ROLE OF CUSTOMER RELATIONSHIP MANAGEMENT STRATEGY ON COMPETITIVENESS OF COMMERCIAL BANKS IN KENYA

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ABSTRACT: *This paper analyzed the role of Customer Relationship Management (CRM) strategy practices on the competitiveness of commercial banks in Kenya. The paper looked at CRM as the implementation of an effective customer – centric strategy within an organization in order to create superior value that is required for sustenance of the exchange process between the organization and its target customers in a competitive market. Companies are becoming increasingly aware of the many potential benefits provided by CRM. The study used primary and secondary data to address the following objectives :-(i) to establish the role of customer relationships focus on the competitiveness of commercial banks. (ii) to determine the role of customer – centric organization configuration on organizational competitiveness. (iii) to assess the role of customer contact platforms or touch points on the competitiveness of commercial banks. (iv) to establish the role of comprehensiveness of customer database on competitiveness of commercial banks. (v) to determine the role of integration of customer information on the competitiveness of commercial banks. (vi) to assess the role of accessibility to customer information on the competitiveness of commercial banks. (vii) to establish the role of competitors focus on the competitiveness of commercial banks. (viii) to assess the role of analysis of customer information on the competitiveness of commercial banks. The study utilized a descriptive correlational research design and data was collected from 34 out of the target population of 43 registered banks in Kenya. Data analysis and interpretation was based on descriptive statistics as well as inferential statistics mainly linear regressions. The study found statistically significant positive linear relationships between CRM strategy and organizational competitiveness. It was found that organizational competitiveness is achieved through appropriate CRM strategy practices. The paper gave managers invaluable insights on how to effectively build their CRM strategy and leverage on their organizational factors to enhance the role of CRM strategy practices on organizational competitiveness.*

KEYWORDS: Customer Relationship Management (CRM), Strategy, Organizational Competitiveness.

INTRODUCTION

The nature of exchange process between buyers and sellers in both business and consumer markets has changed considerably. Cooperative partnerships rather than competitive actions and long term rather than short term outlooks better characterize current buyer-seller exchanges (Hunter *et. al.*, 2007). One of the major developments within today's business practice is the increasing interest in customer relationship management (Langerak & Verhoef, 2003). Recent literature on marketing theory and practice acknowledges the increasing emphasis on designing customer-centric strategies and processes by organizations in order to realize lifetime value of customers (Coltman, 2007) companies are realizing that their most valuable assets are relationships with customers and other stakeholders. The activities to emphasize relationships with individual customers are a means of developing sustainable competitiveness. This implies that if a firm manages its customer relationships better than its competitors, it will not only succeed in retaining current customers, but will also attract new customer. Gronroos (2000) asserts that with the emergence of new technologies and processes, organizations are now beginning to understand each customer better than ever before and are choosing with whom to do business and how to manage customers' behaviors and attitudes. In most cases, technology enables this to be achieved at lower costs and because better information is made available to management, companies improve effectiveness and efficiency in their interaction with customers. CRM has therefore been heralded as a key contributor to organizational performance and continues to gain managerial and academic attention worldwide (Nayak *et. al.*, 1993). Rogers (2005) observes that some companies have created management positions for chief officers, chief relationship officers, directors of customer experience and even customer value officers.

The internet represents a powerful technology for building and maintaining a variety of business relationships. As a result, Sin *et. al*., (2005) note that customer relationship management software has been rapidly and eagerly tailored to the capabilities of the internet, allowing business to forge new forms and magnitudes of customer relationships. Technology is facilitated in every industry by organizations, large and small, public and private, profit and non-profit. Foss, Stone and Ekinci (2008) also argue that companies have invested or are planning to invest huge amounts to implement CRM strategies, tools and infrastructure in order to win the battle in the increasingly competitive economy. The growth in demand for CRM solutions has been increasing. Gartner estimated that the global market for CRM software exceeded USD 7.4 billion in 2007, up 14 percent from 2006 (Barker, 2007). However, despite the intense growth in the acquisition of CRM systems in the last 10 years and widely accepted conceptual underpinnings of CRM strategy, critics point to the high failure rate of CRM implementation as evidenced by commercial market research studies (Petty, 2008). For instance, in one survey of senior executives across five continents (North and South America, Europe, Asia and Africa), Bain and company found that the use of CRM tools had increased from 35 to 78 percent between the years 2000 and 2002, but satisfaction with the performance of CRM was

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below 50 percent (Ang & Buttle 2006). Kotler (2001) concurs that the performance of CRM investments in recent years has been poor, with somewhere between 40 to 60 percent of companies reporting disappointing failure. In fact, CRM has been decried by some as one of the biggest blunders in corporate management as there is evidence that most CRM initiatives do not deliver the anticipated return on investment. On the other hand, Rogers (2003) is of the view that CRM implementation has been poorly measured yet repeated claims are made that CRM has mostly been a failure. Indeed, much as CRM initiatives at many companies have failed, more and more organizations worldwide continue to implement CRM (Young, 2003). There is therefore need to rigorously study the effect of CRM strategy on organizational competitiveness.

In the following sections, we provide the meaning and descriptive overview of the concepts of CRM and organizational competitiveness; and the role of CRM strategy on organizational competitiveness.

Concept of Customer Relationship Management

The CRM has been so pervasive that it has evolved both as a business philosophy and as a technology (Hunter *et. al.*, 2007). A narrow perspective of CRM arising from recent developments in Information Technology (IT) is a focus on individual or one-to-one relationships with customers that integrate database knowledge with a long-term customer retention and growth strategy (Peppers & Rogers 1993). On the other hand, Berry (1995) has a strategic viewpoint of CRM. He has stressed that attracting new customers should be viewed only as an intermediate step in the marketing process and that developing closer relationships with these customers and turning them into loyal ones should be equally important aspects of marketing. A further view is advanced by Andrade (2003) who argues that CRM provides an effective discipline for managing relationships. Therefore, he defines CRM as a business strategy that addresses ways that enterprises service their stakeholders. It is based on the ability to facilitate communication and decision making to provide consistent, high quality and cost effective services to all stakeholders. Ang & Buttle (2006) concur that CRM is the core business strategy that integrates internal processes and functions, and extend networks to create and deliver value to targeted customers at a profit. It is grounded on high quality customer data and is enabled by IT.

From the corporate point of view, CRM should not be misunderstood to simply mean a software solution implementation project. Building relationships with customers is a fundamental business of every enterprise, and it requires a holistic strategy and process to make it successful. Parvatiyar & Sheth (2002) propose a broad-based, all encompassing definition of CRM to be that CRM is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create value for the company and the customer. It involves the integration of sales, customer service and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value. For the purpose of this study, the researcher suggests that CRM is simply the implementation of an effective customer-centric strategy within an

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organization in order to create superior value that is required for sustenance of the exchange process between the organization and its target customers in a competitive market. The effective implementation of CRM requires a management philosophy that is customer relationship focused, accommodating organizational structure and employee involvement as well as an elaborate integration and use of customer information collected from all customer touch-points through appropriate IT infrastructure.

Concept of Organizational Competitiveness
Organizational competitiveness refers to the extent to which the firm's adopted strategy is able to help it realize a sustainable edge over its competitors on organizational performance issues. Porter (1980) argues that the essence of business strategy formulation is coping with competition. Ohmae (1985) also suggests that business strategy is all about competitiveness. Basically therefore, the main purpose of a strategy adoption is to enable a company gain a sustainable edge over its competitors. Thompson *et. al.,* (2006) are of the view that a company's strategies consists of competitive moves and business approaches that managers employ to attract and please customers, compete successfully, grow the business, conduct operations and achieve targeted objectives.

A company achieves sustainable competitive advantage when an attractive number of buyers prefer its products or services over the offerings of competitors and when the basis of this preference is durable. In the same vein, Porter (1985) suggests that competitive advantages can broadly be achieved either through cost leadership or differentiation advantages. Cost leadership entails being able to perform value chain activities at a lower cost than competitors while offering a parity product. On the other hand, differentiation advantages entail being able to offer goods or services that customers see as consistently different with respect to important attributes relative to competitors' offerings. Wang *et. al.,* (2006) argue that increasing competition in a global economy has intensified the importance of identifying the drivers of sustainable competitiveness. The search for such drivers is no longer restricted to tangible factors but has expanded to include intangibles; the importance of intangibles such as CRM has grown rapidly in recent years as management has recognized its significance in making their offerings stand out and in continuously attracting and retaining customers.

Customer Relationship Management and Organizational Competitiveness
The CRM has predominantly emerged as a core business strategy for maintaining and enhancing competitive edge in the modern business warfare. It is a well crafted strategy comprising a series of functions, skills, processes and technologies that together allow firms to effectively manage customers as tangible assets, to offer personalized and well differentiated experiences and to build life long relationships with customers (Jain *et. al.,* 2003). The adoption of CRM is being fuelled by recognition that long term relationships with customers are one of the most important assets of an organization and that information-enabled systems must be developed that will give the firm's customer ownership. Indeed, Jain & Jain (2006) contend that relationships are forming new bases for achieving competitiveness in changing business scenario. Thakur *et. al.,* (2006)

concurs that the process of acquiring, serving and retaining customers is critical for business success in today's competitive environment. To accomplish these tasks, firms need superior strategies that are supported by highly effective and efficient business processes. These processes in turn focus on continuous improvements on how customers are served; thereby leveraging the firm's competitiveness and this is the essence of CRM. Teng *et. al.*, (2007) suggest that CRM is a source of competitiveness for companies that implement CRM's various practice since it forces companies to evaluate how well it is able to perform an activity in manner that is superior to the ways the competitors perform it or perform a value-creating activity that competitors cannot compete with.

Zander & Zander (2005) also identify established customer relationships as an important source of sustainable competitiveness and suggest path dependency in customer rather than product or practices terms. Boulding *et. al.*, (2005) suggest that the relational information processes, the customer knowledge generated from these processes and the customer loyalty resulting from the value creation processes of CRM may be difficult to imitate and thus provide a source of sustainable competitiveness.

Profile of Commercial Banks in Kenya.

The structure of the financial industry in Kenya comprises of commercial banks, investment banks, savings and credit co-operative societies (SACCOs), stock brokerage entities, mortgage financing companies, micro-finance institutions and foreign exchange bureaus. Commercial banks are the most developed players in Kenya's financial industry. The setting of this study paper is Kenya's commercial banking sector. A banking industry survey conducted by Oloo (2009) on the performance of commercial banks in Kenya notes that the banking sector in Kenya has continued to grow, expanding its asset base from Ksh 548 billion in 1999 to Ksh 1.2 trillion in the year 2008. The latest statistics indicate that competition is very stiff among banks. Over the past five years, many banks have expanded their branch network to reach more people, targeting the lower end of the market. Kenya's banking sector is a market for niche players; small banks in the market continue to thrive on account of their high quality customer focused services. Banking is a customer oriented services industry and therefore the customer is the focus and customer relationship the differentiating factor. To enhance their relationships with select profitable customers, some commercial banks are now specifically targeting women and special segments of customers like Muslims. Some banks such as Kenya Commercial Bank and Barclays Bank of Kenya have special accounts for Muslim clients that are "sharia" complaint while other independent stand alone banks namely First Community Bank and Gulf African Bank have been started basically targeting the Muslim Community. In addition, Ondari (2008) observes that Equity Bank launched a Ksh 5 billion loan product-Fanikisha-Complete with six different credit products designed for women, in partnership with the United Nations Development Programme.

The standard Chartered Bank also introduced in the market diva club account and diva chama account, the latter targeting women in investment clubs. Further, Kenya

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Commercial Bank introduced grace loans for women entrepreneurs while Barclays Bank of Kenya recently launched Barclay's premier life (formerly Barclays Prestige) which is exclusively customer – centered outlets targeting its high end customers. In general, most commercial banks in Kenya now have "business Clubs" consisting valued customers that the banks even sponsor for foreign business exposure trips in order to maintain their loyalty. Equity Bank launched an aggressive multi-million media campaign dubbed "Karibu member" in the year 2009, a clear demonstration of how banks are seeking closer relationships with target customers. Indeed, Kenya's Commercial banking sector is poised for major realignments on account of the stiff competition that the sector is witnessing. The need to invest in very expensive technology among other investments, a midst declining margins as banks try to out compete each other means that banks have to seek to understand fully their target customers and create superior value if they are to achieve market competitiveness.

It would be necessary, therefore, to establish the extent of the growth and developments witnessed in the commercial banking sector in Kenya. In the recent past there is a reflection of the banks' implementation of appropriate customer centric strategies. The correct implementation of CRM strategy is necessary requirement to help organizations attain the much needed competitiveness. Sarel & Marmorstein (2007) concur that at the core of banks' CRM initiatives is that belief that by identifying customers who have the potential to be profitable over the long term and addressing their specific needs, banks can deliver greater value to these customers, enhance their competitive position and generate higher returns to shareholders. Customers who are potentially more appealing must be given special attention, offered customized solutions and be provided with enhanced services. Banks ought to identify who their potentially profitable customers are, understand their particular needs and offer the customized services needed to attract, retain and grow their relationships with them. This study paper gives insights into the role of CRM strategy framework on the competitiveness of commercial banks in Kenya.

Statement of the Problem

The research and practice of CRM has experienced considerable growth over the last two decades (Srinivasan & Moorman, 2005). Leading CRM scholars such as Ryals & Payne (2001) have called for the development of a conceptual framework for the complete CRM strategy process. Payne (2000) is of the view that while CRM is being increasingly viewed as a major element of corporate strategy, there is confusion about what it really means in practice since many organizations are adopting CRM strategy on a fragmented basis through a range of activities such as direct mail, help desks, loyalty cards and call centers; these activities are often not properly integrated. A possible cause of this situation could be that there is lack of appropriate conceptual frameworks on effective CRM practices. Thakur *et. al.,* (2006) observe that much as leading firms realize that a comprehensive understanding of CRM is very important for long-term success, since CRM's roadmap is based on solidifying long-term customer relationships, many operationalizations of CRM continue to reflect a tactical as comprehensive CRM strategy framework and seeks to present some evidence of the extent to which commercial banks

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in Kenya engage in appropriate CRM strategy implementation. The contradictory verdicts over CRM strategy by various academics and practitioners call for further investigations of CRM strategy validity. Ryals & Payne (2001) suggest the need to explore the performance of investments in CRM. This study paper is therefore an effort in providing insights on the role of CRM strategy on organizational performance and competitiveness. Although there are controversies about the role of CRM, it is still critical for modern organizational survival (Gronroos, 1996). Infact, CRM is developing into a major element of corporate strategy for many organizations (Payne, 2000).

It is worth mentioning that while CRM strategy have been studied in many industries, the state of implementation in banking has not received much attention in the academic literature (Sarel & Marmorstein, 2007). Indeed, Liu (2007) laments that research about CRM in banking is still in its infancy. The commercial banking sector in Kenya, like many other financial service industries world over, is facing a rapidly changing market. New technologies, economic uncertainties, fierce competition and more demanding customers have brought about unprecedented set of challenges. Prudent Commercial Banks in Kenya have to make efforts to survive in a competitive and uncertain Market place. Managing customer relationships is very important factor for organizational success. The CRM is a strategy that can help Kenya's banks to build long-lasting relationships with their customers and increase their competitiveness through the right management systems and the application of customer-focused strategies. In an effort to address the challenges over CRM, this study paper sought to answer the question; to what extent has the commercial banks' CRM strategy practices affected their competitiveness?

Specific objectives

The specific objectives of the study were to:

a) To establish the role of customer relationships focus on the competitiveness of commercial banks in Kenya.

b) To determine the role of customer – centric organization configuration on competitiveness of commercial banks in Kenya.

c) To assess the role of customer contact platforms or touch points on the competitiveness of commercial banks in Kenya.

d) To establish the role of comprehensiveness of customer database on competitiveness of commercial banks in Kenya.

e) To determine the role of integration of customer information on the competitiveness of commercial banks in Kenya.

f) To assess the role of accessibility to customer information on the competitiveness of commercial banks in Kenya.

g) To establish the role of competitor focus on the competitiveness of commercial banks in Kenya.

h) To assess the role of analysis of customer information on the competitiveness of commercial banks in Kenya.

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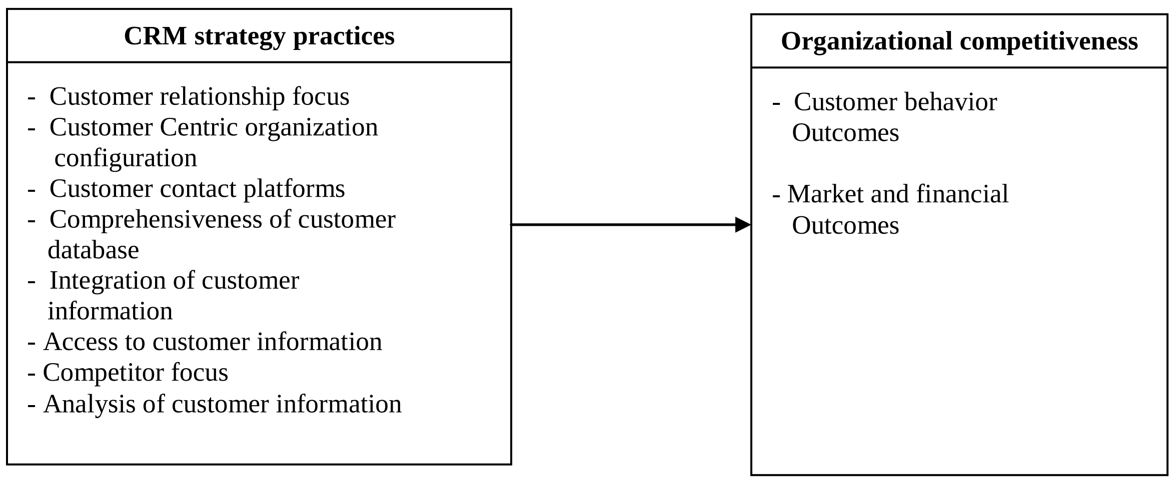
CONCEPTUAL FRAMEWORK

This study suggests that organizational competitiveness is a function of its CRM strategy framework. The conceptual framework explaining the relationship among these study variables is depicted in figure 2. The conceptual framework shows that organizational competitiveness is affected directly by CRM strategy.



Independent Variables **Dependent Variable**

Figure 2: **conceptual framework**

Relationship marketing concept

Since the term relationship marketing was first introduced by Berry (1983), interest has been growing in the value of retained customers and the notion that customer relationships are assets that can be managed in order to improve customer retention and profitability (Ryals & Payne, 2001). During the development of CRM field, several leading scholars have suggested that relationship marketing represents a paradigm shift in marketing approach and orientation from the traditional transactional marketing (Webster, 1992; Gronroos, 1996; Parvatiyar & Sheth, 2000). Indeed, Sheth & Parvatiyar (1995) assert that marketing as a field of study and practice is undergoing a reconceptualization in its orientation from transactions to relationships. According to Newell (2005), relationship marketing is a business strategy that proactively builds a preference for an organization with its individual customers, channel partners, and employees, driving increased performance and sustainable business results. Similarly, Hunt & Morgan (1994) suggest that relationship marketing refers to all marketing activities directed at establishing, developing and maintaining successful relational exchanges in supplier, lateral, buyer and internal partnerships.

Conducting a review of the definitions of relationship marketing, Parvatiyar & Sheth (2000) observe that there is a general acceptance in all the definitions that relationship marketing is concerned with cooperative and collaborative relationships between the firm

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and its customers. Such cooperative and collaborative relationships are more than standard buyer – seller relationships; yet short of merger or acquisition relationships. Boulding *et. al.*, (2005) argue that CRM is the outcome of the continuing evolution and integration of marketing ideas and newly available data, technologies, and organizational forms. The study recognizes the validity of CRM and endeavors to assess its strategic importance within the domain of organization – customer link. Since CRM strategy has been adopted by many organizations, an assessment of its role on organizational competitiveness by this study is a worthwhile effort.

Organizational Competitiveness and Customer Relationship Management strategy

There are key issues to be considered to attain effective CRM implementation. For instance, according to Harris (2001), CRM links the customer facing functions of marketing, sales and customer service. However, greater operational benefits can be achieved once the system is linked to other parts of the organization such as finance, order processing, and distribution or externally to business partners. Linking together more processes that are activated whenever a customer places an order makes for greater operational efficiency as all functions are in tune with customer needs. Consequently, there are three key elements to a CRM system. Firstly, customer information is collected from all channels (touch points for example, post, web, phone and face-to-face). Secondly, this information is deposited into one central CRM database. Thirdly, CRM database is made available to customer-facing functions and staff in real time. In considering how CRM should be implemented, Payne (2000) is also of the view that IT has a pivotal role to play in enabling companies to maximize profitability through more precise targeting of market segments and the more micro segments within them. Technology can greatly assist in managing the data required to understand customers so that appropriate CRM strategies can be adopted. In addition, the use of IT may enable the necessary data to be collected to determine the economics of customer acquisition, retention and lifetime value. Jain *et. al.*, (2007) also argue that selection of the right technology hardware and its deployment at customer touch points is critical for capturing right information and producing meaningful reports for decision making purposes.

Langerak & Verhoef (2003) advance a framework of strategically embedding CRM within organizations. They suggest that the following issues are essential for successful CRM implementation: when CRM is applied strategically, implementation should be in line with the chosen business strategy; CRM has important implications for organization structure; implementation of strategic CRM approaches not only requires a change in organization structure but also its culture; implementation of a strategically embedded CRM approach is more time consuming than implementing a tactical CRM approach; top management support is essential for strategically embedded CRM; firms should have realistic expectations on the consequences of CRM; and lastly, firms often consider CRM software the key to success in CRM implementation. Another important dimension is the role of employees in the implementation of effective CRM activities. Employees are an integral part of delivery of CRM activities and because of this, their influence on CRM implementation is an area that deserves investigation. Indeed, Payne & Frow (2005)

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emphasize the importance of CRM implementation and related people issues as an area in which further research is urgently needed. As Boulding *et. al.,* (2005) observe, data and technology processes and systems are critical for CRM activities, but without appropriate human interactions with these processes and systems, the return on investments in these areas are at risk. Effective CRM implementation requires coordination of channels, technologies, customers and employees. Similarly, Reits (2005) stresses the importance of firms having people issues under control before investing in expensive CRM technologies.

Finally, Boulding *et. al.,* (2005) suggest that for any successful implementation of CRM, firms need to incorporate knowledge about competition and competitive reaction into CRM processes. Failure to consider the competition when formulating a firm's CRM activities potentially puts it at the risk of destruction of its created customer value due to innovation from the competition.

METHODOLOGY

The model under analysis was given by the regression equation as follows:
$Y= \alpha +\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4 +\beta_5X_5+\beta_6X_6+\beta_7X_7+\beta_8X_8 +\varepsilon$

Where: Y = Aggregate mean score of organizational Competitiveness

α = β_o or Y – intercept/ constant

$\beta_{1\text{-}8}$ = Régression coefficient (beta)

$X_{1\text{-}8}$ = Aggregate mean score of CRM strategy practices

ε = Error term – random variation due to other Unmeasured factors.

Inferential statistics used for analysis included correlation, analysis of variance (ANOVA), regression and factor analysis. These were used to establish the association among the study variables and to test the hypothesis.

Data collection methods.

The study used both primary and secondary data collection sources. The3 primary data was collected through a self-administered semi- structured questionnaire using the key-informant method. Respondents were asked to indicate agreement with each item in the questionnaire. Each item had a five-point scale ranging from1-strongly disagree, 2-disagree, 3-indifferent, 4-agree, and 5-strongly agree. The secondary data relating to the banks' published financial statements in National newspapers, bank websites' information, Central Bank of Kenya economic reviews, and published banking surveys

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that shed light on relevant performance indicators such as profitability, market share, assets employed, liquidity ratios and other important business disclosures was collected.

EMPIRICAL FINDINGS

The chapter also highlighted the research results which are presented using a variety of inferential statistics that set out the key characteristics of the data and tested the hypothesis.

Customer relationship focus / orientation

The respondents were requested to rate the options for reasons for customer relationship focus using the 5-point Likert scale. The questionnaire comprised of 5 options which the respondents were required to rate. The options are captioned as in the table 4.1 below.

Table 4.1Customer relationship focus / orientation

	N	Mean	Std. Deviation
In our organization, retaining customers is considered to be a priority	34	4.6765	.80606
In our organization, customer relationships are considered to be a valuable asset	34	4.5882	.49955
Our Senior Management emphasizes the importance of customer relationships	34	4.2941	.90552
Our employees are given freedom to take action to	34	3.8235	1.14072
Our organization upholds openness to sharing	34	2.9706	1.29065
Valid N (list wise)	34	4.0706	

From table 4.1 the results obtained from the survey on the respondents level of rating on the extent to which the organization is customer oriented show that the average mean response was 4.07 which implies a level of agreement given the scale range from 5 to 1, 5 being to every great extent while 1 being not at all level of agreement. Means for each question ranged from 4.6765 to 2.9706. Table 4.1 indicates that retaining customers being considered to be a priority was ranked highest with a mean of 4.67 organizations while upholding openness to sharing was ranked the lowest with a mean of 2.9706.

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Organizational Structure

Table 4.2 Organizational Structure

	N	Mean	Std. Deviation
We focus on customer needs while designing	34	4.4412	.50399
In our organization, business processes are designed	34	4.3824	.69695
We organize our company around customer-based	34	3.5882	1.25813
In our organization, there are various functional areas	34	4.0294	1.11424
Our employees are encouraged to focus on customer	34	4.4706	.78760
In our organization, employees receive incentives	34	3.1471	1.15817
A key criterion used to evaluate our customer	34	3.5000	1.10782
Valid N (list wise)	34	3.937	

From table 4.2 the results obtained from the survey on the respondents level of rating on the extent to which the bank take into consideration when designing its organizational structure show that the average mean response was 3.937 which implies a great extent level of agreement given the scale range from 5 to 1, 5 being to every great extent while 1 being not at all level of agreement. Means for each questions ranged from 4.4706 to 3.1471. Table 4.1 indicates that employees being encouraged to focus on customer were ranked highest with a mean of 4.47 while organization employees receiving incentives was ranked the lowest with a mean of 3.147.

Customer contact platform

The respondents were requested to rate the level of importance attached by banks on platforms touch points of interaction with customers using the 5-point Likert scale. The questionnaire comprised of 6 options which the respondents were required to rate. The options were captioned as in the table 4.3 below.

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Table 4.3 Customer contact

	N	Mean	Std. Deviation
Retail outlets (such as bank branches and satellite	34	4.0882	1.26414
Telephone (such as landline, telex, facsimile, call	34	4.2941	.93839
Direct Marketing (Such as direct mail)	34	4.2941	.87141
Sales force (such as relationship managers, account	34	4.4706	.92884
E- commerce (such as email, website, interactive	34	4.3529	1.15161
M- commerce (such as mobile telephone, short	34	4.3235	.87803
Valid N (list wise)	34	4.3039	

Table 4.3 indicates that the average mean response was 4.303 which implies fairly important level of agreement given the scale range from 5 to 1, 5 very important while 1 being not important at all. Means for each questions ranged from 4.0882 to 4.470.Table 4.3 indicates that Sales force (such as relationship managers, account and E- commerce such as email, website, interactive was ranked highest with individual means of 4.4706 and 4.3529 respectively, while Retail outlets such as bank branches and satellite was rated the lowest with a mean of 4.0882.

CRM data bank data collection.

Table 4.4 Comprehensiveness of customer database.

	N	Mean	Std. Deviation
online customers purchase data	34	3.2941	1.16851
offline customers purchase data	34	3.4412	1.21084
customers psychographics or lifestyle (such as personal traits, cars and home ownership)	34	3.2059	1.55270
Customer demographics (such as age, income,	34	3.6176	1.37101
Customer contact platform information (record of customer contacts with respective touch points)	34	4.1471	1.01898
Customer feedback data (complaints, praises, exit	34	3.9118	1.05508

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Cross selling data (i.e. customer purchase of	34	3.3824	1.10137
External data (such as competitor intelligence	34	4.0000	1.23091
Internal financial records (sales volume,	34	4.1765	.86936
Supplier - data (supplier lists, purchase items and	34	3.7353	1.28650
Employee data (personnel qualifications and experience, job description, job appraisal)	34	3.9118	1.08342
Advertisements response data (customers arriving	34	3.5294	1.26096
Valid N (list wise)	34	3.6961	

The respondents rating on the frequency to which data is collected by the CRM shows the average mean response was 3.6961 which implies that data is collected by the CRM often. Means for each questions ranged from 3.2059 to 4.1765.Table 4.4 indicates that customers psychographics or lifestyle (such as personal traits, cars and home ownership) was rated to have the lowest frequency while Customer contact platform information (record of customer contacts with respective touch points) was rated as the form of data with the highest frequency.

Table 4.5 Integration of Customer information.

	N	Mean	Std. Deviation
We integrate customer information from the various functions that interacts with customers	34	4.3529	.59708
We integrate internal customer information with customer information from external sources	34	3.8235	1.02899
We merge information collected from various sources for each customer	34	4.0294	1.08670
We integrate customer information from different communication channels	34	4.0882	1.02596
Valid N (list wise)	34	4.0735	

The respondents were requested to rate the extent to which the organization engages in customer information integration using the 5-point Likert scale. The questionnaire comprised 4 options which the respondents were required to rate. The options for integration of customer information were captioned as in the table 4.5 above. The analysis show that the average mean response was 4.07 which implies a great extent level of agreement given the scale range from 5 to 1, 5 being to a very great extent while 1 being not at all level of agreement. Means for each question ranged from 4.352 to 3.8235.

Table 4.5 indicates that the integration of customer information from the various functions that interacts with customers was ranked the highest, while the integration of internal customer information with customer information from external sources was ranked the lowest.

Organization engaging in customer information analysis.

Table 4.6 Analysis of Customer information.

	N	Mean	Std. Deviation
We systematically and regularly analyze information	34	4.2941	.62906
Our top managers periodically analyze and interpret	34	4.1765	.75761
Members of different departments regularly meet to analyze customer related changes	34	3.9706	1.14111
Our organization has procedures, methodologies and guidelines to be used in customer information analysis	34	3.9706	1.05845
Valid N (list wise)	34	4.103	1.0004

The respondents were requested to rate the extent to which the organization is able to access customer information using the 5-point Likert scale. The questionnaire comprised 4 options which the respondents were required to rate. The options for access to customer information were captioned as in the table 4.6 above. The analysis show that the average mean response was 4.103 which implies a great extent level of agreement given the scale range from 5 to 1, 5 being to a very great extent while 1 being not at all level of agreement. Means for each questions ranged from 4.29 to 3.9706 .Table 4.6 indicates that the organization systematically and regularly analyzing information and top managers periodically analyzing and interpreting information was ranked the highest with a means of 4.29 and 4.17 respectively, while members of different departments regularly meeting to analyze customer related changes and organization having procedures, methodologies

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and guidelines to be used in customer information analysis was ranked the lowest with mean of 3.97

Organization Accessing Customer Information.
The respondents were requested to rate the extent to which the organization is able to access customer information.

Table 4.6 Access to Customer Information.

	N	Mean	Std. Deviation
In our organization, relevant employees find it easy to access required customer information	34	3.6471	1.09772
In our organization, relevant employees can access required customer information even when other departments have collected it	34	3.4412	1.23561
In our organization, relevant employees always have access to up to date customer information	34	3.7647	1.47830
In our organization, relevant employees are provided with information required for managing customer relationships.	34	4.1176	1.12181
Valid N (list wise)	34	3.7427	

The analysis in table 4.6 shows that the average mean for access to customer information as 3.74 which implies a great extent level of agreement given the scale range from 5 to 1, 5 being to a very great extent while 1 being not at all level of agreement. The organization, relevant employees being provided with information required for managing customer relationships was ranked the highest, while the organization, relevant employees having access to required customer information even when other departments have collected it was ranked the lowest.

Organization focusing on Competitor actions and CRM strategy.
Table 4.7 shows the analysis on the extent to which the organization focuses on competitors actions when performing its CRM strategy practices.

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Table 4.7 Competitors' actions and CRM Strategy.

	N	Mean	Std. Deviation
We engage in market research to establish the kind of CRM practices being implemented by our customers	34	3.9118	1.02596
We consider our competitors CRM initiatives when formulating our CRM	34	3.8824	.94595
We respond rapidly to competition's strategic actions	34	4.0294	.90404
We keep abreast of industry trends	34	4.3235	.94454
Valid N (list wise)	34	4.0368	

The analysis shows that the mean average for competitors focus parameters was 4.036 which imply a very great level of agreement on the organization focusing on competitors actions when performing its CRM. The aspects of keeping abreast of industry trends and responding rapidly to competition's strategic actions were rated the highest. While the organization engaging in market research to establish the kind of CRM practices being implemented our customers and considering competitors CRM initiatives when formulating its our CRM was ranked the lowest.

Organizational Competitiveness

The respondents were requested to rate how the organization has performed with respect to customer behavior outcome using the 5-point Likert scale. The questionnaire comprised 6 options which the respondents were required to rate. The options for customer behavior outcome were captioned as in the table 4.8 below.

Table 4.8 Customer behavior outcome.

	N	Mean	Std. Deviation
Achieving customer satisfaction	34	4.5588	.61255
Keeping current customers (achieving customer	34	4.6176	.55129
Increased customer usage or purchase level	34	4.3529	.69117
Increased positive word of mouth or customer	34	4.2647	.75111
Increased cross-buying (additional product purchases	34	4.0294	.96876
Increased share of customer wallet	34	3.9706	.93696
Valid N (list wise)	34	4.299	

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From table 4.8 the results obtained from the survey on the respondents level of agreement on customer behavioral elements show that the average mean response was 4.299 which implies a slightly better level of agreement given the scale range from 5 to 1, 5 extremely high level of agreement while 1 being a worst level of agreement. Means for each questions ranged from 4.5588 to 3.9706.Table 4.9 indicates that achieving customer satisfaction was ranked the highest with a mean of 44.5588 while increased share of customer wallet was ranked the lowest. It is established that CRM strategy practices have positive influence on firm competitiveness. However, the positive impact of CRM strategy practices is more on customer behavioral outcomes than market and financial outcomes. Therefore, it implies that satisfied and loyal customers who even speak well of the company may not necessarily translate into actual buyers as to be able to enhance the firm's market growth rate and operating income.

Organizational competitiveness with respect to market and financial outcomes

The analysis in table 4.9 shows how the organization has performed with respect to market and financial outcomes

Table 4.9 Market and financial outcomes

	N	Mean	Std. Deviation
Securing desired market share	34	4.3529	.59708
Securing desired market growth rate	34	4.1765	.86936
Enhanced operating income	34	4.1176	.72883
Enhanced net profit	34	4.2059	.72944
Enhanced Return on Assets	34	5.5882	.77019
Enhanced liquidity position	34	4.0000	.85280
Valid N (list wise)	34	4.4069	

Table 4.9 shows that the average mean for market and financial outcome parameters was 4.4 which implies a slightly better level of agreement given the scale range from 5 to 1, 5 extremely high level of agreement while 1 being a worst level of agreement. Enhanced Return on Assets and Securing desired market share were ranked the highest, while enhanced liquidity position and enhanced operating income were ranked the highest.

Regression analysis

Multiple regressions were used to examine the effects of CRM strategy practices (independent variables) on Organizational competitiveness as the dependent variable.

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.564(a)	.318	.100	.58126

a. Predictors: (Constant), Customer relationship focus, Customer Centric organization Configuration, Customer contact platforms, Comprehensiveness of customer Database, Integration of customer Information, Access to customer information, Competitor focus, Analysis of customer information.

b.Dependent: Variable: Customer behavior outcomes

Table 4.11 ANOVA[b] of CSR strategy and Organizational Competitiveness

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3.936	8	0.492	1.456	0.001[a]
Residual	8.447	25	0.338		
Total	12.382	33			

a. Predictors: (Constant), Customer relationship focus, customer centric organizational configuration, customer contact platform, comprehensiveness of customer database, integration of customer information, access to customer information, competitor focus, and analysis of customer information

b. Dependent Variable: Organizational Competitiveness

Table 4.12: Coefficients[a] of CSR strategy and Organizational Competitiveness

Model		Unstandardized B	Coefficients Std. error	Standardized Coefficients Beta	t	Sig.
1	Constant	2.407	1.511		1.593	0.000
	CRF	0.186	0.166	0.245	-1.119	0.023
	CCOC	0.281	0.249	0.231	1.128	0.027
	CCP	0.125	0.095	0.259	1.325	0.019
	CCD	0.020	0.109	0.038	-0.183	0.008
	ICI	0.119	0.225	0.116	-0.532	0.006
	ACI	0.413	0.240	0.424	1.725	0.009
	CF	0.112	0.122	0.201	0.921	0.003
	ANCI	0.086	0.134	0.143	-0.638	0.005

a. Dependent variable: Organizational Competitiveness

Key: CRF-Customer Relationship Focus**, CCOC-**Customer Centric Organizational Configuration, **CCP-** Customer Contact Platform**, CCD-** Comprehensive of Customer Database, **ICI-** Integration of Customer Information**, ACI-** Access to Customer Information, **ANCI**-Analysis of Customer Information

Model Summary and ANOVA in Table 4.11 shows that Customer relationship focus, Customer Centric organization Configuration, Customer contact platforms, Comprehensiveness of customer database, Integration of customer information, Access to customer information, Competitor focus and analysis of customer information were successfully added to the model. This shows that 31.8% of the total variation in the dependent variable (organizational competitiveness) was explained by the eight independent variables: Customer relationship focus, Customer Centric organization configuration, Customer contact platforms, Comprehensiveness of customer Database, Integration of customer Information, Access to customer information, Competitor focus, and Analysis of customer information. From table 4.11 the R-square (0.318) which is the proportion of variation in the dependent variable (organizational competitiveness) that is explained by the eight independent variables has 31.89% that can be explained by the independent variables in the model.

Regression analysis supports the causal relationship of Customer relationship focus, Customer Centric organization Configuration, Customer contact platforms, Comprehensiveness of customer database, integration of customer, information, access to customer information, Competitor focus, and analysis of customer information on organizational competitiveness. The standardized coefficient beta in the coefficient table reveals that the weights of the independent variables are 0.186 for Customer relationship focus, 0.281 for Customer Centric organization Configuration, 0.125 for Customer contact platforms, 0.20 for Comprehensiveness of customer Database, 0.119 for Integration of customer Information, 0.413 for Access to customer information, 0.112 for Competitor focus and 0.86 for analysis of customer information. Finally, coefficient analysis shows the following multiple regression analysis.

$Y= \alpha +\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4 +\beta_5X_5+\beta_6X_6+\beta_7X_7+\beta_8X_8 +\varepsilon$
Where:
$\beta_1, \beta_2, \beta_3 , \beta_4 , \beta_5 , \beta_6 , \beta_7 , \beta_8$ are regression coefficients for each independent variable.
X_1 independent variable (Customer relationship focus) = 0.186
X_2 independent variable (Customer Centric organization Configuration) = 0.218
X_3 independent variable (Customer contact platforms) = 0.125
X_4 independent variable (Comprehensiveness of customer database) = 0.20
X_5 independent variable (Integration of customer information) = 0.119
X_6 independent variable (Access to customer information) = 0.413
X_7 independent variable (Competitor focus) = 0.112
X_8 independent variable (Analysis of customer information) = 0.86

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The independent variables and coefficients can be substituted in the following linear equation to predict the organization competitiveness as follows:

$$Y= 2.407+0.186X_1 +0.281X_2+0.125X_3+0.20X_4 + 0.119X_5 + 0.413X_6 + 0.112X_7 + 0.86X_8$$

Where, Y is the dependent variable that explains the organization competitiveness index. The standardized coefficient beta in the coefficient table reveals that the weights of the independent variables in the regression equation are 0.186 for Customer relationship focus, 0.281 for Customer Centric organization Configuration, 0.125 for Customer contact platforms, 0.20 for Comprehensiveness of customer database, 0.119 for integration of customer information, 0.413 for access to customer information, 0.112 for Competitor focus and 0.86 for analysis of customer information.

CONCLUSION

The broad research objectives relating to role of Customer Relationship Management (CRM) strategy on the competitiveness of commercial banks in Kenya was studied and the findings analyzed so as to draw conclusions. The findings of this study gives managers invaluable insights on how to build, allocate and adapt their resources and capabilities in a way that allows them to achieve their business objectives in dynamic and competitive markets using CRM strategy.

RECOMMENDATIONS

The results of this study should be of interest to managers of firms that implement CRM strategy and recommendations are as follows:
i) Managers should strive to embrace the CRM strategies which help them to create superior customer value and also enhance firm competitiveness.
ii) Managers need to understand the key determinants of competitiveness and the ones that work against it. This study establishes that CRM strategy practices consistently play a positive role in competitiveness. The Central Bank Kenya argument of urging smaller commercial banks in Kenya to increase their capital base to a minimum of kshs 1 billion by 2010 or to merge so as to boost their total assets base so as to enhance their competitiveness was timely.
iii) Managers should consider the level of technology in their firms as critical in facilitating CRM strategy practices implementation so as to enhance their competitivenes

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