CUSTOMER RELATIONSHIP MARKETING AND COMPETITIVE ADVANTAGE: EVIDENCE FROM BANKS IN DELTA STATE NIGERIA

BY

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DECLARATION

I hereby declare that this M.Sc Dissertation is an original study carried out by me in the Department of Business Administration and Marketing, Delta State University, Abraka. It has not been copied from previous research work of other researchers.

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CERTIFICATION

This is to certify that this study was carried out by **IGWALA, Ugoh Patience** of the Department of Business Administration/Marketing is adequate in scope and content and approved by the undersigned on behalf of the Delta State University, Asaba.

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To Almighty God, the giver of life and all source of Good things

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ABSTRACT

One of the key requirements of competitiveness is the ability to adapt quickly to customers changing needs which Customer relationship marketing (CRM) aim to fulfill in management of intense competition that characterizes present day business world. In line with this reasoning, this study examines the relationship between Customer relationship marketing, its indicators and competitive advantage as well as the strategic role of information technology in CRM system with a focus on the Nigerian banking industry. The study adopted the survey research design in finding answers to the research questions and hypotheses testing. The chosen sample size consists of 110 management and lower level staff of the 22 commercial banks in Nigeria. Multiple regression analysis and one way Analysis of variance served as the major statistical tools used to analyze data gathered. Findings revealed that CRM indicators have positive effects and significantly predict competitive advantage and that information technology positively impact CRM effectiveness. On this basis, some of the conclusions reached were that a comprehensive CRM plan enables competitive advantage, information technology provides enabling environment for CRM performance and companies that develop the technical knowledge of their CRM personnel achieve superior performance than others in same industry. The study recommended amongst others that banks should adopt holistic view in running CRM system, make substantial investment in CRM IT infrastructure and develop the technical skills and knowledge of personnel that handle CRM systems. The uniqueness of this research derives from the fact that it provides convincing evidence that this CRM paradigm can work in Nigeria through the empirical findings.

TABLE OF CONTENTS

CHAPTER TWO: LITERATURE REVIEW

CHAPTER FOUR: RESULTS AND DISCUSSIONS

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

LIST OF FIGURES

LIST OF TABLES

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Today's business world is one of intense competition. This competition is mainly managed by the various marketing mix (4Ps); price, product, place, and promotion, with the primary purpose of increasing the number of transactions between the seller and the buyer with respect to that of the competition. In this context, the amount of sales is a criterion for evaluating the performance of marketing strategies and tactics. However, customer relationship marketing (CRM) is a paradigm shift that takes a different view from the status quo. This marketing strategy involves managing customers' relationship for long term benefits, which among the many benefits are increased profits and loyal customers. This strategy does not give focus to the number of transactions performed by the customers with regards to that of competition but simply aims at forging a relationship. The goal is to increase the profitability and income of the firm and at the same time, the pleasure of customers through creative customer engagements. (Buttle, 2009).

The intense nature of competitive rivalry makes organizational acquisition and development of knowledge critical for delivering performance and building a sustainable competitive advantage. Companies have to strive hard to create any added value in their market offerings. They have to work with customers and discover ways to run the business more efficiently for themselves and more effectively for the customers. Homburg, Workman, and Jensen, (2005) opined that customer relational benefits have been identified as a driving motivation for customers to engage in long term relationships with organizations. This approach enables organizations to identify, attract, and increase retention of profitable customers by managing relationships with them and further identifying strategically significant customers (Buttle, 2009).Customers in the current era are much more empowered and selling to them requires a far more strategic approach which CRM hopes to fulfill. When organizations adopt CRM they are not only attempting to interpret the needs of customers based on their buying behavior and other information known about the buyer, but are also predicting their future needs and taking steps to meet these needs satisfactorily. CRM therefore, enables firms to customize offerings for customers, and when offerings are customized, the perceived value gets enhanced. The perceived value is equated with perceived quality by customers, leading to enhancement of customer satisfaction.

Customer relationship marketing is a paradigm shift that takes relationship as a strategy underlying every marketing endeavor. The process can be described in terms of attracting new customers, retaining them and keeping them loyal. Building and maintaining relationship with loyal customer have been seen to have a significant impact on both the strategic and long-term firm's marketing results (Sheth, 2002). The CRM idea that a mutually beneficial business relationship between firms and customers can impact on a company's competitiveness has stimulated academic interest over the years. Particularly, the focus of scholars and practitioners alike is shifting towards the elements or indicators of CRM that result in positive outcomes in a company's performance. Hence, this study aimed at investigating deeper into the subject of customer relationship marketing and its impact on competitive advantage.

The choice of using the banking sector to provide evidence of the impact that customer relationship marketing has on competitive advantage was due to cogent reasons ranging from the rapid development of the banking sector resulting from regulations and the success of the banking sector in keeping and maintaining their large customer base despite the fact that most of the services they render are significantly homogenous in nature. A second cogent reason relies on the fact that since the year 2005, a new stage was thus set for stiff competition among existing customers as a result of the financial soundness of the banks due to a recapitalization exercise giving the banks the ability to compete at an unprecedented level. In fact after the recapitalization exercise, many campaigns were started and funded with the now huge financial resources of the consolidated banks to attract new customers, retain and keep customers loyal. Many of the banks began huge advertising campaigns, rebranding exercises and many other strategies employed to outperform the competition among which customer relationship marketing was a forerunner. Moreso, when a bank builds and maintains cordial relationships with customers it cannot be easily replaced by the competitors and therefore this may provides for a sustained competitive advantage and an improved marketing performance.

In order to give an empirical evidence of the impact CRM has on the competitive advantage of an organization, this study therefore focused on the banking sector. It also focused on what constitutes CRM using findings from the implementation of CRM in the banking sector and the results experienced. To get a clear picture of these, this study proposed several components that were used to serve as yardsticks of an effective CRM. These components called indicators of CRM included; customer attraction, customer conversion, customer retention, database building customer engagement, and customer loyalty guided the study to its conclusions.

The emergence of information technology seems to have revolutionized every aspect of business activities and operations. It is no surprise then that there is a consensus among marketing scholars and practitioners that technology is now a fundamental part of marketing processes of which CRM is one. As CRM has evolved to reflect changes and advancement in technology, Saini, Grewal and Johnson (2008) contend that the adoption of information based CRM system is a critical driver of its outcomes, hence they proposed information technology as an indicator of CRM. In line with this the researcher therefore adopt information technology as a dimension or indicator of CRM to be separately tested in addition to the core indicators and these components would serve a significant role in discovering the impact of CRM on competitive advantage using empirical evidence from observations in the Nigerian banking sector of banks domiciled in Delta state.

Furthermore recent studies have shown how innovative companies implemented robust CRM systems to overcome their business challenges, improve customers interaction experiences and thus drive productivity and sales which catapulted them to major players and leaders in their respective industry(Campbell, 2011; Celep, Zerenler & Sahin, 2013). In the light of these studies, this research sought to determine empirically if the effective implementation of CRM contributes significantly to the performance of three top ranked commercial banks in Nigeria. It is pertinent to know that any customer-facing organization (i.e. organizations that have a one-to-one interaction with their clients either face-to-face or through user-interfaces and are in control of their customers' data) has a CRM system in place and since banks fit this description, the banks which are the focus of this study has one too. Hence, outcomes derived from the various CRM systems may depend on how they have been able to adapt the system to solve their unique needs.

1.2 Statement of the Research Problem

Ever since the introduction of modern reforms in the Nigerian banking sector in early periods of the twenty-first century, about 2005, the competitive rivalry has been more stiff and intense. Services offered by the various banks are becoming more and more homogenous and indistinguishable. As such, no bank can boldly lay claim to being far ahead of others. Hence, the major business goal of defeating competition and winning new customers is seemingly difficult to achieve by Nigerian banks.

It has been observed that the dearth of relational atmosphere between Nigerian banks staff and their customers appear to be one of the major constraints affecting their competitive advantage. Business seems hampered in environment that lack friendliness. To compete effectively, bank managers are challenged on how to cope with effective customer relationship that appears not to be recognized as a competitive tool.

A pertinent factor to an effective CRM is an appreciation of the underlying indicators. These indicators tell how well an organization is exploiting the manifold benefits of CRM as this study aims to uncover. The problem however, is in knowing what indicators fit into reaching a conclusion of the implementation of CRM in an organization and the effectiveness of CRM and its implementation.

Another constraint is in knowing to what extent these components impact on the practice of CRM in the Nigerian banking sector. Several organizations would desire to gain from the investments made in implementing CRM. However, these organizations must believe that making such investments would worth the risk of the huge spending in the day to day running of CRM. Therefore, an accurately and practical evaluation of the impact of

CRM on their business is a challenge that needs to be solved through this research. How the majority of organizations who believe that a transaction based relationship with the customers is less effective than that of CRM and adopting it would pay off not just in the short but also in the long run is another task that must be handled.

1.3 Research Questions

This study is guided by the following research questions:

i. How do the indicators of Customer relationship marketing affect competitive advantage in Nigerian banks?

ii. Do CRM indicators of customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty predict competitive advantage in Nigerian banks?

iii. Does information technology as a dimension of customer relationship marketing enhances competitive advantage in Nigerian banks or otherwise?

iv. How does the impact of CRM on competitive advantage differ between the top three banks and other banks in Nigeria?

1.4 Research Objectives

The general objective of this study is to examine the effect of customer relationship marketing on competitive advantage in Nigerian banking sector using banks operating in Delta state. The specific objectives are:

i. To determine how the indicators of customer relationship marketing affect competitive advantage in Nigerian banks.

ii. To ascertain if CRM indicators of customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty predict competitive advantage in Nigerian banks.

iii. To establish if information technology as a dimension of customer relationship marketing enhances competitive advantage in Nigerian banks or otherwise..

iv. To determine how CRM effect on competitive advantage differs between the top three banks and other banks in Nigeria.

1.5 Statement of the Hypotheses

$H0_1$: The indicators of CRM do not have any significant effect on competitive advantage in Nigerian banks.

$H0_2$: CRM indicators of customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty do not significantly predict competitive advantage in Nigerian banks.

$H0_3$: Information technology as a dimension of CRM plays no significant role in enhancing the competitive advantage of Nigerian banks.

$H0_4$: There is no significant difference in the impact of CRM on Competitive Advantage between the top three banks and the other banks in Nigeria.

1.6 Significance of the Study

The outcome of this study will be beneficial to the banking sector and other organizations that have database of their customers. Specifically it will help them develop CRM strategies that will help them acquire more customers and improve relationship with them. In like manner, the result of the study will provide blueprints in the formulation of CRM policies where the effective use of technology in CRM implementation will improve customer retention and loyalty through data collected from the feedback process. Hence, banks will have a viable platform to distinguish themselves amidst increased regulations and heightened competition.

To the other sectors of the Nigerian economy, this study would serve as definitive guide to their implementation of CRM, particularly as regards the indicators that must be looked out for, the extent to which these indicators interplay in the successful implementation of CRM and the impact it can have on their competitive advantage. Additionally, owing to the very few academic contributions existing on the value of customer relationship, this study seeks to add to the body of knowledge and lead a change in the way customer acquisition, attraction and retention is done today. It is believed that this would result in significant adoption of this paradigm of customer relationship marketing. Hence, this study aims to also provide some practical steps and serve as a good reference material for organizations seeking to adopt CRM as well as laying a foundation for even increased investigation into the impact of customer relationship marketing.

This study plays a key role in not just defining what CRM entails but goes further into exploring the essential indicators of CRM that have been seen among organizations who implement CRM and the impact of this implementation on the competitive advantage of the organization.

1.7 Scope of the Study

This scope of the study is centered on investigating the effects customer relationship marketing and its indicators have on competitive advantage in the Nigerian banking sector using banks that have operations in Delta state. Hence, the theoretical scope covers all relevant literature on customer relationship marketing and competitive advantage.

An important aspect of this study on CRM was given to the online banking (internet banking) and how this has contributed to the implementation of effective CRM strategies in the banking sector. The contribution of the internet to CRM (the concept of e-CRM) is also covered in this study. The reason for this is that it enhanced the understanding of what possibilities exists both in the banking sector which is the focus of this study and for organizations especially in the service sector of the Nigerian economy

The sampling units of analysis are branch managers, assistant branch managers and middle managers of the 22 commercial banks in Nigeria. It was presumed that these groups of people could provide more informed response to the questions contained in the questionnaire relating to the title of study.

The geographical scope is Warri, Delta state, Nigeria which is the commercial center of Delta state. Warri is also described as an oil hub in the south senatorial district of Delta state. As a consequence, there is a high concentration of major banks having at least a branch in Warri, a trend also observed in other metropolitan areas (Richard, 2016). Warri was also chosen due to the proximity of the researcher to the area.

1.8 Limitations of the Study

One of the limitations faced is that of scope, this study focuses on the banking sector for all its evidence on the impact of CRM on competitive advantage. Although this would produce the result expected, it is believed that covering more grounds would lead to a better coverage and understanding of the impact of CRM on competitive advantage and also gives a more concrete proof of indicators as observed in several sectors of the economy.

Nigerian banks tend to misconstrue researchers as agents employed by competitors to engage in corporate espionage. Hence, the researcher had to beat several bureaucratic bottlenecks to gain access to respondents. Similar to this constraint is the fact that majority of the study sampling unit are bank managers who may tend to view some of the information required by the researcher as classified data and confidential.

1.9 Definition of Terms

Customer Relationship Marketing (CRM): This is the process of creating and enhancing the engagement and relationships with the external parties, especially agents and end customers with a view to maintaining a long-term and profitable customer base. This process is not a temporary marketing project to be done once but a continuous one.

Customer retention: This is simply put, the continuity of business relations between the customer and the company.

Customer attraction: The mix of marketing activities that is involved in getting a new customer interested in the organization's offerings and thereby begins a relationship with the organization. This is usually the first step in building a customer base. It is Synonymous to the term customer acquisition.

Customer conversion: This is the customer journey leading from attraction using several marketing incentives to the final stage where the customer makes a real commitment to the company mostly by way of a purchase and a repeat purchase.

Customer loyalty: A deeply held commitment to reuse a preferred product/service consistently into the future leading to same brand-set purchase or patronage despite situational influences and marketing efforts having the potential to cause a switching behavior. (Uncles, Dowling, & Hammond, 2003).

Database building: This is the process of combining or aggregating data and information about each individual customer into a database, which can be collected using data mining techniques with the purpose of revealing important information about the customer.

Information technology: those technologies used to gain insight into the customers, contact them, and thereafter leading to the development of personalized services. They involve all marketing technological kits to aid marketing endeavors.

Competitive advantage: a superiority gained by an organization by providing greater perceived value to customers, either through lower prices or through additional benefits and services that justify similar, or possibly higher prices.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is concerned with the review of related literature. It takes a systematic analysis of contributions by various authors on the concept of CRM and the effect of CRM on competitive advantage. It shows in detail the most important concepts that this study borrows from to achieve its objectives. These contributions have shown relationship between Customer relationship marketing and competitive advantage of organization. Owing to this study's aim of getting evidence from the banking sector, the operations of banks in line with CRM would be discussed, these include the platforms banks adopt to implementing CRM, online banking or internet banking, and the whys. This chapter will begin by exploring the origin of the concept of Customer relationship marketing. Then proceed to a discussion of information and communication technology as well as the various indicators of CRM. Finally it closes by reviewing theories that serve as the building blocks for which this study would heavily rely upon.

2.2 Conceptual Review

2.2.1 Emergence of Customer Relationship Marketing

The concept of customer relationship marketing or relationship marketing has emerged within the field of services marketing and industrial marketing from the 1980s as can be seen in research papers (Dwyer, Schurr, & Oh, 1987; Thorbjornsen, Supphellen, Nysveen, & Pedersen, 2002; Swaminathan, Page, & Gürhan-Canlie, 2007, Bolton, Lemon, & Verhoef, 2008; Ndubisi & Wah, 2005) and blossomed significantly in the late 1980s and 1990s

(Beetles & Harris, 2010). Relationship marketing is one of the oldest approaches to marketing (Zineldin & Philipson, 2007) and over the past twenty years, relationship marketing has represented a renaissance in marketing (Bonnemaizon, Cova, & Louyot, 2007) which embodies international, industrial and services marketing and in a business context is superseding the traditional marketing theories (Day,2008). In fact this reorientation of marketing has been proposed in contrast to the traditional approach and transactional marketing (Zineldin & Philipson, 2007). Relationship marketing emerged in the 1980s as an alternative to the prevailing view of marketing as a series of transactions, because it was recognized that many exchanges, particularly in the service industry, were relational by nature (Groonroos, 1994, Gummesson, 1994)and today this concept is strongly supported by on-going trends in modern business (Ndubisi & Wah, 2005).

The term relationship marketing was first used in 1983 (Berry, 1983), and has been defined in many different ways by scholars from various research perspectives (Harker, 1999).Berry who coined this term viewed relationship marketing as a strategy to attract, maintain and enhance customer relationships as later summarized. According to Groonroos(1994) relationship marketing is to identify, establish, maintain, enhance and when necessary to terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfillment of promises. (Kavosh, Abu Bakar, Melati, & Siti Zaleha, 2011).

The American Marketing Association's (AMA) defines relationship marketing with these principles: "Relationship marketing is a kind of marketing that its goal is developing and managing long-term and trustworthy relationships with customers, suppliers and all others acting in the market" (Gilaninia, Almani, Pournaserani, & Mousavian, 2011). There are four fundamental values for relationship marketing. First the activities regarding relationship marketing do not focus upon a specialized department. This means there must be a marketing orientation of the whole company. Second, relationship marketing stresses on long term collaboration, so companies should view their suppliers and customers as well as other stakeholders to be partners, where the goal is to create mutual value. The relationship must be meaningful for all those involved, with the purpose of retaining long- term relationships with parties. Third, all parties should accept responsibilities and relationship must also be interactive. It means that customer can initiate improvements or innovation of the product. Fourth, customers should be considered as individuals, suppliers' task is also to create value for the customers.

Therefore relationship marketing is a strategy where the management of interactions, relationships and networks are fundamental issues. This is achieved by a mutual cooperation or symbiosis and fulfillment of promises (Ndubisi, 2003; Ndubisi & Wah, 2005). Consequently, customer relationships are at the center of this marketing perspective (Zineldin & Philipson, 2007). Relationship marketing adopts a customer focus and its main benefits include greater customer retention, increased loyalty, reduced marketing costs, and greater profits (Stavros & Westberg, 2009) . The goal of relationship marketing is to form mutually beneficial alliances that must restrict trade among rivals by creating barriers to entry amongst other benefits (Fontenot & Hyman, 2004).

Kotler and Armstrong’s also provided a definition of customer relationship marketing which has also been a vital contribution to this literature:

"Relationship marketing involves creating, maintaining, and enhancing strong relationships with customers and other stakeholders. Relationship marketing is orientated to the long term. The goal is to deliver long-term value to customers, and the measure of success is long-term customer satisfaction." (Murphy, Laczniak, & Wood, 2007). Thereby relationship marketing is about retaining customers by improving communications, customer data collection and customer service quality. In other words, a key objective is to foster customer loyalty, which Oliver (1999) defined as a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite the fact that there are situational influence and marketing efforts having the potential to cause switching behavior.

Relationship marketing in service organizations is not an entirely new concept and relationship marketing within the banking industry is becoming increasingly important. Relationship marketing literature related to banking can be traced back to the early 1980s. Relationship marketing is a feasible way for banks to establish a unique long-term relationship with their customers (Gilbert & Choi, 2003). Relationship marketing activities are critical in the banking sector; for instance: To continue to be successful, the banks in the Nigerian corporate sector banks must invest in the long-term relationship marketing infrastructure to support a customer orientated approach and improve the already ongoing implementation of customer relationship management as observed by the components discussed in later sections of this study.

2.2.2 Online Banking and E-CRM

According to Karjaluoto, Mattila and Pento (2002) electronic banking refers to internet banking. The internet has a great impact on electronic banking and this form of banking can be done without any time or geographical constraint. This therefore increases the opportunity of banks to get to know their customers better and serve them no matter the time. This in turn has increased the ability of the banks to get firsthand useful information about their customers and easily form lasting relationships with them. According to Liao and Cheung (2002), the two forms of online banking, are e-banks which exists only on the internet where paper record is not kept and it operates all over the world, and e-branch banks which is typified by GT Bank in the Nigerian context among the majority of banks considered in this study. The latter is a brick-and-mortar bank that provides internet banking or (online banking) to its customers. However, there is a strong link between online banking and CRM.

Kennedy (2006) says that E-CRM (electronic CRM) is considered as strategic technology centric relationship marketing business framework. According to Forrester Research (2001) E-CRM is the consolidation of traditional CRM with e-business market place applications.

Parekh (2003) says that E-CRM expands the traditional CRM techniques by integrating technologies of new electronic channels, such as Web, wireless and voice technologies, and combines them with e-business applications into the overall enterprise CRM strategy. They stressed the ability to capture, integrate and distribute data gained at the organization's web site through the enterprise.

One of the many benefits which we term as the whys of E-CRM is that it is helpful for companies to track all sales and marketing activities very easily, as a result they are able to pinpoint targets and make commitments and adjustments in new products. It also helps in the areas of customer retention, improved customer engagement and increased analytic capabilities. The infrastructures currently available are evolving, and they currently are E-CRM software, and hardware, processes and platforms. In the course of the study, it was observed that the majority of the banks in Nigeria use online platforms for their CRM –

ranging from SAP software solutions, and Microsoft CRM which are the major players in the online CRM solutions providers.

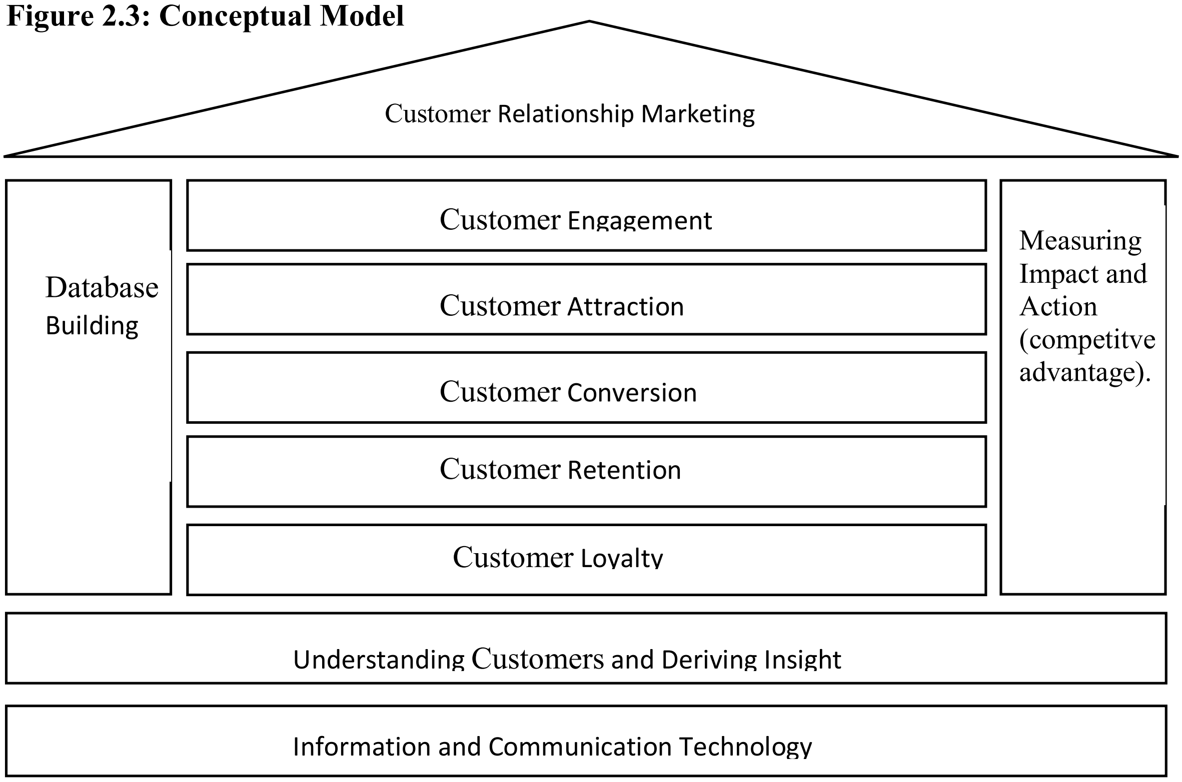
As a result of the fact that the elements of E-CRM are same with that of the traditional CRM practices, these elements are expanded in the conceptual framework using a model proposed by Malthouse et al. (2013).

2.3 Conceptualization of Customer Relationship Marketing (Conceptual Framework)

Customer relationship marketing focuses on how to develop, maintain and enhance customer relationships over the customer life cycle rather than on attracting new customers (Zineldin & Philipson, 2007). Research has shown that the cost of serving one loyal customer is five to six times less than the cost of attracting and serving one new customer (Rosenberg & Czepiel, 1983; Ndubisi, 2003; Ndubisi & Wah, 2005; Gilaninia, Almani, Pournaserani, & Mousavian, 2011).

Customer Relationship marketing is a new paradigm (Groonroos, 1994), and this shift can be traced to the result of globalization of businesses and the evolving recognition of the importance of customer retention, customer loyalty, market economies and customer relationship economies. This new shift has brought companies to deliver benefits that accrue to customers. As expected of fairly new concepts, there is a diverse pool of viewpoints from scholars who have written in this field. To guide this study is an indicator-based framework. The indicator-based framework diagram below shows customer relationship marketing from the component perspective in order to provide a procedural meaning of the concept while making it practical for organizations to implement.

Figure 2.3: Conceptual Model



Source: Malthouse, Haenlein, Skiera, Wege, & Zhang, (2013) Managing Customer Relationships in the Social Media Era: Introducing the Social CRM House. *Journal of Interactive Marketing, 27 (2013) 270–280.*

The diagram visualized CRM in the form of a house made up of parts that indicate the linkages that define customer oriented organization, and it is based on an application of a previous study where the concept of the Social CRM House was introduced (Malthouse, Haenlein, Skiera, Wege, & Zhang, 2013).

2.3.1 Information and Communication Technology

Through the better management of technology (for example, client databases) firms may build stronger client relationships (Fitzsimmons & Fitzsimmons, 2008; Bitner, 2001) The use of information technology in the establishment of relationships has increased over time (Donaldson & O'Toole, 2007) Many firms use the term e-CRM when referring to technological developments that lead to more effective and relevant client interactions (Gay, Charlesworth, & Esen, 2007). Additionally, new digital tools to help in monitoring the customer engagement levels have become easy. The concept of personalization has also been improved by the use of web technologies making it possible for organizations to serve each of their customers profitably with ease. Technology has also made it possible for clients to have real time communication with service providers and get immediate response which in turn helps build affective/personal trust as discussed in the theoretical framework.

2.3.2 Customer Engagement

Customer engagement plays a key role in fostering long term relationship with customer of a firm. The viewpoints held by researchers have been either the cognitive, emotional or behavioral dimension. As touched upon in the onset, customer engagement is all about experiences and interactions with other customers or firms and held to go beyond transactions and resulting from motivational drivers. (Bowden, 2009). This going beyond transactions does not exclude this engagement involving transactions but instead is seen to have a much bigger goal. When customers are engaged, the results are manifested in word of mouth, blog posts on their experiences, writing of reviews, a trivial like on Facebook, giving recommendations and much more. These manifestations play a key role in giving the organization an edge over its competitor.

2.3.3 Customer Attraction

Customer attraction as an attribute according to the above conceptual model is at the starting point of the implementation of Customer relationship management. It serves as a driver of commitments. Attraction can be financial, technological or by way of other social construct. When attraction exists between the customer and the organization, further basis to expand the relationship can then be developed. Although there is little attention paid to customer attraction in the realms of relationship marketing, it plays a huge role in kicking off the start of a long term relationship. (Gronroos, 2001).

2.3.4 Customer Conversion

The next stage from the conceptual model points to customer conversion as an immediate goal after customer attraction. Majority of findings in this component were tailored to services that are web-based. The definitions compared the number of visitors who are engaged on the site with the number of those who make a purchase decision. The key term used here was conversion rate to denote the percentage rate of visitors who turn into customers that make a purchase and in the case of this study, customers who create an account with the chosen bank and provide at least the initial deposit.

2.3.5 Database building

Following the concept of Stan Rapp and Tom Collins, the relationship marketing is a *maxi – marketing* which has as a main purpose the sales maximization and creating a long term relationship by selecting, contacting, activating and holding on to the consumers and to the best clients of the service providing enterprise. The need for creating a personal relationship with the clients has imposed the *one-to-one marketing concept,* which is based on the following principles: up to date database, a dialogue with each client, differentiating the clients according to needs and values, customized services (Luigi Dumitrescu, 2009). A strategy of the CRM must be based on modern information and communication technologies. The data and the information about the clients must be stored in databases, which can be collected using *data mining techniques* with the purpose of revealing important information. With the help of this information the service providing enterprise can elaborate marketing and sales strategies and policies which are aimed towards individual clients.

Taking into account the large number of information, which the relationship marketing uses them in all the stages of the decision making process, the marketing database becomes vital in a marketing information system. In order to ensure the usage of an efficient CRM, a marketing data base must contain more types of information: nominal variables (name, surname), coordinates (address, phone number, e-mail), socio-demographical data (age, income, marital status), specifically data (in case of Business-to-Business Firms), socio-graphical data (region, county, place, types of habitat), behavioral data (hobbies, fields of interest), relationship data (contacts, history of the sent messages), acquisition behavior (payment options, the nature of the acquisition, the acquired products), data obtained from the data mining process (client profile, scoring, segmentation), subjective information (the level of interest with regard to the supply), etc. (Claeyssen, Deydier, & Riquet, 2009).

The use and benefits from building a database also comes with the responsibility of accurately maintaining it. A marketing database must be permanently maintained such that the current and correct data of the customers are entered into the database while care and attention is taken to delete duplicates and incorrectly entered data resulting (Dwyer, Schurr, & Oh, 1987) from the error of either the data entry process or data collection process.

2.3.6 Customer Retention

In this stage of customer retention, communication has been seen to be very important. This delivering of information and messages to maintain the customer relationship has been explored by several researchers to be of paramount importance. Customer retention refers to a firm's 'zero defections' of profitable consumers or no switches from profitable consumers to competitors (Reichheld, 1996). Customer retention can be defined as the longevity of a consumer's relationship with a firm. (Menon & O'Connor, 2007) Based on the literature, the variables that can possibly influence banks' relationship marketing and customer retention include communication, knowledgeability, empowerment, personalization, fees, ethical behavior and technology. Communication was then explained to mean the delivering of messages through various methods from the organization to the customer. Word of mouth and marketing communication are also regarded as methods of communication to and from clients. Knowledgeability is the level of insight employees have regarding specific aspects, offerings and clients of a firm.

Service quality is one factor that leads to improved customer retention. Customers are retained if customer service quality and satisfaction are improved (Parasuraman & Zinkhan, 2002). Behavioral intentions are very important to understand whether customers will remain or defect from a company (Anani, 2013). These behavioral intentions will be influenced by service quality (Parasuraman & Zinkhan, 2002). Service quality can increase customer loyalty, retention and improved business performance. An empirical study conducted using evidence from the Nigerians banking sector and its small business customers found that there is a positive impact of service quality on customer loyalty and retention (Nwakwo, 2013). A study conducted in Tanzanian banks by discovered that academics are needed to incorporate quality of products provided by the banks together with pricing of banks products in customer retention models (Msoka & Msoka, 2014). In this view, customer retention is extremely vital for business to remain competitive. It has recently become more significant compared to customer acquisition.

Another key factor that improves customer retention is personalization. It occurs when a firm develops or tailors its offering to satisfy unique client needs. (Brink & Berndt, 2008)Ethical behavior was also pointed out to be a determining factor of customer retention initiative and refers to conforming to acceptable standards of behaviours based on custom, practice and personal conscience (McDonald & Leppard, 1990). The ethical behaviours of a firm also include its level of social responsibility, in other words its obligations to consumers, employees and the community. A combination of customer retention initiatives and customer loyalty discussed next serve as strong components of customer relationship marketing.

2.3.7 Customer Loyalty (Loyalty Systems)

In the loyalty component of the conceptual model, the organization begins to focus on keeping retained customers over a long period of time and only on rare cases and where absolutely necessary can the relationship be terminated. The varying approaches to customer loyalty are next explored whereby, one key method – loyalty system is further explored.

The term loyalty was introduced in the 1920's and had since various interpretations, the several definitions have evolved and as many descriptions prevail, one inclusive answer to what customer loyalty is cannot be given. (Lichtlé & Plichon, 2008) The two approaches that are widely adopted would be given further consideration; these are the behavioral and attitudinal approaches.

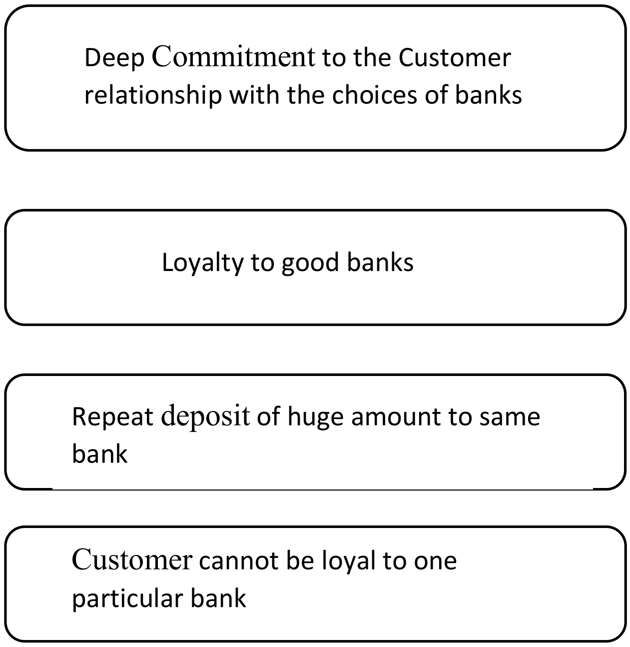
The attitudinal approach suggests that a loyal customer is one that has developed a favorable attitude towards the brand (Lichtlé & Plichon, 2008). Some researchers argue, that there must be a strong attitudinal commitment to a brand for true loyalty to exist (Uncles, Dowling, & Hammond, 2003). This approach is also called emotional loyalty as customers purchases are guided through positive feelings and favorable attitudes towards the brand. It has been suggested that if attitudinal loyalty would exist, a loyal customer would be willing to pay a premium for the brand although another brand has a similar, more inexpensive product (Peppers & Rogers, 2004). This approach also suggests that loyalty is closely tied to customer satisfaction.

Behavioral loyalty can be stated as regular purchases of the same brand. This type of loyalty can be measured by actual purchase behavior such as purchase sequence or retention rate (Lichtlé & Plichon, 2008). It is also defined as repurchase activity that does not regard any internally held attitudes or preferences of the brand. Uncles et al. (2003) find that behavioral loyalty can lead only to weak commitment as loyalty to a brand is a result of repeated satisfaction. Customer chooses the brand that he/she has experienced to provide the most satisfaction. The search for an alternative is seen as so much trouble and time-consuming that the same brand is bought over and over again without any attitudes or commitment to the brand.

A notable point in this study is that it focuses on the services sector, specifically financial institutions, despite the fact that loyalty exists, it is quite common for an individual to own and patronize multiple banks at the same time. Since the degree of loyalty would differ, a consideration on the varying degrees of loyalty is shown next.

2.3.7.1 Degree of loyalty

The classification is based on a continuum of commitment where different stereotypes of customer loyalty can be identified (Arantola, 2001). At the other end customers are seen rational and comparing consumers, who cannot be loyal as they change the supplier whenever it is rational. The next type is a consumer who relies on learned behavior and habits and therefore makes repeat buys from the same supplier. However applying this to the context of this study the diagram below is given on the types of loyalty by adapting the concept given by Arantola (2001)



Adapted from: (Arantola, H. 2001) Buying Loyalty or Building Commitment- An empirical study of customer loyalty programs. *Helsinki*.

2.3.8 Competitive advantage

In recent years, the concept of competitive advantage has been a hot issue in the field of competitive strategies and much controversy has been raised in relation to competitive advantage. Nevertheless, providing a precise definition of competitive advantage is a difficult task. On the one hand, the competitive advantage has been defined as too much returns, and on the other hand, it has been linked to the performance of capital markets and expectations. However, the most common definition of competitive advantage in the field of competitive strategy and in the context of value creation is whatever cause revenues increase over expenses (Powel, 2003).

Majeed (2011) defines competitive advantage as the retention of earnings higher than normal. According to Hana (2013), a firm has the competitive advantage if it gains a higher economic profit than the average rate of profit in the same market.

Barney (2008) have pointed out that the competitive advantage mainly means that the firm can produce goods or services that the customers seem them more valuable than those produced by other competitors'.

On the other hand, Porter (2004) deals with the competitive advantage in the context of competitive strategy. He sees the competitive strategy as the determination of a firm's position in a competitive environment. The purpose of competitive strategy is to gain insights about the market through understanding and predicting the economic factors, especially other competitors' behavior. The competitive strategy causes a firm to produce a product that is not producible by the competitors. Therefore, the competitive strategy is a strategy for creating an imperfectly competitive market (Barney, 2008). Kay (2011) defines the potential competitive advantage of a firm's distinctive capabilities resulting from behaviors that other firms are lacking but these capabilities are stable and fixed.

To achieve the competitive advantage, an organization must also pay attention to its external position (Porter, 2004) as well as internal capabilities (Barney, 2008).The organization must consider its internal capabilities and its competitive position in the market not as spate elements but think of them interactive elements as sources of gaining the competitive advantage and marketing strategy (Powell, 2003).

From an examination of competitive advantage literature a working definition is synthesis for adoption in this study. Competitive advantage is defined as superiority gained by an organization by providing greater perceived value to customers, either through lower prices or through additional benefits and services that justify similar or possibly higher prices.

The dimensions of Competitive Analysis

The concept of competitive advantage states the dominance which results from certain ability of the combination of abilities which the dominant competitor has it uniquely when compared with its competitors. The most important features of a competitive advantage are: Durability, damage, and its value. It emphasizes more on its concept, shape, position, effect, reason, and time duration of a competitive advantage (Appelbaum and Gallagher, 2000).

From the dimensions listed in the study of Appelbaum and Gallagher (2000), the following would be used as a measure of competitive advantage for in this study:

1. Duration of a competitive advantage: duration of time domain of competitive advantage refers to the length of time which is expected to remain as a permanent advantage .An advantage is temporary when its duration is for a short time when the resistance of an advantage against imitation or threatening refers to its stability. It is necessary to determine the duration of a competitive advantage on the basis of: short term (less than a year) average- term (form a year to 3 years), and long- term (more than 3 years).

2. Vulnerability of competitive advantage: vulnerability of an advantage includes the possibility for this point that competitive advantage attached, the competitive advantage is vulnerable when first competitive medium is very changeable and second tries directly for reducing the importance of competitive advantage.

3. Value of Competitive Advantage: value of an advantage indicates how having it is valuable, such value may be determined by different scales such as income, saving in the cost, capital return, quality improvement, market share, sold units, etc.

2.4 Top ranking banks in Nigeria

The ranking of banks not just in the world but also in Africa and Nigeria in particular is of importance to the objective of this research. What role CRM contributes to this ranking as it impacts competitive advantage of the banks would be analysed, as well as the finding if there is a significant difference between the top three banks with respect to the impact of CRM on their operations and the rest of the banks.

This rating is based on two factors, size and capital or (the richest) bank. Gabriel (2016) presented the top three banks in Nigeria as follows:

1. Zenith bank tops the list of the strongest and richest bank and has a world ranking of 293 with a capital base of $3.0162 billion. This translates to a number one rating within the Nigerian economy. Zenith bank started operation in 1990 and rose to popularity in 2004 and became very popular in 2004.

2. Guarantee Trust Bank is also one of the largest financial institutions in West African and has emerged as the second best bank in Nigeria. In the world, it is ranked 415th in position among the first 1000th bank. The assets of the bank is over $9.875 billion. Within Nigeria, it has won the impression of being a bank for the young.

3. The third best bank in Nigeria is First Bank of Nigeria. It is ranked 10th in Africa with a capital base of $2.327 billion. Just like the first two branches, It also has branches spread across the world.

These top three banks would be tested to check if a significant difference occurs in the impact of their CRM activities on Competitive advantage in a manner different than the other banks within the country.

2.5 Theoretical Framework

This study is built on key theories and underpinnings without which there will be no strong backbone of the concepts discussed. Notable among these are the concepts of Customer Relationship Orientation and Commitment-trust theory of relationship marketing. The latter taken from the field of sociology and psychology. These two principles would be discussed under this heading.

2.5.1 Customer relationship orientation

This theory on the relationship between a company and its customers was proposed by Robert W. Palmatier in 2008. Customer Relationship Orientation (RO) indicates or represents the factors that increase a customer's desire to engage in a strong relationship with a partner, and is seen to be a source of increased receptivity to relationship building, resulting in more effective relationship marketing. (Robert, 2008).

According to this principle, Relationship marketing to customers with low RO generates costs beyond what the company wants to incur. From the viewpoint of the customer, a relationship goes with a cost which at least is the opportunity cost associated with communication with the seller and receiving the relationship marketing program. Therefore, for customer with low relationship orientation, the exchange appears inefficient because the customer perceives very little need for relationship building.

As another form of cost, CRM creates interpersonal reciprocity obligations also termed reciprocity norm which is defined as internalized patterns of behaviors and feelings that regulate the balance of obligations between exchange patterns (Robert, 2008). This can cause the consumer personal discomfort until they are repaid and thus entail additional consumer costs. Consumers with a low RO may purposefully avoid organizations or sellers that shower them with unwanted benefits; because not reciprocating may make the consumer appear impolite and suffer a sense of guilt (Cialdini, 2001). By repaying a reciprocity for their obligations, consumers with a high RO can deepen their relationship with the seller, perhaps even over-compensating repayment. Ironically, the same underlying psychological processes and reciprocity norms can both enhance relationship building with relationally oriented consumers and drive away those with a low RO.

Factors Promoting Customer Relationship Orientation

Elements unique to the particular exchange context, such as selling firm characteristics, salesperson characteristics, and unique product features, also may promote an RO among customers. For example, a highly competent salesperson who is capable across a range of relevant tasks can solve problems, reduce the exchange's transaction costs, and ensure more successfully exchanges; people prefer a strong relationship with a competent partner.

Resource dependence theory suggests relationship building enables a party to manage (Pfeffer & Salancik, 1978) or counteract its dependence (Ganesan, 1994; Heide & John, 1988) on exchange partners. A customer's *product dependence*, or need to develop a relationship to acquire specific products with the greatest efficiency, promotes a higher RO. Higher customer involvement causes more customers to desire a relationship (De Wulf, Odekerken-Schröder, & Iacobucci, 2001) and perceive opportunities for generating value from relationships. In this sense, *product category involvement* reflects the importance a customer places on a product category, which may stem from personal-, firm-, or role-related needs, values, and interest, and in turn increases a customer's RO.

2.5.2 Commitment-trust theory of relationship

Morgan and Hunt (1994) introduced this theory and it has since then been the most cited theory in the realm of Customer relationship marketing. The theory is of the ideal that trust and relationship commitment are the key mediators in the exchange between participants. These factors then lead to building an improved relational co-operation. The variables in this theory are trust and relationship commitment, they would be discussed further as they serve as strong underpinnings of this research.

2.5.2.1 Trust

The growth of various forms of relationship has put trust in a centre stage mainly because of the belief that trust is essential in establishing co-operative relationships. Interest in trust has generated a substantial amount of research from various disciplines such as economics, psychology, sociology and organization. While differences among disciplines exist, trust is a very complex construct with multiple meanings and dimensions. Delimiting the scope of trust is difficult and can be frustrating as the construct essentially is linked with other constructs such as opportunism, uncertainty and power. The constructs used to encapsulate the meaning of trust to be used in this research would be: performance/Cognitive trust (interpersonal level) and Affective Personal trust.

2.5.2.1.1 Performance / Cognitive trust

Performance/cognitive trust is the confidence, willingness or intention of a party to rely on a partner's competence, reliability and credibility as well as promptness in meeting their obligations. Trust emerges from a party's predictions regarding his/her partners' future action/behavior to fulfill promises. These predictions are based on cumulative knowledge gained through parties' interaction or based on a party's reputation in other relationships. (Johnson & Grayson, 2005). Because trust is knowledge-driven, its lack creates a need to trust and total ignorance (McAlister, 1995).

Trust decision is driven by available knowledge and good reasons to trust (McAlister, 1995). Moreover, performance-based trust is viewed as an expectation rather than a conviction, which reflects an uncertain anticipation of a partner's future behavior. Thus according to this theory trust provides parties with a degree of freedom to disappoint expectations. When future actions/behaviours imply some degree of risk, the knowledge gained reduces uncertainty (Eriksson & Sharma, 2003). When the level of trust is high, expectations can be reliably predicted since it makes parties feel secure in their interaction. Conversely, when trust is low, expectations will be clouded by uncertainty. Performance based-trust has been seen as important in initiating parties' commitment to the economic aspects of the relationship. (Coulter & Coulter, 2003; Johnson & Grayson, 2005). In the end, performance based trust is not enough to help secure long-lasting relationships.

2.5.2.1.2 Affective/Personal Trust

Building up trust is viewed as a social process that takes time and must be based on personal experience. Personality traits of an individual can be either trusting or not. Interpersonal interaction is important in the creation of trust (Nicholson, Compeau, & Sethi, 2001). Although trust is internally felt, trust is manifested in external actions and behaviours in the form of co-operation. Affective-based trust is the confidence a party places is another party based on the feelings and emotions generated by the caring, empathy, politeness and other related qualities demonstrated in their interaction. Affective-based trust is characterized by feelings of security and perceived strength of the relationship (Johnson & Grayson, 2005) interpersonal liking, and a 'leap of faith' beyond the expectations that reason and knowledge would warrant, which means that the relational context will act as a moral control on the behavior of parties. Trust is in effect based on emotion. An emotional bond is essential is driving the relationship and nurturing trust mutuality (Nicholson, Compeau, & Sethi, 2001).

2.5.2.2 Relationship Commitment

This has been recognized in many literatures as playing a central role in long lasting relationship. Because commitment is central in successful relationship marketing, researchers focused on factors that influence the development and maintenance of commitment. Simply put, relationship commitment is known as an enduring desire to maintain a relationship.(Morgan & Hunt, 1994). Relationship commitment is known as an enduring desire to maintain a relationship. Deeper understanding of the construct of commitment is prevented by absence of a clear and complete definition of commitment according to Fehr 1988 (as cited in Diana, 1995), search for a definition of commitment carried out in psychology and other related disciplines has been marked with conflict, confusion, and disagreement. There have been several dimensions on relationship commitment. These are instrumental/calculative and altitudinal dimension.

2.6 Empirical review of customer relationship marketing studies

Alipour and Mohammadi (2011) investigated the effect CRM has on competitive advantage. Tabriz truck manufacturing company of Iran served as the case study and the research design was descriptive in nature. Findings show that the CRM indicator of understanding and separation of customer has the most impact on competitive advantage while customer attraction has the least impact among the CRM indicators used in the study. Celep, Zerenler and Sahin (2013) conducted a study of Exemplar companies (i.e. Turkcell, Siemens, Amazon, KocGroup and Harley Davidson) with worldwide success resulting from their successful implementation of CRM strategies. Their Analyses reveal that gathering information about customers and using such information to produce unique products and services was the key to these companies sustainable supremacy in competition.

Providing empirical evidence from the Nigerian telecom sector, Ekakitie and Olafare (2016) examined the relationship between e-CRM variants and marketing performance. 900 questionnaires were distributed to customers of MTN, Airtel and Global com customers in Edo, Delta and Anambra states whose opinions were sample on the issue. Outcome of the study suggests a positive relationship exist between CRM dimensions of e-service quality, internet-enabled CRM, mobile CRM and marketing performance.

It is also vital to focus on empirical review of early adopters of online banking and its relationship to CRM. This is to give more substance to the immense contribution of the internet and online banking to the development of CRM which in turn has led to improvements in the competitiveness of banks. One of such studies is that of Tanveer (2009) on E-CRM in online banking, were Danske Bank was used as a case study. Danske Bank is a full service bank with 431 branches, nine finance centres and five agricultural centres with an approximate staff of

6000 people in Denmark. The bank staff in charge of CRM systems were interviewed to find the impact or benefit of online banking and e-CRM on the operations of the bank. The result of the interview shows that the banks organizational competitiveness was strengthened through application of e-CRM.

A vital point from this case study was on how banks can benefit from E-CRM technologies in online banking. These benefits are both for the bank in terms of their competitive advantage as a result of satisfaction gain through use of these platforms and to the customers in terms of easy services whenever they need it.

To the customers, the study showed that the customers could have real-time overview of their liquidity and currency options. It also made possible the ability to make local payments and across border transactions. Further benefits derivable is the ability of the bank customers to easily solve problems they encounter while carrying out transactions on the bank website.

A customer could see information posted on the website, products, services and even jobs, they could better understanding the structure of the bank and know what to expect. They got emails, make appointment with bank staff and make any enquires. A customer could also choose to own a price profile and therefore, made it possible for the bank to receive their information to provide personalized banking services.

On the part of the bank, by having full information of customers it was possible to offer differentiated products based on customer recognition and due to relevant product offerings customers loyalty increased for the bank.

2.7 Literature gap

No doubt that examination of extant studies and literature on customer relationship marketing provides empirical evidence that an effective CRM programme exerts great influence on various organizational performance metrics. However, there exists gaps in literature. There is no published work to the best of the researcher's knowledge, which has provided empirical evidence on the role an exhaustive list of CRM indicators plays on competitive advantage of firms. In like manner, there exist little knowledge on the impact information technology has in performance outcomes of CRM systems. Hence, to fill these gaps this study incorporated a comprehensive list of CRM indicators with information technology as a core part and also carried out comparison of how CRM impact on competitive advantage differs among companies in the same industry which others did not do.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the physical activities, techniques and procedures the study undertook to gather and analyse data that led to answering the research questions and testing of hypotheses. It begins with the overall framework for carrying out the study and proceeds to how the sample size was chosen from the population. Finally, it closes out with the technique used to validate the questionnaire to ensure measurement accuracy as well as data analysis techniques.

3.2 Research Design

Research design is the approach, framework or plan for carrying out research studies. It can be described as a detailed blueprint used to guide a research study towards its objectives (Olannye, 2006).In this study, survey research design is adopted. It is concerned with the systematic gathering of information from respondents for the purpose of understanding and/or predicting some aspects of behaviour of the population of interest (Olannye, 2013). Survey approach is deemed to be the most appropriate for this study since the issue of concern deals with opinions, perceptions or attitudes of individuals which cannot be measured directly because we cannot observe it.

3.3 Population of study

The population of the study comprises of all the banks in Nigeria, 22 banks in all (CBN, 2015). These banks were chosen from the Warri region of Delta State, as it is described as the commercial capital of the state (Richard, 2016). Warri was also chosen due to the proximity of the researcher to the area. The choice of using all the banks is as a result of their nature of convergence in metropolitan areas. Where each of them can be said to compete even by geographical location.

3.4 Sampling Procedure

Most Nigerian banks have branches spread across all metropolitan areas of the country which includes the Capital of each State. Since each bank is well represented in each metropolis, Stratified Sampling method was used to select a sufficient number of subject for each branch.

This sampling technique was chosen because the study population—commercial banks—are stratified along different ownership. Hence, the researcher selected sample from each group such that the number of sample subject from a particular group is proportional to the group's share of the total population.

3.5 Sample Size

Out of the twenty two banks in Nigeria (CBN, 2015) the branch Managers, two assistant branch managers and three middle management employees of each bank were selected. A total of 132 were selected and used for this study.

3.6 Instrument of Data Collection

Structured questionnaire survey was used in conducting this study. The questionnaire is construct based and is a 31-item questionnaire. Items were designed at an interval rating 5-point Likert scale of one to five ranging which are as follows:

5 = Strongly Agree (SA)

4 = Agree (A)

3 = Undecided (U)

2 = Disagree (D)

1 = Strongly Disagree (SD)

The purpose of this method is to offer the respondents with more choice and help capture their feelings towards the subject under consideration and room for assessment of scale validity and reliability. Finally, two steps were taken to alleviate common method concerns, i.e., questionnaire design and statistical testing. First, in terms of the design of the questionnaire, the questionnaire consisted of different subsections, i.e., one each for customer attraction, customer retention, customer conversion, customer loyalty, relationship engagement and database building. The second which is statistical testing was done to find the reliability of the constructs used before they were administered to the respondents.

3.7 Validation of Instrument

This focuses on ensuring that the measuring instrument is of quality in order to prevent measurement errors. Specifically, validation of instruments is divided into validity and reliability.

3.7.1 Validity of research instrument

This refers to the extent to which the instrument (questionnaire) measures what it is designed to measure. That is, its accuracy in capturing correct responses. *Construct validity* was the measure used to establish the validity of measurements. To ensure this, construct operationalization began with a review of the academic literature. After all constructs were measured with multiple item scales, they were adjudged by scholars to cover the actual meaning of the eight constructs.

3.7.2 Reliability of research instrument

This refers to the consistency of the questionnaire in producing same or similar results on repeated trials. The researcher tested the reliability of the instrument used in the study by using alpha coefficient. According to the stability coefficient' Cronbach's Alpha', (which measures the consistency and internal stability of elements which measure the independent and dependent variables of the study) if the coefficient is less than 0.60, the consistency and internal stability is considered weak, if the coefficient varies between 0.60 and less than 0.80, it is considered accepted But, if the coefficient is varies between (0.80 - 0.85), it is considered good. In case the coefficient is higher than 0.85 to one, it is considered excellent (Sekeran, 2003). The Cronbach's Alpha coefficients scores obtained for the study variables were; 0.692, 0.713, 0.737, 0.854, 0.677, 0.791, 0.828 and 0.839 for customer attraction, customer conversion, customer retention, customer loyalty, relationship engagement, database building, information technology and competitive advantage respectively. These are favourable scores within the acceptable region.

3.8 Operational Measurement of Variables

The key variables used in this study were the indicators of customer relationship marketing listed at the outset. These were: Customer attraction, Customer conversion, and customer retention, Database building, Customer loyalty and Relationship engagement. For the measures used in this study, we changed existing scales to adapt to the banking services sector. The constructs employ five-point Likert scale, with anchors ranging from strongly disagree (1) to strongly agree (5).

For *customer attraction,* the research question was based on the presence of and frequency of both offline and online campaigns including advertising campaigns geared towards acquiring new customers. It also sought to find out if techniques such as paid search on the web and other modern web tactics to attract customers were employed. For *Customer conversion,* the metric used was based on the average result expected from any given campaign launched by the bank, it measured the percentage conversion to account creation. It also measured the rate at which the customers switched to a different product in the list of available products the bank offers.

For *customer retention*, the period of years customers operate account with the bank as well as the level of trust they have towards the bank services were used. *Information technology* aimed at assessing the technically skills to maintain information technology infrastructure, knowledge of IT tools and ease of switching from one software to another.

Database building sought to find out if the bank updates the customer base and at what frequency it is done. It also sought to find out if the key used for the collection of data were relevant enough to give personalized services to the clients.

For *customer engagement*, the focus was on the degree to which customers sent feedback, the degree to which the bank launches events that would trigger customer responses, and presence of content that goes beyond showing off the services of the bank such as entertainment.

Loyalty system adopted the concept put forward by Uncles, Dowling, and Hammond, (2003) which was based on exploring how rewards were used to keep loyal customers. Therefore, during this study, loyalty system construct measured the presence of rewards systems in place within the bank to loyal customers, the presence of visible and tangible items that help customers measure the benefits such as the card system used to link benefits to a card. Loyalty system was also measured using the perception of bankers on the result of the loyalty system, a response with a '5', strongly agree indicates that there exists a solid program to manage loyal customers of the bank.

And finally, in measuring *competitive advantage*, customers years of running account, defection rate, financial investment in customers relationship and customer perception of services were used.

3.9 Method of Data Collection

Each individual in the sample expectedly filled in their responses to the questionnaire and collections was made. In order to make sure a sufficient number of respondents fill in their responses, communication via emails was utilized for respondents we are unable to meet face to face, especially the respondents at senior management level.

After a period of ten working days the researcher was able to collect copies of the filled questionnaire from those it was administered to personally while the rest were retrieved via emails.

3.10 Data Analysis Techniques

The data analysis techniques used for this study are: Cronbach alpha for reliability test, multiple and simple regression techniques to model the conceptual relationship between all seven independent variables and the dependent variable. The r^2 value was used to test the hypotheses of this study with a 0.05 level of significance. To test the fourth hypothesis, a one way Analysis of Variance (ANOVA) was appropriate since it meet the assumptions for a one way ANOVA. In addition to the inferential statistical techniques used, other descriptive analyses were carried out on the respondents to find out if specific demographics variables have any impact on the results obtained.

3.10.1 Analytical Models Specification for hypotheses

Since the study tried to investigate the impact in the causal model among many independent variables against one dependent variable (competitive advantage), multiple regression analysis was correctly applied as test statistics. However, checks were made to ensure that the method is correctly applied. The multiple regression model was specified.

Given a dependent variable (competitive advantage) and several independent variables, the linear multiple regression estimates constants C_1, C_2, C_3, … C_k and K such that $Y_i = C_1X_1 + C_2X_2 + \ldots + B_kX_k + K$, provides a fit or good estimate of the individual's Y score (competitive advantage) based on the X scores (indicators of CRM).In the context of this study, the regression analysis to test the hypotheses of the study is given as:

$$\mathbf{Y_1 = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon;}$$

Where: $\mathbf{Y_1}$ is the dependent variable, $\boldsymbol{\alpha}$ is the $\mathbf{Y_1}$intercept in the regression, X_i are the explanatory variables of the regression and $\boldsymbol{\beta_i}$ the coefficients of the regression. They represent the change in $\mathbf{Y_1}$ for each unit change in the independent variable. To further simplify this equation, the variables in this study are juxtaposed to fit the model. Therefore, the equation is rewritten as:

$$COA = \boldsymbol{\alpha + \beta_1 CA + \beta_2 DB + \beta_3 CC + \beta_4 CR + \beta_5 CL + \beta_6 CE + \varepsilon;}$$

Where:

COA:	Competitive advantage is the dependent variable.
CA:	Customer attraction, (measured as online and offline campaigns)
DB:	Database building, (measured as updates and frequency of customer database)
CC:	Customer conversion, (measured as conversion to account opening)
CR:	Customer retention, (measured as customer churn rate)
CL:	Customer loyalty and, (measured as loyalty system)
CE:	Relationship Engagement; (measured as customers interaction platforms)
ε:	error term.

In a similar vein, the simple linear regression model used to test the third hypothesis is stated as:

COA = $\boldsymbol{\alpha + \beta_1 IT + \varepsilon}$;

Where:

α : intercept or constant

β_1 : regression coefficient

COA: Competitive advantage is the dependent variable.

IT: Information Technology is the independent variable.

ε: error term.

Conclusively, the fourth hypothesis was analyzed using a one way ANOVA.

3.10.2 Apriori Expectations

It is expected that all indicators of CRM listed above should show a positive relationship to competitive advantage (COA). The following are therefore explicit statements of preconceived expectations.

$\beta_1 > 0$; $\beta_2 > 0$; $\beta_3 > 0$; $\beta_4 > 0$; $\beta_5 > 0$; $\beta_6 > 0$;

The above a priori expectations imply the intercept should be greater than zero and therefore positive. All dependent variables are expected to have a positive relationship.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the outcome of the various statistical analyses conducted on data collected through survey of the banks making up the sample. This was done in bid to uncover the impact CRM and the dimension of IT has on competitive advantage. The analysis is broken into sections. The first focuses on the response rate of the respondents and descriptive analysis of the respondents. The second section dwells on the test of assumptions of the inferential statistics used. Finally the third section focuses on the inferential analysis as well as the discussion of findings. The response rate and descriptive data uses tables and frequency analysis that provide insight into the characteristics of the banks surveyed, while the other part delves into facts and figures that help to achieve the objectives of this study.

4.2 Response Rate of Respondents

Considering the importance of the sample taken from the banks and the choice of respondents, the study received a good response from the respondents, indicating confidence in the responses as well. The handpicked nature of the distribution to members of either the middle level management or senior level management led to a suitable level of response as the table below shows.

Table 4.2 Analysis of response rate

ITEM	QUESTIONNAIRE	PERCENTAGE
Total number of questionnaire administered	132	100
Number of questionnaire retrieved	119	90.1
Number of questionnaire not retrieved	13	9.9
Number of questionnaire suitable for analysis	110	83.3

Source: Computed from field survey data, 2016

The response rate for this study was 83.3% as shown in table 4.2 above. Most of the managers who responded to the questionnaire filled each field appropriately leading to a very little drop of nine questionnaires (9) in the number of questionnaires received and the number suitable for analysis which amounts to one hundred and ten (110).

4.3 Demographic Profile

Here, tabulations, frequencies and percentages were used since this method aims at assessing the predominant characters from the banks surveyed, and the spread and association of variables in order to present the findings.

Frequency Tables on demographic variables of respondents

Table 4.3.1 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	82	74.5	74.5	74.5
	FEMALE	28	25.5	25.5	100.0
	Total	110	100.0	100.0	

Source: SPSS output, 2016

Table 4.3.1 on the gender distribution of the respondents shows that men have a higher frequency in the sample. With 74% and the female about 26%; this indicates a higher concentration of men in the higher level management. This cannot be said to occur at other levels of management.

Table 4.3.2 Frequency distribution of respondents among Banks

		Frequency	Percent
Valid	Zenith Bank	6	5.4
	Ecobank	5	4.5
	First bank of Nigeria	7	6.3
	Guaranty Trust Bank	6	5.4
	Access Bank	5	4.5
	Diamond Bank	5	4.5
	United bank for Africa	6	5.4
	Fidelity Bank	6	5.4
	First City Monument Bank	6	5.4
	Skye Bank	7	6.3
	Citibank	5	4.5
	Heritage Bank	6	5.4
	Keystone Bank Limited	5	4.5
	Stanbic IBTC Bank	6	5.4
	Standard Chartered Bank	5	4.5
	Sterling Bank	6	5.4
	Union Bank of Nigeria	5	4.5
	Unity Bank	6	5.4
	Wema Bank	7	6.3
	Total	110	100.0

Source: SPSS output, 2016

The respondents filled in the fields for the name of banks they currently work in. The response is vital in getting an aggregate of the total sample number and its corresponding percentage.

Table 4.3.3 Management Level distribution of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Middle Management	74	67.3	67.3	67.3
	Senior Management	36	32.7	32.7	100.0
	Total	110	100.0	100.0	

Source: SPSS output, 2016

Management level table was aimed at showing the total number of respondents whose opinions and remarks serve as a basis for the conclusions reached at the end of the study. It shows that more persons (74) are in the middle level management cadre as opposed to a minority of the senior level management (36).

Table 4.3.4 Years of Experience distribution of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5 years	49	44.5	44.5	44.5
	5 - 10 years	56	50.9	50.9	95.5
	10 years and above	5	4.5	4.5	100.0
	Total	110	100.0	100.0	

Source: SPSS output, 2016

In terms of experience acquired over the years on the job, table 4.3.4 indicates that majority of the managers (95.5%) have working experience of 10 years and lesser. The remaining 4.5% respondent had banking experience of more than a decade.

Table 4.3.5 Branch Coverage of study banks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Local and International	91	82.7	82.7	82.7
	local	19	17.3	17.3	100.0
	Total	110	100.0	100.0	

Source: SPSS output, 2016

The banks majorly have branches not just in the country but also out of the country as seen by the respondents who confirmed it. 82.7% report their banks as having branches outside the country while the rest reported their bank as having branches within. This shows the extent to which they are able to work with diverse customer base.

Table 4.3.6 Descriptive Statistics of study constructs

	Range	Minimum	Maximum	Mean		Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Customer Attraction	2.00	13.00	15.00	14.2182	.05686	.59635	.356	-.111	.230	-.411	.457
Customer Conversion	3.00	12.00	15.00	14.1909	.05847	.61324	.376	-.374	.230	.682	.457
Customer Retention	2.00	13.00	15.00	14.2727	.05466	.57324	.329	-.076	.230	-.474	.457
Customer Loyalty	2.00	13.00	15.00	14.1909	.04917	.51572	.266	.247	.230	.169	.457
Relationship Engagment	2.00	13.00	15.00	14.3091	.05592	.58648	.344	-.186	.230	-.588	.457
Databaase Building	3.00	17.00	20.00	18.4727	.08539	.89555	.802	.474	.230	-.666	.457
Competitive advantage	3.00	17.00	20.00	18.4818	.08243	.86451	.747	.534	.230	-.578	.457
Information Technology	2.00	13.00	15.00	14.3182	.05620	.58938	.347	-.214	.230	-.607	.457
Valid N (listwise)											

Source: Field survey, 2016

Table 4.3.6 shows the description of the responses relating directly to the research objectives of the study. It constitutes the range of their responses, the minimum and the maximum values as well as the mean values. For instance, customer attraction as a 3 item construct has a minimum value of 13 and a maximum value of 15. The constructs with the maximum value of 20 is for items with 4 constructs since the maximum response value is 5.

4.4 Test of Assumptions of Multiple Regression Analysis

The regression model has several assumptions that if violated prevents the generalization of conclusions to target population because the result might be bias or misleading. Assumptions that are straightforward such as adequate sample size, presence of outliers have been handled at the research design stage and initial data screening process. Hence, this section borders on the statistical tests carried out on key assumptions of the regression model in order for the researcher to obtain results that are valid and robust.

4.4.1 Multicollinearity of the model

Yet another key factor to be considered is the **multicollinearity** of the independent variables. Multiple regression doesn't like multicollinearity or singularity (Pallant, 2005), and these certainly don't contribute to a good regression model, so the check for these problems was done before the real analysis was carried out. The table b4.6.1 shows the Pearson inter-correlation matrix for this parameter. If the independent variable at least shows some relationship with the dependent variables above (above .3 preferably). (Pallant, 2005)

Table 4.4.1 Pearson Inter-correlation Matrix

		COA	CA	CC	CR	CL	RE	DB	IT
Pearson Correlation	Competitive advantage	1.000	.777	.526	.415	.642	.512	.793	.558
	Customer Attraction	.777	1.000	.964	.790	.848	.750	.023	.740
	Customer Conversion	.526	.964	1.000	.790	.812	.676	.015	.744
	Customer Retention	.415	.790	.790	1.000	.660	.866	.050	.936
	Customer Loyalty	.642	.848	.812	.660	1.000	.592	.018	.613
	Relationship Engagement	.512	.750	.676	.866	.592	1.000	.086	.801
	Database Building	.793	-.023	-.015	.050	-.018	.086	1.000	.009
	Information Technology	.720	.740	.744	.936	.613	.801	.009	1.000
Sig. (1-tailed)	Competitive advantage	.	.468	.437	.191	.253	.106	.000	.416
	Customer Attraction	.468	.	.000	.000	.000	.000	.405	.000
	Customer Conversion	.437	.000	.	.000	.000	.000	.436	.000
	Customer Retention	.191	.000	.000	.	.000	.000	.301	.000
	Customer Loyalty	.253	.000	.000	.000	.	.000	.424	.000
	Relationship Engagement	.106	.000	.000	.000	.000	.	.186	.000
	Database Building	.000	.405	.436	.301	.424	.186	.	.461
	Information Technology	.416	.000	.000	.000	.000	.000	.461	.
N	Competitive advantage	110	110	110	110	110	110	110	110
	Customer Attraction	110	110	110	110	110	110	110	110
	Customer Conversion	110	110	110	110	110	110	110	110
	Customer Retention	110	110	110	110	110	110	110	110
	Customer Loyalty	110	110	110	110	110	110	110	110
	Relationship Engagement	110	110	110	110	110	110	110	110
	Database Building	110	110	110	110	110	110	110	110
	Information Technology	110	110	110	110	110	110	110	110

Source: SPSS output, 2016

In the table 4.4.1 all the scales used in this study as indicators of CRM (Customer Attraction, Customer Conversion, Customer Retention, Customer Loyalty, Relationship Engagement, Database Building, Information Technology) correlate substantially with Competitive advantage (.777 , .526 , .415 , .642 , .512 , .793 and .720) respectively. Also the check that the correlation is between each independent variable is not too high is observed. Tabachnick and Fidell (2001) suggests a bivariate correlation of .7 should be watched carefully before use.

Table 4.4.2 Coefficients Table with Collinearity Statistics

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			**Collinearity Statistics**	
	B	Std. Error	Beta			Zero-order	Partial	Part	**Tolerance**	**VIF**
1 (Constant)	5.344	1.846		2.894	.005					
Customer Attraction	.632	.085	.560	7.435	.000	.008	.053	.031	.380	6.289
Customer Conversion	.425	.172	.372	2.471	.009	.015	.011	.007	.491	2.347
Customer Retention	.323	.130	.267	2.483	.004	.084	.067	.039	.714	4.010
Customer Loyalty	.742	.188	.595	3.946	.012	-.064	.216	.130	.271	3.692
Relationship Engagement	.440	.212	.330	2.072	.036	.120	.021	.012	.165	6.059
Database Building	.755	.058	.682	12.995	.000	.793	.790	.760	.944	1.059
Information Technology	.780	.246	.521	7.221	.472	.020	.713	.422	.121	8.261

a. Dependent Variable: competitive advantage

Source: SPSS Output, 2016.

To pick up on problems with the multicollinearity, two values are given: Tolerance and VIF. Tolerance is an indicator of how much the variability of the specified independent is not explained by the other independent variables in the model and is calculated using the formula 1 –

R^2 for each variable. If this value is very small (less than 0.1), it indicates that the multiple correlation with other variables is high, suggesting a multicollinearity. The other value given is VIF (Variance inflation factor) which is the inverse of the Tolerance value. A VIF value above 10 would also indicate multicollinearity. As seen from the table the values show the model does not possess multicollinearity therefore increasing confidence in the results obtained as the multicollinearity assumption is not violated.

4.4.3 Independence of Error Term

This assumption for a valid regression model is tested using Durbin-Watson's statistics. This method tests the null hypothesis that the residuals are not auto-correlated. It is expected that the value be between 1.5 and 2.5 in order not to violate the assumption of No-autocorrelation. The model summary table shows the result from this test.

Table 4.4.3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	**Durbin-Watson**
1	.807[a]	.651	.627	.52764	2.327

a. Predictors: (Constant), Database Building, Customer Loyalty, Relationship Engagement, Customer Conversion, Customer Retention, Customer Attraction

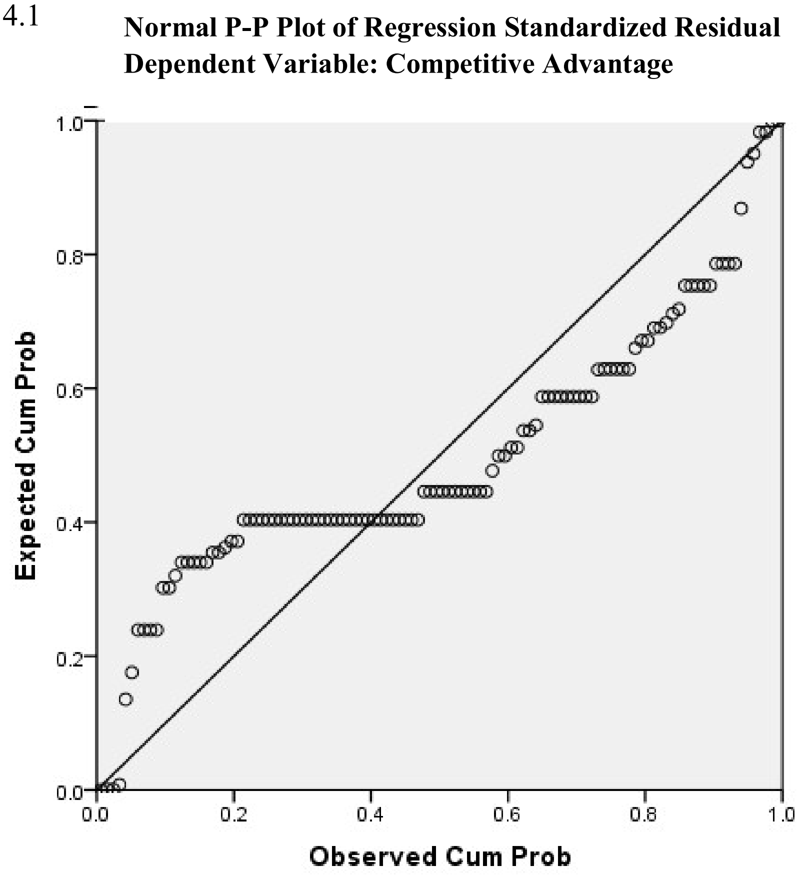
b. Dependent Variable: competitive advantage

As shown in table 4.4.3, this study meets the assumption with a Durbin-Watson value of 2.327.

4.4.4 TEST OF NORMALITY, LINEARITY AND INDEPENDENCE OF RESIDUAL

One way of testing the assumptions stated for this subsection is by inspecting the normal probability plot of the regression standardized residual shown below. If the point in the normal probability plot lie a reasonably straight diagonal line from bottom left to top right. It indicates that there are no major deviations from normality. A variation in the expectation would indicate a violation of the assumption.

Figure 4.1



Source: SPSS output, 2016

From the observed plot, the flow of the points along the line are not perfect however, it is reasonably linear from the Observed cumulative probability above 0.4 and below 0.2. The implication of this is that many other factors other than the used factors play roles that cannot be accounted for in. it is concluded that the model is relatively linear and normal as the data points lean within the 0 point.

4.5 Models Evaluation

The multiple and simple linear regression models specified in chapter three are analyzed here based on the results of the statistical analyses conducted using the statistical package for social sciences (SPSS) software.

4.5.1 Multiple regression model evaluation

To determine the joint effect of the indicators of CRM on competitive advantage, multiple regression analysis was employed. This technique is used to explore the relationship between continuous dependent variables and a number of independent variables or predictors. In this section all the independent variables are tested against the dependent variable in order to evaluate the model of the study.

Table 4.5.1 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	**.807[a]**	**.651**	.627	.52764

a. Predictors: (Constant), Database Building, Customer Loyalty, Relationship Engagement, Customer Conversion, Customer Retention, Customer Attraction

b. Dependent Variable: Competitive advantage

The model summary above estimates the relationship between all the independent variables in this study and the dependent variable. The R value is 0.807 and the R^2 value is 0.65. These values indicate that when taken together a great portion of the dependent variable is accounted for by variations in the independent variable. The table shows that 65.1% variation in changes observed in competitive advantage can be attributed to variations in the indicators of CRM while the remaining percentage is explained by other exogenous factors outside the model.

Table 4.5.2 Multiple regression Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	53.066	6	7.581	27.229	.000[b]
	Residual	28.398	103	.278		
	Total	81.464	109			

a. Dependent Variable: competitive advantage

b. Predictors: (Constant), Database Building, Customer Loyalty, Relationship Engagement, Customer Conversion, Customer Retention, Customer Attraction

The ANOVA table 4.5.2 (F= 27.229, P < 0.01) indicates that the regression analysis is statistically significant and fits the data well at a degree of freedom of 6. The implication of this is that the model is better able to predict the impact of CRM on competitive advantage to an accurate degree.

Table 4.5.3 Multiple Regression Analysis Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.344	1.846		2.894	.005
Customer Attraction	.632	.085	.560	7.435	.000
Customer Conversion	.425	.172	.372	2.471	.009
Customer Retention	.323	.130	.267	2.483	.004
Customer Loyalty	.742	.188	.595	3.946	.012
Relationship Engagement	.440	.212	.330	2.071	.036
Database Building	.755	.058	.682	12.995	.000

Source: SPSS output, 2016

The table 4.5.3 shows results of the multiple regression analysis coefficients for all the indicators of CRM against the dependent variable - competitive advantage. The standardized beta values show positive relationships between the dependent and independent variables. The table shows customer retention as having a **weak but positive relationship** with competitive advantage (beta = 0.267, P < 0.05), and on the extreme note database building possesses a **strong and positive relationship** (beta = 0.682, P < 0.05). In other words, database building is shown to be the most significant predictor of competitive advantage.

Based on the above model evaluation, the equation of the multiple regression model for predicting any level of competitive advantage is given as;

COA = 5.344+ .632CA+ .755DB+ .425CC+ .323CR+ .742CL + .440CE + .52764

4.5.2 Simple regression model evaluation

Simple regression is used to examine the relationship between one dependent variable and one independent variable. In the context of this study, the independent variable is information technology here while dependent variable is competitive advantage.

Table 4.5.4 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.488[a]	.238	.231	.75790

a. Predictors: (Constant), Information Technology

b. Dependent Variable: competitive advantage

The model summary in table 4.5.4 shows the relationship between an organization competitive advantage and information technology. Its shows the R value of 0.488 and an adjusted R-square value of 0.231. This implies that 23.1% variance in competitive advantage is explained by information technology while the remaining percentage is accounted for by exogenous variables.

Table 4.5.5 Simple regression Analysis of Variance (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.426	1	19.426	33.819	.000[b]
	Residual	62.037	108	.574		
	Total	81.464	109			

a. Dependent Variable: competitive advantage

b. Predictors: (Constant), Information Technology

The table 4.5.5 shows the ANOVA for the relationship between the two variables – competitive advantage and information technology, the dependent and independent variables respectively. The F-statistics is valid at 1 degree of freedom with a value of 33 (F= 33.819, P < 0.05). The sig. value would be of less than 0.05 indicates that this regression analysis is valid and significant.

Table 4.5.6 Simple regression coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.582	1.360		7.780	.000
	Information Technology	.558	.096	.488	5.815	.000

a. Dependent Variable: competitive advantage

The regression coefficient shown in table 4.5.6 helps in putting down the regression line for this relationship, it shows the constant value as well as the standard beta coefficient. It tells us that information technology has positive effect on competitive advantage (beta = 0.488, P < 0.05).

Based on the above model evaluation, the equation of the simple regression model for predicting any level of competitive advantage is given as;

COA = 10.582 + .558IT+ .75790

4.6 Research Questions and Hypotheses Testing

The research questions and null hypotheses of this study would be answered and tested in this section. In order to test these null hypotheses, certain decision rules must be made and these rules are subsequently addressed.

Decision Rule:

In order to reject a null hypothesis, the probability value (p) observed must be lesser than the set level of significance given in the regression output as sig. value. For this study, the p value adopted is 0.05 (5%) as it gives a 95% confidence interval for rejecting the null hypothesis and is widely adopted in social science research studies.

The study **T-statistic** is also considered in making decisions based on the output of the analysis. By convention, if the t-statisitc is less than 2, the null hypothesis should be accepted which means the independent variable estimate is not statistically significant in explaining the dependent variable, but if it is more than 2 it implies a statistical significance in explaining the dependent variable.

The **F-statistics** and the F-table is also considered in making decisions on the hypotheses of this study. The regression equation is adequate if the calculated F statistics is lower than the appropriate tabulated figure found from the F-table with K-1 and N-k degrees of freedom.

4.6.1 Research Question and Hypothesis – One

i. **Research Question:** How do the indicators of Customer relationship marketing affect competitive advantage in Nigerian banks?

Hypothesis 1 ($H0_1$): The indicators of CRM do not have any significant effect on competitive advantage in Nigerian banks.

The decision to either reject or accept the null hypothesis is to be based on table 4.5.3. The indicators as shown in preceding sections were all part of the analysis. The β value and the probability value would indicate if this hypothesis would be accepted. Below are the variables with their respective P and β values.

Customer Attraction => ($\beta = .632$, $P = 0.00 < 0.05$, $t = 7.435$),

Customer Conversion => ($\beta = .425$, $P = 0.009 < 0.05$, $t = 2.471$),

Customer Retention = > ($\beta = .323$, $P = 0.004 < 0.05$, $t= 2.483$),

Customer Loyalty => ($\beta = .742$, $P = 0.012 < 0.05$, $t = 3.946$),

Relationship Engagement => ($\beta = .440$, $P = 0.036 < 0.05$, $t = 2.071$),

Database Building => ($\beta = .755$, $P = 0.000 < 0.05$, $t = 12.995$)

All the values shown in above for the indicators of CRM when using Competitive advantage as a dependent variable shows β value ranging from 0.323 which is weak but positive to a β value of 0.755 which is strong and positive. It also shows all the t-values above the conventional value of 2 with P values less than 0.05. All these put together has led to the rejection of the null hypothesis. Therefore, *the indicators of CRM have significant effect on competitive advantage in Nigerian banks.*

Pertaining to the research question, statistical evidence also shows that the indicators of CRM—customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty—have *positive effect* on competitive advantage in Nigerian banks. In other words, *they affect competitive advantage in Nigerian banks positively*. The strength of the impact can be considered *fairly strong* going by the β values ranging from 0.323 to 0.755.

4.6.2 Research Question and Hypothesis – Two

i. **Research Question:** Do CRM indicators of customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty predict competitive advantage in Nigerian banks?

Hypothesis 2 ($H0_2$): CRM indicators of customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty do not significantly predict competitive advantage in Nigerian banks.

From the model summary estimate in table 4.5.1, the R^2 value is 0.651. This value indicates that about 65.1% of variations in Competitive advantage can be attributed to changes in customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty. The F statistics in table 4.5.2 show the value F = 27.229 and a Sig. value of 0.000 ($P < 0.05$). This means that overall regression model fits to the data well and is better able to predict the impact of CRM on competitive advantage to an accurate degree.

Putting all these together and seeing that the values meet the decision rule, the decision is to **reject the null hypothesis**. This simply means CRM indicators of customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty are *significant predictors* of competitive advantage in Nigerian banks.

The answer to the question therefore is: Customer relationship marketing indicators do predict competitive advantage in Nigerian banks since the regression model fits to the data well and it is statistically significant. In other words, the model allows us to predict at a rate better than chance.

4.6.3 Research Question and Hypothesis – Three

i. **Research Question:** Does information technology as a dimension of customer relationship marketing enhances competitive advantage in Nigerian banks or otherwise?

Hypothesis 3 ($H0_3$): Information technology as a dimension of CRM plays no significant role in enhancing the competitive advantage of Nigerian banks.

To respond to this question and to test this hypothesis, the Pearson correlation matrix on table 4.4.1 would be used alongside the regression tables from 4.5.4 to 4.5.6. Referencing the table on Pearson correlation matrix- it can be observed that the IT construct which was part of the matrix had positive correlations with all the other variables used as indicator of customer relationship marketing and also had a positive relationship with the dependent variable – competitive advantage. The interrelationship would be examined further in this section.

Table 4.6.3 Pearson – zoomed in Pearson Correlation Matrix.

		Competitive advantage	**Information Technology**
Pearson Correlation	**Competitive advantage**	1.000	**.558**
	Customer Attraction	. 777	**.740**
	Customer Conversion	.526	**.744**
	Customer Retention	.415	**.936**
	Customer Loyalty	.642	**.613**
	Relationship Engagement	512	**.801**
	Database Building	.793	**.009**
	Information Technology	.720	**1.000**

Source: Researchers' compilation, 2016.

From the computed table, it can be observed that all the R values of the cross correlation shows a strong and positive relationship except for database building which has little relationship with Information technology at 0.009 indicating that the decision to properly maintain a database is weakly related to information technology. On the other hand, the other variables have strong relationship with the independent variable. Finally, taking a look at the tables from 4.5.4 to 4.5.6 gives further evidence of the impact of information technology on customer relationship marketing and expectedly competitive advantage. Table 4.5.4 shows a R square value of .238 and table 4.5.5 shows an F statistics of 33.819 which is significant at 1 degree of freedom and a P value less than 0.05. Findings from table 4.5.6 shows positive and statistically significant impact of information technology on competitive advantage (beta = 0 .488, $P < 0.01$). These values meet the decision criteria and therefore, lead to a rejection in the null hypothesis and an acceptance of the alternate hypothesis that states that: *information technology plays a significant role in enhancing Competitive advantage*. By implication the research question has also been answered. In a simple sense information technology as a dimension of CRM has a synergistic impact on the effectiveness of CRM systems and therefore leads to an improved Competitive advantage of an organization.

4.6.4 Research Question and Hypothesis – Four

Research Question: How does the impact of CRM on competitive advantage differ between the top three banks and other banks in Nigeria?

Hypothesis 4 ($H0_4$): There is no significant difference in the impact of CRM on Competitive Advantage between the top three banks and the other banks in Nigeria.

To respond to this question and to test this hypothesis, an Analysis of Variance was computed using competitive analysis as the dependent variable. A one way ANOVA was appropriate since this test meets the assumptions for a one way ANOVA.

Table 4.6.4 Values for response on impact of CRM on COA

		Values
Values of response for each bank	Zenith Bank	20
	Ecobank	18
	First bank of Nigeria	19
	Guaranty Trust Bank	17
	Access Bank	16
	Diamond Bank	16
	United bank for Africa	19
	Fidelity Bank	16
	First City Monument Bank	17
	Skye Bank	18
	Citibank	16
	Heritage Bank	15
	Keystone Bank Limited	14
	Stanbic IBTC Bank	17
	Standard Chartered Bank	14
	Sterling Bank	17
	Union Bank of Nigeria	16
	Unity Bank	17
	Wema Bank	15

Source: Summary from questionnaires

Table 4.6.5 Analysis of variance

	Sum of squares	df	Mean Square	F	Sig
Between Groups	2.609E10	1	2.609E10	9.536	0.004
Within Group	6.826E10	18	2.625E9		
Total	**9.435E10**	**19**			

Source: SPSS Output

From the ANOVA tables shown above, it can be observed that the F-statistics and significant figures are as follows:

F-statistics – 9.536;

Significant Value – 0.004;

The significant value of the test shows a value less than 0.05, which goes to show that there exists no significant difference in the values of the respondents toward their perception of CRM's impact on Competitive advantage.

These values meet the decision criteria and therefore, lead to a rejection in the null hypothesis and an acceptance of the alternate hypothesis that states that: There is a significant difference in the impact of CRM on Competitive advantage between the top three banks in Nigeria and the other banks.

4.7 Discussion of Results

In consonance with the data analysis carried out in the above section – 4.6, and the review of literature in chapter two as well as consideration of similar research works, some key findings are here discussed in a quest to achieving the objectives of this research.

4.7.1 Effects of CRM indicators on Competitive Advantage

The findings of the multiple regression analysis (table 4.5.3) shows that CRM indicators of customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty collectively *have a positive effect* on competitive advantage. The highest indicator by way of β value in the list of indicators is database building which has a β value of .755, followed by customer loyalty with a β value of .742 and thirdly by Customer attraction, a β value of .632. Customer retention has the least effect on competitive advantage. Conclusively, when taken as a whole, these effects are *fairly strong*. Similarly, the result of the hypothesis testing also indicates that the effect or impact of CRM indicators on competitive advantage is *statistically significant*.

This outcome is in line with the major finding of Luigi and Fuciu (2009) empirical study that indicated that organizations that operates a robust CRM system which integrates many indicators outperform their competitors in the marketplace. The implication here is that for an organization to profit substantially from CRM systems, several elements or indicators of it should be incorporated in its designs and implementation.

4.7.2 Predictive capability of CRM indicators on Competitive advantage

The multiple regression ANOVA table (i.e. table 4.5.2) with $F=27.229$, $P < 0.05$ tells the goodness of fit of our model. This means that the model explains the deviations in the dependent variable since more than half of the variations in Competitive advantage can be attributed to variations in CRM indicators. In other words, the CRM regression model that is comprised of customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty are good predictors and allows us to predict competitive advantage at a rate better than chance. The hypothesis result corroborates this claim that the overall CRM model is a *significant predictor* of Competitive advantage in Nigerian banks.

Izquierdo and Keavency (2005) assertion that organizations with comprehensive CRM system in place tend to sustain their leadership over competitors for foreseeable future provides justification for this finding. Practically, this suggest that firms who spend more time and effort in ensuring effectiveness of the CRM processes from when customers are attracted till when they become loyal would perform better in the marketplace now and in the future times.

4.7.3 Information technology as CRM indicator and Competitive advantage.

At the end of the analysis on this current subsection, it was seen that information technology played a mediating role and had a strong and positive impact in the performance of customer relationship marketing and by extension, Competitive advantage of the firm that implements customer relationship marketing. In the correlation matrix zoomed-in at table 4.6.3, information technology had an R value for its relationship with competitive advantage at 0.558, this relationship is strong and at the same time significant. This relationship is consistent with the findings by Malthouse, et al (2013) that an organization's ability to process unstructured data well can improve CRM programs in many ways. Their use of the concept of CLV (customer Lifetime value) is encapsulated in the use of Competitive advantage as operationalized by this study. Conclusively, ICT has a strong relationship in how the CRM indicators are played to lead to an improved Competitive advantage.

4.7.4 Differences in CRM impact on Competitive advantage among Nigerian banks

Findings from the one way Analysis of variance conducted as can be seen in table 4.7.5., with F-statistic of 9.536 which is statistically significant tell us that the impact CRM has on competitive advantage differs among organizations. Specifically, it shows that the top three banks are benefitting more from their successful implementation of CRM than the other Nigerian banks. This outcome is similar to assertion of Celep, Zerenler and Sahin (2013) which states that sustainable competitive advantage from customer relationship marketing activities results, when the implementation process is in tandem with the company's competitive strategy.

In practical terms, it means that having a CRM system in place does not necessarily impacts positively on a company's competitive strengths and achievements in the market place. What counts is how a company implements it. Hence, due consideration should be giving to both the process and people handling CRM systems in an organization.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter dwells on the summary of findings right from the inception of this study, the consideration of related literature, and results from analysis of data by presenting concisely the relevant outcomes as regards to the objectives of this study. It then proceeds to give an opinion on the overall research work as well as issues raised during the course of the study. Finally recommendations for further study, the contribution of this research to existing body of knowledge and recommendation for further studies are then given.

5.2 Summary of Findings

The study sought to find out the impact of customer relationship marketing on competitive advantage using the Nigerian banking sector to provide evidence of its assertions. To accomplish this, a survey method was used to administer questionnaires to selected candidates who were members of the top hierarchy of the banks in the country. At the end of the survey about 110 responses were used. The descriptive analysis showed that the male gender were more than their female counterparts – 74.5% male & 25.5% female. It also showed that 50.9 percent of the respondents had experiences between 5 – 10 years in the banking sector who were at the middle/ senior management level. The questionnaire took the opinions of the bankers on 9 constructs of the study. In terms of reliability the constructs had reliability scores (Cronbach alphas) ranging from 0.677 to 0.854, indicating that the statements in the constructs would give a fairly consistent result when same questions are asked. Finally, several tests on the assumptions of multiple regressions such as multicollinearity, linearity, normality and more were carried out after which the regression analysis was done on the questionnaire statements. According to the research objectives and questions, the findings are as follows:

i. CRM indicators of customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty collectively *have a positive effect* on competitive advantage which is also *statistically significan*t.

ii. CRM indicators of customer attraction, customer conversion, customer retention, database building, customer engagement and customer loyalty are *good and statistically significant predictors* of competitive advantage in Nigerian banks.

iii. Information technology as CRM dimension enhances competitive advantage of Nigerian banks through its *positive effect* and *statistically significan*t relationship with competitive advantage.

iv. There is a *statistically significan*t *difference* in the impact of CRM on Competitive Advantage between the top three banks (Zenith bank, GTB and First bank) and the other banks in Nigeria.

5.3 Conclusions

Based on the foregoing summary of findings the researcher's final position on the relationship between customer relationship marketing and Competitive advantage of an organization are stated;

A comprehensive CRM plan that gives equal attention to all its indicators enables an organization to gain edge over rival firms since it is very difficult for competitors to imitate or displace such relationships that has been built overtime.

Organizations that take into considerations their unique needs and future requirements in the development and implementation of customer relationship marketing practices tends to cement their leadership or competitive advantage in the marketplace on long term basis.

In order to adequately implement CRM successfully, information technology must act as a go between and provide the enabling environment to having a beyond basic transactional relationship with customers.

Some companies achieve superior CRM performance than others in the same industry, most often related to the technical skills and knowledge of individuals that are charged with the responsibility of monitoring and implementing outcomes of CRM system.

5.4 Recommendations

The recommendations for this study are concisely given, especially for the banks for which this study provided empirical evidence on the impact of CRM on Competitive advantage.

Organizations should adopt a holistic view in running CRM system that will capture intelligence from every customer interaction with the company from the initial contact phase to loyal stage using the intelligence to improve their competitive position.

Given the fact that services offered in banking industry are similar and homogenous in nature, banks should adapt their Customer relationship marketing solutions to respond to their unique needs in order to benefit greatly from the CRM system now and in future.

Information technology has a strong impact on the effectiveness of CRM and therefore increased investments should be made on information and communication infrastructure within the organization.

Finally, top management should focus on developing the technical skills and knowledge of personnel that handle their CRM system since the benefits to be derived from such system depends on them to a very large extent.

5.5 Contribution to Knowledge

This study has made the following contributions to the existing body of knowledge:

1. It offered deep insights that a robust CRM programme covering the indicators used therein as facilitated by information technology is more effective and impact significantly on Competitive advantage of Nigerian banks.
2. The study also worked on evidence from the Nigerian banking sector and has provided a reference on how banks can implement a comprehensive CRM plan that will include customer attraction, customer conversion, customer retention, database building, customer engagement, customer loyalty and information technology in strengthening competitive position.
3. The study has also provided convincing evidence that this paradigm of CRM can work in Nigeria through the empirical findings.

5.6 Suggestions for Further Study

This study focused on evidence from the banking sector in the service oriented business which brought results that may not readily be generalized to other sectors that provide tangible products. It is suggested that future studies can cover a different business context to enable the findings better generalized.

The study also focused on indicators of CRM which may not completely have covered the scope of the subject and suggests that further studies explore uncharted indicators that may bring in more insights into the nature of customer relationship marketing.

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APPENDIX

QUESTIONNAIRE

Faculty of Management Sciences.
Department of Management/Marketing.
Delta State University.
Asaba Campus, Delta State.
May, 2016.

Dear Respondent,

Request for the Completion of Structured Questionnaire

My name is Igwala Ugoh Patience and I am a postgraduate student in the department of Marketing, Delta State University, Asaba Campus. I am conducting a research on the topic: "**the effect of customer relationship marketing on competitive advantage in the Nigerian banking sector"** in partial fulfillment for the award of Master of Science (M.Sc) degree in Marketing. Because you are a member of staff of the commercial banks under focus, you have been chosen to participate voluntarily in this research.

The questionnaire is designed to elicit your opinion on how customer relationship management initiatives could assist or undermine the marketing performance of Nigerian commercial banks. It will be appreciated if you will respond objectively to the set of questions contained in this structured questionnaire.

This exercise is strictly for academic purpose and efforts have been put in place to protect your identity and keep your responses confidential.

Thanks for taking the time to assist me in this research and in my educational endeavours.

______________________	______________________
Prof. (Mrs.) R.N. Okoh	**Igwala. U. Patience**
(***Supervisor)***	***(Researcher)***

Section A

Demographic Data

1. Gender: Male [ ] Female [ ]
2. Name of Bank ___________________________
3. Management level: Middle management [ ] Senior Management [ ]
4. Years of experience: less than 5 [ ] 5 – 10 [ ] 10 and above [ ]
5. Branch Coverage: Nigeria [ ] Nigeria and Abroad [ ]

Section B

Please indicate your response to the following by circling the number that best describes your feeling ranging from 1 - 5. Where:

1 -Strongly Disagree

2 -Disagree

3 - undecided

4 - Agree

5 - Strongly Agree

CUSTOMER ATTRACTION

		Degree of response
6.	Our bank uses offline and online methods to gain new clients	1 2 3 4 5
7.	We endeavor to employ novel methods in attracting customers	1 2 3 4 5
8.	Account features have been a contributing factor to acquiring new customers	1 2 3 4 5

CUSTOMER CONVERSION

9 We are keen about ensuring that first visitors try to come again 1 2 3 4 5

10 We apply methods to ensure that new customers are committed to us early 1 2 3 4 5

11 The ratio of new customers to clicks on our web page by unique visitors is 1 2 3 4 5

RELATIONSHIP ENGAGEMENT

12. We have other programs opened to our customers that entertains them 1 2 3 4 5

13. We have platforms were we receive customer reviews 1 2 3 4 5

14. We carry out events that bring us closer to our customers on a regular basis. 1 2 3 4 5

DATABASE BUILDING

15. We have a dedicated team assigned to managing customer database 1 2 3 4

16. We have complete and up to date information on all our customers 1 2 3 4 5

17. We embark on periodic checks make sure our customer data stay accurate 1 2 3 4 5

18. We make good use of the data supplied by our customers to communicate with them via text, emails, and letters 1 2 3 4 5

CUSTOMER LOYALTY

19. We have loyalty rewards programs for our loyal customers 1 2 3 4 5

20. Our loyalty reward system recognizes very loyal customers 1 2 3 4 5

21. We have kept loyal customers loyal as a result of the program 1 2 3 4 5

CUSTOMER RETENTION

22. Our customers remain over a many years 1 2 3 4 5

23. The rate of customer churn is very low 1 2 3 4 5

24. The trust our customers have keeps them with us for longer 1 2 3 4 5

INFORMATION TECHNOLOGY

25. We have the technical skills to maintain our marketing information technology infrastructure 1 2 3 4 5

26. I We have a good understanding of how to use these technology tools 1 2 3 4 5

27. Our awareness and knowledge of information technology is good across all areas of the bank 1 2 3 4 5

28. Switching from one software to another is always easy 1 2 3 4 5

COMPETITIVE ADVANTAGE

29. In general customers run their accounts here for years 1 2 3 4 5

30. If we are not careful, losing our customers to the competition is very likely 1 2 3 4 5

31. We spend a lot to keep our customers 1 2 3 4 5

32. Our customers perceive us as better than that's what keeps them not the lower cost of opening an account 1 2 3 4 5