

**IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT ON
CUSTOMER SATISFACTION IN THE AUTOMOBILE RETAIL
INDUSTRY. A CASE STUDY OF SELECTED AUTO FIRMS IN ASHANTI
REGION.**

by

KNUST

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Science and Technology
in partial fulfillment of the requirements for the degree
of**

MASTER OF BUSINESS ADMINISTRATION

School of Business, College of Arts & Social Sciences

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DECLARATION

I hereby declare that, except for specific references which have been duly acknowledged, this work is the result of my own field research and it has not been submitted either in part or whole for any other degree elsewhere.

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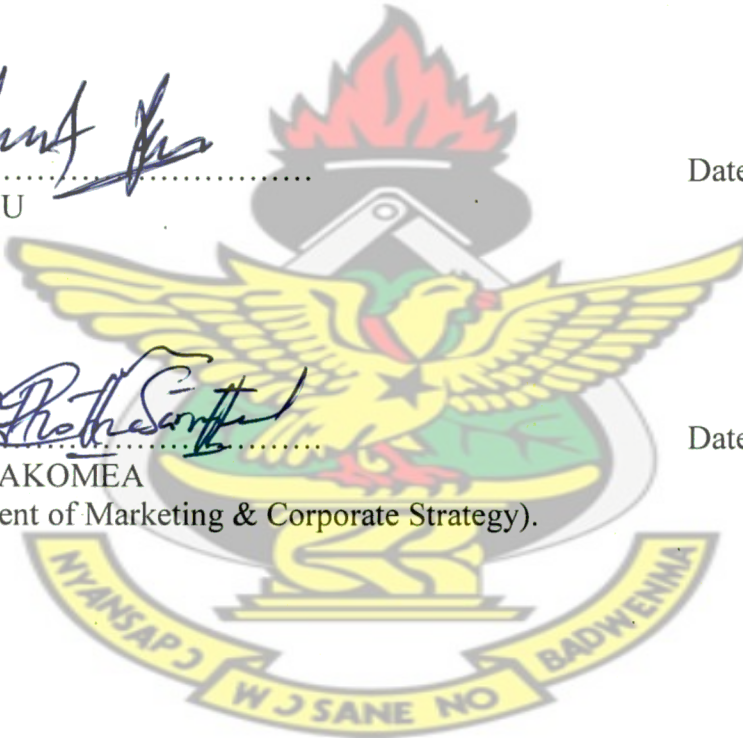
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DEDICATION

This work is dedicated to God, my siblings, my lovely wife and children.

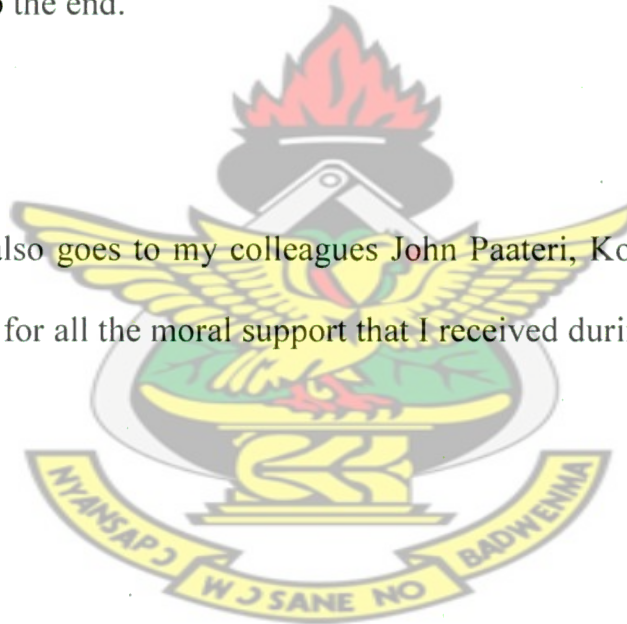
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I would like to express my sincere appreciation first and foremost to my supervisor Dr. Kofi Poku for his patience and tolerance which he exhibited in supervising this project from the beginning to the end.

My warm gratitude also goes to my colleagues John Paateri, Kofi Amankwaa Bobi and Francis Afful Benteh for all the moral support that I received during my study at KNUST.



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ABSTRACT

Competition within the automobile retail industry has grown tremendously over the past two decades. This is as a result of it being one of the most important industries in the world. Automobiles have revolutionized transportation in the 20th century, and brought about changes in the ways people live, travel, and do business. The case study sought to find out how customer relationship management could impact on customer satisfaction using some selected automobile firms in the Ashanti region as a test case. Various literature on the subject was reviewed which was linked to the current research. The major research instruments used were questionnaires and unstructured interviews. Quota and purposive sampling were the major sampling techniques used in the sampling selection. This study shows that firms with greater deployment of CRM applications are in a better position to leverage their stock of accumulated knowledge and experience into customer support processes which will in the end result in higher market share. The study also reveals that CRM applications could help firms manage customer relationships more effectively across the stages of relationship initiation and maintenance. It was observed that although both companies were doing well in their CRM practices, Mechanical Lloyd could not measure up to Toyota Ghana since the responses were in favour of the latter especially in areas such as quality service delivery, CRM practices, managing customer complaints among others. The study recommends that all Information and Communication Technology tools should be provided as to enable staff have a good database to facilitate customer interaction in a bid to ensure customer satisfaction more especially in this age of growing competition in the industry.

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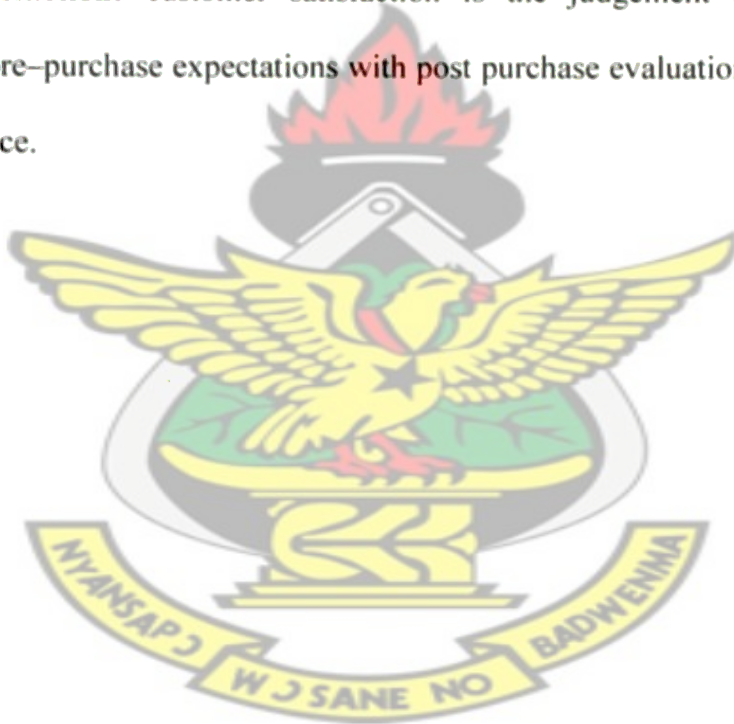
DEFINITION OF TERMS

CRM: Customer relationship management (CRM) is a broad term that covers concepts used by companies to manage their relationships with customers, including the capture, storage and analysis of customer, vendor, partner, and internal process information

Impact: any positive or negative outcome of an action or event

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Customer Satisfaction: customer satisfaction is the judgement borne out of the comparison of pre-purchase expectations with post purchase evaluation of the product or service experience.



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CHAPTER ONE

OVERVIEW OF THE STUDY

1.0 Introduction

At the dawn of a new century, automobile sales and maintenance firms have had to cope with major structural changes requiring them to reorganize their current production systems. This modification of the automobile industry's economic and social environment stems from major factors such as technological developments specifically in microelectronic and Information and Communication Technology (ICT). This reinforced innovation serves as a factor of competitive process marked by double dimension of the new internationalization phase and featuring an increasing number of mergers-acquisitions between firms, relationship between different actors in the automobile system including the customer (Freysenet, et al 2003a and 2003b). Customer relationship management is a customer-centric business strategy with the goal of maximizing profitability, revenue and customer satisfaction. Technologies that support this business purpose include the capture, storage and analysis of customers, partners and internal process information. Functions that support this business purpose include sales, marketing, customer service, training, professional development, performance management, human resource development and compensation. Technology to support CRM initiatives must be integrated as part of an overall customer-centric strategy. Many CRM initiatives have failed because implementation was limited to software installation without alignment to a customer-centric strategy. This chapter which is the maiden chapter outlines the general background of the study, statement of the problem, objectives

of the study, hypothesis and research questions, the rationale for undertaking the study and finally outlines how the study will be organized.

1.1 Background of the study

Competition within the automobile retail industry has grown tremendously over the past two decades. This is as a result of it being one of the most important industries in the world. Automobiles have revolutionized transportation in the 20th century, and brought about changes in the ways people live, travel, and do business. In the past owning a vehicle was seen as a thing of luxury, but changing trends in modern society has changed this perception as it is now considered a necessity. Since the past two decades automakers and auto buyers have expanded globally. Thus auto making has become the world's largest manufacturing activity, with nearly 58 million new vehicles built each year worldwide (Kageyama, 2006).

Due to these evolving trends, automobile firms have increased worldwide thus creating competition among firms in the auto industry. Consequently and as a remedy, customer relationship management has become a tool for each firm to exploit for competitive advantage over another. Creating customer value and satisfaction is at the very heart of modern marketing thinking and practice (Kotler et al., 2002). This has made the valued customer, the perceived bankroller of all these firms. Firms that have a reputation for delivering high level customer satisfaction do things differently than their competitors. All employees throughout these organizations understand the link between their jobs and customer satisfaction (Hutt and Speh, 1998).

In the business world currently, there is support for the movement towards closer buyer-seller relationships and away from distant or even adversarial relations. This is due to rising global competition, the quest for improved quality, rapidly changing technology and the increased adoption of a 'just-in-time' operations philosophy. Making, enabling and keeping promises are crucial parts of the relationship marketing process, but developing relationship requires more than promises. All relationships depend on the development of emotional links between the parties (Boon and Kurtz, 1998). This is because it is important to know what customers expect, which is influenced by what marketers have promised in their ads, and how well those expectations are being met (Etzel et al, 2004)

The leading-edge firms collect several kinds of customer satisfaction data. They capture overall trends with periodic surveys, they trace particular transactions and secure customer feedback on what could be improved, and they ask customers to rate the quality of the product, the service and the interaction (Hutt and Speh, 1998). An important indicator of successful relationship management is customer satisfaction. This is because in the long run, unsatisfied customers are likely to switch to another supplier. The benefits derived from satisfied customers, on the other hand are many. These include repeat purchases, positive word-of-mouth and referrals. The end result is that the stronger competitive position of firms with satisfied customers results in higher market share and profit. Hence, customer satisfaction is an important facet of business relationships and a measure of success of relationship management activities.

1.2 Statement of the Problem

Given the high level of competition in the automobile retail industry, auto firms have tried to attract consumers with quality and nice designs; yet some continue to lose customers due to varying degrees in taste, preferences, relationships etc. (Arnould, et al, 2002). Even though new customers are being attracted, it's been observed that customers of auto firms usually make their subsequent purchase from different firms. This practice has been observed even in times when firms are improving the quality of product offerings. It also brings to bear that product quality alone has not been enough to sustain customer loyalty in the automobile industry. Despite the benefits of CRM, organizations have not put in place effective programmes meant to get the best out of customers. Some management systems appear to only play lip service to such programmes and also manipulate them to their advantage. What is more, if CRM is rightly managed it could result in increase in profitability, return on investment; increase in customer growth and subsequently customer loyalty and retention (Thomas, 2001). The problem is that most managers have failed to create customer relationships that deliver value beyond what is provided by the core product. This current study therefore looks at the impact that CRM would have on customer satisfaction in the automobile industry in Ghana.

1.3 Objectives of the study

The study sought to find out how customer relationship could impact on customer satisfaction using some selected automobile sales and maintenance firms in the Ashanti region as a case study. The specific objectives were to examine the following:

- To find out the Customer Relationship Management (CRM) practices of Toyota Ghana Company Limited and Mechanical Lloyd Company Limited.
- To examine the levels of customer satisfaction of the Customer Relationship Management practices in the study area.
- Recommend the critical factors in relation to CRM practices for customer satisfaction in the automobile industry.

1.4 Research Questions

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Among the research questions set out in achieving the objectives are:

- How do customers perceive the level of CRM practices in Toyota Ghana and Mechanical Lloyd Company Limited?
- How do customers rate the levels of customer satisfaction in Toyota Ghana and Mechanical Lloyd?
- How do staffs of Toyota Ghana and Mechanical Lloyd perceive the impact of CRM practices on customer satisfaction?
- Do customers have any suggestions in improving CRM practices in Toyota Ghana and Mechanical Lloyd Ghana?

1.5 Significance of the study

- The research work seeks to provide an insight into customer relations which will be helpful to other researchers interested in the area. This is so because the findings of the paper could be used as a reference point. In other words, the outcome of this research will serve as a basis for scholars,

student researchers as well as companies who want to conduct studies in customer relationship management.

- In addition it will add new information to the already existing knowledge and then serve as input to policy formulation meant to regulate and supervise the industry
- The study will help us gain a thorough insight into how customer relationship management works and then help researchers have a firm meaning of customer relationship management and satisfaction in the Ghanaian context instead of the importation of westernized ideas of customer relation which are most of the time culturally incompatible.
- The research will be vital for customer retention and an improvement on customer satisfaction and then develop a better understanding of the triangle relationship between quality, customer relationship management and customer loyalty which might lead to the competitiveness of companies. This entails making decisions regarding substantive customer relationship management attributes that are known to be important to customers and then relate them to product or service performance and availability.

1.6 Organization of the study.

The study is structured into five main chapters. The first chapter looks at the general introduction of the study.

Major structural changes have occurred in the automobile industry due to developments specifically in the microelectronic and information and communication technology. This has brought about a high level of competitiveness between firms and between different actors in the industry including the customer. This is how the concept of customer relationship management came into being. It is a customer-centric business strategy with the goal of maximizing revenue, profitability and customer satisfaction.

Automobile retail firms have increased worldwide thus creating competition among firms. As a remedy, CRM has become a major tool for each firm to exploit competitive advantage over the other. Many CRM initiatives have failed because implementation was limited to software installation without alignment to any customer-centric strategy. Despite the benefits of CRM, many organizations have not put in place effective programmes meant to get the best out of customers. The problem is that most managers have failed to create customer relationships that deliver value beyond what is provided by the core product. This study thus seeks to look at the impact CRM would have on customer satisfaction in the automobile industry.

The second chapter is focused on the literature review, which is devoted to the review of the relevant or related literature on the topic and then attempts to link it to the concepts and theoretical foundations of customer relationship management.

This third chapter highlights on the research purpose, research design and the methodology to be used in collecting data for the study. By this it presents the study area, population, sampling procedure, research instruments used in data collection and analysis. It finally outlines the major limitations encountered in the study and how the researcher overcame these problems in order to make the study valid and reliable.

In the fourth chapter emphasis is on data analysis, presentation, discussions and findings of the study. The data will be presented in the form of tables, charts and graphs. SPSS (Statistical Package for Social Scientists) software will be used to run the data.

The fifth chapter which is the last will offer some conclusions and recommendations summarizing the key findings of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The literature review enables the researcher to identify similarities and differences between the present and previous studies as well as the potential contributions to this study (Streubert and Carpenter, 1999). This section or chapter reviews the relevant and related literature of the study and then links it to the current study. It includes;

2.1 Concept of customer

The concept of consumer and for that matter customer has evolved through time. Philosophies about the consumer have changed through the production concept period to the societal marketing concept period (Kotler et al, 2002). However, this notion about the customer changed, owing to the understanding that the customer plays a crucial role in the organization. Before the 1960s the consumer was perceived to consume what ever was produced and therefore was not seen as a vital 'ingredient' in the production strategy. As a vital factor in this change is the competition that organizations are facing due to globalization and the liberalization of the market. Besides, it has been noted that it is cheaper to retain existing customers than recruiting new customers (Massari and Passiante, 2002)

2.2 Starting with Customer Relationship Management

Customer relationship management (CRM) is the new term that is preferred when customer relation is discussed in modern business. Customer Relationship Management is the business strategy that aims to understand, anticipate, manage and personalize the needs of an organization's current and potential customers (Lawson-Body & Limayem 2004)). In today's competitive environment, finding and keeping customers is more critical than ever. It is also less costly to retain existing customers than it is to find new ones. (Etzel, et. al, 2004). As a result, the concept of CRM has been developed as a strategic process for businesses to approach customer relations systematically and efficiently. CRM is thus more than just a piece of software; CRM is a business strategy, one that puts the customer at the heart of the business. Good business people have always understood the relationship between happy customers and creating long term, sustainable and profitability strategies (Gefen, 2002).

According to Massari & Passiante 2002, a successful CRM implementation will allow Customer Service, Sales and Marketing people (and anyone else in the organization) to have a holistic view of each and everyone of the customers. In theory this will enable the company to make quick, informed decisions, create cross selling and up selling opportunities, measure marketing effectiveness and deliver personalized Customer Care. The last couple of years have seen the term broaden to encompass a more strategic approach and the investment of billions of dollars worldwide into CRM solutions and services has followed (Parvatiyar & Sheth 2000).

As indicated by (Reinartz & Kumar, 2003), an important indicator of successful relationship management is a customer's satisfaction because in the long run, unsatisfied customers are likely to switch to another supplier. The benefits deriving from satisfied customers, on the other hand, are manifold. Examples include repeat purchases, positive word of-mouth, and reduced price elasticity. In addition, Hutt and Speh 1998 provide evidence that the stronger competitive position of firms with satisfied customers results in higher market share and profit. Hence, customer satisfaction is an important facet of business relationships and a measure of success of relationship management activities. The role played by the customer in any business is well known and therefore can not be over emphasized. It has been acknowledged that developing a good customer relation is essential for customer loyalty. Massari and Passiate, (2002) recognized this fact by stating that customer loyalty is crucial to the success of business organizations and that the loyalty of the customer is a competitive asset and that a way of increasing customer retention is through secure and collaborative relationship between buyers and sellers.

As perceived by (Reinartz & Kumar, 2003) Customer Relationship is a philosophy of doing business, a strategic orientation that focuses on keeping and improving relationships with current customers rather than on acquiring new customers. It is the use of the wide range of marketing, sales, communication, and customer care techniques and processes to identify your named individual customers, create a relationship between your company and these customers (<http://en.wikipedia.org/>). Relationship marketing on the other hand is a form of marketing that evolved from direct response marketing in which emphasis is placed on building longer term relationships with customers rather

than on individual transactions. It involves understanding the customer's needs as they go through their life cycles. It emphasizes on providing a range of products or services to existing customers as they need them.

Successful CRM always starts with a business strategy, which drives change in the organization and work processes, enabled by technology. The reverse rarely works. The key here is to create a truly Customer-Centric philosophy that touches every point and more importantly every person in the company. From CSR to CEO everyone must live and breathe customer focus for all of this to work (Perreault, et. al 2002). At the same time the processes could be re-engineered to make them more effective for your customers. It is estimated that the global market for CRM services and solutions is currently worth \$148 billion. That means a lot of choice when selecting your technology - from web-based solutions aimed at small businesses with less than 10 employees to solutions suitable for multi-national enterprises with millions of customers. Customer Relationship Management has already made a big impact in the world of Customer Service and will continue to do so. As more and more companies become customer-centric those that fail to do so will lose competitive advantage. As technology continues to develop at a startling rate the key emphasis will be how we can fully utilize it within our business. (Perreault, Jr. and McCarthy 2002)

A wide range of CRM systems exist from very simple to complex. A simple CRM system can be the use of a spreadsheet or contact management software to keep track of customer interaction. The most effective systems, however, require a comprehensive,

company-wide effort to attract and retain customers through an integration of information, people, policies, processes and technology strategies. They require a cross-functional process as no single business unit can effectively execute CRM on its own (Blois, 1999).

In recent years, CRM technologies have become accessible and cost-effective for even very small companies, as technology solutions have become increasingly applicable. A range of options is now available through online, Web-based applications, which require no software purchase or installation. Instead, the company pays a "subscription" fee. Many smaller businesses deploy CRM technologies in steps, often starting with sales force automation or call centre software. As they use the software and grow, they begin to realize how other features can help their business succeed (Zineldin, 2005).

2.3 Aspects of Customer relationship management

There are three aspects of CRM according to Hess, J. (1995) which can each be implemented in isolation from each other:

Operational - automation or support of customer processes that include a company's sales or service representative.

Collaborative - direct communication with customers that does not include a company's sales or service representative.

Analytical - analysis of customer data for a broad range of purposes

Operational CRM provides support to "front office" business processes, including sales, marketing and service. Each interaction with a customer is generally added to a

customer's contact history, and staff can retrieve information on customers from the database when necessary. One of the main benefits of this contact history is that customers can interact with different people or different contact channels in a company over time without having to describe the history of their interaction each time. Consequently, many call centers use some kind of CRM software to support their call center agents.

Collaborative CRM covers the direct interaction with customers, for a variety of different purposes, including feedback and issue-reporting. Interaction can be through a variety of channels, such as web pages, email, automated phone (Automated Voice Response AVR) or SMS. The objectives of collaborative CRM can be broad, including cost reduction and service improvements.

Analytical CRM analyzes customer data for a variety of purposes:

- Design and execution of targeted marketing campaigns to optimize marketing effectiveness
- Design and execution of specific customer campaigns, including customer acquisition, cross-selling, up-selling, retention
- Analysis of customer behavior to aid product and service decision making (e.g. pricing, new product development etc.)
- Management decisions, e.g. financial forecasting and customer profitability analysis
- Prediction of the probability of customer defection (churn).
- Analytical CRM generally makes heavy use of predictive analytics.

2.4 Technology Considerations in the Implementation of CRM Strategy

The technology requirements of a CRM strategy can be complex and far reaching (Bligh, Philip, Turk 2004).

The basic building blocks include

- A database to store customer information. This can be a CRM specific database or an enterprise data warehouse.
- Operational CRM requires customer agent support software.
- Collaborative CRM requires customer interaction systems, e.g. an interactive website, automated phone systems etc.
- Analytical CRM requires statistical analysis software as well as software that manage any specific marketing campaigns.
- Each of these can be implemented in a basic manner or in a high end complex installation.

2.5 Strategy for the implementation of customer relationship management

Several commercial CRM software packages are available which vary in their approach to CRM. However, CRM is not just a technology, but rather a comprehensive approach to an organization's philosophy in dealing with its customers (Rigby, Darrell , Reichheld, Schefter 2002). This includes policies and processes, front-of-house customer service, employee training, marketing, systems and information management. Hence, it is important that any CRM implementation considerations stretch beyond technology, towards the broader organizational requirements.

The objectives of a CRM strategy must consider a company's specific situation and its customer's needs and expectations. (Lawson-Body, Limayem 2004))

2.6 Planning for Customer Relationship Management Deployment

Before establishing a CRM system, a business needs to understand its customer management methodologies and its customer preferences and behaviors. To be truly effective, a CRM system needs to capture data accurately to be able to analyze that data, ensure that the right people are seeing it and that the information is ultimately used correctly (Bligh, Philip, Turk 2004). When it cannot be achieved, then the organization risks investing a considerable amount of time and money only to fail to achieve the expected benefits of CRM. At its core, CRM is a business strategy, not a technology. The highest success rate for CRM deployment can be achieved when a company first develops its CRM strategy then identifies its processes and sets measurable objectives for its CRM system. Only then should it begin the technology implementation, ideally in staggered phases (Edwards, John 2007).

2.7 Expanding on Customer Relationship Management

As a company grows, it may outgrow the contact management system and look at implementing a full-featured CRM system. An integrated CRM system can provide a business with the following:

- ❖ Central Database — all employees can access a central database to view and update customer data, ultimately improving customer service, loyalty and retention.

- ❖ Customer Analysis — customers and prospects can be segmented enabling customized marketing or sales campaigns, improving campaign targeting and close ratios.
- ❖ Customer Service — provide customers with the ability to self-order and self-help using Web-based, password access, reducing order entry cost and customer service cost.
- ❖ Prospect Tracking — track leads from start to close while analyzing closing probabilities and ratios. Proposals, products and pricing for each prospect can be tracked. Reporting — Revenue forecasting, automated reporting and trend analysis, resulting in better decision making.

2.8 The Success of Customer Relationship Management

For Customer Relationship Management to flourish in any business organization, there should be foremost a supportive culture. With customer relationship management the seller fine tunes the marketing effort with information from detailed customer database (Perreault, Jr. and McCarthy, 2002). Customer Relationship Management is typified by mutual co-operated and interdependence between customer and service providers (Etzel, Walker, Stanton 2004)). Transactional marketing on the other hand is characterized as “manipulation of customers, exploiting their ignorance” (Kotler et al, 2002). Under CRM, sales people are likely to be replaced by relations managers; customer relation is likely to be rewarded more highly than customer acquisition; customer satisfaction data would receive billing equal to that of financial data in management meetings; and the

Chief Executive Officer will spend as much time with the customer as with department heads.

Internal marketing is a second prerequisite for successful CRM (Gronoroos, 2000). The goal of internal marketing is to convert employees to the new vision of CRM, to promote the development of the new culture, to persuade them that it is sensible to buy into the new vision, and to motivate them to develop and implement CRM strategies. The internal market's expectations must be satisfied otherwise the success of the organization operations and its ultimate, external markets will be jeopardized" (Gronroos, 2000). If the organization is unable to meet its employees' needs, it is likely that they will defect to other jobs before being able to build long-lasting relationships with customers.

The firm must also understand customer expectations. Meaning, there must be a continuous flow of information into the business; continuity is required because expectations change over time. (Etzel, Walker, Stanton 2004), suggests that managers do not always have a clear understanding of customer bonus or commission. Common performance criteria include sales volume and customer acquisition. Under the CRM regime, customer relation managers are more likely to be rewarded by customer retention. Companies, particularly in the service sector are increasingly finding ways of building close, long-term relationships with external customers. These companies know that winning a new customer is significantly more costly than retaining existing customer and that when customers defect they take with them all future income streams. Their reason for practicing CRM is customer retention. However, the more advanced

relationship marketers also know that not all customers are worth retaining. Not all contribute positively and equally to company performance.

For CRM to be successful, companies must develop a supportive organization culture, market the CRM idea internally, intimately understand customer's expectations, create and maintain a detailed customer database and organize and reward employees in such a way that the objective of CRM, customer retention is achieved (Edwards, John 2007). Customer Relationship Management (CRM) is characterized by a genuine concern to meet or exceed that expectation of customers and to provide excellent service in an environment of trust and commitment to the relationship. Firms that implement relationship marketing-based strategies recognize the importance of developing and maintaining long-term cooperative relationships with other firms and/or consumers. Specifically, CRM-based strategy emphasizes that to achieve competitive advantage and, thereby, superior financial performance, firms should identify, develop, and nurture an efficiency-enhancing, effectiveness-enhancing portfolio of relationships (Massari and Passiante 2002).

2.9 The Age of Electronic Commerce and CRM

Electronic Commerce is a business methodology with the buying and selling of information, products, and services via computer networks (Hess, 1995)). It involves digital or electronic contacts or activities. Customer intimacy is an essential strategy in EC and CRM is the key discipline of it ((Dowling, 2002). The concept of CRM was derived from "contact management" in the 1980s about collecting all the information

when customers come in contact with companies. Lacking a widely accepted definition, (Peppard, 2000), said CRM is the business strategy, process, and IT that enables a company to optimize revenue and increase value through understanding and satisfying the individual customer's needs. Local, small-town stores provide a CRM-like service, anticipating the needs of customers based on the intimate knowledge of their circumstances and preferences, and treating different customers in different ways. Due to advances of IT today, the ideals of a one-to-one relationship and mass customization are now possible, and they enable merchants to provide customized product or services and to increase their commercial activities. However, there are many definitions of CRM as there are firms offering services to implement it (Dowling, 2002), and this has confounded the business since its inception. Hence, constructing a business' own CRM architecture and functionality is fundamental.

Some of the benefits that a company can attain from CRM are shown in improved Customer retention, more cross-selling and up-selling, improved campaign management, sharper sales targeting, higher sales configuring, better channel sizing, and reduced support costs (Dowling, 2002). In many industries, CRM is not only one of the most important applications of EC, but also the key success driver (Zineldin, 2005, Kotler et. al, 2002)

2.10 The Concept of Customer Satisfaction

In academia, research in customer satisfaction emerged in the early 1970s and has continually evolved since then. Researchers have investigated expectations of customers,

the performance of different products and services and perceived payment equity as antecedents of satisfaction (East, 1997). In addition, different satisfaction dimensions have been investigated. Various definitions have been propounded for customer satisfaction in various academic fields. Economists use the term utility to describe the satisfaction or enjoyment derived from the consumption of a good or service. If it assumes that consumers act rationally, this means they will choose between different goods and services so as to maximize total satisfaction or total utility (Ehrenberg and Scriven, 1999).

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Consumers will take into consideration

- ❖ How much satisfaction they get from buying and then consuming an extra unit of a good or service
- ❖ The price that they have to pay to make this purchase
- ❖ The satisfaction derived from consuming alternative products
- ❖ The prices of alternatives goods and services

Customer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business and is part of the four perspectives of a Balanced Scorecard.

In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and has increasingly become a key element of business strategy. It is important to know what customers expect, which is influenced by

what marketers have promised in their ads and how well those expectations are being satisfied (Stanton et al, 2004). This is so because it is essential to provide customers with need-satisfying goods and services and more generally in creating customer satisfaction (Perreault Jr., and McCarthy, 2002).

Happy customers are more likely to stay with your organization, buy more products and services, recommend you to new customers and be more forgiving when mistakes occur (Ehrenberg and Scriven, 1999). You need to ask customers what they think of your organization. Does your product present good quality in their eyes? What do they think of your delivery, communication and even your promises? Why do they buy from you and not your competitor? A customer satisfaction survey can provide you with this information. You can use it to make informed decisions, modify your products and services to meet customer requirements and ultimately increase the profitability of your organization.

2.11 Measuring Customer Satisfaction

Organizations are increasingly interested in retaining existing customers while targeting non-customers; measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace.

Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and

physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products.

Because satisfaction is basically a psychological state, care should be taken in the effort of quantitative measurement, although a large quantity of research in this area has recently been developed. Work done by Berry, Brodeur between 1990 and 1998 defined ten 'Quality Values' which influence satisfaction behavior. This was further expanded by Berry in 2002 and known as the ten domains of satisfaction. These ten domains of satisfaction include: Quality, Value, Timeliness, Efficiency, Ease of Access, Environment, Inter-departmental Teamwork, Front line Service Behaviors, Commitment to the Customer and Innovation. These factors are emphasized for continuous improvement and organizational change measurement and are most often utilized to develop the architecture for satisfaction measurement as an integrated model. Work done by Zeithaml, et al, 2001, provides the basis for the measurement of customer satisfaction with a service by using the gap between the customer's expectation of performance and their perceived experience of performance. This provides the measurer with a satisfaction "gap" which is objective and quantitative in nature. Work done by Cronin and Taylor propose the "confirmation/disconfirmation" theory of combining the "gap" described by Zeithaml et. al 2001 as two different measures (perception and expectation of performance) into a single measurement of performance according to expectation.

According to Kotler et al, 2002 customer satisfaction equals perception of performance divided by expectation of performance.

2.12 The Impact of Customer Relationship Management on Customer Satisfaction

Today, the adoption of CRM practices has great potential as a tool for conducting business and management activities (Bell & Tang, 1998). Customer relationship management (CRM) is a leading new approach to business, which has already been established in most literature (Szeinbach, Barnes and Garner, 1997). One of the results of CRM is the establishment of customer satisfaction which is considered to be a relational phenomenon. The benefits of customer satisfaction to a provider of either services or products are numerous, and thus organizations are eager to achieve such feat as significant as possible (Gefen, 2002, Reinartz and Kumar, 2003, Rowley and Dawes, 2000). Recent developments in Internet technology have given the Internet a new role: to facilitate the link between CRM and customer satisfaction.

Most of what is currently known about the impact of Customer Relationship Management on business management is based on anecdotes, experiential evidence, and ad hoc descriptive studies (Avlonitis and Karayanni, 2000). There is a little existing research that has empirically tested the impact of CRM which leads to customer satisfaction. The degree to which CRM is used by organizations and the considerable praise that it has received more especially in the area of customer satisfaction can be attributed to its enhanced informational and interactive communication capabilities.

The impact of CRM is well known in business-to-consumer transactions. This is witnessed by the proliferation of CRM practices among service providers for facilitating sales and services across a broad range of offerings. In addition, a revolution is occurring in business-to-business relationships as companies restructure their operations with trading partners (Venkatraman, 2000). The "relations with customers" component of CRM concerns the extent to which firms initiate, develop, maintain, and improve relationships with clients (Reinartz and Kumar, 2003). Most definitions that can be found in the literature regard "relations with customers" as representing the keystone of CRM. The concept of relations with customers also relates, according to the literature, to customer satisfaction which if well implemented might lead to repeat purchase. Chow and Holden (1997), for example, estimate that firms are oriented towards the benefits that can be reaped from the construction of customer satisfaction. In addition, these authors specify that there has been a paradigmatic change so that the relationship with the customer is now seen as the unit of value.

In addition, Interaction with the customer is also another key aspect of CRM functions.

It comprises all actions designed to transform both prospective and actual client who enters into contact with the business representatives into an active and effective customer (Dufour and Maisonnas, 1997). It is conceptually based on reciprocity, which constitutes one important dimension of CRM and feedback is an important part of the core of interactive management. Indeed, customer feedback is considered as a key step of the CRM process and defines it as the best way for firms to keep in touch with their customers' perceptions. This concept stresses the importance of identifying the customers'

desires and supplying to those customers products and services that meet their expectations (Power, 1988). Szeinbach, Barnes, & Garner (1997) describe understanding customer expectations as the strategy adopted by firms to generate more knowledge of customer expectations and needs and to provide customers with the best services in order to win their loyalty.

CRM practices is also not only limited to customers but employees as well. Empowerment generally refers to the process a firm adopts to encourage and reward employees who exercise initiative, make valuable creative contributions, and do whatever is possible to help customers solve their problems (Herzberg, 2003). Reichheld (2001) reports that he has yet to encounter a company that has achieved extremely high customer satisfaction without fostering similarly high loyalty among employees. Most business representatives prefer to deal with satisfied customers because they are easy to serve, they understand the firm's preoccupations, and make only a few requests (Bendapudi and Leone, 2002).

Another important component of CRM is partnering with customers. Partnerships are created when suppliers work closely with customers and add desired services to their traditional product and service offerings. Payne (1994) puts partnering at the extreme end of his satisfaction scale, regarding it as an important step that usually leads to the development of a close and durable relationship between supplier and customer. Wilson (1995) has developed an integrated model devoted to the explanation of CRM process

phases. In this model, partner selection is considered to be the first step in the CRM process.

What is more, personalization also enriches the customer satisfaction. Personalization refers to the extent to which a firm assigns one business representative to each customer and develops or prepares specific products for specific customers. Personalization is about selecting or filtering information for a company by using information about the customer profile (Schubert, 2003). A major component of personalization is the distribution of customized mail to a customer or customization of the relationship between firm and customer. This concept outlines a clear distinction, established by Gronroos (1994), between CRM and the management mix. The latter is a far more clinical approach in which the seller, or business representative, plays an active role, while the buyer, or customer, takes up a more passive position. In such a scenario, there is no personalized relationship between customer and business representative. Personalization, rather, is only included in CRM.

Developing customer satisfaction involves building and sustaining a relationship with a customer, which leads to the repeated purchase of products or services over a given period of time. A satisfied customer allows companies to devote their energies to other business matters (Gefen, 2002, Rowley and Dawes, 2000). Customers can demonstrate their satisfaction in several ways. They can choose to stay with a firm, whether this continuance is defined as a relationship or not, or they can increase the number of

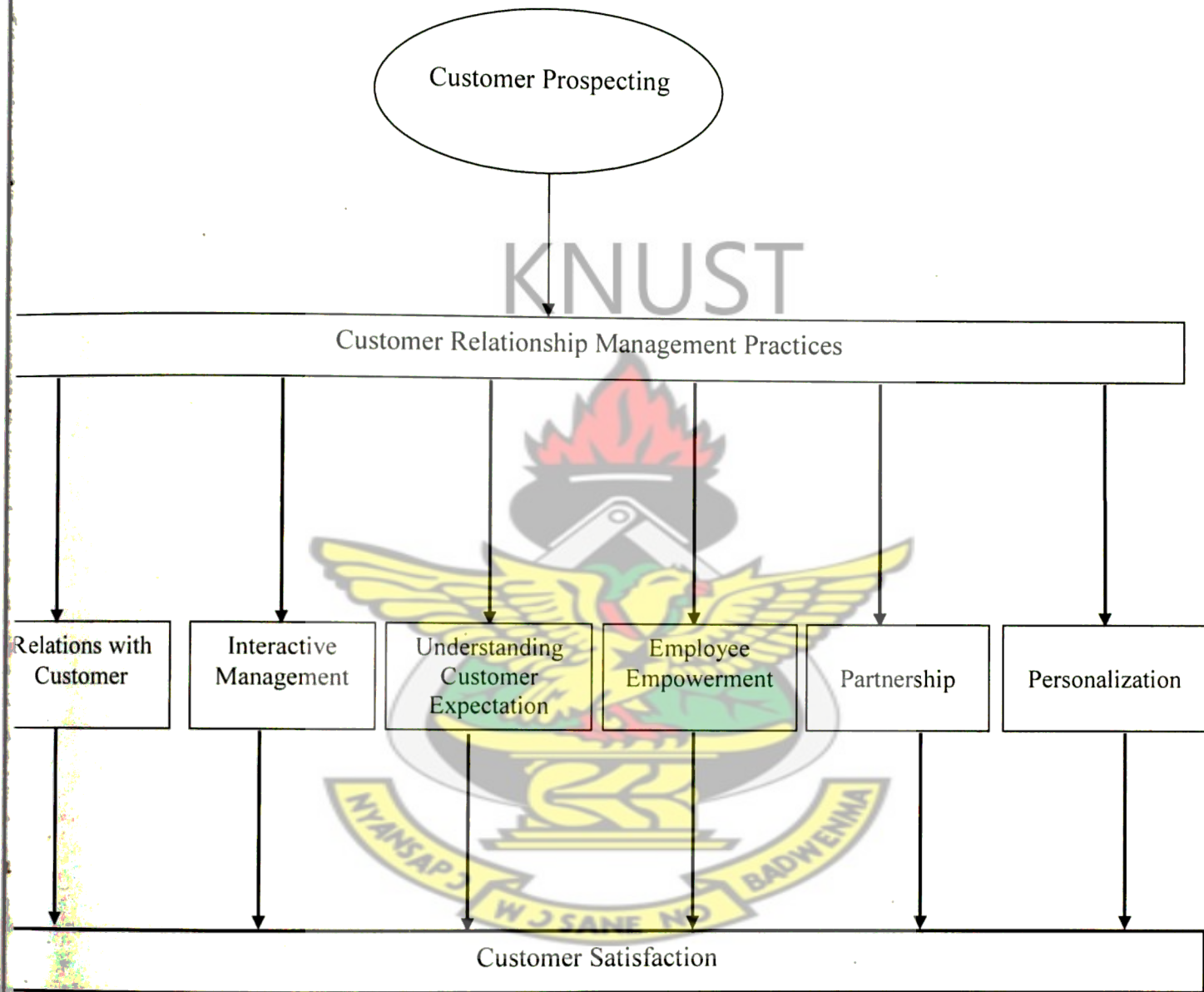
purchases, or they can do both (Reinartz and Kumar, 2003, Rowley and Dawes, 2000). For the purposes of this research, satisfaction will be considered as the final result, or the key element, of effective CRM. Since many authors have suggested that satisfaction is a relational phenomenon (Macintosh and Lockshin, 1997), the purpose of this current research is to link customer satisfaction to the emerging theory of CRM (Macintosh and Lockshin, 1997).

2.13 Conceptual Framework

Conceptual frameworks are a type of intermediate theory that has the potential to connect to all aspects of inquiry (e.g., problem definition, purpose, literature review, methodology, data collection and analysis). Conceptual frameworks act like maps that give coherence to empirical inquiry. Because conceptual frameworks are potentially so close to empirical inquiry, they take different forms depending upon the research question or problem. Shields and Tajalli (2006) have identified several types of conceptual frameworks (working hypotheses, descriptive categories, practical ideal type, models of operations research and formal hypotheses) for the field of public administration. The frameworks are linked to particular research purposes (exploration, description, gauging, decision making and explanation/prediction). Since this current research is exploratory the descriptive categories was adopted. The diagram below illustrates the conceptual framework for the study. This concept was adapted from Lawson-Body, Limayern (2004).

CONCEPTUAL FRAMEWORK

Figure 1: Customer Relationship Management Construct Components



Researcher's own construct

Adapted from Lawson-Body, Limayern (2004)

Customer Relationship Management Construct Components.

(i) Customer Prospecting

The term customer prospecting refers to all the various means employed in business to track, locate, and attract new customers (Reinartz and Kumar, 2003). Many firms have developed databases that contain detailed interaction data on prospects as well as customers (Thomas, 2001). In the process described by Payne (1994), the concept of CRM is understood in terms of a satisfaction scale leading from the customer prospect, through customer, client, and supporter, to partner.

(ii) Customer Relationship

The "relations with customers" component of CRM concerns the extent to which firms initiate, develop, maintain, and improve relationships with customers (Reinartz and Kumar, 2003).

(iii) Interactive Management

Interactive management is a key aspect of CRM functions. It comprises all actions designed to transform the prospective client who enters into contact with the business representatives into an active and effective customer (Dufour and Maisonnas, 1997). It is conceptually based on reciprocity, which constitutes one important dimension of CRM (Bitner, 1995, Nevin, 1995), and feedback is an important part of the core of interactive management.

(iv) Understanding Customer Expectations

This concept stresses the importance of identifying the customers' desires and supplying to those customers products and services that meet their expectations (Power, 1988). Szeinbach, Barnes, and Garner (1997) describe understanding customer expectations as the strategy adopted by firms to generate more knowledge of customer expectations and needs and to provide customers with the best services in order to win their loyalty.

(v) Employee Empowerment

Empowerment generally refers to the process a firm adopts to encourage and reward employees who exercise initiative, make valuable creative contributions, and do whatever is possible to help customers solve their problems (Herzberg, 2003).

(vi) Partnerships

Partnerships are created when suppliers work closely with customers and add desired services to their traditional product and service offerings. Payne (1994) puts partnering at the extreme end of his satisfaction scale, regarding it as an important step that usually leads to the development of a close and durable relationship between supplier and customer.

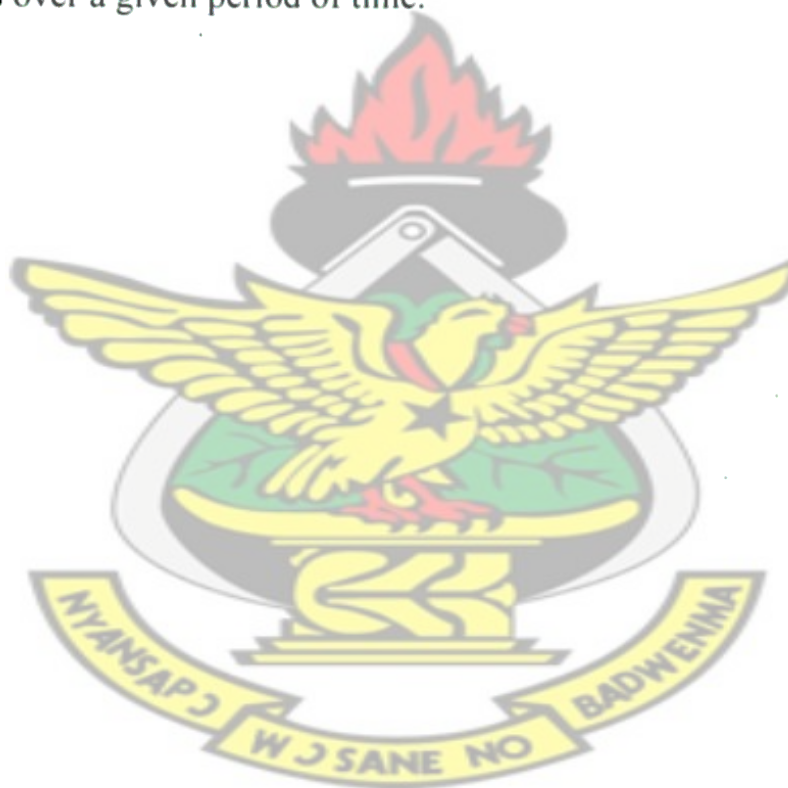
(vii) Personalization

Personalization refers to the extent to which a firm assigns one business representative to each customer and develops or prepares specific products for specific customers. Personalization is about selecting or filtering information for a company by using information about the customer profile (Schubert, 2003). A major component of

personalization is the distribution of customized mail to a customer or customization of the relationship between firm and customer.

Customer Satisfaction

The implementation of such practices could lead to building and sustaining a relationship with a customer, which could lead to customer satisfaction and hence repeat purchases of products or services over a given period of time.



CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter focuses on the research purpose, research design and the methodology employed in collecting data for the study. The chapter also presents the study area, population, sampling procedure, research instruments used in the data collection and data analysis and finally outlines the major limitations encountered in the study and how the researcher overcame these problems in order to make the study valid and reliable.

3.1 Population and sampling procedure.

Saunders and Thornhill, 2007 define a population or a target population as the entire set of population or individuals or elements that meet the sampling criteria. The study population constituted of customers and staff of Toyota Ghana and Mechanical Lloyd Company branches in the Ashanti region of Ghana. The population of Toyota Ghana Limited is estimated to be around four hundred and sixty-eight (468). The break down includes eighteen (18) members of staff and four hundred and fifty (450) customers in the Ashanti region. Mechanical Lloyd also has fifteen (15) members of staff and two hundred and forty (240) customers. The overall population therefore summed up to seven hundred and twenty three (723). These include both customers who patronize vehicle purchases and after sales services. However, the study could not cover the entire population hence the need to choose a sample. Many researchers, for example (Yin, R. K. 1994)), argue that using sampling makes possible a higher overall accuracy than a

population. The smaller number of cases for which you need to collect data means that more time can be spent designing and piloting the means of collecting these data. Collecting data from fewer cases also means that you can collect information that is more detailed (Saunders, et al, 2007). In this case, sampling serves the practical purpose of the study which could not have been undertaken due to prohibitions of cost, time personnel or scope. The sampling method was adopted because it could as well be used to generalize the findings to show a clear representation of the population. The sampling criteria refer to the characteristics that lead to the selection of the informant in the sample. The sample criteria for this study were:

- Rank: Staff should range from the least rank to senior management. In addition, those who patronized spare parts and after-sales service were as well considered.
- Language: The ability to speak Twi or English was a strong recommendation.
- Experience with the Companies: A working experience of at least two (2) years was considered for staff whilst experience from customers should not be less than one (1) year.

Based on the above a sample size of one hundred and eight (108) was chosen.

The main sampling methods employed were quota and purposive sampling. The quota sampling was chosen because it is less costly particularly in opinion surveys. Amedahe (2002) suggested that one way of choosing a quota is by focusing on a strict procedure of choosing respondents according to their proportion in the entire population.

In all the total sample size was one hundred and eight (108) respondents from both companies. Out of the one hundred and eight, forty-four each were administered to customers of the two organizations chosen, whilst the remaining twenty were administered to staff of both organizations proportionally. A purposive sampling tool was applied. The study purposely chose respondents whose opinions were relevant to the study. The researcher selected respondents whose views typify the views of the group. Here, the researcher was judgmental in obtaining the respondents. The process of sampling in this case involved identification of the informants, and arrangement of times for meetings. Three (3) respondents who were holding strategic positions were purposively selected from Japan Motors, PHC Motors and Tractor and Equipment in Kumasi. They had worked with these companies for not less than ten (10) years. The essence was to gain a quick insight into the topic and operational activities.

Although there are other automobile firms in Ghana, these two (2) companies were chosen because of the following reasons:

Toyota Ghana Company Limited was chosen because of its performance ratings in the Annual Excellence Awards held in the region, having been adjudged the Best Motor Firm for more than five (5) years and topped in the sale of four-wheel-drive vehicles.

Mechanical Lloyd Company Limited on the other hand was chosen based on the fact that the company has constantly been a member of Ghana Club 100, which comprises the top 100 businesses in Ghana. The researcher believed that with these two firms, the perception of a cross section of customers who use both off-the-road four wheel drive

vehicles and saloon cars would be obtained. In addition, their Kumasi area offices were chosen because of proximity to the study area.

3.2 Methods of Data Collection

The researcher had to obtain permission from the Branch Managers of the two institutions including heads of their Human Resource, Sales and Service departments. In addition, customers were also contacted after data including their customer list was collected from the institutions. A letter explaining the purpose of the study was sent to the two organisations.

According to Saunders and Thornhill, (2007), any social researcher should seek permission from the respondents stating clearly their intentions and being guided by research ethics. The respondents were informed of the following rights:

- Anonymity and Confidentiality. The respondents were assured that their names would not be disclosed or linked to any description of automobile staff and customers view on customer relationship management. All information received from them would be treated with utmost confidentiality.
- Protection from discomfort and harm. The researcher informed the respondents that they were free to terminate the interview at any time should they wish to (Saunders and Thornhill, 2007).
- Scientific objectivity. The researcher included all the data including unsupportive and negative remarks/perception. This helped the researcher to come to grips with personal values and biases that might impact on the outcome.

- **Integrity.** The researcher did not withhold any information about the study's possible risks, discomfort or benefits or intentionally deceive study subjects on these matters.

3.3 Types and Sources of data

In order to find answers to the research questions, the study conducted an exploratory study in the automobile industry. The point of departure for the case study was to match customer satisfaction. Data was purely qualitative type. Among the types of data collected for the study included data on customer satisfaction, CRM practices and its impact on customer satisfaction. Customer satisfaction and the maintenance of customer relationship, are in fact dependent on how well a product and service measures up to the customer's original expectations of quality.

The data used in this study were made up of both primary and secondary data. The primary sources of data refer to data collected expressly for specific purpose. The primary data were obtained from the field. The benefits of obtaining a primary data are that exact information wanted is obtained and is more reliable. The secondary data applies to that already collected and compiled for other purposes. However, it should be related to the topic under study. The secondary data that were employed in the study were obtained from journals, magazines, newspapers, textbooks and relevant websites. These were mostly gathered from recognized institutions notably the Kwame Nkrumah University of Science and Technology –Kumasi- Main Library, British Council, and from the offices of Toyota Ghana Company Limited and Mechanical Lloyd Company Limited.

3.4 Instrumentations

The major instruments used were questionnaires, semi-structured interviews and open observations. Questionnaire is a set of formal questions framed and written down for respondents to provide answers to (Donald and Schindler, 2000). The use of questionnaires is very common in the social sciences because they provide an efficient means by which statistically quantifiable information can be collected. Whilst the questionnaires were administered personally to staff of the two (2) companies; in the case of customers it was mainly realized through personal administration and via mail (prepaid). However, this brought additional cost to the researcher by frequently calling respondents to remind them of the questionnaires. The researcher focused on issues pertaining to the research questions. The questions were both open-ended and closed-ended questions ranging from five-point Likert-type scales, (ranging from “strongly disagree” to “strongly agree”, where 1=strongly disagree and 5=strongly agree.), to dichotomous questions.

In addition, semi-structured interviews were adopted because it enabled the respondents to converse freely about the research questions. According to Saunders, et al (2007) semi-structured interviews could yield valuable data if decisions are taken on who conducts the interview, where they should take place, and how information should be recorded, stored and analysed. In this study semi-structured interviews were conducted with staff, management and resource personal. Open-observation was also used. Field notes are notations generally made to document observations during interviews. According to Saunders, et al, 2007 field notes should indicate/express what researchers see, think or

experience. In this study the researcher recorded observational and personal field notes during the interviews.

3.5 Data presentation and Analysis.

Data analysis focuses on data in the form of words and mathematical inferences. It could be categorized into both qualitative and quantitative data analysis and concerns three (3) flows of activity

- data reduction
- data display and
- conclusion drawing /verification.

It also involves data reduction activity (which includes the process of selecting, focusing, simplifying, and transforming the data).

All completed questionnaires and other forms of data were checked for completeness and accuracy of data. Codes were then assigned to the variables. To facilitate comparison, values corresponding to responses were further converted into percentages. Statistical techniques, frequencies and percentages were used to present the data. Computer software such as Statistical Package for Social Scientists (SPSS) and Excel were used in running the data which were presented in the form of tables, charts, and graphs.

3.6 Scope and Limitations of the study.

The study was limited to only the impact of customer relationship management on customer satisfaction in the automobile industry in the Ashanti region; a case of Toyota Ghana and Mechanical Lloyd in Kumasi. The major limitation that the study encountered in the field was the willingness of respondents in answering the research questions.

3.7 Automobile Industry

The automobile industry is one of the most important industries in the world, affecting not only the economy but also the cultures of the world. It provides jobs for millions of people, generates billions of dollars in worldwide revenues, and provides the basis for a multitude of related service and support industries. Automobiles revolutionized transportation in the 20th century, changing forever the way people live, travel, and do business. The automobile has enabled people to travel and transport goods farther and faster, and has opened wider market areas for business and commerce. The auto industry has also reduced the overall cost of transportation by using methods such as mass production (making several products at once, rather than one at a time), mass marketing (selling products nationally rather than locally), and globalization of production (assembling products with parts made worldwide). From 1886 to 1898, about 300 automobiles were built, but there was no real established industry. A century later, with automakers and auto buyers expanding globally, auto making became the world's largest manufacturing activity, with nearly 58 million new vehicles built each year worldwide.

As a result of easier and faster transportation, the United States and world economies have become dependent on the mobility that automobiles, trucks, and buses provide. This mobility allowed remote populations to interact with one another, which increased commerce. The transportation of goods to consumers and consumers to goods has become an industry in itself. The automobile industries continue to also be an important source of employment and transportation for millions of people worldwide.

Automobile manufacturers are among the largest companies in the world. These corporations are often multinational, meaning they have subsidiaries and manufacturing plants in many different countries. These companies often share parts, use parts made in foreign factories, or assemble entire cars in foreign countries. The three major automobile manufacturers in the United States—General Motors Corporation, Ford Motor Company, and Chrysler, formerly DaimlerChrysler AG—provide much of the industry's total direct employment in the United States, but increasingly foreign automakers, such as Toyota Motor Corporation and Nissan Motor Co., Ltd., are building automobile assembly plants in the United States. On other hand Japan , one of the world's largest automobile manufacturer and exporter, and has six of the world's ten largest automobile manufacturers. In addition to its massive automobile industry, Japan also is the home to manufacturers of other types of vehicles, like power sports vehicle manufacturers Kawasaki and Yamaha, and heavy equipment manufacturers Kubota, Komatsu, and Hitachi. It is home to some of the world's largest automotive companies such as Toyota, Honda, Nissan, Suzuki, Mitsubishi, Yamaha, Mazda, Subaru, etc.

Every year, automotive manufacturers need to create new models this means that car architectures must be more complex to meet customer demands. That also means that in addition to Original Equipment Manufacturers (OEMs), mechanical and electronic system and component suppliers must design and produce at an accelerating pace so as not to sacrificing quality or cost — to gain the loyalty of today’s customer.

Consequently, automotive companies are changing the ways they work together to create designs, build products and efficiently integrate mechanical and electronic design. Computer simulations are used rather than physical models to test safety, efficiency and performance. By using digital design and simulation software, automotive design cycles can be reduced significantly from 72 months to as short as 18 months with a lower cost structure. The automobile industry is also face with intense competition and by the nature of the industry customer satisfaction and loyalty is very vital for the survival of the industry. A customer satisfaction index in India revealed a situation where various auto-firm service to customer where measured and the following results prevailed

3.8 Profile of Study Area

Ashanti Region

Ashanti, with Kumasi as its capital, lies approximately at the centre of the country. It covers an area of 24,390 square kilometers representing 10.2% of the land area of Ghana. Ashanti is the most populous region in Ghana. According to the 2000 Population and Housing Census Report, the Region recorded a total of 3,612,950 representing 19.1% of national total of 18,912,079. Males constitute 50.2%. Out of the three hundred and sixty

four (364) settlements described as urban in Ghana i.e. with a population of 5000 and above, fifty eight (58) are in Ashanti. Fifty-one point three (51.3%) per cent of the people live in urban settlements. The Region has eighteen administrative districts, the highest in the country. It is made up of one Metropolitan Assembly (Kumasi metropolitan Assembly) and seventeen (17) other District Assemblies.

There are as many as thirty-three (33) constituencies giving the Region a strong representation in Parliament. Ashanti has thirty-three (33) Traditional Council areas. A Paramount Chief heads each council. All the Paramount chiefs also owe allegiance to Otumfuo, the Asantehene who is the head of the Asanteman Council. Otumfuo is also the head of the Kumasi Traditional Council. Ashanti is affectionately dubbed the Resource Basket of Ghana because it is endowed with numerous resources.

The Region has abundant food supplies to feed its people and others. These include plantain, maize, cassava, cocoyam, yam, vegetables and other cereals and legumes. Irish potatoes also thrive well in Nsuta near Mampong. The industrial crops grown include cocoa, oil palm, tobacco, bast fibre, cotton, citrus and cashew. The Region has the largest number of Poultry Industries in the Country. It is also the home of large poultry feedmills. A sizeable quantity of bamboo and cane grow wild in the forest belt. The Region is endowed with large deposits of gold and bauxite. Other mineral deposits of economic value found in the Region include manganese, iron, silica, clay and limestone. Traces of copper, platinum, lithium, tin arsenic and mica are also found.

The Region has several tourism potentials including the Lake Bosomtwe. Added to these, the people in the Region exhibit perhaps the highest entrepreneurial acumen and drive in the country, ready to foster partnership with local and foreign investors for the development of the Region. The Region's vast natural resources, including arable land and mineral deposits, have led to the establishment of some industries. These include wood processing and furniture, beverage (both alcoholic and non-alcoholic), capital goods and metal fabrication. The Suame Magazine located in Kumasi is recognised as the most efficient mechanical, electrical and car body building workshop in the sub-Saharan Africa.

3.9 Case Study Profile

3.9.1 Toyota Ghana Company Limited

Toyota Ghana Company Limited was incorporated in Ghana in January 1998 by the investment of Marubeni Corporation, Japan and Marubeni Auto Europe S.A., Belgium and started operations in April 1998. This was after Marubeni Corporation had purchased outright the now defunct Ghamot Company Limited from the government under the Divestiture Implementation. The Company was registered with an initial stated capital of US\$3,000,000. Toyota Ghana Company Limited is the sole representative of Toyota Motor Corporation of Japan (TMC). Consequently, its principal activity is the sale and distribution of new Toyota vehicles and Spare Parts and the provision of After-Sales support for the vehicles.

The Kumasi branch of Toyota Ghana Company Limited like the head office in Accra started operations in April 1998 with its sole aim being vehicle sales and after sales service. The branch was also purposely set up to cater for the northern sector of the country, spanning from the Ashanti Region, through the Brong Ahafo to the Northern and Upper Regions.

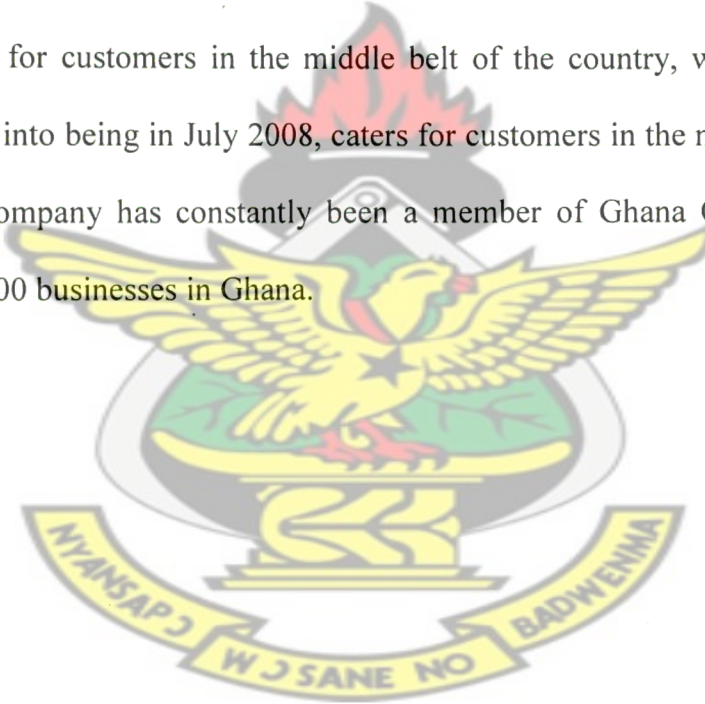
3.9.2 Mechanical Lloyd Company Limited

Mechanical Lloyd Company Limited, a leading motor company in Ghana holds the franchise for BMW, Massey Ferguson and Ford. The company originally called Technical Lloyd, a Dutch-owned company started operating in Ghana in the 1960s dealing in Knapsack sprayers, BMW cars and motorcycles. The company was purchased by Mr. R.A. Darko, a Ghanaian entrepreneur, on August 7, 1970 renamed Mechanical Lloyd and incorporated as such. In 1977, Mr. R.A. Darko died and his first son Mr. T.R Darko succeeded him as the chief Executive officer of the company. He undertook a complete restructuring of the company strengthening its top management and mobilising financial resources of the realisation of its full potential.

In 1991, the company shed its private/family company posture and transformed itself into a Public Limited Company. In 1994, after an initial Public Offer of its shares, the company became the first and only fully – owned Ghanaian Stock Exchange. In 1996/97, the company's strong performance led to it becoming the leading and star performer on the Ghana Stock Exchange with its shares gaining 270 per cent over the 12-month period ending December 31, 1997. In October 1997, the highly successful Renounceable Rights Issue of shares saw overseas fund managers taking up a total of 18 per cent the share holds

of the company, thus making Mechanical Lloyd the first fully Ghanaian-owned company to attract foreign participation in its ownership.

In 1998 the company upgrades its facilities in Accra by constructing, modernising and equipping its workshop facilities and spare parts warehouse to a standard that the company principals described as comparable to most of such facilities was adopted as a mode and a training center for West Africa. In July 201, the company was appointed the exclusive franchise holders for Ford to represent the complete product range of one of the largest motor companies in the world. In 2003, the company opened a modern workshop in Kumasi to cater for customers in the middle belt of the country, while the Tamale branch which came into being in July 2008, caters for customers in the northern sector of the country. The company has constantly been a member of Ghana Club 100, which comprises the top 100 businesses in Ghana.



CHAPTER FOUR

RESEARCH RESULTS AND DISCUSSIONS

4.0 Introduction

This research evaluates the effect of customer relationship management (CRM) on customer knowledge and customer. Studies have shown that firms' use of CRM applications is positively associated with improved customer knowledge and improved customer satisfaction. Analysis of data is necessary after collecting the research data, to make possible the interpretation of the results, discussions and the drawing of conclusions. This is because the findings of the study and discussions may be integrated and presented together or they may be presented separately. The findings are normally reported with respect to furnishing evidence for each research questions asked to guide the study. The research was purely descriptive; as such descriptive statistics such as frequencies, and percentages were used which was presented in the form of tables, charts and graphs. According to Saunders, et al, 2007 the social researcher should make sure that its sample need to be larger to ensure sufficient responses for the margin of error required in the research. Consequently, any non-responses will necessitate extra respondents being found to reach the required sample size, thereby increasing the cost of your data collection. Parvatiyar and Sheth, (2000) suggested non-response rate is due to four interrelated problems including: refusal to respond; ineligibility to respond; inability to locate respondent and respondents located but unable to make contact. Hence as part of the research report every social researcher should include its response rate. Neumann, (2000) suggested that response rate should be calculated as $(\text{total number of responses} / \text{total sample size}) \times 100$. Therefore, the response rate for the study was 92.6%.

Only 7.4% of the sample size was not part of the analyses due to improper handwriting and inability to return questionnaires on time. Statistical software such as Statistical Package for Social Scientists was used to run the data. The study was focused on the impact of CRM practices on customer satisfaction: a comparative study of Toyota Ghana Limited and Mechanical Lloyd.

4.1 Demographics of Respondents

Neumann, (2000) explained that demographic environment is of considerable interest to the market researcher because it involves people, and people make up markets. Among the most noticeable demographic trend in the market included gender, education, occupation, age, and marital status. The current study only examined gender and educational composition of the respondents.

Table 1 Gender composition of Customers

Responses	Toyota Ghana		Mechanical Lloyd		Total
	Freq.	Percent	Freq.	Percent	
Male	24	60	28	70	52
Female	16	40	12	30	28
Total	40	100	40	100	80

Source: Researcher's own Construct, October 2008

The essence of the table 4.2.1 is to compare the gender compositions of the two institutions and then look at the gender set-up in the two companies. It was revealed from the table although in each case there is gender inequality; Toyota is encouraging more female participation in the automobile industry than Mechanical Lloyd. This is so because whilst forty percent (40%) of the females were represented in Toyota Ghana; thirty (30%) were in Mechanical Lloyd. This shows a percentage change of twenty-five

percent (25%). The study also shows that there is gender inequality in the automobile industry. This might be due to the technical nature of the job which requires physical strength. However, it was revealed that even the female staffs in both institutions were in the human resource, accounts and front-liners.

Table 2 Educational status of customers

Responses	Toyota Ghana		Mechanical Lloyd		
	Freq.	Percent	Freq.	Percent	Total
Post graduate	7	17	17	35	21
Graduate	12	30	11	28	23
Secondary	4	10	9	23	13
Others	17	43	6	15	23
Total	40	100	40	100	80

Source: Researcher's own Construct, October 2008

An item was to find out the educational status of customers. Customers of both institutions show that customers had attained a reasonable height in terms of education. In totality more than half of the respondents were holding graduate and post graduate degrees. However, most of the customers in Mechanical Lloyd had gained higher educational qualifications than Toyota Ghana. For instance, whilst thirty-five percent (35%) of Mechanical Lloyd had post-graduate degree; only seventeen percent (17%) were from Toyota Ghana. This shows a difference of eighteen percent (18%). In addition, twenty-three percent (23%) of customers in Mechanical Lloyd were possessing secondary certificates whilst only ten percent (10%) were in Toyota Ghana. If the study considers a combination of the study areas only thirteen of them had obtained secondary certificates which represents 16.25%. However, with reference to the staff response virtually all the staff sampled had tertiary qualification notably university and polytechnic certificates. This means that to a reasonable extent management had been able to recruit the requisite workforce needed to push forward policies on CRM practices.

Table 3: Working experience of staff

Responses	Toyota Ghana		Mechanical Lloyd		
	Freq.	Percent	Freq.	Percent	Total
1-2 yrs	0	0	2	2	2
3-4yrs	1	10	1	10	2
5-6yrs	1	10	4	40	5
7-8yrs	5	50	2	20	7
More than 8yrs	2	20	1	10	3
Total	10	100	10	100	

Source: Researcher's own Construct, October 2008

Here the study intended to find whether there is a balance relative to staff experience and it shows that both companies had well experienced staff. This is so because of the technical nature of the job. The industry is such that it needs experience and competent staff to man the operations of the firms more especially those in the engineering departments. Most of them had acquired various qualifications ranging from mechanical to electrical engineering from various tertiary institutions.

4.2: Customer Relationship Management Practices of Toyota Ghana and Mechanical Lloyd Company

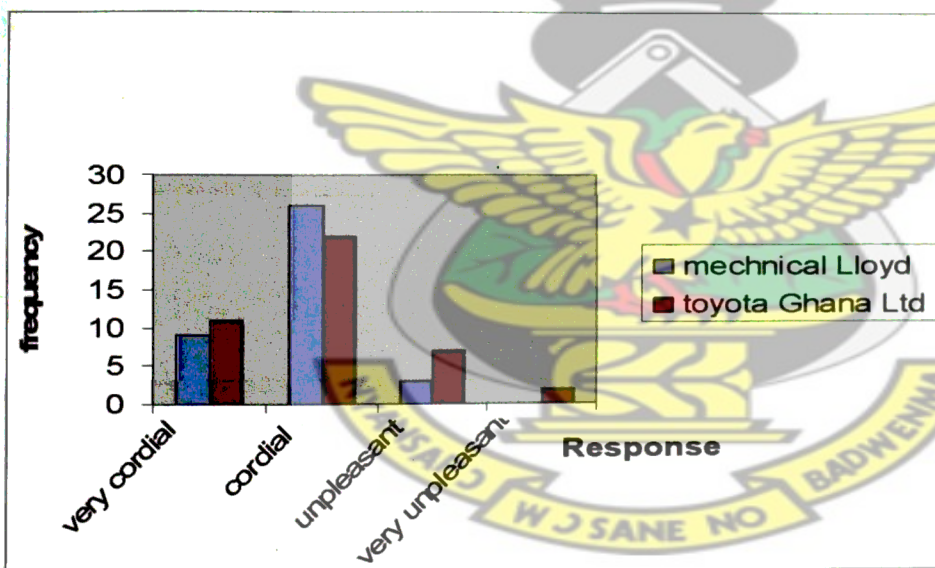
Although marketing and information systems researchers have developed theories about the effect of CRM applications, with some progress toward empirical validation (Jayachandran et al. 2005; Reinartz, Krafft, and Hoyer 2004; Romano and Fjermestad 2003; Srinivasan and Moorman 2005), there is limited knowledge about the effect of CRM applications on a firm's customer knowledge and customer satisfaction. Although

the promises of how Customer Relationship Management can improve the performance of a business are many, the practical guidelines on how to design and implement CRM successfully are few, and practitioners have been struggling because of that (Kotler 1991). Although, there is little research on the impact of CRM on customer satisfaction in the automobile industry in Ghana, with increased competition in the automobile industry, both academia and managers are beginning to recognize the importance of retaining existing customers, and deselecting of non- profitable customers.

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Figure 2:

A graph depicting customers' assessment of relationship with staff of Toyota and Mechanical Lloyd



Source: Researcher's own Construct, October 2008

The data indicated that whilst five percent (5%) of the customers of Mechanical Lloyd perceived their relationships with staff as very unpleasant. However, none (0) of the customers of Toyota Ghana pointed to that line. In addition, in cumulative terms eighty-eight percent (88%) of the customers from Toyota Ghana perceived customer-

relationship as cordial and friendly as put side by side with the responses from Mechanical Lloyd which depicts 83% of the customers sampled from that company. This shows that firms with greater deployment of CRM applications are in a better position to leverage their stock of accumulated knowledge and experience into customer support processes which will in the end result in higher market share. In fact in terms of market share Toyota Ghana is better off as compared to Mechanical Llyod. The study suggests that firms with a greater deployment of CRM applications are likely to be more familiar with the data management issues involved in initiating, maintaining, and terminating a customer relationship. This familiarity gives firms a competitive advantage in leveraging their collection of customer data to customize offerings and respond to customer needs. Customer relationship management applications help firms gather and use customer knowledge through two mechanisms. First, CRM applications enable customer contact employees to record relevant information about each customer transaction. After this information is captured, it can be processed and converted into customer knowledge on the basis of information-processing rules and organizational policies. This could enhance customer satisfaction. By looking at satisfaction as a process, automobile industry could concentrate on the antecedents to satisfaction rather than satisfaction itself.

4.2.1: Clients' perception of management responsiveness to their needs.

For competitors in the automobile market to gain competitive edge there is the need for management to identify the importance of ensuring that efforts are made to get the service right and promptly service and to meet or exceed customer expectations in the

delivery of the service. In addition to enhancing the perceived quality of the product(s) offering, CRM application will also enable firms in the industry improve the reliability of consumption experiences by facilitating the timely, accurate processing of customer orders and requests.

Table 4: Clients' perception of management responsiveness to their needs.

Responses	Toyota Ghana		Mechanical Lloyd		
	Freq.	Percent	Freq.	Percent	Total
Very quick	13	32.5	6	15	19
Quick	21	52.5	19	48	40
Slowly	3	8	11	28	14
Very slowly	3	8	4	10	13
Total	40	100	40	100	80

Source: Researcher's own Construct, October 2008

A question was posed to find out from customers on how frequent the two (2) institutions are able to respond to customers needs and it was revealed that Toyota Ghana has been doing well if it is measured up to its competitor. This is so because whilst eighty-five percent (85%) of the customers in Toyota Ghana indicated that management in the company responds to their needs quickly; only sixty-three percent (63%) of customers in Mechanical Lloyd rated management responsiveness to their needs as quick (including those who indicated that it is very quick). There is a significance change of twenty-two percent (22%). In addition, there was a huge disparity between customers who rated such management responsiveness to their needs as slow. In the case of Toyota Ghana they constituted sixteen percent (16%) whilst thirty-eight percent (38%) were from Mechanical Lloyd Ghana. The implications are that Mechanical Lloyd should sit up and

come up with better policies and programmers meant to meet customer's needs at the appropriate time if they really want to be in competition. Notwithstanding this there is also the need for management to improve their services relative to management responsiveness to customer needs. This will enable firms in the industry influence customers' purchase behaviour which might affect higher customer growth and hence profitability. The current study is consistent with Hewett and Kaufman (2004) which show that the degree of responsiveness enhances the speed and effectiveness of a firm's customer response.

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In addition, most of the respondents indicated that both companies did not often inform them when there are changes in their product(s)/service(s) offering which this study identified as a very vast limitation to both institutions.

Table 5: Rating Information and Communication Technology in Toyota Ghana and Mechanical Lloyd Ghana Limited.

Responses	Toyota Ghana		Mechanical Lloyd		Total
	Freq.	Percent	Freq.	Percent	
Very satisfactory	6	60	4	40	10
Satisfactory	3	30	3	30	6
Not satisfactory	1	10	3	30	4
Total	10	100	10	100	20

Source: Researcher's own Construct, October 2008

Better knowledge of customer behaviour enables firms to manage and target customers on the basis of evolving service experiences rather than the perceived value of the firm's offering and decreases the chance of loyal customers defecting to the competition. Automobile companies could derive a competitive advantage by making cumulative customer knowledge available to their customers to help those customers manage their internal operations using information from the firm. The current study shows Toyota Ghana has a well equipped ICT infrastructure as compared to Mechanical Lloyd. This is because whilst only ten percent (10%) of customers of Toyota Ghana rated ICT facilities as unsatisfactory; thirty percent (30%) of Mechanical Lloyd staff indicated that their ICT facilities were unsatisfactory. This was consistent with personal observations made in the course of the data collection process. All these facilities show the reasons for the success of Toyota Ghana. Besides, previous research suggests that integration of IT systems in a firm's value chain is essential to the realization of the full benefits of seamless information sharing and data completeness (Brohman et al. 2003; Gosain, Malhotra, and El Sawy 2005; Rai, Patnayakuni, and Patnayakuni 2005). In addition, Fisher, Raman, and McClelland (2000) noted that IT-enabled data accuracy is critical for efficient forecasting and to design agile supply chain management processes. Based on all these inferences the study agrees that interweaving of IT links throughout the supply chain create[s] value enabling each member of the supply chain to identify and respond to dynamic customer needs. Creating an integrated IT infrastructure enables organizational units to leverage their resources effectively to address customers' evolving needs. Superior customer ratings and the success of customer relationship programs could be attributed to their excellent supply chain management integration. Conversely, industry observers have

noted that the failure of many CRM efforts is due to “the propensity of firms to avoid the important ‘data transformation and convergence’ processes including all transactions, interactions, and networked touch points” (Swift, 2002). Thus, the study re-enforces that fact that firms with greater supply chain integration benefit more from their CRM applications in terms of improved customer knowledge. In addition, firms should not only gather information, and then disseminate such information in order to improve on customer knowledge gained through repeated interactions which subsequently drives customer satisfaction because firms can tailor their offerings to suit their customers’ requirements.

Table 6: Staff assessment on the quality of facilities

Responses	Toyota Ghana		Mechanical Lloyd		Total
	Freq.	Percent	Freq.	Percent	
Very good	1	10	3	30	4
Good	9	90	7	60	16
Poor	0	0	0	0	0
Very poor	0	0	0	0	0
Total	10	100	10	100	20

Source: Researcher’s own Construct, October 2008

The table 4 above shows staff assessment on the quality of facilities in the Toyota Ghana and Mechanical Lloyd and it was observed that none (0) of the staff indicated that the quality of facilities was neither poor nor very poor. However, staff in the various organisations rated the quality of facilities as good. This is so because automobile industry perceived quality as a determinant of customer satisfaction which follows that

those CRM applications indirectly affects customer satisfaction through their effect on perceived quality as proposed by Piccoli and Applegate (2003).

Table 7: Disseminating Information on customers among departments.

Responses	Toyota Ghana		Mechanical Lloyd		
	Freq.	Percent	Freq.	Percent	Total
Very often	3	30	4	40	7
Often	5	50	3	30	8
Sometimes	2	20	3	30	5
Not all al	0	0	0	0	0
Total	10	100	10	100	20

Source: Researcher's own Construct, October 2008

If information is limited to only a few in the company there will be limited knowledge about the effect of CRM applications on a firm's customer knowledge and customer satisfaction. The implication is that CRM applications could affect customer satisfaction or the role of complementary investments in supply chain management systems. The study shows that all the companies chosen disseminate data among departments. However, comparing Toyota Ghana with Mechanical Lloyd; the former is better off than the latter in terms of ratings.

Table 8: Staff initiatives in attending to customer needs.

Responses	Toyota Ghana		Mechanical Lloyd		
	Freq.	Percent	Freq.	Percent	Total
Yes	8	80	9	90	17
No	2	20	1	10	3
Total	10	100	10	100	20

Source: Researcher's own Construct, October 2008

A question was posed to find out whether staff in the two (2) companies is allowed to use their own initiatives in attending to customer needs and it was revealed that staff in Mechanical Lloyd were allowed to use their initiatives as compared to Toyota Ghana. It shows a difference of ten percent (10%). However, staff of Mechanical Lloyd indicated that although such options are available they have limited logistics to attend to such needs such as show rooms, and strict centralized and bureaucratic systems which hinders the implementations of such initiatives.

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4.2.6: Improving relationships with customers.

How often do you interact with customers in finding out their future needs? How often do you use customer data base in enhancing relationship with customers?

Table 9: Improving relationships with customers in Toyota Ghana

How often do you interact with customers in finding their future needs		How often do you use customer data base in enhancing relationship with customers.				
		Very often	Often	Sometimes	Not all al	Total
Very often	Very often	0	1	1	0	2
	Often	3	3	0	0	6
	Sometimes	0	2	0	0	2
	not at all	0	0	0	0	0
Total		3	6	1	0	10

Source: Researcher's own Construct, October 2008

There is increasing recognition of the importance of managing customer relationships and customer assets. Marketing has moved from a brand-centered focus to a customer-centered approach. Hogan, Lemon, and Rust (2002) argue that the ability to acquire,

manage, and model customer information is key to sustaining a competitive advantage. It was also revealed from the above table that the staffs of Toyota Ghana acknowledge the use of customer data-base which enhances CRM practices.

Table 10: Improving relationships with customers in Mechanical Lloyd

How often do you interact with customers in finding their future needs	How often do you use customer data base in enhancing relationship with customers.				
	Very often	Often	Sometimes	Not all al	Total
Very often	0	2	1	0	3
Often	1	4	0	0	5
Sometimes	0	0	2	0	2
Not at all	0	0	0	0	0
Total	1	6	3	0	10

Source: Researcher's own Construct, October 2008

In particular, there has been limited research on the role and contribution of CRM applications in managing customer encounters especially in the automobile industry. Although marketing and information systems researchers have developed theories about the effect of CRM applications, with some progress toward empirical validation Berger and colleagues (2002) develop a framework to assess how customer database creation, market segmentation, customer purchase forecasting, and marketing resource allocations affect customers' lifetime value to the firm. The table above shows that management of both institutions often interact with customers and then make use of the information gathered from them.

4.3: The levels of Customer Satisfaction of Customer Relationship Management Practices in the Study area.

4.3.1: Customer ratings on customer service in Toyota Ghana and Mechanical Lloyd

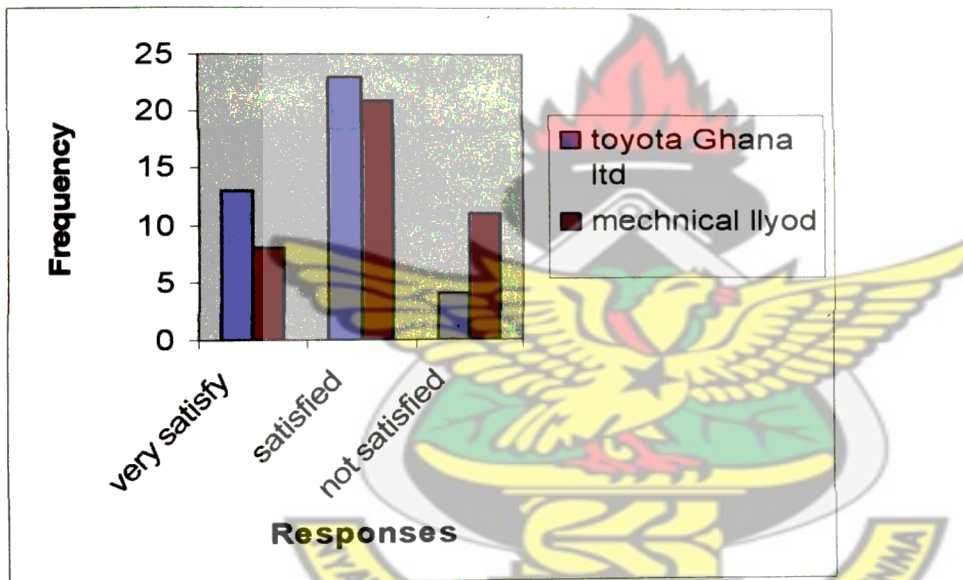
This was to find out how customers rated service delivery in the automobile industry. This was thought to be necessary because today in the business world, management recognizes that customers are the core of a business and that a company's success depends on effectively managing relationships with them. Service delivery was a necessity because of the maxim that “the customer is always right,” “do whatever it takes to deliver your promise” or something similar. This is because the quality of services is considered to be a critical success factor for contemporary service companies. This paper shows that Mechanical Lloyd did not match up to Toyota on the quality of service delivered in the two (2) companies. This is so because whilst ninety percent (90%) of Toyota customers rated the company's service delivery as satisfactory; only seventy-three percent (73%) of customers from Mechanical Lloyd rated it as satisfactory. In addition, whilst twenty-eight percent (28%) of the former rated service delivery as unsatisfactory; ten percent (10%) of the latter rated their services as unsatisfactory. In both cases, Toyota Ghana is better off.

Table 11: Rating customer service in Toyota and Mechanical Lloyd

Responses	Toyota Ghana		Mechanical Lloyd		
	Freq.	Percent	Freq.	Percent	Total
Very satisfy	13	33	8	20	21
Satisfied	23	58	21	53	44
Not satisfied	4	10	11	28	15
Total	40	100	40	100	80

Source: Researcher’s own Construct, October 2008.

Figure 3: Customer Satisfaction Ratings



Source: Researcher’s own Construct, October 2008.

4.3.2: Customers response to product(s) offering in Toyota and Mechanical Lloyd.

According to, Prahalad, et al, 2000 customer knowledge captured across service encounters can be made available for all future transactions, which enables employees to respond to any customer need in a contextual manner. Firms can also use customer knowledge to profile customers and identify their latent needs on the basis of similarities

between their purchase behaviors and those of other customers. Second, firms can share their accumulated customer knowledge with customers to enable those customers to serve themselves by defining the service and its delivery to suit their needs. The process of customer self-selection of service features provides additional opportunities for firms to learn about their customers' evolving needs and to deepen their customer knowledge

Table 12: Customers response to product(s) offering in Toyota Ghana and Mechanical Lloyd.

Responses	Toyota Ghana		Mechanical Lloyd		
	Freq.	Percent	Freq.	Percent	Total
Yes	34	85	21	52.5	55
No	6	15	19	47.5	25
Total	40	100	40	100	80

Source: Researcher's own Construct, October 2008

An item was to find from customers in the industry about their thought on the products or services offered by the two (2) companies and it showed that the majority of customers at Toyota Ghana said the affirmative which was reasonably higher as compared to Mechanical Lloyd. Whilst the former depicted 85%, the latter was 52.5%. This was because it was discovered that Toyota Ghana was the sole supplier and maintenance of all vehicles and were able to meet almost all demands on anything related to automobile. However, the fifteen percent (15%) of the Toyota customers indicated that sometimes they need to be on the company's neck before they could get what they want, whilst that of Mechanical Lloyd indicated that their services and products were tailored toward general needs. However, individuals needs were bound to be incorporated into the services or products offered. It is apparent that Toyota Ghana Limited is carrying out

products and services that are adaptable to customer needs. This is economically wise because it is better to satisfy and establish better relationships with customers than attracting new ones, because the retained customers contribute much more revenue than new customer does as perceived by (Kotler, 1991). Regardless of the size of an organization, automobile industry is motivated to adopt CRM and its practices to create and manage the relationships with their customers more effectively. The implication is that an enhanced relationship with customers could ultimately lead to greater customer loyalty and retention and, also, profitability. This is consistent with Parvatiyar and Sheth (2001) who indicated that Customer Relationship Management is “a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer”.

4.3.3: Means of channeling complaints

Choosing the most appropriate and effective channels to customer complaints is another important strategy that organizations must use to hence the CRM practices. Customer complaints are another indicator that management should look into. The study shows that the real value of CRM applications probably lies in the collection of customer complaints, which it also sees as a sort of information. In finding out whether management of the study areas had provided customers with the required facilities for customers to express their grievances; it was revealed both companies had similar systems which are outlined below:

- Via telephone calls
- Provision of suggestion boxes
- Personal walk in to their customer service points

- Through E-mail

However, sometimes management response to some of these complaints is not resolved at the appropriate time as customers of the companies indicated.

4.3.4: Managing customer and complaints

Managing customer complaint is a crucial variable that determines the long-term retention of customers. Although service quality is assumed to be positively related to the retention of customers, little is known about its effect on customers' relationship commitment.

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Table 13: : Managing customer and complaints in Toyota Ghana

How often do you receive customer complaints?		What complaints do you receive?				
		Wrong invoice	Invoice delays	Mishandling of customers	Others	Total
Very often	Very often	0	4	0	0	4
	Sometimes	2	0	0	3	5
	Not at all	0	0	0	0	0
Total		3	4	0	3	10

Source: Researcher's own Construct, October 2008

Here data was cross-tabulated by considering two questions. The study intended to find out the frequency of receiving customer complaints against the type of complaints staff received from customers. It was disclosed from the table that staff at Toyota Ghana sometimes received complaints. This constituted five (5) of the staff sampled from Toyota Ghana. In addition most of the staff indicated delays in invoicing, wrong invoicing and others.

Table 14: : Managing customer and complaints in Mechanical Lloyd

How often do you receive customer complaints?	What complaints do you receive				
	Wrong invoice	Invoice delays	Mishandling of customers	Others	Total
Very often	3	0	0	2	5
sometimes	0	1	0	3	4
not at all	1	0	0	0	1
	0	0	0	0	0
Total	4	1	0	5	10

Source: Researcher's own Construct, October 2008

Moreover, staff of Mechanical Lloyd was of similar view that most of the complaints that customers brought were more of wrong invoicing, invoice delays and others. This indicates staff were happy when customers are more likely to stay with their organization, buy more products and services, recommend them to new customers and be more forgiving when mistakes occur which is consistent with Ehrenberg & Scriven, 1999. In the marketing literature, attending to customer complaint and managing it at the right time could generally lead to consumer loyalty which has generally been measured as preponderance or bias of past behavioral frequency in favor of a specific brand. However, such a measure is more suited to consumer service which is examined in this research. The measure likely to be most useful to managers is the one that questions respondents on their predisposition to switching suppliers or service providers.

4.3.5: Customer switching

Customer relationship management applications are likely to have an effect on customer satisfaction for at least three reasons. First, CRM applications enable firms to customize

their offerings for each customer by accumulating information through customer interactions and processing this information to discover hidden patterns. Relationship Management Applications help firms customize their offerings to suit the individual tastes of their customers. Customized offerings enhance the perceived quality of products and services from a customer's viewpoint. Because perceived quality is a determinant of customer satisfaction, it follows that CRM applications indirectly affect customer satisfaction through their effect on perceived quality. Customer satisfaction has significant implications for the economic performance of firms (Bolton, Lemon, and Verhoef 2004). Increased customer loyalty may increase usage levels (Bolton, Kannan, and Bramlett 2000), secure future revenues (Rust, Moorman, and Dickson 2002), and minimize the likelihood of customer defection as observed by (Anderson and Sullivan 1993; Mithas, Jones, and Mitchell 2002). What is more, customer satisfaction may also reduce costs related to warranties, complaints, defective goods, and field service costs (Fornell 1992). Some business analysts have suggested that the cost of recruiting a new customer is five times more than the cost of retaining an existing customer (Barsky, 1994; Reichheld and Sasser, 1990). Doing business with continuing customers saves money on a variety of recruitment costs:

- costs of advertising to entice new customers;
- costs of personal selling pitch to new prospects;
- costs of setting up new accounts;
- costs of explaining business procedures to new clients; and
- costs of inefficient dealings during the customer's learning process .

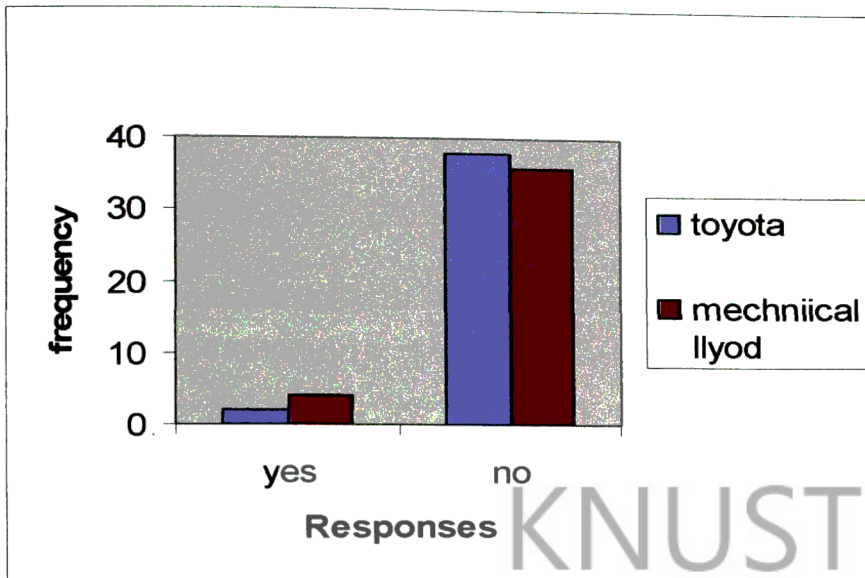
But loyal customers profit the company more by saving on costs. They progress to buying more of their total requirements from one supplier, and buy a more comprehensive product line from the supplier. The longer a business firm can keep a customer, the greater the life-time revenue from that customer. Furthermore, while revenues increase from the same customer, the costs of serving him/her decline. Thus, customer retention becomes an important source of long-term business success. In finding out whether customers from both companies ever have intentions to shift the purchases to a competitor, almost all of them had a similar response which was undecided from both customers. The graph below shows customers responses.

Table 15: Customer switching response ratings

Responses	Toyota Ghana		Mechanical Lloyd		Total
	Freq.	Percent	Freq.	Percent	
Yes	2	5	4	10	6
No	38	95	36	90	74
Total	40	100	40	100	80

Source: Researcher's own Construct, October 2008

Figure 4: Probability of customer switch ratings



Seventy-four (74) of the customers indicated that for now they had no intention to switch to a competitor. This represents 92.5% of the respondents from both companies. However, the responses from Toyota Ghana exceeded that of Mechanical Lloyd. Only six (6) of the responses indicated that they had future intentions to switch on condition that management should always meet their future needs which is an indication that companies should realize the value of keeping customers loyal by coming out with products that are tailored to meet their future needs. The purpose of this is to those who are inclined to switch versus those who are not, limiting the analysis to those who are satisfied. Since it is known that dissatisfaction almost always causes disloyalty, and from the foregoing analysis, it is known that poor CRM practices could cause dissatisfaction. In furtherance to this the interest here was to analyze customers who have propensity to switch despite satisfaction. Thus, the analysis shows that respondents are unlikely to switch and even those who are likely to switch will depend solely on management preparedness to meet their needs and expectations.

Although, it had been observed that CRM had impacted on customer satisfaction as observed from the responses provided by both staff and customers of Toyota and Mechanical Lloyd Ghana, some of the customers had the intention to switch which calls for measures to provide their needs in order to retain them.

4.5: Strategies to improve on customer relations

Before deciding on investing in new CRM programs, there are critical strategies that organizations need to be aware of. These strategies include:

Customer: One of the most important strategies suggested by staff is to identify the target customers based on the existing business model and corporate mission. This means that before deciding on implementing CRM, organizations must get a better handle on the types of customers they should be serving. In addition, they must identify the types of interactions with each segment that will generate the greatest loyalty among customers and the most profit for the business. One way of identifying the target customers is the use of models of customer-centricity. Customer centricity is customer segment management, which is a process of segmenting groups of customers based on similar attributes and managing those segments in a way that maximizes both the benefits to customers and the long-term profit potential of the organization. A typical customer segment management model would consist of several stages called the continuum. These stages include:

- product-centric analysis;
- marketing segmentation;

- customer management;
- customer segment advisors;
- customer segment owners; and
- customer-centric profit and loss.

Depending on the type of the organizations and what industries they are in, any stages on the continuum should be applicable. The most important thing is to achieve the right balance on this continuum, that is to choose the most appropriate and effective channels to fit with organizations' capability.

Another way of identifying the target customers is for the organization to build a profit-and-loss (P&L) strategy for each of its customers. This customer P&L strategy is as important as the corporation's P&L strategy because it is at the heart of any customer relationship program. Not having one may result in unprofitable customers. This strategy allows organizations to determine the appropriate level of service, pricing, discounts, and distribution. It is also a good way to specify how many resources need to be allocated for the greatest return. It is important that organizations recognize the fundamental business goal, which is not to build sales or market share, but to increase profitability based on an understanding of who its customers are.

- **Channel:** In addition, choosing the most appropriate and effective channels is another important strategy that organizations must achieve. Organizations must constantly evaluate the potential channels available to them. This means that they must justify which ones they should use and how well they are using those they have chosen. Recognizing these conflicts is not a hard

thing to do but how to improve or create a new strategy requires attention and research. Organizations can use the road map matrix of comparing the old business strategy mapping to the new business strategy mapping to achieve this recognition.

- **Brand:** Moreover, staff response suggested that brand values strategy also contributes to the companies' ultimate goal, which is to understand and recognize its customers' behaviors. Brand is more than just a name, icon, or slogan. It is not simply something to grab the customers' imagination. It is all about the encapsulation of all the customers' interactions with the company and its products and services. Management must use more statistical measurement and analysis to direct their decisions. Characteristics that make a strong brand as suggested by Eechambadi, 2006 include the following:
 - **Differentiation:** Products or services should be better and different on a dimension that customers care about than those of other competitors.
 - **Consistency:** Promises made to customers should be executed precisely.
 - **Effective communication to customers:** What has been promised to the customers must be true no matter what happens.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS, RECOMMENDATIONS AND SUGGESTIONS FOR FURTHER RESEARCH.

5.0 Introduction

The chapter five concludes the study, gives the necessary recommendations for policy implications and then suggests areas for future researchers interested in CRM practices in the automobile industry.

5.1 Summary of Findings

At the dawn of a new century, automobile firms have had to cope with major structural changes requiring them to reorganize their current production systems. This modification of the automobile industry's economic and social environment stems from major factors such as technological developments specifically in microelectronic and information and communication technology (ICT). This reinforced innovation serves as a factor of competitive process marked by double dimension of the new internationalization phase and featuring an increasing number of mergers-acquisitions between firms, relationship between different actors in the automobile system including the customer. Generally, the study aimed at finding out the impact of customer relationship management on customer satisfaction: a comparative study of Toyota Ghana Company Limited and Mechanical Lloyd Company Limited in Kumasi.

The following were the major findings of the study:

- It was revealed from the table that although in each case there is gender inequality; Toyota is encouraging more female participation in the automobile industry than Mechanical Lloyd. This is so because whilst forty percent (40%) of

the females were represented in Toyota Ghana; thirty (30%) were in Mechanical Lloyd. This shows a percentage change of twenty-five percent (25%). The study also shows that there is gender inequality in the automobile industry. This might be due to the technical nature of the job which requires physical strength.

- . In totality more than half of the respondents were holding graduate and post graduate degrees. However, most of the customers in Mechanical Lloyd had gained higher educational qualifications than Toyota Ghana. For instance, whilst thirty-five percent (35%) of Mechanical Lloyd had post-graduate degree; only seventeen percent (17%) were from Toyota Ghana. This shows a difference of eighteen percent (18%). In addition, twenty-three percent (23%) of customers in Mechanical Lloyd were possessing secondary certificates whilst only ten percent (10%) were in Toyota Ghana.
- The data indicated that five percent (5%) of the customers in Mechanical Lloyd perceived their relationships with staff as very unpleasant. However, none (0) of the customers in Toyota Ghana pointed to that line. In addition, in cumulative terms eighty-eight percent (88%) of the customers from Toyota Ghana perceived customer-relationship as cordial and friendly as put side by side with the responses from Mechanical Lloyd which depicts 83% of the customers sampled from that company. This shows that firms with greater deployment of CRM applications are in a better position to leverage their stock of accumulated knowledge and experience into customer support processes which will in the end could result in higher market share.

- The study showed that the majority of customers at Toyota Ghana said the products or services offered were tailored toward the need which was reasonably higher as compared to Mechanical Lloyd. Whilst the former depicted 85%, the latter was 52.5%. This was because it was discovered that Toyota Ghana was the sole supplier and maintenance of all vehicles and were able to meet almost all demands on anything related to automobile. However, the fifteen percent (15%) of the Toyota customers indicated that sometimes they need to be on the company's neck before they could get what they want whilst that of Mechanical Lloyd indicated that their services and products were tailored toward general needs.
- On response to customers needs, it was revealed that Toyota Ghana has been doing well if it is measured up to its competitor in terms of management responses to customer need. This is so because whilst eighty-five percent (85%) of the customers in Toyota Ghana indicated that management in the company responds to their needs quickly; only sixty-three percent (63%) of customers in Mechanical Lloyd rated management responsiveness to their needs as quick (including those who indicated that it is very quick). There is a significance change of twenty-two percent (22%).
- Whilst seventy-four (74) of the customers indicated that for now they had no intention to switch to a competitor. This represents 92.5% of the respondents from both companies. However, the responses from Toyota Ghana exceeded that of Mechanical Lloyd. Only six (6) of the responses indicated that they had future intentions to switch on condition that management should always meet their

future needs which is an indication that companies should realize the value of keeping customers loyal by coming out with products that are tailored to meet their future needs.

- This paper shows that Mechanical Lloyd did not match up to Toyota on the quality of service delivered in the two (2) companies. This is so because whilst ninety percent (90%) of Toyota customers rated the company's service delivery as satisfactory; only seventy-three percent (73%) of customers from Mechanical Lloyd rated it as satisfactory. In addition, whilst twenty-eight percent (28%) of the former rated service delivery as unsatisfactory; ten percent (10%) of the latter rated their services as unsatisfactory. In both cases, Toyota Ghana is better off.
- The current study shows Toyota Ghana has a well equipped ICT infrastructure as compared to Mechanical Lloyd. This is because whilst only ten percent (10%) of customers of Toyota Ghana rated ICT facilities as unsatisfactory; thirty percent (30%) of Mechanical Lloyd staff indicated that their ICT facilities were unsatisfactory.
- It was revealed that staffs in Mechanical Lloyd were allowed to their initiatives as compared to Toyota Ghana. It shows a difference of ten percent (10%). However, staff of Mechanical Lloyd indicated that although such options are available they have limited logistics to attend to such needs such as show rooms, and strict centralized and bureaucratic systems which hinders the implementations of such initiatives.
- It was observed that none (0) of the staff indicated that the quality of facilities was neither poor nor very poor. However, staff in the various organizations rated the

quality of facilities as good. This is so because automobile industry perceived quality as a determinant of customer satisfaction which follows those CRM applications indirectly affects customer satisfaction through their effect on perceived quality.

- This indicates staff were happy when customers are more likely to stay with their organization, buy more products and services, recommend you to new customers and be more forgiving when mistakes occur which is consistent with Ehrenberg & Scriven, 1999. In the marketing literature, attending to customer complaint and managing it at the right time could generally lead to consumer loyalty which has generally been measured as preponderance or bias of past behavioral frequency in favour of a specific brand. However, such a measure is more suited to consumer service which is examined in this research.
- There is increasing recognition of the importance of managing customer relationship and customer assets. Marketing has moved from a brand-centered focus to a customer-centered approach.
- Although marketing and information systems researchers have developed theories about the effect of CRM applications, with some progress toward empirical validation Berger and colleagues (2002) develop a framework to assess how customer database creation, market segmentation, customer purchase forecasting, and marketing resource allocations affect customers' lifetime value to the firm.
- There is limited knowledge about the effect of CRM applications on a firm's customer knowledge and customer satisfaction. The implication is the CRM applications could affect customer satisfaction or the role of complementary

investments in supply chain management systems. The study shows that all the companies chosen disseminate data among departments. However, comparing Toyota Ghana with Mechanical Lloyd; the former is better off than the latter in terms of ratings.

5.2 Conclusions

In sum, the findings indicate that Customer relationship management applications are likely to have positive effect on customer satisfaction especially in the automobile industry. It has been realized that CRM applications could help firms manage customer relationships more effectively across the stages of relationship initiation and maintenance. In turn, effective management of the customer relationship is the key to managing customer satisfaction and customer loyalty. It was observed that although both companies were doing well in their CRM practices, Mechanical Lloyd could not measure up to Toyota Ghana since the responses went in its favour especially in areas such as quality service delivery, CRM practices, managing customer complaints among others.

5.3 Recommendations

Based on the above, the following recommendations were put forward:

- Operations should be decentralized rather than having a centralized decision making system from the head offices in Accra as is being the case currently which does not augur well for prompt implementation of initiatives.
- Although, most of the customers appreciated the services offered in the study areas as they were not even prepared to switch; there is still the need for

managements to ensure that all operations are fully customer-centered to offer the required CRM practices in the industry.

- All Information and Communication Technology requirements should be provided as to enable staff have a good data-base to facilitate customer interaction in bid to ensure customer satisfaction more especially in this age of growing competition in the industry.
- Customers should normally be informed before any changes or innovations are introduced in order to create the needed trust and loyalty of customers. This is so most of the respondents indicated that both companies did not often inform them when there are changes in their product(s)/service(s) offering which this study identified as a very vast limitation to both companies.
- User-fora should be organized periodically in order to ascertain the problems and needs of customers.

5.4 Suggestions for future research

The following recommendations are suggested for future researchers interested in this area:

- The impact of ICT in enhancing customer relationship management practices using the same or different study area as the test case.
- The challenges of customer relationship management practices in the automobile industry.
- The techniques in accessing the impact of Customer Relationship management.

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APPENDIX A

QUESTIONNAIRE: CUSTOMERS ONLY

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF ARTS AND SOCIAL SCIENCE

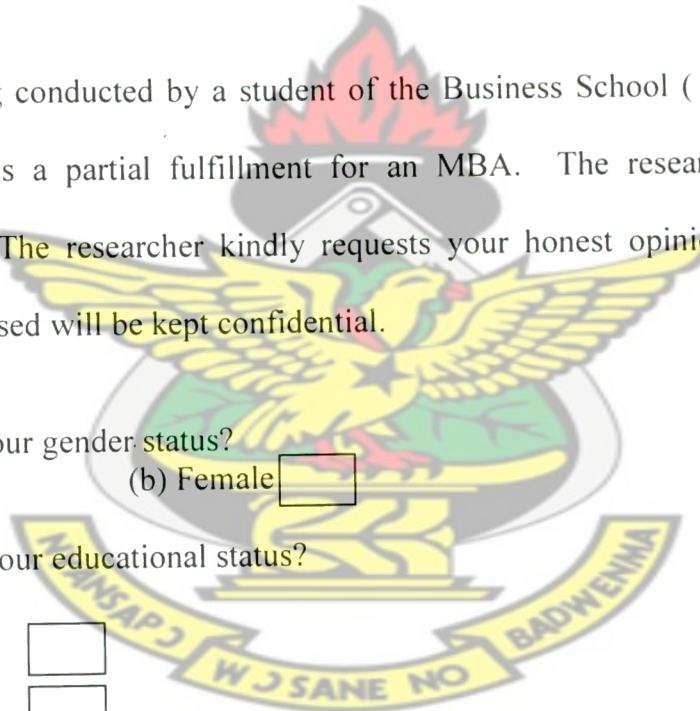
(SCHOOL OF BUSINESS)

Research Topic: Customer Relationship Management and its impact on Customer Satisfaction. A case study of selected automobile retail firms in the Ashanti Region.

KNUST

Dear Sir/Madam,

This survey is being conducted by a student of the Business School (KNUST) for his dissertation which is a partial fulfillment for an MBA. The research is purely an academic exercise. The researcher kindly requests your honest opinion on the issues below. All issues raised will be kept confidential.



(1) Please indicate your gender status?

(a) Male

(b) Female

(2) Please indicate your educational status?

(a) Post graduate

(b) Graduate

(c) Secondary

(d) Others, please specify.....

(3) Which of these classes of customers do you belong?

(a) Individual

(b) Corporate

(c) Others, please specify.....

(4) For how long have you been a customer to this company?

(a) 1 - 2 yrs (b) 3 - 4yrs (c) 5 - 6yrs (d) 7 - 8yrs (e) More than 8yrs

(5) As a customer how do you perceive your relationship with staff with this Company?

(a) Very cordial (b) Cordial (c) Unpleasant (d) Very unpleasant

(6) Do you think the services/product(s) offered by the company are tailored towards your needs?

(a) Yes (b) No

(7) Please provide reason(s) for your choice of answer in question 7.

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(8) Do you think the services/product(s) offered by the company meets your expectations? Please provide reason(s) for your choice of answer.

(a) Yes (b) No

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(9)How quick is the company able to respond to your needs?

(a) Very quick (b) Quickly (c) Slowly (d) Very slow

(10) How often are you informed when there are changes in their services/product(s)?

(a) Very often (b) Often (c) Sometimes (d) Not at all

(11) Do you have any intention of ever shifting to another company? Please provide reason(s) for your answer.

(a) Yes (b) No

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.....

(12) Do you have any means of channeling your complaints? Please list them if any.

(a) Yes (b) No

.....

.....

(13) Do staff show concern when you have any complaints?

(a) Yes (b) No

(14) How often do they attend to your complaints?

(a) Very often (b) Often (c) Not often (d) Not at all

(15) How satisfied are you with the services being offered to you by this company?

(a). Very satisfied (b). Satisfied (c). Not Satisfied

(16) Will you recommend the company to a prospective customer? Please give reason(s) for your answer.

(a) Yes (b) No

.....

.....

(17) Please provide any suggestion(s) that could help improve their services?

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APPENDIX B

QUESTIONNAIRE: STAFF ONLY

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF ARTS AND SOCIAL SCIENCE

(SCHOOL OF BUSINESS)

Dear Sir/Madam,

I am a student researcher from the above University pursuing an MBA degree programme and is undertaking a research on the topic: The Impact of Customer Relationship Management on Customer Satisfaction: A case study of selected automobile retail firms in the Ashanti Region.

I will therefore be very glad if you can kindly spare me little bit of your busy schedule to answer these questions to enable me achieve the objectives of the study. The study is basically an academic exercise and you can be assured that all information provided will be kept confidential.

Please do not hesitate to seek clarification should the need arise.

(1) Please indicate your gender status?

(a) Male (b) Female

(2) Please indicate your educational status?

(a) Post graduate (b) Graduate

(c) Secondary

(d) Others, please specify.....

(3) Please indicate your position in company?

(a) Management (b) Middle level Staff (c) Junior staff

(4) For how long have you been a staff of this company?

(a) 1 - 2 yrs (b) 3 - 4yrs (c) 5 - 6yrs (d) 7 - 8yrs (e) More than 8yrs

(5) What are the strategies put in place in order to improve on customer relationship practices?

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.....

(6) Are you allowed to use your own initiative in attending to customer needs?

(a) Yes (b) No

(7) How do you rate the quality of facilities (e.g. computers, email etc) available to you at your work place?

(a) Very good (b) Good (c) Poor (d) Very poor

(8) How often do you receive customer complaints?

(a) Very often (b) Often (c) Sometimes (d) not at all

(9) What complaints do you normally receive from customers?

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.....

.....

(10) What measure(s) have you put in place in resolving customer complaints?

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.....

(11) How often do you interact with customers in finding out their future needs?

(a) Very often (b) Often (c) Sometimes (d) not at all

(12) How often do you use customer data-base in enhancing relationship with customers?

(a) Very often (b) Often (c) Sometimes (d) Not at all

(13) How often does the company disseminate information on customers among departments? (E.g. customer complaints, needs, changes in their future needs etc)

(a) Very often (b) Often (c) Sometimes (d) Not at all

(14) In your opinion, do you think Customer Relationship Management practices have had any impact on customer satisfaction? Please explain reason(s) for your answer.

(a) Yes (b) No

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(15) Do you have any recommendation(s) for improvement in CRM practices?

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