be my pillar of strength. Believing in us and providing solid education foundation. I am aware of your sacrifices to ensure I and my two sisters get good education and get on in life. Your foresight and wisdom are enormously appreciated in my life. To my sisters Annie M and Catherine M you continue to challenge and encourage me to the last chapter of this work. I truly appreciate you my dear sisters. Annie M as you finalize your masters and pursue your PHD may this remind you of your input and learning. I really appreciate and love you all for the great part you have played in my life.

ACKNOWLEDGEMENTS

I wish to thank the Almighty God for this far you have been gracious to me giving me good health and great family. Thank you for the many opportunities you have accorded to me including this one to pursue & finalize this course. Secondly I wish to thank my parents Mr. & Mrs. Munyinyi for their continuous support and encouragement. Your prayers, well wishes and reminders on the need to finish this are much appreciated. Special thanks to my sisters for encouraging me on and more so to Annie M for helping burn the midnight oil. Your support and encouragement continually reminds me of the great family I am blessed with.

I wish to extend my gratitude to my supervisor Dr. James Gathungu for his guidance and input in this work .This was necessary for the completion of the project. Last but not the least I also wish to extend my gratitude to my friends who cheered me on to completion. Those that reminded me of the need to finish what I had started. I wish to also thank my colleagues for their support and encouragement as I was undertaking the course. Special thanks to my boss Mr.Karanja who was understanding and flexible allowing me to attend to the tight requirements of the project.

God bless you all.

TABLE OF CONTENT

DECLARATION	II
DEDICATION	III
ACKNOWLEDGEMENTS	IV
LIST OF TABLES	VII
LIST OF FIGURES	VIII
LIST OF ABBREVIATIONS	IX
ABSTRACT	X
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.1 Competitive strategy.....	3
1.1.2 Customer Relationship Management	4
1.1.3 Motor Industry in Nairobi County.....	5
1.2 Research Problem.....	7
1.3 Research Objectives.....	9
1.4 Value of the study	10
CHAPTER TWO: LITERATURE REVIEW	12
2.1 Introduction.....	12
2.2 Theoretical Foundation Of The Study	12
2.3 Competitive Strategy	14
2.3.1 Cost Strategy	15
2.3.2 Differentiation Leadership	16
2.3.3 Focus Strategy	17
2.4 Customer Relationship Management.....	19
2.5 Strategic Influence of CRM.....	21
2.6 Staff Involvement and Skills in CRM.....	22
2.7 Impact of Technology on Customer Relationship	23
2.8 Customer Relationship Management as a Competitive Strategy.....	24
CHAPTER THREE: RESEARCH METHODOLOGY	26

3.1 Introduction.....	26
3.2 Research Design.....	26
3.3 Population Study.....	26
3.4 Data Collection	27
3.5 Data Analysis	28
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	29
4.1 Introduction.....	29
4.2 Instrument Return Rate	29
4.3 Data Analysis	30
4.4 CRM as a Competitive Strategy in Motor Industry in Nairobi County	32
4.5 Use Of CRM On Customer Retention	43
4.6 Discussion	44
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	46
5.1 Introduction.....	46
5.2 Summary of Findings.....	46
5.3 Conclusions.....	49
5.4 Recommendations.....	51
5.5 Limitations of the Study.....	52
5.6 Areas Suggested for Further Study	52
REFERENCES.....	53
APPENDICES	56
Appendix I: Letter Of Introduction	56
Appendix II: Questionnaire	57

LIST OF TABLES

Table 4.1: Instrument Return Rate	30
Table 4.2: Gender	30
Table 4.3: Age In Years	31
Table 4.4: Length Of Service	31
Table 4.5: Length Of Serviceand Knowledge On CRM	32
Table 4.6: The Level Of Technology In The Organization	36
Table 4.7: The Influence Of Technology On CRM Implementation.....	36
Table 4.8: Challenges In Implementation Of CRM Strategy.....	37
Table 4.9: Organization Leadership And CRM Strategy.....	38
Table 4.10: Spearman’s Rank Correlation.....	39
Table 4.11: Descriptive Statistics.....	40
Table 4.12: Chi-Square Test	41
Table 4.13: Friedman Test	42

LIST OF FIGURES

Figure 4.1: Practice Of CRM In The Organization	33
Figure 4.2: Level Of Staff CRM Knowledge And Implementation Of CRM	35
Figure 4.3: The Influence Of Technology On CRM Implementation	37

LIST OF ABBREVIATIONS

KMI	Kenya Motor Industry
CRM	Customer Relationship management
CR	Customer Relationship
ICT	Information and communications technologies
IT	Information Technology
RBV	Resource Based View
SPSS	Statistical Package for the Social Sciences

ABSTRACT

Customer relationship management as a competitive strategy is a necessary consideration for a firm to remain ahead in the market place. The motor industry encounters stiff competition as competitive strategy of cost leadership, differentiation and focus is adopted by most firms. Gronroos, (2000) defined CRM in service marketing as a communicating process between customers and an organization's service in order to attract and maintain those customers who will be the organization's true customers who are willing to use the organization's services. The motor industry is not an exception in the market place. The firms must gain a broader understanding of the importance of CRM function in their business. The market place is growing with increasing customer demands that are knowledgeable and have variety of options. As such organizations need to adopt strategies that will enable them to have competitive edge over their rivals. In today's highly competitive environment firms need to enhance their competitive edge by adopting various strategies that are customer oriented. To be customer oriented business the customer needs have to take priority (Abratt & Russel, 1999). The objective of the study was to establish use of CRM as a competitive strategy in motor industry in Nairobi County. The other objective was to determine how automobile industry uses CRM as a competitive strategy to retain customers. The research design was a census survey. The researcher used an interview guide as the primary data collection tool. The data was analyzed using descriptive statistics. Inferential statistics analysis was used for in depth probing of the information. The study found that CRM as a strategy and customer retention were appreciated in the motor industry. The findings indicated deliberate use of CRM as a competitive advantage was moderate in this industry. It was noted that less than 50% of the firms interviewed have put in mechanisms to measure customer retention and ensure customer retention. The study found out the lack of CR departments in most of the firms in the motor industry slows down the customer relationship management. Organizations that have not embraced **Customer Relationship Management** as a **competitive strategy** to do so for sustained growth and long term benefits to their firms. The study recommends that companies should set up CR departments and leadership of the firms should be involved in CRM function. There is need to incorporate CRM as part of the firm's strategy when formulating strategic plan for the firm.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations including motor industry firms are involved in strategic management to achieve sustainable competitive advantage in the ever changing business environment. Sustainable competitive advantage is possible only through performing different activities from rivals or performing similar activities in different ways. Companies need to develop unique, internally consistent and difficult to imitate activity systems that can provide sustained competitive advantage and is possible through forward planning (Dess et al., 2005). A firm can use a number of business strategies, depending on its situation. There are different types of business strategies that a firm can adopt. This include product, service and customer oriented strategies. Economic progress, new technology and globalization have forced firms to seek new market opportunities and to provide new solutions for customers (Doz and Hamel, 2008).

Businesses today operate in customer oriented markets where motor industry is not an exception. In today's highly competitive environment firms need to enhance their competitive edge by adopting various strategies that are customer oriented. CRM can be used as an applied strategy in the motor industry. CRM is a widely implemented strategy for managing a company's interactions with customers, clients and sales prospects. Gronroos, (2000) defined CRM in service marketing as a communicating process between customers and an organization's service in order to attract and maintain those customers who will be the organization's true customers who are willing to use the organization's services. Once CRM is clearly articulated as a strategy and the how of executing the same, it can be a superior edge which other firms cannot copy easily like other products or services. The motor industry

encounters stiff competition as competitive strategy of cost leadership, differentiation and focus is adopted by most firms. The application of CRM in an industry that offers similar products can give a firm an advantage. The business operations can be the same in the motor industry; it is the relationship with individual customers that gives the business a competitive edge over competitor. To be customer oriented business the customer needs have to take priority (Abratt and Russel, 1999).

The increasingly competitive global marketplace has compelled organizations to transform themselves in the way they conceptualize and conduct business. Recent studies have suggested that organizations are like living organisms. They live, experience, interpret and between them there is sufficient diversity and variety to enable them deal with their changing environment through innovation and change (Johnson et al, 2008). It is argued that managers are using their skills and senses within complex world of social interaction in and around their organizations in much the same way. Greenberg, (2001) stated that in order to understand CRM, you must also understand the changing nature of the customer because they are not what they used to be. According to Thompson, (2004) CRM is a business strategy to acquire, grow and retain profitable customer relationship, with the goal of creating a sustainable competitive advantage. He goes on to say that product or price based differentiation is waning because of four broad trends; maturing markets, global trade, efficient manufacturing and internet. Thompson, (2004) further stated that now CRM is emerging as a critical strategy simply because relationships are coming to the forefront of the competitive battleground.

1.1.1 Competitive strategy

Competitive strategy involves positioning a business to maximize value of the capabilities that distinguish it from its competitors. A firm should be able to identify an area that it can develop for competitive edge in its area of operation. Ansoff & McDonnell, (1990) define competitive strategy as the distinctive approach which a firm uses or intends to use to succeed in the market. This can be done in such a way to ensure duplication by other firms is impossible or difficult. In service industry the intangible component of CRM is hard to duplicate by other firms if done well. Porter, (1985) asserts there are basic business strategies differentiations, cost leadership and focus, a company performs best by choosing one strategy on which to concentrate. A firm choosing to use CRM to create a competitive advantage in its industry must be ready to review its internal resources and the customer. Investment in human resources to include training and use of IT will enable execution of this strategy.

Competitive strategy gives a company an advantage over its rivals in attracting customers and defending against competitive forces (Ansoff, 1985). There are many roots to competitive advantage but the most basic is to provide buyers with what they perceive to be of superior value a good or service at a low price, superior service that is worth paying more for or a best value offering that represents an attractive combination of prices, features, quality, service and other attributes that buyers find attractive (Thompson & Strickland, 2003). Firms pursuing product differentiation strategies attempt to gain advantages by increasing the perceived value of the products or services they provide to customers. Focus also is based on adopting a narrow competitive scope within an industry. However many researchers feel a combination

of these strategies may offer a company the best chance to achieve a competitive advantage (Dezdar & Sulaiman, 2009).

1.1.2 Customer Relationship Management

Customer relationship management is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. Kotler, (2000) states CRM has strategic importance and requires companies to continually enhance customer experience and satisfaction, to deliver quality in a competitive market place. In an attempt to reach and connect with customers in an environment highly saturated with products, advertisements and promotions. Businesses are implementing CRM component in their marketing schemes. CRM practices enable marketers to build long lasting relationships with consumers at the individual level through the use and management of a number of different programs and key components.

Kaplan & Norton, (2004) state CRM is a sound business strategy to identify the organization's most profitable customers ,prospects and devotes time and attention to expanding relationships with those customers through individualized marketing, pricing, discretionary decision making and customized service-all delivered through the various sales channels that the organizations uses. Lewis, (1996) states CRM has various variables that include training, leadership, clear documentation of customer complaint handling process, feedback process and turnaround time.

Customer relationship management refers to the processes and actions that make it easier for customers to do business with a company .CRM is a business strategy that

has its philosophical basis in relationship marketing (Chen & Popovich, 2003). CRM success requires a change of business processes towards a customer orientated approach. As such, all business processes that involve both direct and indirect interaction with customers should be analyzed and assessed (Mendoza et al 2006).According to Mendoza et al., (2006) CRM needs to become part of the company culture and management needs to mark its role within the company so that everybody will believe in it and use it. The way customers are treated is closely allied to the way staff feel about their jobs and the situation in which they do them. The environment is a factor that influences CRM at all levels in an organization .Thus it is a leadership issue, that means customer satisfaction is not left to chance but driven by management.

1.1.3 Motor Industry in Nairobi County

The motor industry in Kenya comprises of about 20 distributorships of various brands of motor vehicles. All these distributorships have their presence in Nairobi County. Out of the 20 distributorship there are five dominant players that are General Motors E. Africa, Toyota Kenya Ltd, Simba Colt, DT Dobie and CMC 95% of the players are members of Kenya Motor industry (KMI) that plays a role of lobbying for the motor industry and coordinating the players. Most of these are subsidiaries of multinational companies. The firms generally deal with selling and distribution of imported vehicles, parts and service. Some vehicles are locally assembled. The big 5 have invested in dealer networks and branches across the country in various major towns. Network across the country is very important for motor industry as it offers access to the after sale service which is critical with every purchase of automobile. Traditionally organizations operated in relatively stable environment for decades, but

today the industry is faced with increased competition from upcoming new firms. Motor vehicle industry now find themselves operating in a highly competitive and fragmented marketplace, characterized by increasingly empowered and literate consumers. The idea of building a long term relationship with consumers to earn favor from them was not known even to the earliest merchant and it has taken time to develop since traditional marketing was aimed at acquiring customers not retaining them (Kaplan & Norton, 2004).

Motor industry consists of dealing with goods and service. The service component is critical in the motor industry. In the western market and most of the mature markets the after sale service aspect of the business is critical as that is the determinant of profitability for the firms. This is gradually becoming the reality in our country in the industry as competition stiffens and differentiation based on vehicle pricing is fading. The quality of customer service holds a primary significance in the context of sustained business growth. In the wake of changing environment in the motor industry sector, motor vehicle firms in Kenya have the uphill task of retaining key value customers, acquiring new customers, building their confidence and maintaining a robust financial performance. Harland et al., (1999) found out also that despite its strong oligopolistic nature, the global automotive industry had been markedly proactive in pursuing focused cost reductions; there were many examples from General Motors, Toyota, Chrysler, Nissan and Ford on the success of cost reduction through the use of a lean strategy.

Kenya's GDP is at 5% expected to quicken to 5.7% in 2015 helped by cheaper credit and an improvement in global conditions. In the recent past we have witnessed an

increase in the real estate investment with middle class growing interest in this sector. The competition for motor industry is real estate from a point of value of the goods and preference. Thus as the Kenyan middle class grows there is expected growth in the motor industry as people will want better vehicles and services. The growth in this sector is fuelled by growth in GDP, increased GDP per person and reduction in interest rates and improved infrastructure. The political environment plays a significant role in this sector. This has been observed in the recent years with moments of political turbulence the business taking a downward dip. With the just concluded general election the investor confidence has been revamped and this has been witnessed in the industry performance. This has led to the distributorship enlarging their footprint across the country for better customer service and acquisition.

1.2 Research Problem

In the recent past CRM has been established as a vital aspect of the modern era of business. The big firms across all industries regard customer relationship as an important part of the business. Thus the existence of CR department in organizations is deemed necessary for effective customer service. However with the increased demands from a knowledgeable customer base requires firms to go beyond having CR departments. Pelsmacker et al., (2005), one of the trends in marketing today is the increasing importance of building customer loyalty instead of attracting and seducing new customers. As competition intensifies many businesses continue to seek profitable ways in which to differentiate themselves from competitors .What separates a company from its competitors is the relationship it has with its customers (Boone & Ganesham, 2007). The situation is no different in the automobile industry.

According to Davenport, (2010) two trends brought CRM to the forefront global competition has increased and products have become harder to differentiate companies have begun moving from a product centric view of the world to a customer centric one. Motor industry finds itself in this environment where its products and pricing are not the only basis of competition. CRM can be used as a competitive strategy in the after sale area of the motor industry which is key. The differentiation strategy was effectively implemented when the business provided unique or superior value to the customer through product quality features or after-sale support and service (Allen et al., 2008). It will be necessary to find out how the motor industry offer after-sales support services to its customers. The presence of body shop and conversion that could offer accident repairs and fitment of accessories would allow the customer to have extended services all under one roof.

The automobile industry in Kenya is made up of local, multinational firms, subsidiaries or joint venture all fighting for a share in the industry. The stiff competition calls for excellent customer service. Recent studies undertaken by locals on customer care as competitive strategy include Ibrahim, (2009); he did a study on customer service policy and its relevance to customer service among public corporations in Kenya. He found that the major benefits of adopting customer service strategies include customer loyalty, increased profitability and increased business growth. The study also found out that differentiating oneself in the market place with excellence in customer service leads to acquisition of new customers, retention of existing ones and improvement in financial performance. Gichu, (2012) did a study on use of Customer care as strategy by Highchem Pharmaceuticals. Odongo, (2012) did a study on factors affecting CRM in automobile industry a case study of Toyota Kenya

Ltd. The findings implied that CRM is very important not only for Toyota Kenya but for all organizations that are customer focused. Tanui,(2010) who researched on the strategies adopted by KCB Ltd to improve customer service and found out that for a company to be competitive and remain vibrant in the market ,it is required to adopt winning strategies that will offer the best customer service to its customers. Wangari, (2012) did a study on Customer retention by Barclays bank of Kenya Ltd, her findings were increased competition and customer expectations has forced the bank to become more customer eccentric and offer higher service quality to avoid high customer turnover. Her findings were there was need for BBK to offer wide range of products to deal with the different customers' requirement. Thus understanding how different customers behave or make decision to buy products would be necessary.

As observed above the studies conducted on customer care as a competitive strategy have not considered the use of CRM as competitive strategy in motor industry. The studies have also focused on customer care and challenges of implementation. Establishment of CR departments does not translate to achieving strategy. The studies above have not demonstrated the use of CRM as a competitive strategy. The motor industry is not an exception to the use of CRM as a strategy. Most industries are embracing use of CRM with banking industry having high number of studies in the same. This study was guided by seeking to answer how motor industry use CRM as a competitive strategy? It also sought to find out how CRM has been adopted as a competitive strategy on customer retention?

1.3 Research Objectives

This study sought to explore two objectives as stipulated below:

- i) Establish use of CRM as a competitive strategy in motor industry in Nairobi County.
- ii) How automobile industry uses CRM for customer retention.

1.4 Value of the study

This study is of academic value to those interested in motor industry studies with an aim of establishing a business in the sector since they will be able to understand the variables for success in the industry. Most important the study offers some practical suggestions on CRM. The scholars will gain knowledge on the use of CRM as a competitive advantage in the industry. Entrepreneurs seeking to gain insight in the motor industry business with intentions of reaching and connecting with customers will also benefit.

The findings provide insight to motor industry players on application of CRM as a competitive strategy diverting from the traditional product oriented strategies. The findings are useful to the following groups; automobile firms will use this to enhance its CRM function as a strategic tool in the modern day business environment. To establish ways that motor industry can take advantage of its products benefit from CRM for sustained growth in the future. Motor industry firm managers will find this study useful for performance enhancement and customer retention through CRM as a strategy.

Scholars may use the findings to identify the information gap that need further research. The research provides a view of the current state of CRM as competitive strategy in the dynamic motor industry in Kenya. They will also be able to use the

findings of this study to prove various theories and to use the study as a basis for further research on other dimensions of CRM. The findings will also add to the theoretical and empirical knowledge especially in the Kenyan context and form basis for further research and study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents theoretical studies and empirical studies in the fields of competitive strategy and customer relationship management .It reviews the literature on strategic influence of CRM and how it can be used as a competitive strategy by firms.

2.2 Theoretical Foundation of the Study

The environmental forces and the CRM can be used by the business as a strategy influencing factor. This study will be supported by the Resource based theory. This theory implies that unique organizational resources of both tangible and intangible nature are the real source of competitive advantage. With resource-based theory, organizations are viewed as a collection of resources that are heterogeneously distributed within and across industries. Accordingly, what makes the performance of an organization distinctive is the unique blend of the resources it possesses. A firm's resources include not only its physical assets such as plant and location but also its competencies and leadership style (Skinner, 2011).A resource-based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes cannot be imitated by competitors, which ultimately creates a competitive barrier. RBV explains that a firm's sustainable competitive advantage is reached by virtue of unique resources being rare, valuable, inimitable, non-tradable, and non-substitutable, as well as firm-specific. These authors write about the fact that a firm may reach a sustainable competitive advantage through unique resources which it holds like leadership style and these resources cannot be easily bought, transferred, or copied, and simultaneously, they add value to a firm

while being rare. It also highlights the fact that not all resources of a firm may contribute to a firm's sustainable competitive advantage. Varying performance between firms is a result of heterogeneity of assets and RBV is focused on the factors like leadership style that cause these differences to prevail (Skinner, 2011).

Hofer & Schendel, (1978) considered strategy as systems that enable firms to increase market share, achieve sustainable growth and turn around the fortunes of a business. Competitive strategy relates to positioning and relating a firm to its environment in a way that will assure continued success. This requires applications of various principles, techniques and advanced tools in strategic management. Strategic management is concerned with complexity arising out of ambiguous and non routine situations with an organization wide rather than operations specific implications. The manager who aspires to manage or influence strategy needs to develop a capability to take an overview ,to conceive of the whole rather than just the parts of the situation facing the organization .Strategic management includes understanding the strategic position of a firm, strategic choices for the future and turning strategy into actions (Johnson et al,2008).This view of strategy is concerned with exploiting the strategic capability of an organization, in terms of resources and competences to provide competitive advantage and yield new opportunities.

Chue & Gerry (2002), assert one strategy of CRM initiatives is to change the organization into becoming customer centric with a major focus on customer profitability as compared to line profitability. Again they emphasized the understanding gained from CRM enable companies or firms to estimate the profitability of individual accounts .They further add that organizations are then able

to differentiate their customers properly with respect to their profitability. Organizations can then build predictive churn models to retain their best customers by identifying symptoms of dissatisfaction and churning, make sure that the customers who generate profit are retained. According to Hines & Rich, (1998) development of sustainable competitive advantage had long been the “holy grail” of Western management. However at least one of the world’s leading companies has sought to achieve advantage by leverage of knowledge and skill within its complete supply chain and the company is Toyota of Japan. According to George, (2000) loyalty does not result from monopoly because when there is a new entrant into the market most customers will jump ship the novelty wears off, then the customers look elsewhere .It does not come about because of discounting .True loyalty results from the relationship between the suppliers and the customers .The brand is a vital vehicle for defining and managing that relationship.

2.3 Competitive Strategy

Competitive strategy involves positioning a business to maximize value of the capabilities that distinguish it from its competitors (Porter, 1980).Competitive strategy is a synonym for business strategy and the whole object of business strategy is to gain a strategic advantage or competitive edge. This strategic advantage should be a kind that can be utilized as soon as possible and last as long as possible. Its function is to generate profits above the industry average and to gain market share. A business strategy reflects management choices among different alternatives and signals organizational commitment to particular products, market, competitive approaches and ways of operating the enterprise (Karleof & Fredrick, 2005). Boone & Ganesham, (2007) on the other hand indicated that a competitive strategy is when a firm is

implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy .The interaction of resources and capabilities enable firms to implement core competencies which can shape the strategy, created by these drivers.

Firms pursue competitive strategies when they seek to improve or maintain their performance through independent actions in a specific market or industry. Porter,(1998) states that the goal of a competitive strategy for a business unit in an industry is to find a position the industry where the company can best define itself against the five forces which are rivalry, threat of substitutes, buyer power ,supplier power and threat of new entry. These five constitute the industry structure and it is from this industry analysis that a firm determines its competitive strategy .Porter unveiled four generic competitive strategies that can be viable in the long term business environment.

2.3.1 Cost Strategy

In cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. Harland et al., (1999) found out also that despite its strong oligopolistic nature, the global automotive industry had been markedly proactive in pursuing focused cost reductions; there were many examples from General Motors, Toyota, Chrysler, Nissan and Ford on the success of cost reduction through the use of a lean strategy.If a firm can achieve and sustain overall cost

leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average.

Cost competitive advantage can also be said to be when a company is able to utilize its skilled workforce, controlled costs, and efficient operations to create maximum value to consumers. Sanjay & Mohanbir, (2010) observed Wal-Mart uses the cost advantage strategy by providing a very large selection and low prices via its retailer strength and size. There are a few other important ways that costs can be kept lower in order for a company to use a cost competitive advantage. Reengineering is used by companies that are able to cut costs by redesigning and creating improvements to their products, such as Apple. A company that finds ways to make its technology better and more affordable will find success. Finally, some companies create a new delivery method for their product or service, resulting in large cost savings that they can share with their customers. Many airline companies have installed self-check-in kiosks and supermarkets now offer self-checkout lanes.

2.3.2 Differentiation Leadership

If a company's product or service has a valuable, unique offering for its consumers, then loyalty and product or service differentiation can occur. Lawrence et al.,(2008) states cost competitive advantages can easily disappear with the introduction of a new competitor or new technology. If a company offers a unique product or service, it is harder to maintain an edge in the market based on price alone. The company must offer something to the consumer besides just a low price. For companies to excel in this area of competitive advantage, they must constantly look for ways to create new products and innovations that solve customer needs and wants. A customer has to

want their product or service because it offers something that they cannot get by going elsewhere something very different. When using the differentiation strategy, companies focus their efforts on providing a unique product or service, thus setting their offerings apart from other competitors (Allen et al., 2008). This strategy allowed organizations to charge a premium price to capture market share.

This strategy also indicated that quality products and services could command a premium price from customers and are thus perceived as a differentiated product, particularly in narrow market segments. Xue, (2008) found that product image referred to attributes associated with a given product or service for example, buyers of sports cars were always associated with certain personalities such as sexy, attractive, young, and socially outgoing. Xue, (2008) also found out that product image had been found to be especially important for those products that were not significantly differentiated from its competitors, in the mature stage of the product life, and socially visible (consumed publicly), such as beer, cigarette, and clothing products. In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price (Allen et al., 2008).

2.3.3 Focus Strategy

Focus strategy utilizes the old divide and conquer rule. Focus strategy includes the division of your target market into specific sections .Then a firm needs to develop specific business marketing strategies for each section. In simple words we can say

that focus strategy target a segment to apply both cost leadership and differentiation strategy. A successful focus strategy depends on an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market development can be an important focus strategy .Midsize and large firms use focus based strategies but only in conjunction with differentiation and cost leadership generic strategies price (Allen et al., 2008).A firm has to achieve its objectives and goals by means of some market tactics and the three Porter generic strategies provide a basis platform for a company.

According to Sanjay & Mohanbir, (2010) a firm concentrates its resources on entering or expanding in a narrowly defined market segment.Focus allows businesses to compete on the basis of low cost ,differentiation and rapid response against much larger businesses with larger resources.The objective of the firm is to do a better job at serving the buyers in the target market than the rivals Mousa & Lemak, (2009) found out that Toyota and Xerox all employed the latest and most sophisticated methods of continuous improvement to remain competitive Toyota also used focus strategy where it addressed a very small part of the market. That is the Land cruiser VX series was targeted for customers who were in the upper bracket of the bread basket that is the very affluent rich hence Toyota had been successful by pushing particularly these generic strategies. Company leaders must overturn conventional thinking about how to manage the organization, processes, and people for growth. For example, a conventional core belief about growth is that companies need to extend their product lines, brands and to expand their categories and markets. Leaders hope that the more arrows they have in their quiver and the more targets they have to shoot at, the more bull's eyes they will score. But in reality, growth often comes from fewer but stronger

arrows aimed at fewer targets. The engines of growth are focus; fewer brands, fewer categories, fewer markets and simplicity; simple vision, simplified execution, and simpler organizational designs. Conventional thinking also assumes that although complexity adds cost and makes the organization less agile, it is inevitable in a large global company. But complexity is an avoidable enemy of growth if you know what you are doing (Sanjay & Mohanbir, 2010).

2.4 Customer Relationship Management.

Kaplan & Norton, (2004) state Customer management reflects much of what is new in modern business strategy. In industrial era, strategies were product driven.”If we build it they will come” was the underlying philosophy. Companies succeeded through efficient operations management processes and product innovation. Operating processes, focused on cost management, scale economies and quality, and enabled products to be delivered at prices that generated attractive profit margins while still being affordable to customers. Customer management focused on transactions promoting and selling the enterprise’s products. Building customer relationship was not a priority. The new economy has heightened the importance of customer relationship. Whereas innovation and operations management processes remain important for strategic success, the evolution of IT particularly the internet and database software has shifted the balance of power from producers to customers. Customers now launch transactions. They lead rather than reacting to marketing or sales calls (Kaplan & Norton, 2004).

The only real aim of any business is to win, satisfy and hence retain their customers (Domegan, 1996). More than 57% of the chief executives in a survey with 191

respondents believe that the major objective and strategy of CRM initiatives is customer satisfaction and retention (Gray & Byun, 2001). Many businesses today realize the importance of CRM and its potential to help them achieve and sustain a competitive edge (Peppard, 2000). This view was further boosted by Bose, (2002) that as a result of changing nature of global environment and competition, firms cannot compete favourably with minor advantages and tricks that can easily be copied by competing firms. The implementation of CRM is an enabled opportunity to rise above minor advantages with real focus on developing actual relationships with customers. Firms that are most successful at delivering what customers want are the more likely to be leaders of the future.

Kaplan and Norton, (2004) state that CRM consists of four generic processes which are select customers; Identify customer segments attractive to the enterprise; craft the value proposition to appeal to these segments and create brand image that attracts customers in these segments to the company's products and services. Acquire customers; communicate the message to the market, secure prospects and convert prospects to customers. Retain customers; ensure quality, correct problems and transform customers into highly satisfied raving fans. Grow relationships with customers; get to know customers, build relationships with them and increase the firm's share of targeted customers purchasing activity. CRM strategies should include execution of all four processes. Most firms acting without an explicit customer management strategy do poorly on selection and retention processes. Many firms also pay little attention to retaining customers. They treat sales as transactional events; avoid contact with their customers after the sale and fail to measure whether they retain them for future business. CRM has long been a major training requirement for

firms which seek the so called sustainable competitive advantage (Ghobadian et Al, 1994).

2.5 Strategic Influence of CRM.

Aosa, (1992) stated that strategy is creating a fit between the external characteristics and internal conditions of an organization to solve a strategy problem. The strategy problem is a mismatch between the internal characteristics of an organization's core environment. A firm that chooses to use CRM as its influencing factor in its end game has to invest a lot around this area it will apply a combination of strategic drivers but give preeminence to the CRM base. The middle level managers need to team up with top managers in implementing strategy (Johnson, 1987).

A firm seeking to use CRM as a strategic influence should be aware of its employees' attitude and knowledge. Achuama & Usoro, (2008) stated most problems in CRM are not technical instead common problems include organizational change and fluctuation, inconsistent and inaccurate customer data, and changes which affect the business, for example mergers. This is to the extent that employees understand their significant role in execution of this strategy. If your clients know more about the company than it knows about them, it is time to evaluate your CRM strategy or lack thereof. It is never too late to develop or enhance a strategy for collecting client data and interfacing with customers and potential customers. In fact organized, automatic, and system-wide CRM practices will allow a company to clearly understand who its target customers are, how to efficiently influence their behavior, and thus boost its bottom line (Peppard, 2000).

2.6 Staff Involvement and Skills in CRM

The degree of employee involvement is another success factor of CRM implementation. Business focus shifted from the product to customer oriented which turned the role of salespeople from selling products and services into challenging task of being long term customer relationship builders. Their responsibilities have also expanded concerning CRM. Mendoza et al., (2006) claims that the stakeholders of the CRM system are more likely to take greater responsibility and work for reaching the objectives of the system if they are involved from the start of the CRM adoption. Involvement from the early beginning and preparation on what is to come will help them to be responsive to the shifting business conditions. By letting employees to be part of the decision making process it will be easier to get people to accept the change in business operations (Galbreath and Rogers, 1999).

Participation can result in positive attention and encouragement which can motivate employees to further involvement in activities (Hedland et al., 2010). According to Smith & Rupp, (2003) employees are more likely to be committed to the use of the CRM system and take part when being involved in a way that evokes the feeling of participation and meaningfulness. Well-trained skills and knowledge can provide more accurate customer segmentation, data interpretation, as well as on-time system redesign and adjustment (Buttle, 2004). Therefore, the organization should communicate the CRM strategy to employees to deliver objectives, values, and culture that sustains the transformation of the organization to becoming customer-centric based. According to Sin et al., (2004) taking in to consideration the fact that the difficult part of being CRM oriented is people securing skilful employees is essentially required for CRM implementation.

2.7 Impact of Technology on Customer Relationship

Chin et al., (2000) stated that due to many technological solutions available for automation ,it is often misconstrued as a piece of technology .But they maintained that in recent times many firms have realized the strategic importance of CRM and as a result it is becoming a business value effort rather than technology centric effort. Using IT as an enabler, CRM strategy leverages key functional areas to maximize profitability of customer interactions (Chen & Popovich, 2003). There are two main objectives that influence the need for CRM technologies to support the completion of CRM strategies and initiatives .These are according to Stone, (2000) as the need for exceptional quality in CRM to meet the needs of the customers .CRM systems are being used to arrange customer resources in proper order. The need for greater productivity in CRM systems are giving the possibility to automate work previously done by hand.

Deck (2004) ,the objective and strategy of CRM is that it should help organizations to use technology and human resources to understand the behaviour of customers and the value of those customers .If it works that way an organization can provide better customer service, make call centres more efficient, cross sell products more effectively and discover new customers. IT has continued to influence organizational environment, strategies and structures. The speed at which data can be analyzed and communications enacted has been transformed through the development of cheap and powerful information and communications technologies (ICT).Although most managers would accept that this is likely to impact on their own firm; they are left with considerable uncertainty about the direction and speed of the changes (Johson et al., 2008). Information technology and communication are used as the tool for

organizational communication, knowledge management, and strategies (Laudon, & Laudon, 2002). According to Sarmaniotis & Stafyla, (2003) CRM technology is the important strategic tool for an organization to attain success in CRM application owing to the basic structure of information technology and information from customers' databases.

2.8 Customer Relationship Management as a Competitive Strategy

The modern era business environment is dynamic and competitive thus a firm seeking to build its strategy on CRM must develop a comprehensive and effective CRM strategy. In the long run, a comprehensive CRM strategy will allow a franchise to build more meaningful and lasting relationships with its customers and reduce the costs of traditional marketing and client service (Kaplan & Norton, 2004). CRM can be used by a firm as competitive strategy to differentiate itself in the market place. The use of models such as focus strategy can be enhanced to deliver beyond differentiated tangible product through delivery using superior customer service. This is a strategy concept used by Toyota in serving and building relationship with its Lexus customer, based on focus group model. Rothaermel, (2008) introduced meaning of competitive advantage stating that a firm's strategy was defined as the managers' theory about how to gain and sustain competitive advantage. He demonstrated how a firm created its competitive advantage by creating more economic value than its rivals, and explained that profitability depends upon value, price, costs and the relationship among these factors CRM was explored in the context of high-technology consumer goods-laptop computers and cars.

The after sale support is key in the motor industry as a CRM support function. Raju, (1995) stated designating authorized repair centers, having trained service personnel, and monitoring both service quality and spare part inventories were strategies that could be very helpful in building a favorable customer relationship. Ruiz & Cataluña, (2008) found out that competition among car manufacturers which kept prices under control, along with the growing dependency on cars in Western societies, represented a different competitive landscape for this industry. The costs and profits in the mechanical-repairs industry were even more complicated for consumers to estimate and on many occasions, consumers had to contract for this service without knowing its final price. Making trust as a powerful component of this service relationship hence such vulnerability caused the strong relationship between unfairness perceptions and the customer's reactions. They also proposed that the number of competitors and their prices might influence evaluations of price fairness because the availability of alternative providers was likely to intensify market competition, thus reducing the potential for opportunistic behavior on the part of service providers.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that will be applied in conducting the study. It discusses the research design, target population, sampling design and data collection procedures and methods.

3.2 Research Design

The study used census survey to establish use of CRM as a competitive strategy in motor industry in Nairobi County. One of the advantages of census surveys over the other types of surveys is accuracy. Since the respondents involved in census surveys are the members of a given population, the survey data to be collected were more reliable and accurate than the data gathered from sampling surveys. The design was relevant to the objectives of the study.

Kothari, (2004) a descriptive survey is usually concerned with describing a population with respect to important variables with the major emphasis being on determining the frequency with which something occurs or the extent to which two variables co-vary. This technique is achieved through asking specific questions from the respondents on an area of study.

3.3 Population study

The population of the study entailed all firms in the motor industry in Nairobi County. The focus was on distributors headquartered in Nairobi County which were about 20 in total dealing with various franchises. Out of the 20 only 5 are not registered with

KMI body. One questionnaire was distributed per company through drop and pick later method. This gave the respondents time to fill in the questionnaires objectively.

The population target deals with distributorship from all over the world. Thus, this study sought to find out the use of CRM as a competitive strategy in motor industry and how it is being used for customer retention. The method was chosen because the population is small and the area is accessible. It also allowed for details from multiple sources of information and evidence was verified through in depth probing. A census survey was also important for analyzing information in a systematic way to arrive at useful conclusions and recommendations.

3.4 Data Collection

Primary data was collected using a semi structured questionnaire since the nature of the data is qualitative. The questionnaire entailed open ended and closed questions. The questionnaire contained two sections, section one focused on the general and demographic information of target respondents. Section two focused on covering main area of the study. Primary data was collected from CR managers of the 20 firms in Nairobi County. CR managers or their equivalents were considered appropriate since they understand how CRM is applied in the business as a strategic action plan.

The questionnaire was administered by a drop and pick later method at an agreed time with the researcher. Noting that the adoption of CRM as strategy is across functional activity, I had the CR managers respond to the questionnaire for the selected firms. The decision to deal with managers is owed to the reason they are responsible for development of the strategies and execution of the same. They also guide the teams with the end in mind providing the necessary resources and creating enabling

environment for CRM strategy to be successful. Where a firm did not have a CR manager the sales and marketing manager was engaged as the respondent

3.5 Data Analysis

The data collected was sorted, cleaned and coded before analysis. The data was analyzed using descriptive statistics to identify use of CRM as a competitive strategy by use of percentages, mean and standard deviation to achieve the first objective of the study. The final results have been presented in form of tables to determine the strategic influence of CRM as a competitive strategy in motor industry and how CRM is used to retain customers. Data analysis is the processing of data to make meaningful information (Lewis & Thornhill, 2009).

Data gathered from this study was analyzed using descriptive statistics generated by use of SPSS (V. 21.0), MS Excel and tested using Pearson's Chi-Square Test of Independence. In addition, the researcher conducted a Spearman rank correlation and Chi-square tests in order to determine the strategic influence of customer relationship management as a competitive strategy in motor industry of Nairobi County. Spearman rank correlation is a non-parametric measure of correlation between variables which assess how well the variables describe a relationship. A cross tabulation model was also used to ascertain whether the use of CRM in the motor industry and competitive strategy are positively correlated.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter covers data presentation, data analysis and interpretation. It presents the analysis of the research findings. The purpose of the study was to investigate the strategic influence of customer relationship management as a competitive strategy in motor industry in Nairobi County. The first part of the analysis deals with the demographic information, as it relate to the respondents ability to knowledge on customer relationship management. While the second part deals with information on the significance of the independent variables on the prediction of CRM's ability to strategically influence the competitiveness of the motor industry. The data was presented in descriptive and tabular form. The following are the results of the data analysis and their interpretations. The analysis was done using both SPSS and MS Excel analysis software. Twenty (20) respondents were interviewed, therefore the findings below applies to only those respondents.

4.2 Instrument return rate

The questionnaire return rate is the proportion of the sample that participated in the study as intended in all research procedures. The questionnaires were administered to a population of 20 and 18 (90%) of the censured respondents duly filled and returned the questionnaires. The return rate was therefore far much above average thus making research effective. The Table 4.1 gives the summary of the instruments return rate.

Table 4.1: Instrument Return Rate

census	Returned	Percent
20	18	90

4.3 Data Analysis

Data collected was qualitative descriptive and quantitative so content analysis was used to analyze the data besides graphs for the quantitative feedback. Upon completion of data collection, the interview guides were checked for accuracy and consistency. Analysis of the data collected compared with the theoretical approach and documents cited in literature review. The respondents comprised the CR managers, assistants and head of sales and marketing departments in the absence of CR managers. The target respondents were able to respond appropriately to the usage of CR as a competitive advantage in their firm. This level of staff is involved in formulation of strategy and implementation of the same. The respondents were asked to state their gender and Table 4.2 gives the summary of the findings.

Table 4.2: Gender

Sex	Frequency	Percentage
Male	8	44.4
Female	10	55.6
Total	18	100

The study interviewed 10(55.6%) women and 8(44.4%) men. The gender disparity is noted was due to the fact that this function attracts more women than men. This shows

affirmative action should be taken to address the disparity. It also confirms CRM is a soft intangible asset for an organization most preferred by women. The respondents were asked to state their age in years and table 4.3 gives the summary of the findings.

Table 4.3: Age in years

Age in years	Frequency	Percentage
18-28	3	16.7
29-39	8	44.4
40-50	5	27.8
>50	2	11.1
Total	18	100.0

The results in Table 4.3 show that this motor industry is dominated by the people whose age bracket is 29-39 years at 44.4%, followed by age brackets 40-50 at 27.8% and two (12.5%) at more than 50 years and between 18-28 years at 16.7%.

The respondents were asked to state length of time they have served their respective organizations and Table 4.4 gives the summary of the findings.

Table 4.4: Length of service

length of service	Frequency	Percentage
< 2yrs	3	16.7
2-5 years	7	38.9
6-10 years	6	33.3
>10years	2	11.1
Total	18	100.0

Most of the respondents had served their organizations over 2 years as indicated in Table 4.4 above. This was good as the respondents were knowledgeable on CRM practices in their firms. With these they could easily point out the benefits of CRM in their firms, areas of improvements and challenges facing their firms in relation to CRM.

Table 4.5: Length of service and knowledge on CRM

Length of service years	with knowledge		without knowledge	
	Frequency	Percentage	Frequency	Percentage
<2	1	6.7	2	66.7
2 - 5	6	40	1	33.3
6 - 10	6	40	0	14.3
>10	2	13.3	0	0
Total	15	100	3	100

Table 4.5 indicate that those noted to be coping with CRM challenges was most pronounced among those who have served below 2 years at 66.7%. The respondents with over two years experience demonstrated to be knowledgeable in this area. This was observed as a good indicator in realizing CRM goals in the firm once they are set out.

4.4 CRM as a competitive strategy in motor industry in Nairobi County

This study had sort to establish use of CRM as a competitive strategy in motor industry. To assess this there were several questions around the same which sort to establish practice of CRM , level of staff CRM knowledge and presence of CR

departments, influence of technology on CRM implementation and leadership influence on CRM. The findings established the practice of CRM in the organizations where respondents' response was as shown below:

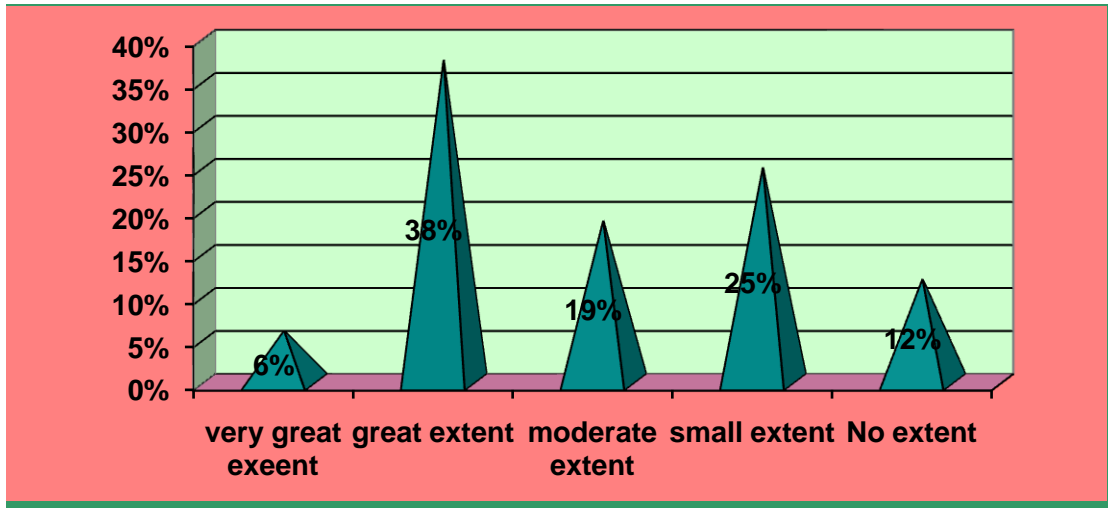


Figure 4.1 Practice of CRM in the organization

Figure 4.1 above show how they rated practice of CRM in their respective organizations. 6% of the respondents rated it very great extent, 38% of respondents as great extent, and 19% as moderate extent, 25% as small extent while 12% as no extent. Based on the analysis it can be deduced that most of the organizations in the motor industry practice CRM to a great extent. However the indicator demonstrates the motor industry is below the 50% mark on complete CRM practice.

The study's findings established there are challenges faced in implementation of CRM in the organizations. From the returned questionnaires, most of the respondents stated main challenges as; lack of effective CR departments; weak leadership driving the CRM agenda in the business and failure to include CRM in the vision, mission and objectives of the firm. Leadership lacking in this area has multiple effects which include limited resource allocation that hinders investment in staff training, IT

infrastructure, strategy development and downward cascading of the same. The other challenges noted were support from other departments, the right resources for the right deployment; staff knowledge about CRM and their uptake on it.

The findings observed the organizations in the industry use customer feedback questionnaires as the main way of getting information from the customers. About 3 firms only have call centers that call back customers and customers can call for enquiries and air their grievances. Call centre allows a firm to identify common problems and quickly address the issues by contacting the relevant parties. A systematic way of gathering information is important for effective resolution of customer concerns. Unlike other service industries like banks and hotels which have incorporated call centers as a way of getting feedback and reaching customers motor industry has not done much in this area.

The study established level of CRM knowledge among staff influence its implementation in the firms. The results of the respondents' level of CRM knowledge and influence on CRM implementation are summarized in figure 4.2

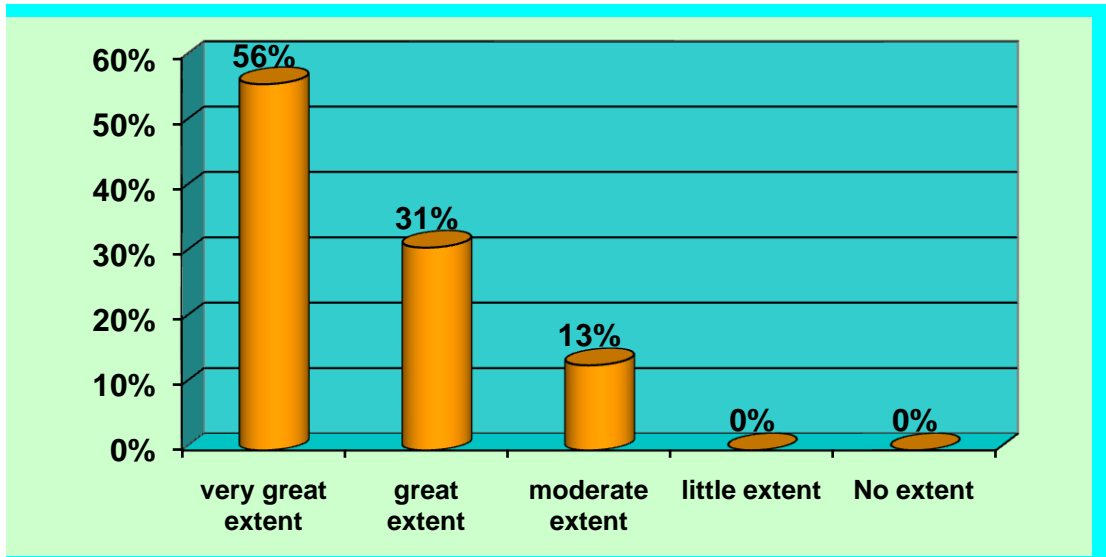


Figure 4.2: Level of staff CRM knowledge and implementation of CRM.

The findings in Figure 4.2 showed that 56 % of the respondents were of the opinion that the level of CRM knowledge among staff influenced its implementation, 31% suggested great extent while 13% selected moderate extent. No respondent was of the little extent and no extent opinion. Thus this clearly demonstrates the importance of knowledge level among employees for CRM to be effective. This further indicates training is required among staff in this area. Thus when the management is developing strategy, considerable resources need to be assigned to staff development in this area. The respondents were categorized into two groups, that is, those with knowledge on CRM and those who are coping up with the challenges of Customer Relationship Management. Taking the two groups as the dependent variable against the respondents demographic characteristics and CR department as independent variables, the cross tabulation was carried out to perceive if there was any relations in terms of the percentages.

The level of technology usage for CRM purposes in the organization was noted as factor affecting CRM implementation. The respondents were asked to indicate their level of agreement with the following statements that relate to the level of technology in their respective organizations. To this, they responded as provided below;

Table 4.6: The level of technology in the organization

Statement	N	Minimum	Maximum	Mean
Capturing customer data	18	1	6	1.9200
Availability of data warehouse	18	1	5	1.7200
Automation of contacts	18	1	4	1.6400

From the above Table 4.6 we see the firms have not adopted IT to automate their processes as would be expected .This would allow for data mining and enhanced communication with the customers if the above are all implemented. The respondents were asked the extent technology influences implementation of CRM in their organization and the response was as provided below;

Table 4.7: The influence of technology on CRM implementation

Measure	Frequency	Percentage
very great extent	12	63
Great extent	6	31
Moderate extent	1	06
small extent	0	0
No extent	0	0

From the above Table 4.7 it was evident that over 60% of the respondents agree to the fact that IT influences CRM implementation to a great extent. Thus this shows that IT is important in achieving CRM in a firm. This is a strong view of the technology influence. The rewards would be realized in both short and long term.

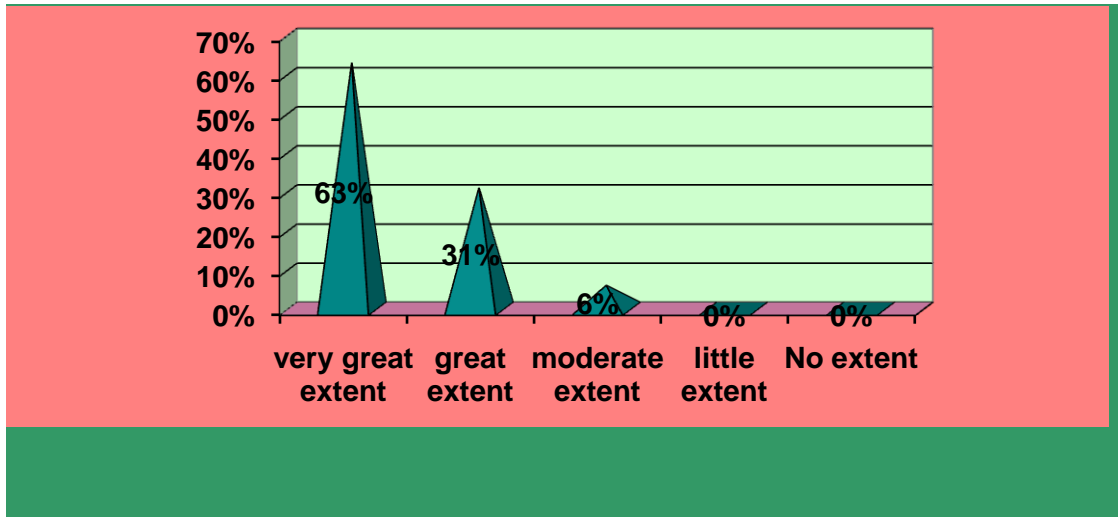


Figure 4.3 The influence of technology on CRM implementation

Figure 4.3 indicates much weight is given to use of technology to achieve the CRM objectives among them ability to capture customer data, creating of customer data base, ability to use IT for simulation of customer needs. Among the firms interviewed 50% have not applied IT in CRM area.

The study was also determined to investigate the challenges in implementation of CRM strategy in the organizations. Table 4.8 shows the findings of the study.

Table 4.8 Challenges in implementation of CRM strategy

Response	(f)Yes	(f) No	Percentage	Percentage
			(yes)	(No)
Budgetary allocation	15	01	94	06
CEO innovativeness/IS	10	06	63	37

knowledge				
Managerial enthusiasm to	13	03	81	19
technology adoption				
Top management involvement with CRM initiatives	15	1	94	06
Encouragement of employees	14	02	88	12

The findings established for CRM to be realized as a firm's strategy the organization's leadership has to be fully involved .The respondents were asked to indicate the extent to which the organization leadership of the organizations is united towards the implementation of CRM. In the presence of strong leadership in CRM matters the outcome was a notable effective and working CRM function.

Table 4.9 Organization leadership and CRM Strategy

provisions of;	Frequency	Mean	Stddev.
in house trainings	13	4.17	0.382
seminars/ workshops	10	4.06	0.539
awards to employees of the year	14	3.77	0.558
Trickledown effect	11	3.56	0.443
resource allocations	09	3.54	0.505

It was noted for the firms that have embraced CR as a strategy their leadership was quite involved in the cascading the information downwards. It was also observed the leaders ensure resources are allocated to the CR activities and support the operations of the CR departments. As for the firms where CR was not highly regarded the leadership has not been keen on resource allocation around the same. In these firms the focus is more on marketing and product focused sales.

On the effect of top management support on the implementation of customer relationship management strategy, the findings established that most of the respondents agreed that budgetary allocation helped in the implementation of CRM. This was followed by the top management encouraging employees in implementing CRM, a number of the respondents agreed that there was managerial enthusiasm to technology adoption. However, fewer respondents agreed that the top management approved the development of the project plan and very few respondents agreed that there is CEO innovativeness in IS knowledge.

Further analysis on the Likert scale data collected was done using Spearman correlation, Chi-square test and the Friedman test.

Table 4.10: Spearman’s Rank Correlation

	staff knowledge	Technology	Organization leadership	Employee involvement
staff knowledge	1.00	0.475	0.349	0.309
Technology	0.475	1.00	0.188	0.425
organization leadership	0.349	0.188	1.00	0.055
Employee involvement	0.309	0.425	0.055	1.00

Spearman rank correlation is a non-parametric measure of correlation between variables which assess how well the variables describe a relationship. When Spearman correlation is calculated, organization leadership and employee involvement have a very low correlation, whereas staff knowledge and organization leadership had the highest correlation of 0.48. Technology had the lowest correlation in relation to the other three variables, this shows that technology has got no much influence to the other three variables. All the variables have a positive correlation which means that all the variables contribute towards making CRM a competitive strategy. The high differences in correlation of variables can also be attributed to the diversity of the twenty selected organizations. Also from table 4.11 we can observe that there is a big difference in correlation between the two highly correlated variables that's staff knowledge and technology in relation to the two least correlated variables that's leadership and employee involvement.

Table 4.11: Descriptive Statistics

	Mean	Standard Deviation	Skewness
staff knowledge	4.0776	.60599	-1.327
technology	4.0187	.71020	-1.214
leadership	4.3284	.50333	-1.828
Employee involvement	4.0981	.46803	-1.040

The response to the four variables were negatively skewed, an indication that most respondents agreed to the questions they were asked, on average, the respondents agree that staff knowledge, technology, leadership and employee involvement in their

organizations are all geared towards CRM implementation and success. There was clear indication that all the four variables have a high contribution towards the competitive strategy of CRM. There was a general low standard deviation, a further indication that responses from the respondents were with low variability in the responses and in strong agreement. However the response on technology varied compared to the other three variables. There is a possibility that the organizations might be having differing technology selection criteria. Also it was noted that the response on staff knowledge was the strongest meaning that almost all selected firms give staff training on CRM a priority or a strong consideration in their strategic planning.

Table 4.12: Chi-square test

	Staff knowledge	technology	Leadership	employee involvement
Chi-Square	64.866	39.209	21.493	35.597
Degrees of Freedom	14	11	10	13
Asymp. Sig.	.000	.000	.018	.001

Chi-square is a non-parametric test used to check for association between the variables. The data shows that there is an association between; staff knowledge, technology, leadership and employee involvement. This is also evident in the table 4.10 for the Spearman rank correlation. The table 4.12 also shows that there is an association between staff involvement, technology, leadership, and employee involvement. They all contribute to the competitive strategy of CRM. CRM cannot be achieved well without staff trainings which in turn are based on organizational

leadership that defines its policies on staff trainings and level of technology. From the data we can also say that failure of one of the variables performing its functions might affect the overall CRM as a competitive strategy.

Table 4.13: Friedman Test

	Mean Rank
staff Knowledge	2.34
Technology	2.33
Leadership	2.87
employee involvement	2.46

Friedman test is a non parametric test used to test for difference between two or more samples. From table 4.13 the variable staff training is highly ranked by the test, an indication that respondents value staff knowledge for CRM implementation for success. There is a small difference between staff knowledge and Technology, this means that once one variable has been accomplished well, it will lead to the other variables success. The big difference between leadership and technology and leadership shows that if good leadership is embraced, then technology will not be a big issue. The high ranking of leadership and employee involvement is a clear indication that when a firm has a good leadership, it will make employee involvement easier since they are motivated and so will favor the CRM implementation as a competitive strategy.

4.5 Use of CRM on Customer retention

The study sort to find out how firms in the motor industry retain customers as a deliberate effort focused on growing their business. The data relied upon on this area was mainly the descriptive analysis. It was noted most of the firms had not put direct mechanisms of measuring customer retention rate although they did agree that one of the benefits of CRM was high customer retention. However for the firms with CR departments and are using IT in CR they have been able to measure customer retention rate through number of repeat customers against those that they have lost .The organizations are also able to tell how many customers they have retained and are still loyal to the business. The firms with CR departments have put certain processes in place to achieve this among them are offering consistent service standard; correcting identifying problems; customer recognition and continuous product innovation.

The findings of the study established the motor industry has improvement areas as there is more that can be done to effectively adopt customer retention as a strategic option. The use of loyalty membership has not been used in the industry. Only firm mentioned using that and this started a year ago. Loyalty programs can lock in customers not only on purchase of motor vehicles but also on the after sale area business which assures the firms on business for a period of not less than 4 years. Other considerations would be after sale package offered on purchase of a new unit. Of the firms interviewed very few have adopted this as a method of ensuring the customers remain with them as they seek to satisfy them.

The motor industry stands to benefit greatly on customer retention schemes; this is so as motor vehicle owners require consistent service after purchasing the car. Unlike their competition on housing which once investment has been done that is it the motor industry can benefit from long term after sale maintenance service which customers are assured of quality.

4.6 Discussion

The objectives of the study were to establish use of CRM as a competitive strategy in motor industry in Nairobi County. How automobile industry uses CRM as a competitive strategy to retain customers. The study found out that motor industry in Nairobi has to a moderate extent adopted CRM as a competitive strategy and has explored ways of customer retention. Businesses today operate in a market driven by growing number of demanding customers faced with variety of options. To survive in this industry various firms are taking up CRM as a strategic option for positioning themselves in the market. The findings indicated unlike banks where CRM is broadly accepted and practiced motor industry has been moderate in this adopting CRM strategy. There is room for improvement in the industry in light of the CRM as a competitive strategy.

This study presents findings similar to other studies and is consistent with previous studies. Ndichu found that Highchem adopted a customer care strategy so as to be flexible, adaptable and above all provide superior service. This has led to highly satisfied customer and observed strengthened loyalty towards the company. The study revealed that the firms needed to employ other strategies to remain competitive .Among them were enhance ways of creating customer loyalty by choice and

deliberate focus on efficient customer service. These findings agree with what Johnson and Scholes (2008) recommended that for firms to remain competitive, they should adopt strategies directed at improving the effectiveness of basic operations within the company, such as production, marketing, customer service and human resource development.

Wangari, (2012) did a study on Customer retention by Barclays bank of Kenya Ltd, her findings were increased competition and customer expectations has forced the bank to become more customer eccentric and offer higher service quality to avoid high customer turnover. Her findings were there was need for BBK to offer wide range of products to deal with the different customers' requirement. Thus understanding how different customers behave or make decision to buy products would be necessary. These findings were similar to what Pearce and Robinson, (1997) indicated that the strategic response to the environmental challenges were identified as a major source of competitive advantage for numerous firms in today's intensely competitive global economy. Among the environmental challenges noted are demanding and dynamic customers.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of finding after the analysis of the research, conclusion after interpreting the results and recommendations of the findings sighting the proposed areas of future study. The chapter is outlined into summary of the findings, conclusions, recommendations, limitations of the study and suggestions for future research.

5.2 Summary of findings

The findings are based on census survey which the population target was 20 firms. The researcher interviewed 20 people with the 18 respondents being senior managers of the firms and assistants in the absence of the managers. The interviewees were both male & female who had worked with the firms over 2 years. From the findings it was evident that the firms had the knowledge of CRM and its significance in their operations. The crosstabs using the staff knowledge, technology, leadership and employee involvement as independent variables showed that there exists association in all of them; however the degree of significance level to CRM as a competitive strategy varied. From the findings it was evident that CRM as a strategy and customer retention were appreciated in the firms though there is room for a lot to be done to realize the full benefits.

5.2.1 CRM as a competitive strategy in motor industry in Nairobi County

The research focused on motor industry firms based in Nairobi County as these would be the head office branches and the decision makers would be based here. The study

found that CRM is a competitive advantage which is relatively significant in the industry. For CRM as a strategy to be effective the following need to be present and active; presence of a CR department which coordinates and communicates CR matters to the whole organization. Top leadership support and communication of the CR agenda; entire staff needs to have some basic knowledge of the CR strategy; budgetary allocation is important to facilitate the CR activities and use of technology to enhance the communication. Motor industry firms acknowledge importance of the CRM function however only 40% of the firms interviewed have CR departments present in their firms. Most of the firms do not have CR departments and this function is decentralized with operations left to manage their customers. The firms that have managed to centralize the function have ensured various aspects are taken care of through resource allocation. These are budgetary allocation, trained personnel, use of technology and leadership engagement. The findings indicate deliberate use of CRM as a competitive advantage was moderate in this industry. This is so from the result discussed above whereby CR department is only present in 40% of the firms and very few have included CRM in their mission and objectives. Most of the firms left the issue of customer satisfaction through superior service delivery to the sales person and the entire organization not involved on this issue. The absence of CR teams to coordinate customer issues meant feedback frequently received from customers is not sufficiently acted upon. The industry is focused on product oriented strategy visa via other service industries that have embraced CRM as a winning strategy. Most of the firms employed technology to facilitate the CR function. The level of technology use had an impact on performance as the firm realized benefits such as customer database available for marketing and follow ups.

The findings indicated for the firms that ensured staff is knowledgeable through trainings and engagement in the CRM strategy had higher returns on the investments in CRM. Customer satisfaction was relatively high in firms where employees were trained on CR and the leadership support of the same notably strong .In organizations where leadership has ensured the whole organization is united towards the achievement of competitive strategy through CR the results are seen through level of customer complains. Also fleet customers which are mainly corporate, NGOs, parastatals and government bodies prefer to deal with firms that have structured systems of dealing with customer issues. This influences the decision of where to buy as customer service on after sale maintenance is critical when dealing with a fleet.

The study found that the firms that have adopted CRM as an influencing factor in the operations have seen several benefits including increased market share and leadership in the market. The firms have also managed to survive tough competition despite new entrants into the market with lowly priced commodities. The study discovered most of the firms had formulated CRM as a strategy although the execution differed and varied results realized due to the areas of focus by the leadership. This study indicated where the leadership believes and firmly supports this strategy the results are great. This is so as through the leadership adequate resources are allocated and relevant trainings offered to the staff that face and interact with the customers on daily basis. The study found out that about 50% of the firms did not have structured systems of managing CRM through use of CR department.

5.2.2 CRM as a competitive strategy to retain customers

The study sort to establish the mechanisms put in place for customer retention. This was so to ascertain the effectiveness of a firm choosing CRM as a competitive strategy. The success should result to high customer retention which can be measured and evaluated overtime. It was noted that less than 50% of the firms interviewed have put in mechanisms to measure customer retention. Among the methods used are repeat businesses as percentage of total business. This is also measured by looking at the number of repeat customers against those lost then an organization is able to tell how many customers they have retained and are still loyal to the business. Also a measure put in place to check on referral business from customers who have dealt with the firm. The repeat business was high on sale of motor vehicle than parts and service. Customers were loyal to various brands and thus would purchase replacement units from the 20 firms however this would significantly change on after sale business. It was noted the firms had the same result which meant customers would go elsewhere for servicing of their vehicles and purchase of parts. This reflects the level of customer satisfaction and accessibility of the firms.

5.3 Conclusions

The aim of this study was to investigate the strategic influence of customer relationship management as a competitive strategy in motor industry in Nairobi County. CRM as a strategy was found to be effective when the firm's leadership supported the function, presence of a CR department to effectively manage customer issues, sufficient resources allocated to ensure staff is trained and awareness created in the firm. Also use of IT to drive the CR agenda was necessary .The study established that there is a positive association between staff knowledge and their

ability to implement CRM. However some staff do not have knowledge on CRM. Therefore in house trainings, seminars and workshops on the same can be embraced. According to the study, the leadership styles in the organization favored the implementation of CRM. Some organizations had embraced technology to enable implementation of CRM. Therefore the firms that have not adopted usage of IT or at a low capacity on this should consider investing in this area. Most of the respondents were of the opinion that they appreciate CRM though it's not centralized in their organizations. Therefore organizations need to implement CRM departments. This will enable them realize higher turnover hence and larger market share. The presence of a CR department is important in realizing the objectives of CRM as a competitive strategy in any firm. The findings indicated that 43% of respondents stated the practice of CRM in their firms was effective to a great extent with 19% at moderate and 31% at moderate & very low.

The firms that have differentiated themselves from competition by adopting CRM as a competitive strategy have realized benefits such as business growth, customer retention, customer database available for mining and various usages. These have given the firms advantage over its competitors as it is based on intangible asset. Improving each area that leads to customer satisfaction has been the driving force for the management of firms that have embraced CRM as an influencing factor of their business. This is so as a satisfied customer leads to increased loyalty to the firms and its offerings.

5.4 Recommendations

The Customer demands are rising fast and this will continue, and accelerate. Customers have rising expectations, less tolerance, greater sense of importance and power and growing affluence. The study found out the lack of CR departments in most of the firms in the motor industry slows down the customer relationship management. Organizations that have not embraced CRM to do so for a more competitive strategy. The study recommends that companies should set up customer departments and customer centers in different parts of the country so that customers can give feedback and call whenever they have issues. The CRM department should align its values with the organizational culture to ensure the CRM initiatives reflect the rest of the staff values and what the organization stands for. This way it will be easy to win a whole organization's buy into the CRM initiatives.

The top management of the firms should take the lead in the CRM initiatives and have the CRM strategy well spelt out in the organizations' vision and mission as well as the action plans. The managing director must be involved in the regular communication to staff on all matters regarding CRM. Staff knowledge is important in implementing CRM as a competitive strategy. Good leadership must prevail in organizations. This will enhance the staff morale and motivation levels and hence involvement in implementing CRM as a competitive strategy.

There is need to invest in a robust ICT system and data warehouse to ease the data management work and enhance interdepartmental integration and collaboration. Technology must be embraced in order to fully implement CRM as a competitive strategy. This will also allow capturing of clients data since the main challenge is

having a good database that has the correct contact numbers and contact persons, a database is important because this is where one gets the profile of the customer. Without a 360 degree understanding of the customer it becomes difficult to interact with them and even know what the customer wants.

5.5 Limitations of the study

The main challenge faced was administration of the interview .The respondents were busy and getting feedback took long delaying the conclusion of the study. However this limitation was overcome by sending reminders and calling the respondents which yielded returns.

The other challenge experienced being in the motor industry the respondents were initially hesitant to give information. The fear being information would land in the wrong hands. However this was managed with the assurance the information will be used for academic purposes.

5.6 Areas suggested for further study

Based on the findings of the study the researcher makes the following suggestions for further research a study should be carried out to measure the impact of communication in the success of CRM strategy implementation. The same study may be done in a different sector to ascertain reliability of these findings. A study on challenges of implementing CRM as a competitive strategy in organizations can be done.

REFERENCES

- Abratt, R and Russel, J. (1999). *Relationship Marketing in Private Banking South Africa*. The Int. Journal. Bank Mark., 17(1):5-19.
- Achuama, P., and Usoro, A. (August 7-9, 2008). *Dancing with Stars: CRM and SMEs in Developing countries*. Proceedings of First International Business Conference. Dearborn, Detroit Metro.
- Ansoff, H. I. (1985). *Corporate Strategy*. New York: Mc Graw- Hill.
- Ansoff, H.I and McDonnell, E. (1990). *Implanting strategic management*. 2nd Edition. Prentice Hall.
- Boone, T. and Ganesham, R. (2007). *The frontiers of e- business technology and supply chains*. Journal of operations Management, Vol. 25 No.6 pp 1195-8.
- Buttle, F. (2004). *Customer relationship management: Concepts and tools*. Sydney: Elsevier.
- Chen, I. J., & Popovich, K. (2003). *Understanding customer relationship management (CRM): People, process and technology*. Business Process Management Journal., 9(5), 672-688.
- Dess, G. S. (2000). *Capabilities for Foreign Customer Relationships*. MSI Report No. 00-118. Cambridge: MA: Marketing Science Institute.
- Dezdar, S. and Sulaiman, A. (2009). *Successful enterprise resource planning implementation: taxonomy of critical factors*. Industrial Management + Data systems, Vol. 109 No. 8, pg. 1037-52.
- Domegan, C. (1996). *The adoption of Information Technology in customer service*. European Journal of Marketing, Vol.30 No.6, pp 52-69.
- Doz. L. Y and Hamel, G. (2008). *Alliance Advantage: The Art of creating value through Partnering*. Boston, MA: Harvard Business School Press.
- Galbreath, J., & Rogers, T. (1999). *Customer relationship leadership*. TQM Magazine, 11(3), 161-71.
- Ghobadian, A. Speller and S. Jones, M. (1994). *Service Quality: Concepts and models. International retailing*. Total Quality Management 6(1).
- Greenberg, P. (2001). *CRM at the Speed of Light: Capturing and Keeping Customers in Internet Real Time*. Berkeley : Osborne /McGraw-Hill.
- Gronroos, C. (2000). *Service management and marketing: A customer relationship management approach.*

- Harland, C. M., Lamming, R. C., Cousins, P. D. (1999). *Developing the concept of supply strategy*. International Journal of Operations & Production Management, Vol. 19 Iss: 7, pp.650 - 674.
- Hofer, C. W., & Schendel, D. (1978). *Strategy Formulation: Analytical Concepts*. St.Paul, MN: West Publishing Company.
- Ibrahim, M. K. (2009). *Customer service policy and its relevance to public corporations in Kenya*. (Unpublished MBA Project) Nairobi: School of Business, University of Nairobi.
- Johnson, G. (1987). *Strategic Change and the Management Process*. Oxford: Blackwell.
- Johnson, G., Scholes, K. and Whittington, R. (2008). *Exploring Corporate strategy*. 7th edition. Prentice Hall
- Kaplan, R. S., and Norton, D. P. (2004). *Strategy Maps*. Boston, Massachusetts: Harvard Business School Press.
- Karleof, B. and Fredrick, L. (2005). *A to Z of Management Concepts and Models*. London, UK: Thorogood.
- Kotler, P. (2000). *Marketing Management*, 10th Edition. NJ: Prentice- Hall, Englewood Cliffs.
- Lewis, B. R. (1996). *Customer Care in services*. New York: Wiley.
- Mendoza, E., Marius, A., Prez, M. & Griman, C. (2006). *Critical success factors for a customer relationship management strategy*. Journal of Information and Software Technology., pp 5, 913-945.
- Odongo, E. A. (2012). *Factors Affecting Customer Relationship Management In Automobile Industry. Case Of Toyota Kenya Limited*. Nairobi.: (Unpublished MBA project) Catholic University of Eastern Africa.
- Pearce II J.A and Robinson, R.B., (1997): *Strategic Management – Formulation, Implementation and Control* .6th Edition. London: Inwin McGraw-Hill
- Peppard, J. (2000). *Customer Relationship Management (CRM) in financial services*. European Magazine Journal., Vol 18, No.3 pp 312-27.
- Peppers, D., and Rogers, M. (1993). *The one to one future: Building relationships One Customer at a Time*. New York: Doubleday.
- Porter, M. E. (1980). *Competitive Strategy: Technique analyzing industries and competitors*. New York: Free Press.
- Poter, M. E. (1998). *On Competition*. Boston: Harvard Business School .

- Raju, P. (1995). *Customer Behavior in Global Markets: The A-B-C-D paradigm and its application to Eastern Europe and the Third World*. Journal of Consumer Marketing., Vol. 12, No. 5, pp 37-56.
- Rothaermel, F. T. (2008). *Competitive Advantage in Technology Intensive Industries*. Journal of Advances in the Study of Entrepreneurship, Innovation & Economic Growth., Vol. 18, No.1, pp. 201-225.
- Sanjay, K. & Mohanbir, S. (2010). *Management Science*. Journal of Interactive Marketing , 20(1), 21-33.
- Saunders, M., Lewis, P. and Thornhill, A. (2009). *Research Methods for business students*. 5th Edition. London: Prentice Hall.
- Sarmaniotis, C and Stafyla, A (2003). *CRM and Customer-Centric Knowledge Management: An Empirical Research*,” *Business Process Management Journal*, 9 (5), 617–34.
- Skinner, W. (2011), “*Manufacturing: the missing link in corporate strategy*”, Harvard Business Review, 136-45.
- Smith, A. D., & Rupp, W. T. (2003). *An Examination of emerging strategy and sales performance: Motivation, Chaotic change & organizational structure*. Market Intelligence and planning., 21(3), pp 156- 167.
- Tanui, O. N. (2010). *Strategies adopted by Kenya Commercial Bank to improve customer service* .Nairobi:(Unpublished MBA project) School of Business, University of Nairobi.
- Thompson, A. A. Jnr and Strickland, (2003). *Strategic Management: Concepts and cases*. 13th edition. New Delhi: Tata Mc Graw- Hill Publishing Company Ltd.
- Thompson, E (2004). *Impact of the Small Business CRM Strategies*. Journal of Small Business Management, Volume 47, Issue 2 ,Pg 221
- Wangari, E. (2012). *Customer Retention By Barclays Bank of Kenya Ltd*. Nairobi: (Unpublished MBA project) , School of Business, University of Nairobi.
- Xue, F. (2008). *The moderating effects of product involvement on situational brand choice*. Journal of Consumer Marketing., 85-94.

APPENDICES

Appendix I: Letter of Introduction

Abigael W Munyinyi,
School of Business,
University of Nairobi.
August, 2014.

Dear Respondent,

I am a student at the University of Nairobi; school of business .I am carrying out research on strategic influence of CRM as a competitive strategy in motor industry. This is in partial fulfilment of the requirements for the award of the degree of masters of business administration of the University of Nairobi.

In this regard, I request for an interview at your convenience. The success of this research substantially depends on your help and co-operation .The purpose of the interview will be to gather information on CRM in motor industry. The information provided during the interview will be used for academic purpose only and the findings will exclusively be treated as confidential. Neither your name nor personal details shall appear in my report. Your favourable response will be highly appreciated.

Yours sincerely,

Abigael Munyinyi.
(Student)

Dr James Gathungu.
(Supervisor)

Appendix II: Questionnaire

Research conducted with the authorization of the University of Nairobi, Faculty of commerce and School of business. (Please tick responses as appropriate, where necessary. Tick as many items as you find relevant.)

Instructions

This questionnaire consists of two parts; kindly answer all the questions by ticking in the appropriate box or filling in the spaces provided.

Section I: General information

1. Gender

Male () Female ()

2. What is your age bracket?

18-28 years () 29-39 years ()

40-50 years () Above 51 years ()

40-51

3. Length of service in the organization

Below 2 years () 2 -5 years ()

6 – 10 years () Over 10 years ()

4. What is your position in the organization?

Top Management () Regional Head ()

Middle Level Management () Operation Staff ()

Section II: CRM in the Organization

1. To what extent is CRM practiced in your organization?

a. Not at all []

b. Small extent []

c. Moderate extent []

d. Great extent []

e. Very great extent []

1b) what are some of the challenges faced in the implementation of CRM in the organization

.....
.....
.....

2. Is there some value added by CRM in the organization?

Yes () No ()

b) If yes, how do you determine that?

.....
.....

3. Is there a customer relationship management department in your company?

Yes () No ()

4. How successful would you rate it at the moment?

Very Great Extent () Great Extent ()

Moderate Extent () Little Extent ()

No Extent ()

5. To what extent do you think the level of CRM knowledge among staff is affecting implementation of customer relationship management strategy in your organization?

Very Great Extent () Great Extent ()

Moderate Extent () Little Extent ()

No Extent ()

6. How would you rate the level of technology in your organization? Use a scale of 1-5 where 5= very high, 4= high, 3=moderate, 2= low, 1= very low

CRM models in place	1	2	3	4	5
Do you capture data about your customers? E.g. Level of customer data capturing					
Do you have a data warehouse?					
Do you automate your contacts with your clients?					

To what extent has technology enhanced implementation of CRM in your organization?

Very Great Extent () Great Extent ()

Moderate Extent () Little Extent ()

No Extent ()

In your opinion, which of the following affect customer relationship management strategy in your organization? Use a scale of 1-5 where 5= Strongly Agree, 4= Agree, 3=Neutral, 2= Disagree, 1= Strongly Disagree

Category	1	2	3	4	5
Budgetary allocation					
CEO innovativeness/IS knowledge					
Managerial enthusiasm to technology adoption					
Top management involvement with CRM initiatives.					
Encouragement of employees					

Has the organization leadership ensured that the whole organization is united towards the achievement of competitive strategy through CRM? Use a scale of 1-5 where 5= Strongly Agree, 4= Agree, 3=Neutral, 2= Disagree, 1= Strongly Disagree (Tick as appropriate)

	1	2	3	4	5
In house trainings					
Seminars/ workshops					
Awarding employees of the year					
Trickledown effect from the Top management					
Allocation of both human and non human resources					

Does the management of your organization communicate CRM strategy effectively to its employees?

Yes () No ()

a) Is the employee involvement and knowledge on CRM strategy important in the organization?

- 1. Highly important []
- 2. Important []
- 3. Moderately important []
- 4. Less important []
- 5. Not important []

b) Why do you think employee involvement and knowledge on CRM is important

.....

.....

.....

12. How does the organization ensure full implementation of CRM?

Category	1	2	3	4	5
Prompt in dealing with customer issues					
Consistent service standard					
Correcting identified problems					
Quality products/ services					
Broad network to serve the available customer base					
Proper allocation of both human and non human resources					
Product innovations					
All employees understand their contribution to CRM.					

13. How effective is CRM making the organization outstanding from the rest in the industry?

Very Effective	()	Effective	()
Moderately Effective	()	Less Effective	()
Ineffective	()		

14. What are do you think are the key benefits of CRM?

Customer recognition	[]
Increased customer base	[]
Business growth	[]
Increased turnover/ Remedy	[]
Customer Retention	[]

15. What metrics do you use to measure your Service performance in regards to CRM? (Tick where appropriate)

Cost of poor quality	[]
Throughput yield	[]
Service/ product capability	[]
Customer Defections	[]
Number of complaints	[]

Other (please specify):

16. What benefits have the company realized, since the introduction of CRM in the organization?

- Business expansion []
- Increased turnover/ Remedy []
- Customer recognition []
- Increased customer base []
- Customer Retention []
- All the above []

17. How do you ensure customer retention in the organization?

- Consistent service standard []
- Correcting identified problems []
- Customer recognition []
- Quality products/ services []
- Product innovations []
- All the above []

Thank you for your cooperation and participation