



Customer Relationship Management in Lesotho Utility Companies

by

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ABSTRACT

The objective of this study is to investigate how CRM could be managed and implemented in view of improving WASCO and LEC service delivery. The research is conducted against a backdrop of service delivery and quality continuing to be a significant challenge for Lesotho utility companies, resulting in frustrated customers, and non-profitability despite the fact that they are operating in a monopolistic arena. The poor service quality and delivery is highly pertinent – particularly for monopolistic companies like WASCO and LEC that offers essential services of water and electricity – as they not only put at risk the lives of the society as a whole, but also hampers the economic growth and development of Lesotho.

An empirical research study was conducted using a quantitative approach and a non-probability, convenience sampling technique. The sample size of 250 was drawn from a target population that represented both companies' different categories of customers, stakeholders, and employees. The research instrument used was a self-administered questionnaire. The findings of the study indicate that both WASCO and LEC's service quality and delivery are not of acceptable standard.

The main reasons identified by this research for unacceptable service delivery and quality by WASCO, in order of significance are, Unappealing appearance of WASCO's facilities, Lack of commitment and customer-centricity demonstrated by frontline staff, Non-availability of a customer charter that is known by customers, WASCO's bad service reputation, Untimely communiqué with respect to service failures, Unguaranteed service works, Unconvincing responses provided by the frontline staff, Non-availability of customers' applicable information at the disposal of the frontline staff as and when needed at the different service stations, Unacceptable service costs, Non-adherence to service-level standards/agreements, and Rudeness demonstrated by frontline staff while dealing with customers.

On the other hand, the main reasons identified by this research study for unacceptable service delivery and quality by LEC, in order of significance are, Non-availability of a customer charter that is known by customers, Non-adherence to service-level

standards/agreements, Non-availability of dedicated relationship managers to interact with high-consuming customers like industries, High service costs, Unguaranteed service works, Service delivery standards that are not known by all the customers, Unconvincing responses provided by the frontline staff, LEC's bad service reputation, Untimely communiqué with respect to service failures, and Failure to contact customers in the event that LEC fails to offer service on the promised time.

Key words: *CRM, customers, CRM strategy, service quality, service delivery, customer complaints management, service recovery, service quality gaps, customer satisfaction, and customer loyalty.*

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- ❖ Friends and colleagues who have stood by me throughout this long journey.

DECLARATION

I declare that the field study hereby submitted for the Masters in Business Administration at the School of Management, University of the Free State, is my own independent work and that I have not previously submitted this work for a qualification at/in another university/faculty.

Signed:

Matseliso Mamathe Makhaola - 2012088882

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CHAPTER 1: OVERVIEW OF THE STUDY

1.1 Background to the Research

In order for any company to build and maintain competitive advantages, there must be well-built capability in understanding which customers grant the most excellent lasting prospects for profitable relationships. Customer Relationship Management (CRM) could therefore be deployed in addressing issues related to level customer orientation, product quality, customer satisfaction, and customer retention (Ma and Dubé 2011: p.84). Successful CRM programmes enable companies to attain competence that would be impossible in an atmosphere that does not embrace precise, well-timed, and continual response machinery crucial to predict the expectations, wishes, and demands of the customer (Nitzan and Libai 2011: p.25).

While the Water and Sewerage Company (WASCO) and Lesotho Electricity Company (LEC) do have customer care departments, it is eminent that management of the relationships of these customers still remains a biggest challenge. This could be confirmed by the fact that their customers are always complaining in the media. This results in bad publicity for these companies and hence low customer satisfaction. However, the thorniest aspect about their dissatisfaction is that both companies are 100% monopolies, thus putting customers in a dilemma of being stuck with them regardless of whether they are satisfied with their services or not (Baye 2010: p.278). Though these companies are enjoying the benefit of doing business under the monopolistic arena, they are still not operating at the acceptable profit margins due to the inefficiencies that are brought about by lack of good CRM.

As an incorporated, general conception, CRM is therefore considered as a framework that could be exploited for the purpose of boosting a firm's profitability and therefore it is imperative that the Lesotho utility companies put more focus on improving on relationship management regarding their customers. The success of CRM in companies rest on three pillars - which are the organisation's employees, technology, as well as its organizational arrangement. The firm should have customer-centric employees who

value the needs of the customers. The companies should realize the negative effect that is brought about by employees that do not have the right attitudes and behaviours to serve the customers. Attitudinal factors can have an overall counterproductive effect on consumer satisfaction (Kumar, Praveen, and Alexander 2015: p.10).

In order to enable dedicated and engaged employees to assist the customers smoothly, the company should also invest in the CRM software system that allows the business processes to be as effective and efficient as possible. The system should have the capability to incorporate the technology, the human resources perspective and the central aspects of the organizational structure as well. It is crucial that top management plays a leading role in the development and implementation of the system. The employees should be trained and capacitated with the relevant skills so that they could appreciate the system, and most importantly the business processes that involve the system should be anchored into the structure of the organization. It is only when all these mentioned aspects are incorporated into the system the endeavour of developing CRM could be beneficial to the firm (Raab, Ajami, Gargeya, and Goddard 2013: p.7).

For a successful CRM implementation, the starting point is to gather all the data related to your customers. It is fundamental that the organization's customers together with their common needs and expectations are known. Excellent knowledge of customers' needs results in the possibility of a long-term, sustained increase of the level of their satisfaction, and of strengthening the customer's loyalty, or rather their willingness to commit to the company. This has direct consequences for the costs and profits of the firm. Rising cost awareness increasingly requires that companies plan their marketing activities with great precision in order to engage the target group, without wasteful spending to achieve a good cost-to-benefit ratio. In the end, the concept of CRM, like all other company activities, has the economic goal of raising profit. CRM characterizes a management philosophy that is a complete orientation of the company toward existing and potential customer relationships. The customer is at the centre of all company considerations. The goal is the management of durable and profitable customer relationships (Lovelock and Wirtz 2011: p.230).

The main utility companies in Lesotho are state owned, namely Lesotho Electricity Company (LEC), which is mandated to supply power/electricity to the whole country, while on the other hand the Water and Sewerage Company (WASCO) is mandated to supply clean water and wastewater management services to all the urban areas of Lesotho. The government of Lesotho established the office of the Regulator namely Lesotho Water and Electricity Authority (LEWA) for the sole purpose of regulating the business of these two companies so as to improve efficiency on service delivery.

For both WASCO and LEC to overcome the test of being under the watchful eye of the Regulator, the subject of CRM is fundamental, considering the fact that most of the service standards stipulated by the Regulator are cantered on meeting the demands of both current and prospective customers satisfactorily. They are expected to comply with these standards, failing which they could face serious punitive charges, or could even get their licenses revoked. It is therefore quite imperative that both LEC and WASCO have a sound CRM system that would enable them to comply with the Regulator's service standards stipulations.

This study, therefore, tries to explore how CRM could be best developed and implemented at WASCO and LEC respectively. This exercise will be achieved through an empirical study and literature review of the existing CRM practices or strategies available and appropriate for both WASCO and LEC, the challenges they are faced with and the approaches that can be adopted in addressing these challenges.

1.2 The Problem Statement

Customer relationship management of most companies globally continues to be a daunting challenge, and Lesotho utility companies are no exception in this regard (Hinson 2012: p.173). Even though literature has shown that CRM leads to enhanced performance and profitability, in practice companies struggle to adapt suitable models to their business contexts (Pedron and Saccol 2009: p.35). The problem is typically that the executive management or leaders of organization fail to develop and implement appropriate CRM strategies that would result in improved service delivery, customer satisfaction and customer loyalty.

This study will, therefore, strive to establish how best CRM could be improved and implemented in two Lesotho utility companies for the sole purpose of enhancing service delivery. The complaints management system will also be looked into, with the aim of identifying how CRM could be utilized in improving on the response time to complaints. Over and above complaints management, the proficiency of the CRM strategy that could enable both companies in maintaining good long-term customer relationships will also be explored. Finally, the utilization of CRM for the purpose of customer satisfaction and loyalty enhancement will also be investigated.

1.3 Objectives

1.3.1 Primary Objective

The primary objective of the field study is to investigate how CRM could be managed and implemented in view of improving WASCO and LEC service delivery.

1.3.2 Secondary Objectives

1. To identify the main reasons WASCO and LEC customers complain.
2. To investigate strategies that could be implemented for the purpose of enhancing customer satisfaction
3. To establish customer loyalty and perceived relationships through improved customer-care service.
4. To pursue a CRM strategy that would enable both companies in maintaining long-term customer relationships and also in understanding customers' needs better.

1.4 Research Methodology

The objectives of this study will be achieved through the employment of a literature review and investigational (empirical) study. More emphasis will be put on the challenges that both WASCO and LEC are faced with in optimizing their CRM, which if addressed, would then lead to effective and efficient service delivery.

1.4.1 Literature Review

The literature review rests on two pillars, namely the research questions and the primary and secondary objectives of this field study. The review will also provide the background to what is intended to be achieved by conducting this study, while the most relevant notions concerning this study are also directed by published research papers, journals, and books on CRM.

1.4.2 Investigational/Empirical Study

1.4.2.1 Study Design

The research design that was employed for this study is descriptive, and the approach quantitative. Sekaran and Bougie (2013: p.288) state that descriptive studies could be employed in assisting the researcher in understanding the characteristics of a group in a given situation and may also enable the researcher to think analytically about factors in a given situation. This kind of research method is also claimed to be efficient and cost-effective (Sekaran and Bougie 2013: p.334) and this would be useful considering the fact that the study was undertaken under limited budget and time.

1.4.2.2 Target Population

WASCO and LEC have on average 300 thousand customers which represent the size of the population with respect to this study. The target population for this study was the sizeable representative of utility companies` customers, stakeholders, and employees - including the following:

- Industrial customers: These are different types of factories, breweries, etc.
- Commercial customers: These are customers like supermarkets, shopping malls, car washes, beauty salons, restaurants and banks.
- Institutional customers: These are customers like schools and tertiary institutions, hospitals and clinics, offices/ office buildings.
- Domestic customers: These are households that are serviced by both companies.
- The Lesotho Water and Electricity Authority: This is the regulator of both companies.
- Customer care staff of both Companies.
- Employees of both Companies; and
- WASCO and LEC Top management.

1.4.2.3 Sampling

A non-probability, convenience sampling technique was employed. Sekaran and Bougie (2013: p.252) explain that this technique is employed where the data or information could be collected from the sample that is easily accessible to provide such. This

technique was employed due to the reason that the total number of the target population could be very large as both companies are servicing the whole country of Lesotho. Moreover, this technique guarantees that respondents are willingly providing the requested data/information and as a result it was expected that it would enhance the response rates.

1.4.2.4 Target Sample

The targeted sample size was 250 individuals that would be representing the different categories of the target population highlighted above. At least 30 respondents were expected to emanate from the following categories: Industrial, commercial, institutional, domestic customers, and employees of both companies, while the other categories will be represented by the sample size between 5 and 10. Sekaran and Bougie (2013: p.269) emphasize that where the sample is divided into different categories, it is quite imperative that a minimum size for each division is not below 30.

1.4.2.5 Data Collection Technique

The data were gathered from primary and secondary sources. Primary data were obtained through structured questionnaires that were issued to the target sample representing the identified target population highlighted above. The questionnaire was administered by the researcher. On the other hand, the secondary data were gathered from books, journals, and other forms of publicized periodicals. The primary data were analysed in view of answering the research questions of this study.

1.4.2.6 Measurement Type

Since respondents were asked to indicate their level of agreement with a given statement, a rating scale was therefore used as the method of measurement. The Likert scale was employed in facilitating the measurement process for the reason that it is the method that aids in ascribing quantitative value to qualitative data, so that it could be amenable to statistical analysis.

1.4.3 Ethical Considerations

The Researcher kept the following ethical considerations in mind while conducting this study:

- Confidentiality with respect to the information gathered from the respondents shall be upheld.
- Respondents will not be coerced to take part in the research.
- Respondents will be made to understand the main objective of the study before they could participate.
- Respondents shall remain anonymous.
- Misrepresentation of data or information that will be gathered from the respondents will be avoided at all costs.

1.5 Demarcating the Field Study

This study aims at exploring alternative strategies that could be employed by both WASCO and LEC in improving on their CRM. The management, employees, and different categories of customers for both companies will be the target population for this research. It is highly expected that the research will guide strategy intend of both companies aimed at improving the CRM.

This study will be undertaken within a ten months period, which is the recommended period for the MBA field study at the University of the Free State. The field of study is Business Management.

1.5.1 Chapter outlay

Chapter 1

Research Proposal

Chapter 2

Literature review (Secondary data collection) on Customer Relationship Management.

Chapter 3

Research Methodology and conducting research.

Chapter 4

Interpretation of the findings on how CRM is perceived in both companies.

Chapter 5

Conclusions drawn based on the findings of the investigations that was conducted with the aim of achieving both the primary and secondary objectives. Finally, recommendations that would direct both LEC and WASCO's Executive Management in developing and implementing appropriate CRM system and strategies that would improve their service delivery will be made.

1.6 Conclusion

This study endeavoured to establish how customer relationship management (CRM) could be best implemented in view of improving WASCO and LEC service delivery.

Furthermore, the extent at which both companies collect, store and manipulate customer data in order to develop and implement more effective CRM strategies will be investigated as well as the role played by utilization of CRM in increasing customer satisfaction. The main reasons for customer complaints will also be identified, and role played by CRM in addressing these complaints will be established.

Finally, recommendations will be made to guide the Companies' Executive Management in developing and implementing appropriate CRM system and strategies that would improve their service delivery and hence assist in profit maximization.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter of the field study reports on the available research literature on the different subjects related to Customer Relationship Management (CRM). The main characteristics of customer relationship marketing are identified and decisively examined in order to establish their role in building the customer trust. Moreover, the investigations are aimed at presenting how CRM could aid in improved service delivery. This chapter also explores all the related literature applicable for this study with respect to the reasons for customers' complaints, enhancement of customer satisfaction, customer loyalty, and establishment of appropriate CRM software that could ease CRM process implementation.

2.2 Customer Relationship Marketing

Customer Relationship Management (CRM), also called Customer Relationship Marketing, denotes the entire course of action by which business dealings with customers are built and retained. CRM is regarded as the strongest and the most proficient mechanism in sustaining and building relationships with customers (Raab, Ajami, Gargeya, and Goddard 2010). According to Pedron and Saccol (2009) CRM is more than just a simple pure business, but it is also considered as a very fruitful approach that ideates strong personal bonding within people. Pedron et al (2009) further articulate that the establishment of this form of bonding drives the company to higher levels of achievement.

On the other hand, Nitzan and Libai (2011) show that once such bonding has been developed, it becomes easy for a company to see the real desires of customers and also assist in serving them in a much appreciable and excellent manner. Hinson (2012) indicates that in recent years, more and more organisations are developing and implementing customer-focused policies, strategies and technology for enhancement of CRM. It has, therefore, been established without a doubt that it is highly essential that companies engage in comprehensive and integrated customer knowledge in order to create close cooperative and partnering relationships with their customers. In a nutshell,

CRM is regarded as an enabler for customer satisfaction, customer loyalty, customer lifetime value and customer retention (Wieseke, Alavi and Habel 2014:p.24), while in turn, all these mentioned aspects also create CRM. Most importantly, CRM is regarded as a fundamental strategy in service quality improvement and profitability (Lovelock and Wirtz 2011: p. 361).

2.2.1 Importance of CRM

According to Mithas, Krishnan, and Fornell (2005: p. 206), gone are the days when companies would depend on the existing customers as well as attracting new and more customers into the loop so as to ascertain that the business flourish. Morgan and Rego (2006) show that this practice is a predicament in today's commercial world as customers are more informed with respect to their rights as far as quality of goods and services offered by the firms are concerned. Moreover, the business world is now more competitive than ever before - hence the importance of ensuring that the company has the competitive advantages that would enable them to stand tall over others, and as a result receive a better share of the market - which would ultimately lead to improved profitability.

The development and adoption of a CRM system is therefore regarded as fundamental in assisting companies in coping with the competitive and challenging markets of recent days (Morgan and Rego 2006: p. 432). <http://managementstudyguide.com> (2015) has identified the following aspects which they regard as of paramount importance to a company if it adopts CRM:

1. A CRM system entails a chronological outlook and examination of all the existing or new customers. This assists the company in reduced searching and correlating customers and to forecast customer wants successfully, thus improving the service quality and business profitability.
2. CRM advocates for the details of each and every customer of the company, in order to ease the tracking of customers. These details could also be used in establishing whether customers are or could be more profitable to the company so that efforts could be made to bond and retain

them with and for the company. Those not profitable could also be identified through the use of CRM, and reasons for them not being profitable could be established, and strategies to convert them into being more profitable developed and put into action.

3. In a CRM system, the categorization of customers is done based on different aspects that include physical location, and the type of business they do, and on the basis of that categorization, they are allocated to different Relationship Managers. This assists the company in putting more focus on the individual customer needs and expectation, thus enhancing service quality and customer satisfaction.
4. CRM reduces process time and enhance productivity due to the fact that the system enables all the customers` details and information to be accessed promptly at a click of a button. When customers are dealt with efficiently and their requests are addressed timely, their satisfaction with the services offered by the firm tends to increase. This increases the chance of getting more business - which ultimately enhances turnover and profit. If the customers are satisfied, it is highly probable that they will be loyal to the company and will also remain in business with them for a long time resulting in increased customer base and ultimately enhanced net growth of business.

The most important aspect of CRM is that it becomes very cost-effective in the long run due to the fact that the system employs paperless technology, which requires reduced need of paper and human resources - which results in reduced manual work that is associated with the traditional ways of dealing with customers. The technologies used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business (<http://managementstudyguide.com/importance-of-crm.htm> 2015). For marketing practitioners, CRM symbolizes a business approach to developing full-knowledge about customer desires and preferences and to developing and implementing CRM strategies that give customers confidence to persistently improve their business relationship with the company (Lovelock and Wirtz 2011: p. 362).

Moreover, it is shown that the approach to implementation of CRM can be strategic, technological, or philosophical (Pedron and Sacool 2009: p. 38).

2.3 CRM Strategy

Strategic CRM puts more focus on the allocation of resources aimed at building and maintaining relationships with the customers that seem to have a profitable lifetime value to the company. The strategy centres on the beneficial and proper administration of customer relationships (Lovelock and Wirtz 2011: p.362). Lovelock and Wirtz (2011) also state that there are five fundamental business processes that form the integrated CRM strategy framework, namely Strategy development, Value creation, Multichannel integration, Performance assessment, and Information Management or Technology Initiatives.

From the company's point of view, a CRM strategy framework enables the company to better comprehend, segment, and rank its customer base; better target promotions and cross selling; and even implement warning/alert system that indicate if a customer is in danger of defecting. On the other hand, Lovelock and Wirtz (2011) suggest that from the customer's standpoint, a well-implemented CRM system can offer an integrated customer interface that delivers customization and personalization. This basically means that at each transaction, the relevant account details, knowledge of customer preferences and past transactions, or history of a service problem are at the fingertips of the person serving the customer.

Pedron et al (2009: p.40), on the other hand, reiterates that an ideal CRM strategy framework should therefore entail the following processes that put more focus on the beneficial improvement and management of customer relationships. These processes could be depicted diagrammatically as shown in figure 2.1 below.

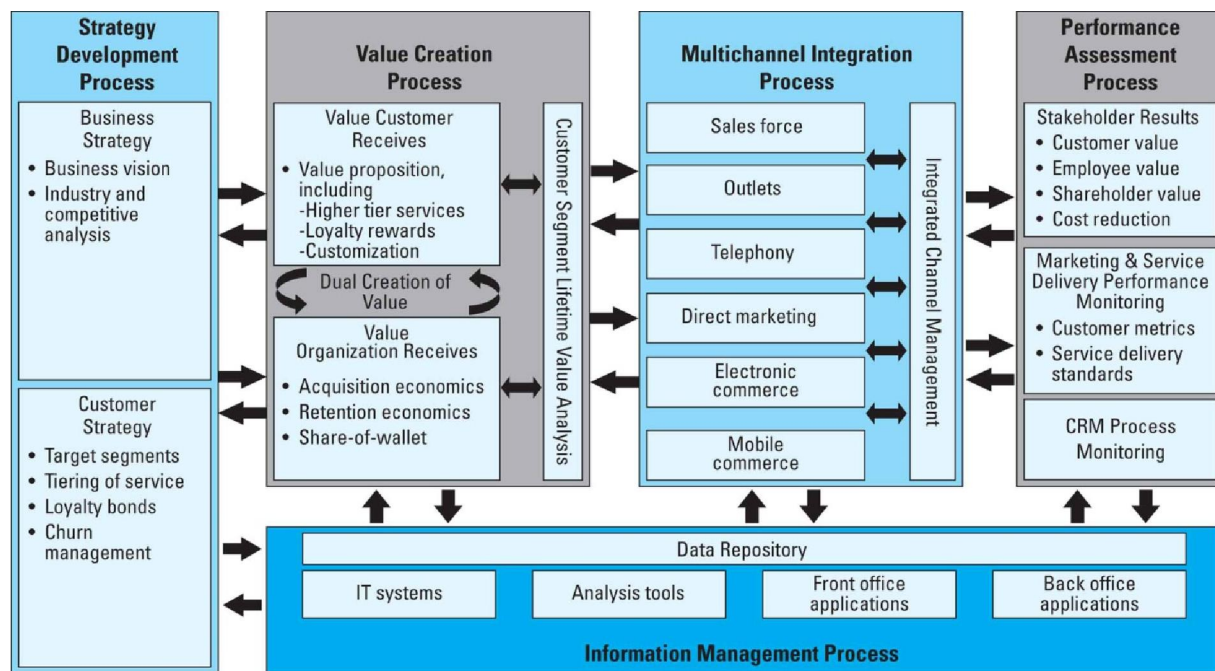


Figure 2.1: An Integrated Framework for CRM Strategy

Source: Adapted from: Adrian Payne and Paine Frow, "A Strategic Framework for Customer Relationship Management," Journal of Marketing 69 (October 2005): 167-176.

2.3.1 Strategy development

Payne and Frow (2005: p.173) emphasize that a company's top management's main responsibility is to develop a business strategy that would enable the company to articulate its vision and mission. They further articulate that there should be strategy alignment between the main business strategy and the CRM strategy. Hinson (2012) also share the same sentiments by indicating that for a CRM strategy to be successful, it should be informed by the main business strategy. The CRM strategy should also take account of how the target market is going to be divided, how the customer base could be ranked or tiered and how loyalty bonds and churn management could be best established, thus delivering improved value to the customers (Morgan 2006: p.430).

2.3.2 Value creation (Delivering value to the customer)

Value creation is regarded to be the current “in thing” that companies are utilizing to explain their new strategic direction (Hinson 2012: p. 152). According to Banyte, Tarute and Taujanskyte (2014: p.572) the emphasis on value and use of expressions that reveal value has turned out to be the familiar marketing communication message in most advertising media. With so much emphasis on value creation, it would therefore be reasonable that companies have a better understanding of what value creation is and what also produces more value. Jooste, Strydom, Berndt, and du Plessis (2012: p.382) define value creation as the process of converting the company and customer strategies into the preferred value intentions.

Mithias et al (2005) indicate that value creation is realized through the improvement of intangibles. They further argue that it is the duty of the management of companies to build and protect intangible value as such initiative could lead the company into tangible value. Companies need to identify their competencies and devise means of applying these competencies to their advantage so as to create value. These competencies normally portray the company’s identity and image and as such they define what the company is good at doing, and ultimately what it is. According to Lovelock and Wirtz (2011), companies should therefore consider the following aspects that are illustrated in figure 2.2 below when striving to create value or deliver value to their customers.

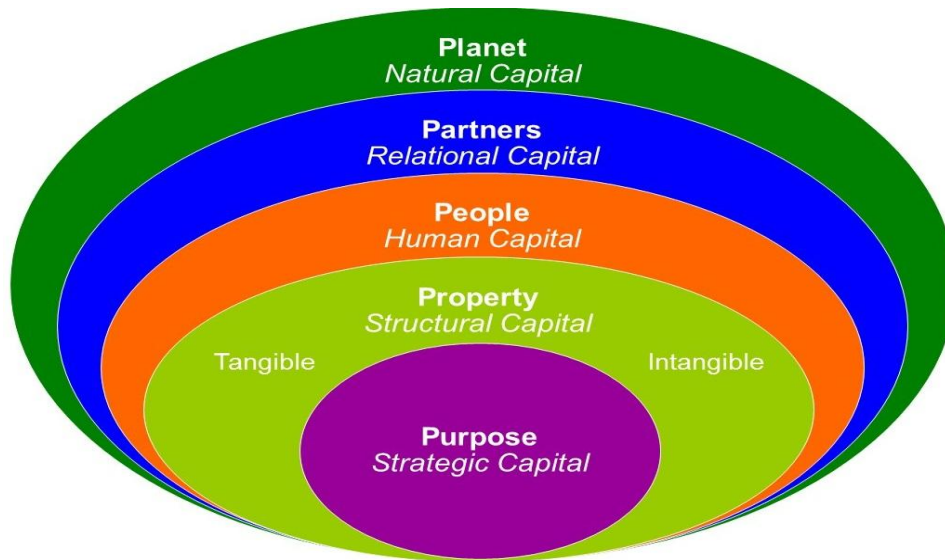


Figure 2.2: Five Capitals Value Creation Model from intangibles

Source: Adapted from <http://www.smarter-companies.com/>

The above model illustrates that value could be created by advocating for continuous improvement in the following aspects of service quality:

1. **Strategic Capital:** This depicts the purpose of value creation. The sole purpose of the strategy is to create and distribute the value that businesses and the customers will consume. Strategic capital is created by serving the interest of stakeholders through the value created.
2. **Structural Capital:** This is of utmost importance in enhancing value creation as without this structural support, value creation could be infeasible. The most valuable ideas are leveraged through operational support, design, and scalability. Having the right structural capacity in place enables the value created to be distributed to all interested stakeholders.
3. **Human Capital:** Having the right people thinking about the right things for the right reasons is the first step in value creation. Trust is at the fore in

influencing human capital. Value creation is therefore considered as both a philosophy and a process that creates value for consumption.

4. **Relational Capital:** When a Company creates and distributes value, it creates relational capital. Relationship capital is built through the awareness and experience of the value created. Awareness and experience are created through engagement.
5. **Natural Capital** represents any stock or flow of energy and materials that produce goods and services. Natural is the basis of all the activities that are directed towards value creation because if the natural raw materials were not available then there would be no reason to be in business.

On the other hand, Mithias et al (2005) states that the value that is endured by the customers includes all the paybacks associated with the priority ranked services allegiance incentives, and customization and personalization. Lovelock and Wirtz (2011) also indicate that the value produced for the Company has to, amongst other issues of importance, entail decrease in customer acquisition and cost of retaining such customers, and improved shared benefits. Such benefits that are endured by the customers could be communicated to the current and prospective customers of the firm through multichannel of communication.

2.3.3 Multichannel Communication integration

Marketing communications, in one form or another, are fundamental to a firm's success (Kotler and Keller 2012: p.219). A number of communication methods are used by companies in conveying their messages to their valued customers. These methods include radio, television, newspapers and e-mails/e-commerce. Ma and Dubé (2011: p. 90) therefore emphasizes that it is imperative that companies should seek to establish a combined customer interface that delivers customization and personalization. Hinson (2012) on the other hand, indicates that integrated marketing communications (IMC)

advancement conveys improved communication synergies and supports the exclusion of deceitful marketing communications efforts.

The IMC concept entails a number of tools of marketing communications, such as sales promotions, personal selling, advertising, sponsorship, event marketing, online marketing, public relations, social media marketing, and direct and database marketing (Hinson 2012: p.75). Although IMC is considered to be time-consuming and tiresome, if implemented religiously it could yield a number of benefits that include the following;

1. It assists companies in establishing competitive advantage.
2. It assists in profit maximization,
3. It assist customers in making informed decisions, thus strengthening the customer relationship, and lastly,
4. IMC assists firms in improving on their performance and service quality (Bhuvaneshwari and Sowmya 2013: p.10).

2.3.4 Performance assessment

Kotler and Keller (2012: p.225) emphasize that the process of performance evaluation should attend to three fundamental areas of CRM strategy:

1. The CRM strategy should be seen to generate value for all the key stakeholders that include customers, company owners, and all members of staff of the organization.
2. The issue of attainment of the set marketing objectives with respect to the set target on acquiring new customers, customer satisfaction and retention should be highlighted in the CRM strategy. The service performance set target in relation to call centre service standards should also be put at the fore of the same strategy.
3. Lastly, the CRM strategy should provide for ways of measuring whether the whole process of CRM is performing as expected.

Abdullateef, Mokhtar, and Yusoff (2011: p.3) highlight that CRM strategy is considered to be well inclusive with respect to performance assessment, if the customers and

company realize positive value creation, and over and above that, if the information management system is functioning adequately and it is also being effectively and efficiently incorporated across all the customer-service stations.

2.3.5 Information management or technology initiatives

Lovelock and Wirtz (2011) state that service delivery depends on the company's capacity to gather customer information, incorporate it with other applicable information, and ensure that these applicable information is at the disposal of the frontline staff at the different customer-service stations at all times. On the other hand, Wieseke et al (2014) show that the information management process covers the customer data warehouse, IT systems, analytical tools - which include data mining software, and more specific application packages such as campaign management analysis, credit assessment, customer profiling, churn alert systems, and even customer fraud detection and customer contact, including sales force automation and call-centre management applications, and back office applications which support internal customer-related processes including logistics, procurement, and financial processing.

This can result in a huge service improvement and increased customer *value*. However, this could be achieved if the firm has invested in very sound CRM technological system that is user friendly to all its users.

2.4 CRM as a Technological tool

The use of technology advancement to facilitate speedy business transactions has become a norm in today's business world. When CRM is used as a technological tool, it improves business processes and smooths communication between all the sections that have a stake in a customer's transaction (Bhuvaneshwari and Sowmya 2013: p.13). Bhuvaneshwari and Sowmya (2013) further show that the constant utilization of a CRM software system has a positive effect on CRM performance. They suggest that when the system is more inclusive in terms of the information that could be generated by it, and it is also highly utilized, it could yield better performance across all the stages of the customer lifecycle. This avers the fact that CRM technology plays a very fundamental role in customer relationship performance or quality.

Equally, Abdullateef, Mokhtar, and Yusoff (2011: p.4) argue that if CRM is competently administered, it could assist the firm in dealing with the customers' inquiries and complaints more promptly with correct and well-timed information that would help in decreasing customer-care staff role stress, and consequently increasing staff job engagement that forms part of CRM philosophy, improved service quality, and customer loyalty.

2.5 CRM Philosophy

CRM philosophy advocates the building of long-term relationships with customers and maintenance of such relations, which in the end would enhance customer loyalty (Pedron et al 2009: p.38). The successful implementation of CRM could only be achieved if the company have highly engaged and committed customer-centric employees who understand their roles very well. CRM can be fruitless when a limited number of employees are committed to the initiative; thus, employee engagement and change management are essential issues in CRM implementation (Payne and Frow 2005: p.167). Pedron et al (2009) also state that this philosophy is expected to direct the firm's functional strategies.

2.5.1 Employee engagement

It is stated that about 30 years ago, the customer was merely regarded as a subject to be obtained and cashed in on all his funds. The employee was not regarded as an asset, but rather an expense. And management's concept of employee engagement was "follow the rules or get fired". No one spoke about employees as talent and customers as advocates and brand ambassadors (Jooste et al 2012: p.381). However, when time evolved, and the business world became more turbulent and competitive, the importance of both the customer and the employee were then realized. It became more apparent that the customer experience with the organization was based on two pillars, namely business processes and frontline employees' attitudes (Arussy 2012: p.1).

Arussy (2012) further argues that companies more often than not are interested in injecting more capital in technological instruments that enhance response time, organized customer database, and innovative products, yet very few take cognizance of

the fact that employee attitudes play a fundamental role in this regard. Without reliable frontline staff that is highly motivated and willing to serve customers, no technological instruments would be good enough to satisfy the customers and thus straining the pillars of CRM (Driggs and Porter 2013: p.5).

On the other hand, Hinson (2012) indicates that for companies to endure a successful implementation of CRM, they should ensure that their employees that are in contact with the customers on a daily basis are well trained and engaged. Benjamin, Yuan and Lin (2012: p.8) reiterate that engaged employees exhibit superior drive, commitment, and fascination in their work, and that should show evidence of enhanced service performance because they are paying attention on their responsibilities and tasks. Highly engaged employees are more likely to truly demonstrate helpful sentiments when dealing with customers (Sanchez-Franco and Rondan-Catalun 2010: p.18).

Lovelock and Wirtz (2011) emphasize that it is important that companies introduce models that constantly measure employee engagement, and whether employees are making a positive difference with each interaction. Companies also require a strategy that at the same time looks into assessing current employee engagement drivers and customer engagement drivers and aligning them with the CRM strategy and the main business strategy (Wieseke, Alavi, and Habel 2014: p.8). It is therefore highly imperative that companies invest not only in the enhancement of business processes to deliver services to customers, but also in the engagement of their employees in that process as employees play a vital role in the enhancement of service quality and could also determine the company's success or failure with every customer interaction.

2.6 Customer Service Quality

2.6.1 Customer Service Quality Perception

Customer service quality could be viewed and defined in different perspectives depending on the type of business (Ma and Dube 2011: p. 85). According to Zeithaml et al (2009), service quality could be categorized into four perspectives which are transcendent, manufacturing-based, user-based, and value-based.

2.6.2 Dimensions of service quality

Zeithaml et al (2009) are quoted by Lovelock and Wirtz (2011) as having undertaken a detailed field study on service quality and concluded that there are five broad dimensions that are used by customers in assessing service quality. These dimensions are tangibles, reliability, responsiveness, assurance, and empathy.

1. **Tangibles:** This dimension addresses factors related to appearance of facilities, equipment, frontline staff, and communication methods/style. According to Arussy (2012) customers' evaluation basis on service quality starts with the attractiveness of the service provider's facilities, e.g. dress code of frontline staff, office/reception environment, and communication methods used to convey critical information to the customers.
2. **Reliability:** This dimension deals with the capability of the firm in carrying out the guaranteed service unfailingly and correctly. For instance, the customer would appreciate to be conducted if the firm is not able to provide the service on the promised date. Customers also appreciate if the communiqué from the firm is timely and free of errors.
3. **Responsiveness:** This includes willingness and ability of the firm's frontline staff in assisting the customers and also in offering timely service. Tripathi (2014) shows that when a company's services are reliable, customer satisfaction and loyalty increases. He further states that customers are always keen to see their problems being resolved promptly, and they also get satisfied if the frontline staff seems to be willing and able to give convincing responses to their questions related to the service offerings.
4. **Assurance:** This dimension of service quality deals with four characteristics of service quality, namely credibility, security, competence, and courtesy. The customers ask the following questions when evaluating the service provider's assurance:
 - Does the service provider possess an acceptable reputation?

- Does the service provider guarantee its job?
 - Can I be confident that the service costs cover all the expected aspects of such service?
 - Can the frontline staff of the service provider process my transaction without mistakes?
 - Does the frontline staff seem to be knowledgeable?
 - Is the frontline staff polite, friendly, and respectful?
5. **Empathy:** This dimension assess the firm's capability in addressing the customers' demands related to access, communication, and understanding and knowing the customer's needs. Hinson (2012) notes that customers appreciate firms that have managers that are approachable and easy to access if needs be. He further shows that customers also get impressed if the firm listens and keeps them informed through easily accessible communication media and in language that they could easily understand. According to Kotler and Keller (2012) it is imperative that service providers strive to know and understand their customers so that the customers could be categorized accordingly. They further state that if service providers know their customers, it becomes easier for them to address all the problems related to the service quality as they would be able to tailor resolutions based on the needs of specific segment of customers.

2.6.3 Service quality challenges/problems

Zeithaml et al (2009) is quoted by Lovelock and Wirtz (2011) as having acknowledged six probable loopholes that could be encountered within the service firms, and that may result in a disparity between the expected service quality by the customer and what customers believe to have been delivered. These six gaps are illustrated as adapted from Zeithaml et al (2009) in figure 2.3 below. Banyte et al (2014) show that the six gap model fits into the company's CRM strategy framework model by addressing the aspect of performance assessment process. When devising strategies that could be employed

in bridging these service gaps, companies ought to establish service delivery standards and adherence thereof so as to ensure improved service quality.

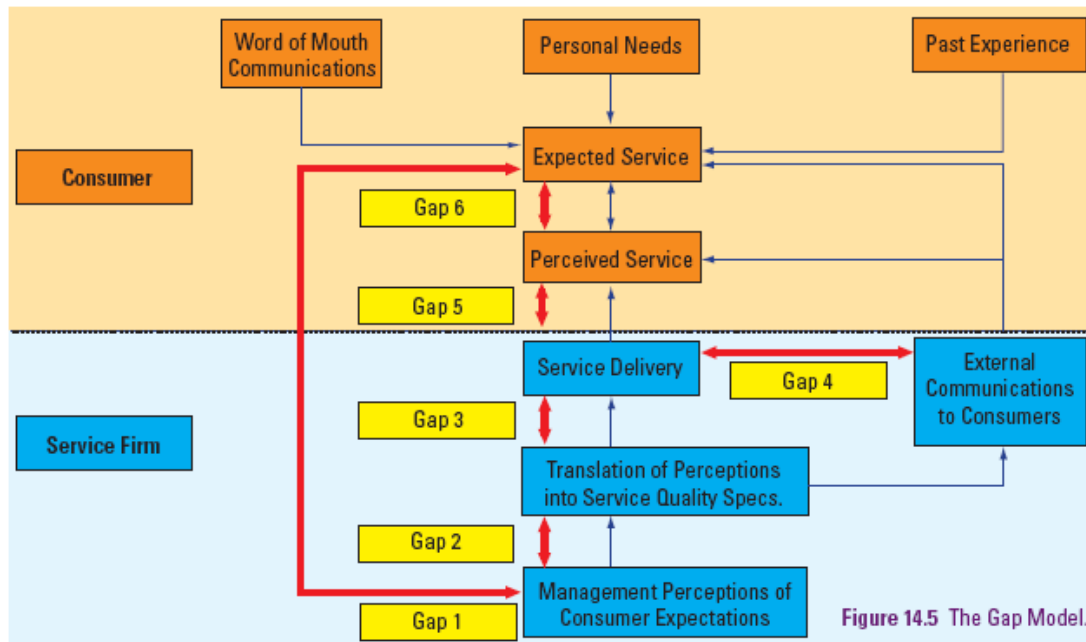


Figure 14.5 The Gap Model.

SOURCE

Adapted from the original 5-gaps model developed by Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing* 49, (Fall), pp. 41–50; Zeithaml, V. A., Bitner, M. J., & Gremler, D. (2006). *Services Marketing: Integrating Customer Focus Across the Firm* (p. 46.). NY: McGraw Hill/Irwin. A further gap (Gap 5) was added by Christopher Lovelock (1994), *Product Plus* (p. 112). NY: McGraw Hill.

Figure 2.3: Customer service Quality Gaps Model

Source: Adapted from Lovelock and Wirtz 2012: Page 408

Gap 1: This is called the knowledge gap and it represents the disparity between what the firm's top management considers the expectations of the customers and the actual desires and expectations of the customers (Hinson 2012: p. 159). Hinson further states that this gap could be brought about by the insufficient upward communication influenced by too many layers of management in an organization.

Gap 2: This gap is known as the policy gap because it is based on the policies that the management of the company put in place in order to address the customers' service quality expectations (Lovelock and Wirtz 2012: p.406). This gap therefore depicts the disparity between the management's undertaking of customer expectations on service

quality standards and what is the actual desires and expectations of the customers. This is regarded as the sign of poor commitment to service quality by some organisations and also insufficient activity standardizations. Tripathi (2014) recommends that performance standards should be established to eliminate this gap.

Gap 3: This is also called the delivery gap and it depicts the disparity between service specifications and service delivery. According to Kotler and Keller (2012) this occurs due to poor supervisory controls and lack of teamwork, vagueness and inconsistency of roles, poor CRM software or employee job fit. An employee may not possess the requisite knowledge or skills required to suit the specified principles. Moreover, there might be the unavailability of a service plan to indicate undoubtedly distinct functions of who performs what, when and how; and even what to do when some predictable setbacks occur.

Gap 4: This is called the communication gap and it represent the disparity between what the firm communicates to its customers and what it actually delivers to the customers. Hinson (2012) indicates that firms have a tendency to over promise through the messages they convey in their advertisements and under deliver when it comes to the actual service delivery.

Gap 5: This is known as the perception gap and it deals with the disparity between what is actually delivered to the customers and what the customers observe to have received from the firm. Since customers' judgments of the service quality are more often than not subject to past experiences, word of mouth references and the extent of individual requirements, gaps are derived from the underperformance of the service firm in contrast with the expectations of the customer. A customer might get the wrong impression about the service quality and, in this case, have a negative opinion of that service (Lovelock and Wirtz 2011: p.408).

Gap 6: The service quality gap is the disparity between what customers look forward to get and their judgment with respect to the quality of service that in reality is delivered.

Gap 6 is the accumulated outcome of all the preceding gaps. It will be closed when **gap 1 to 5** have been addressed.

2.6.4 Strategies for customer service quality improvement

The service quality gaps in the midst of service delivery, in one way or another are detrimental to the relationships with customers and therefore need to be addressed in a very strategic manner if the service provider aspires to improve on its service quality thus increasing customer satisfaction (Ma and Dube 2011: p. 90). Payne and Frow (2005) emphasize that enhancement of service quality requires identification of the root causes of each service gap, followed by the development of appropriate strategies aimed at closing these gaps. Table 2.1 below depicts an abridged series of broad recommendations for closing the above explained six service quality gaps.

Table 2.1: Recommended strategies for closing service quality gaps

Service Quality Gap	Proposed Strategy for closing the gap
The Knowledge Gap (Gap 1)	<p>Management need to be trained on the expectations of the customers, and in order to achieve this, the management should implement the following strategies:</p> <ul style="list-style-type: none">○ Customer surveys should be undertaken regularly and they should employ research methods like questionnaires and interviews. The questions should be structured in such a manner that they would address the most critical aspects of the type of service delivered by the firm.○ The service firm should put into operation an efficient customer feedback system that would amongst other areas of importance in the service quality, include customer satisfaction research, analysis of launched complaints, and customer sections.○ Ease and promote contact between management and frontline staff.○ Enhance contact between management

and customers.

Management should develop appropriate service business processes and standard operating procedures, and they should address the following issues of service quality:

The Policy Gap (Gap 2)

- Get the customer services right.
- Design customer service processes that are customer centric.
- Establish ranked service products that suit different customers' expectations.
- Place, communicate, and strengthen quantifiable customer oriented service standards for all the elements of the job.

Management should ascertain that the performance matches the set standards and that the customers appreciate the level of quality that is delivered by the firm. This could only be achieved if management;

The Delivery Gap (Gap 3)

- Could strive to keep the customer service staff highly motivated and therefore able to achieve the set service standards.
- Train employees on the technical and soft skills and soft skills needed to perform their assigned tasks effectively, including interpersonal skills, especially for dealing with customers under stressful conditions.
- Install the right technology, equipment, support processes and capacity.
- Manage customers for service quality.
- Educate the customers so that they could

perform their role and responsibilities in service delivery effectively.

Management should address the issue of internal communications gap by striving to ascertain that the promises made through communications channels like advertisements are realistic and rightly appreciated by customers. This could be achieved by implementing the following strategies:

The Communications Gap (Gap 4)

- Train managers responsible for sales and marketing communications about operational capabilities.
- Ensure that communications content sets realistic customer expectations.
- Be specific with promises and manage customers' understanding of communication content.

Tangibilize and communicate the service quality delivered.

The Perception Gap (Gap 5)

- Make service quality tangible and communicate the service quality delivered.

Gap 6 is the accumulated outcome of all the preceding gaps. It will be closed when gaps 1 to 5 have been addressed.

The Service Quality Gap (Gap 6)

Source: Adapted from Lovelock and Wirtz 2012: Page 410

2.6.5 Complaint Handling and recovery procedures

Hinson (2012) defines customer complaint as an expression of discontent about the quality of service or action by a firm, affecting an individual or group of customers. Customers will always complain if the service firm does not strive to bridge the service quality gaps discussed in the above section. Some of the reasons that cause customer complaints include failure to inform customers of service interruptions, delays in delivery of promised services, rudeness when responding to customer queries, discourteousness, and incompetency of the service staff.

Complaints are considered as a very helpful mechanism for getting customers' views regarding services provided by the service provider (Mithas, Krishnan and Fornell 2005: p.202). Complaints are also appreciated due to the fact that they enable the service company to realise its weak spots in service delivery and recognize areas for developments, and also assist companies in displaying high level of customer care in resolving issues. Therefore, in handling the complaints, managers should endeavour to address the following questions:

- What causes customers to complain?
- What proportion of unhappy customers complain?
- Why don't unhappy customers complain?
- Who is most likely to complain? and
- Where do customers complain?

Following addressing these questions, management should put in place a service recovery system that should deal with the unsatisfactory experiences with the aim of restoring the good image of the firm. Tax and Brown are quoted by Lovelock and Wirtz (2011) as having established that eighty five percent of the variation in customer satisfaction regarding service recovery was based on three dimensions of fairness as illustrated in the figure 2.4 below.

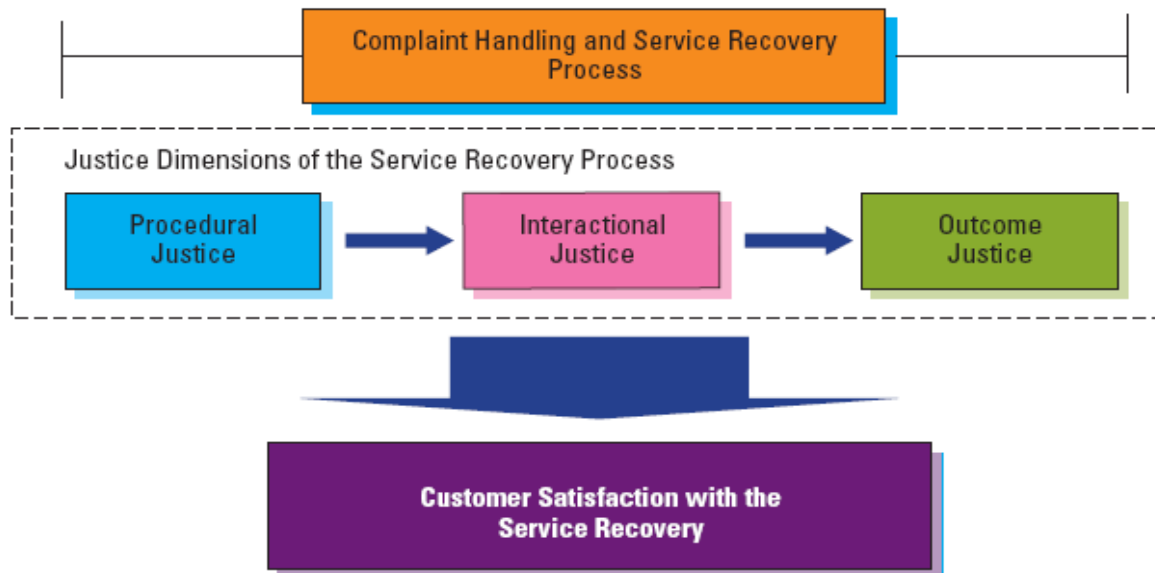


Figure 2.4: Complaint handling and service recovery process

Source: Adapted from Lovelock and Wirtz 2011 Page 375

- **Procedural justice:** This deals with the set firm's policies and procedures that each and every customer have to go through in the process of seeking service fairness. In this whole process, the expectation of the customer is that the firm will assume the responsibility which is fundamental for commencement of a fair procedure, followed by the suitable and responsive recovery system.
- **Interactional justice:** This addresses the conduct and responses of the employees of the service provider towards the customer. It is essential that the employees provide the customers with convincing explanations for service failures and should also appear to be proactive in resolving the service problems.
- **Outcome justice:** This concerns compensation a customer receives as a result of the losses and inconveniences incurred because of a service failure.

Tripathi (2014) emphasize that it is the duty of the firm's management to have a full understanding of the complaining behaviour of the customers so that they could be able to devise appropriate strategies that would eliminate such complaints thus increasing customer satisfaction.

2.7 Customer Satisfaction

Lovelock and Wirtz (2011) state that the strong source for loyalty is anchored in customer satisfaction. Customer satisfaction has major repercussions for the money-making performance of companies (Mithas, Krishnan and Fornell 2005: p.202). Mithas et al (2005) again suggests that it has been established that customer satisfaction could negatively affect customer complaints, while on the other hand usage behaviour and customer loyalty could be positively affected. Customer satisfaction could also decrease expenses associated with guarantees, complaints, malfunctioning supplies, and service expenses (Hinson 2012: p.152).

When customers are satisfied with products or services that are offered by the firm, they become good ambassadors in that they spread a positive word of mouth about that particular firm. According to Pedron et al (2009) dissatisfied customers, in comparison, pushes customers away and that is a fundamental aspect in switching conduct. Fornell (2005) is quoted by Lovelock and Wirtz (2011) as having pointed out that the escalation of customer satisfaction could also result in escalation in share prices. Zeithaml et al (2009) illustrate that there is a direct relationship between customer satisfaction and customer loyalty. They go further to show that this relationship could be separated into three main sectors as shown in figure 2.5 below.

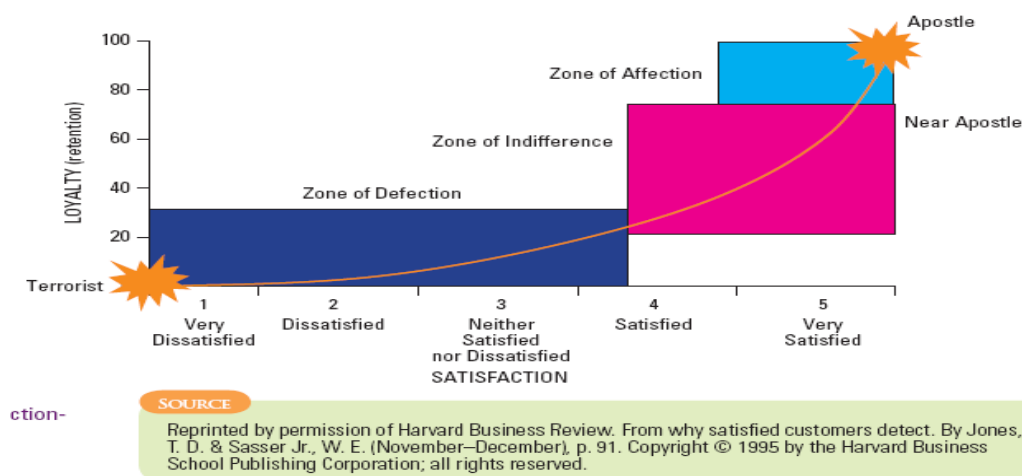


Figure 2.5: The Customer Satisfaction – Loyalty Relationship

Source: Adapted from Lovelock and Wirtz 2011 Page 351

2.7.1 Deflection Zone

At this zone, the customer satisfaction level is low, and it is at this stage where it would be found that customers would prefer to switch unless the switching costs would appear to be elevated, or there seems to be no suitable substitutes that they could switch to. According to Tripathi (2014), dissatisfied customers could turn into terrorists in that they could spread a lot of negative criticism and word of mouth about the service provider.

2.7.2 Indifference Zone

At this zone, the customer's satisfaction and dissatisfaction levels are somehow balanced. The customer at this zone is partly satisfied by other offerings of the firm, while on the other hand he is also not satisfied in one way or another.

2.7.3 Affection Zone

This is an ideal zone that firms should strive to operate in if they aspire to remain competitive and to realize satisfactory returns on their investments. Customers at this zone are highly satisfied with the firm's offerings - so much so that their attitudinal loyalty is also positively elevated. The end result of customers at this zone is that they do not consider switching and they also spread the positive word of mouth to the public about the firm's offerings. Hinson (2012) refers to such customers as "Apostles" due to the fact that they preach a positive word of mouth about the firm. High satisfaction leads to higher customer loyalty and improved future company's performance (Tripathi 2014: p.124).

2.8 Customer Loyalty

The high value brought by loyal and repeat business is highly appreciated by today's global business (Wieseke, Alavi, and Habel 2014: p.17). Wieseke et al (2014) further state that "the longer a company keeps a customer, the more money it stands to make". In recent years, the subject of customer loyalty is dealt with frequently due to the fact that it has been realized that customer loyalty has a positive impact on the firm's bottom line (Morgan and Rego 2006: p.427). Guadagni and Little (2008: p.41) show that customer loyalty also results in customers who are less sensitive to price due to the

loyalty that they have developed towards the company, which results in higher price levels for products and services.

Customer loyalty could be achieved through the engagement of the marketing philosophy known as customer loyalty wheel (Lovelock and Wirtz 2011: p.345). Figure 2.6 below demonstrates how customer loyalty could be achieved and maintained by implementing three service marketing declarations and these are:

- Build a foundation for loyalty,
- Create loyalty bonds, and
- Reduce Churn Drivers.



Figure 2.6: Customer loyalty wheel

Source: Adapted from Lovelock and Wirtz 2011 p.345

2.8.1 Loyalty foundation building

According to Raab et al (2010) market segmentation and positioning play a crucial role in creating everlasting customer relationships and loyalty. Morgan and Rego (2006) add to this by stating that the best foundation of loyalty management is the identification and targeting of the correct customers. Organisations therefore ought to be discriminatory about the parts of the market they intend to attract if they aspire to build and maintain successful customer relationships (Tripathi 2014:p.127).

It is also crucial for marketing managers of organizations to ensure that the targeted customers are synchronized with the company's capabilities. They are also required to take into consideration the fact that their service employees would need to deal with expectations from specific types of customer, and as such their personalities and technical proficiency would be vital. The effect of cautiously aiming at customers by synchronizing the firm's capabilities and power with the requirements of the customer, needs to be an excellent service offerings in the eyes of those customers who value what is put forward by the firm (Lovelock and Wirtz 2011: p.346). Firms therefore ought to put in place strategies aimed at extending loyalty bonds with the customers.

2.8.2 Loyalty bonds Creation

Firms need to put strategies in place that could assist them in bonding with their loyal customers (Moore, Ratneshwar, and Moore 2012:254). According to Lovelock and Wirtz (2011), there are three bond strategies that could be employed by firms in an endeavour to maintain the loyalty of their customers:

- Relationship strengthening,
- Development of loyalty rewards, and
- Establishment of supplementary bonds.

2.8.2.1 Relationship strengthening

Customer relationships could be strengthened through service bundling and cross-selling strategies (Guadagni and Little 2008: p.34). Bundling is defined as the combination of two or more products/services with a reward benefit for the customer

that decides to receive that combined product/service set. The rewards associated with bundling enhance customer trust and loyalty (Tripathi 2014: p.120).

2.8.2.2 Development of loyalty rewards

Service providers could develop loyalty programmes that are aimed at retaining loyal customers, thus increasing the share of wallet. The program could entail financial or non- financial rewards (Morgan and Rego 2006: p.426). Financial rewards are customer enticements that have monetary value attached to them; while on the other hand, non-financial rewards do not have monetary value attached to them. Examples of non-financial rewards could include giving loyal customers a priority in queuing for any kind of service with the service firm, a special treatment as a way of thanking them, and also special recognition and appreciation.

2.8.2.3 Establishment of supplementary bonds

Hinson (2012) states that reward-based loyalty programmes are copied easily by other service providers and as such do not offer a sustainable competitive advantage. He goes on to show that in comparison, supplementary bonds have a propensity to provide an extra, continued competitive advantage, and include social bonds, customization bonds, and structural bonds.

Social bonds exist when the customer and the service provider's frontline staff know each other well and there is mutual trust between both parties. On the other hand, customization bonds are established when the service firm thrives in offering customized service to its loyal customers. These positive benefits of customer loyalty are commonly associated with customer satisfaction, customer retention, positive word of mouth and repeat business, all of which prospectively result in improved revenue and profitability/customer lifetime value.

2.8.3 Churn Drivers reduction

According to the study conducted by Yoon C. Cho (2012), people make a decision to switch from one service provider to another due to several reasons that include dissatisfactory service encounters, unfair pricing, poor response to service failure, and

inconvenience with respect to location, time, or delays. It is, therefore, very important that firms conduct churn diagnostics on regular bases so that the customer churn behaviour could be realized well in time and be dealt with accordingly.

The churn drivers could be dealt with positively by implementing the following strategies:

- By implementing effective complaint handling and service recovery procedures, and
- By escalating switching costs.

When customers' complaints are handled efficiently and there are also clear procedures put in place for service recovery, customers tend to be satisfied and loyal to the service firm. Again, customers tend to make informed decisions regarding switching from one service provider to another, and therefore if the switching costs are high, it is highly likely that they will prefer to remain with the current service provider provided they receive quality service. Customer loyalty leads to improved customer lifetime value.

2.9 Customer lifetime value

In relationship marketing, the customer is regarded as king and if treated accordingly, they tend to be loyal and remain longer with the service firm - thus increasing the firm's profitability (Banyte, Tarute and Tautanskyte 2014: p.574). Once loyalty has been affirmed, the purchases and payments increase. This results in the reduction in operating costs due to the fact that loyal customers are normally experienced customers and therefore require less costs and associated attention from the service provider and they also have less operating mistakes that would require assistance from the service provider.

Zeithaml et al (2009) indicate that service firms should strive to build customer loyalty as the lifetime value of such customers include referrals and positive word of mouth, which saves firms from investing on promotions and advertising. He goes on to show that long-term customers are mostly willing to pay price premiums, especially during peak periods, because they are satisfied with the services rendered to them and they also have trust in the service firm's endeavours in service provision.

On the other hand, Hinson (2012) states that the profit impact of a customer differs depending on the phase of service in the product or service life cycle. For instance, bad referrals and negative word of mouth would have a higher impact in the early stages of the service or product life cycle. It is, therefore, fundamental for a service provider to determine costs and revenues for customers from different market segments within the target market at different positions in their customer lifecycles in order to establish accurate future profitability prediction.

2.10 Customer Retention

The aggressive competitive arena in which businesses are operating in recent times has made firms realize the importance of retaining their customers. Customer retention is considered a fundamental aspect of customer lifetime value, which is positive power of increase in investor worth (Jooste et al 2012: p.483). Jooste et al (2012) further argue that since wooing a new customer is a costly process, which could approximately amount to five times as much as retaining the existing customer, it would then make well-considered business sense to develop and implement superior customer retention strategies.

Customer retention is mainly driven by three factors: customer loyalty, calculative commitment, and affective commitment. In relationship marketing terminology, commitment is defined as an aspiration to maintain a relationship (Nitzan and Libai 2011: p. 30). Calculative commitment is the colder, or more rational, economic based dependence on product benefits due to a lack of choice or switching costs. Affective commitment is a hotter, or more emotional, factor that develops through the degree of reciprocity or personal involvement that a customer has with a company, which results in a higher level of trust and commitment which is the core objective of CRM.

2.11 Conclusion

CRM could be used by service firms in improving their return on investment. This is the result of the importance of good relations between the customers and the firm due to the fact that such relationships facilitate customer satisfaction and loyalty, which ultimately result in customer lifetime, trust, commitment, and the firm's profitability as

well. It is evident from the literature on the subject of CRM that service firms have to go extra mile in establishing excellent relationships with their customers if they aspire to remain competitive and profitable.

In this chapter, the exposition covered how CRM could be best implemented in view of improving service delivery. The importance of CRM strategy alignment with the organizational strategy was also looked into. Moreover, the different roles played by the employees and technological tools in the implementation of CRM were explored. The improvement of service quality aimed at enhancing customer satisfaction, customer loyalty and customer lifetime value were also explored. Furthermore, the main reasons for customer complaints were identified, and the role played by CRM in dealing with these complaints established. Finally, the importance of customer retention was also discussed. The next chapter explicates the research methodology employed to undertake this field study.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this chapter is to elaborate on the research methodology that was employed in undertaking this field study. The subsections in this chapter are comprised of the research design, the sampling strategy, statistical analysis, the data collection technique, the research ethical considerations, and the demarcation of the field study. The research methodology outline as espoused for this research enabled the researcher to utilize the information gathered from the literature review in a survey for the purpose of investigating the main drivers of CRM implementation and optimization with the view to service delivery/quality improvement. It was thereafter established how these drivers could be engaged in improving service quality in two Lesotho utility companies, namely Water and Sewerage Company (WASCO) and Lesotho Electricity Company (LEC).

3.2 Research Design

The research design provides a researcher with an outline for the gathering, measurement, and assessment of the necessary facts and data geared towards achieving the set primary and secondary objectives of the field study. The preferred research design in this particular research was indicative of a series of domino effects concerning the aspects of the research method precedential for a specific field study. Such aspects comprise the field study rationale, the background to the research, the field study strategy, the degree of researcher involvement, the time-related aspects and the magnitude at which the gathered data were evaluated and interpreted (Sekaran and Bougie 2013: p. 95).

According to Sekaran and Bougie (2013: p. 95), there are three research intentions within the framework of research design and those are descriptive, exploratory and causal studies. The research design that was employed for this study was descriptive and the approach was quantitative. Descriptive studies are normally intended to gather

data that define the characteristics of people, procedures or conditions (Saunders, Lewis, and Thornhill 2012: p.171). Sekaran and Bougie (2013: p.97) further advise that descriptive studies could be employed in assisting the researcher to understand the characteristics of a group in a given situation and they may also enable the researcher to think analytically about factors in a given situation.

This kind of research method is also claimed to be efficient and cost-effective (Sekaran and Bougie 2013: p.97) and this was found to be useful due to the fact that the research was to be completed within a limited timeframe and minimal budget. The quantitative approach that was employed in undertaking this study is defined as the method that gives more focus on collecting statistical data and generalizing it across specified categories of people so as to clarify a specific observable fact (Muijs 2010: p. 334). Saunders et al (2012: p. 162) indicate that the overarching objective of a quantitative approach is to categorize factors, count them, and create statistical models in an effort to explicate what was observed.

3.3 Sampling Strategy

3.3.1 Target Population and Sample frame

The sample frame is defined as the representation of all the subjects in the population from which the sample is drawn (Babbie 2010: p.170). WASCO and LEC have on average 300 thousand customers which represent the size of the population with respect to this study. The target population for this study was the sizeable representative of utility companies' customers, stakeholders, and employees - which included the following:

- Industrial customers: These included different types of factories (wet and dry industries), and breweries.
- Commercial customers: These included customers like supermarkets, shopping malls, car washes, beauty salons, restaurants, and banks.
- Institutional customers: These included customers like schools and tertiary institutions, hospitals and clinics, and offices/ office buildings.

- Domestic customers: These included households that are serviced by both companies.
- The Lesotho Water and Electricity Authority (LEWA): This is the regulator of both companies.
- Customer care staff of both companies
- Employees of both companies, and
- WASCO and LEC Top management.

According to Segaran and Bourgie (2013: p. 269), where the sample is divided into different categories, it is quite imperative that a minimum size for each division is not below 30. Based on this fact, the number of questionnaires that were dispatched to the Industrial, commercial, institutional, domestic customers, and employees of both companies were 40, and at least 30 respondents were received from each category. The other categories - which include WASCO and LEC top management, LEWA and the customer care staff of both companies - were represented by the sample size between 5 and 10.

3.3.2 Sample Design

A non-probability, convenience sampling technique was employed. Sekaran and Bougie (2013: p.252) state that in non-probability sampling design, the factors in the selected sample do not possess any probability attached to their being selected as sample elements, while on the other hand, the convenience sampling technique is employed where the data or information could be collected from the sample that is easily accessible to provide such. This technique was employed due to the fact that the total number of the target population could be very large as both companies are servicing the whole country of Lesotho. Moreover, this technique guarantees that respondents were willingly providing the requested data/information and as a result the expectation was that it would enhance the response rates.

3.3.3 Target Sample size

The targeted sample size was 250 individuals that were representing the different categories of the target sample population highlighted above.

3.4 Data Collection Technique

According to Zikmund, Babin, Carr, and Griffin (2010), a quantitative study design comprises primary data collection and examination that entail statistical measurement and evaluation in attending to both the primary and secondary objectives of the field study. Consequently, Sekaran and Bougie (2013) show that data collection techniques that could be employed in undertaking field studies include questionnaires, structured and unstructured interviews, unobtrusive methods, and physical measurement.

For the purpose of this particular field study, the data were therefore gathered from primary and secondary sources. Primary data were obtained through structured questionnaires that were issued out to the target sample representing the identified target population highlighted above.

The questionnaire was administered by the researcher in that all of them were delivered to the different categories of the target sample by the researcher herself. The researcher held meetings with the target sample and explained the purpose and objectives of the study prior to giving out questionnaires. In these meetings, the dates for the collection of the filled questionnaires were also agreed upon, and the researcher collected them by herself. On the other hand, the secondary data were gathered from the books, journals, and other forms of publicized periodicals. The primary data were analysed in view of addressing the objectives of this study.

The questionnaire development was based on the identified problem statement, the literature review, the primary objective of the field study as well as the secondary objectives. The questionnaire was divided into three sections and each section was meant to address specific questions related to specific research questions. The sections were structured as follows:

- Section 1: Dealt with the consumers' perception of WASCO and LEC service delivery, quality and existing complaint management system efficiency. The section was divided into two subsections. Each of the subsections was talking to the consumers' perceptions of each organization in isolation of each other.
- Section 2: Dealt with Executive management and frontline staff commitment to CRM as well as the existing CRM system.
- Section 3: Dealt with the level of customer satisfaction and loyalty in both organizations.

3.5 Measurement Type

The rating scale was used as the method of measurement, and the Likert scale was employed in facilitating the measurement process. Sekaran and Bougie (2013: p. 211) define a scale as a means by which people's perceptions are differentiated from one another on the variables of interest to the specific study. The Likert scale is thus intended to observe how weakly or strongly respondents agree or disagree with statements on a five-point scale.

3.6 Statistical Analysis

3.6.1 Coding data

After the questionnaires were received by the researcher, the responses emanating from those questionnaires were coded and categorized accordingly. Data coding entails giving a number to the respondents' answers so they can be entered into a database ((Sekaran and Bougie 2013: p.276). Sekaran and Bougie (2013: p. 276) go further to explain that this method, in comparison to flipping through each questionnaire for each item, is considered to eliminate confusion, particularly in studies where there is a high number of respondents. After the data were entered into a database, some editing was performed in order to address the illogical, inconsistency, and omissions done by the respondents.

3.6.2 Getting a feel for the data

The initial feel for the data under analysis was then acquired through generating the visual summary. The mode, median, mean, standard deviation and variance were generated so as to establish how the respondents had reacted to the statements in the questionnaire.

3.6.3 Data display and analysis

The frequencies and the measure of central tendency were obtained for the purpose of measuring the dependent and independent variables. Histograms, pie charts, and bar charts were used to display the frequencies and also to assist in making the data to be easily understood. On the other hand, the mean, and the factor value were used as the measures of central tendency. A Pearson correlation matrix was also used for the purpose of obtaining the direction, strength, and impact of the identified variables with the objective of defining the observed relationships amongst them.

3.7 Ethical Considerations

Ethics in a field study presents acceptable principles or anticipated public standards of conduct while conducting research (Sekaran and Bougie 2013: p.13). They further indicate that ethical comportment should always pervade every step of the field study process. The Researcher therefore adhered to the following ethical considerations while conducting this study:

- Confidentiality with respect to the Information gathered from the respondents was upheld.
- Respondents were not coerced to take part in the research.
- Respondents were made to understand the main objective of the study before they participated.
- Respondents remained anonymous.
- Misrepresentation of data or information that was gathered from the respondents was avoided in all costs.

3.8 Demarcating the Field Study

This study aims at exploring alternative strategies that could be employed by both WASCO and LEC in improving on their CRM. The management, employees, and different categories of customers for both companies constituted the target population for this research. It is highly expected that the research could guide strategy intend of both companies aimed at improving the CRM. This study was undertaken within a ten months period, which was the recommended period for the MBA field study at the University of the Free State. The field of study is Business Management.

3.9 Conclusion

The purpose of this chapter was to elaborate on the research methodology that was employed to collect, manipulate, and analyse the necessary data to meet the primary and secondary objectives of this research. The subsections that were covered under the methodology included the research design, the sampling strategy, statistical analysis, the data collection technique, the research ethical considerations and the field study demarcation. The motivation and discussions surrounding the chosen research design were also set forth in this chapter. The next chapter of the research will therefore elaborate on the analysis, interpretations and discussions of the gathered data.

CHAPTER 4: RESEARCH FINDINGS AND ANALYSIS

4.1 Introduction

The research design defined in the previous chapter is employed in this chapter. The data gathered from all the categories of the respondents by means of the self-administered questionnaires is presented, evaluated, and construed utilizing the methods described in the research design. A total of two hundred and fifty questionnaires were disseminated to the eleven different categories of the sample population. One hundred and ninety three questionnaires were filled and returned thus representing seventy seven (77) per cent response rate. This is represented in a tabular form in table 4.1 below.

This chapter contains presentation of biographical data of both utility companies' customers and data on customers' perception of service delivery quality in companies, executive management and frontline staff of both companies commitment on CRM, and Customer Satisfaction and Loyalty of both companies' customers.

4.2 Characteristics of both utility companies' customers

The field study results on the information relating to the individuality of the customers of the Lesotho utility companies are presented in this section. This is prepared by means of a frequency distribution table and a pie chart presented below.

Table 4.1: Frequency distribution of Lesotho utility companies' customers/respondents

Type of Utility companies' customers	Frequency of Respondents	% Respondents
Industrial customers	26	13
Commercial Customers	22	11
Institutional Customers	15	8
Domestic customers	30	16
WASCO Employees	40	21
LEC Employees	30	16
LEWA Employees	6	3
WASCO Frontline Staff	10	5
LEC Frontline Staff	7	4
WASCO Top Management	4	2
LEC Top Management	3	2
Total	193	100%

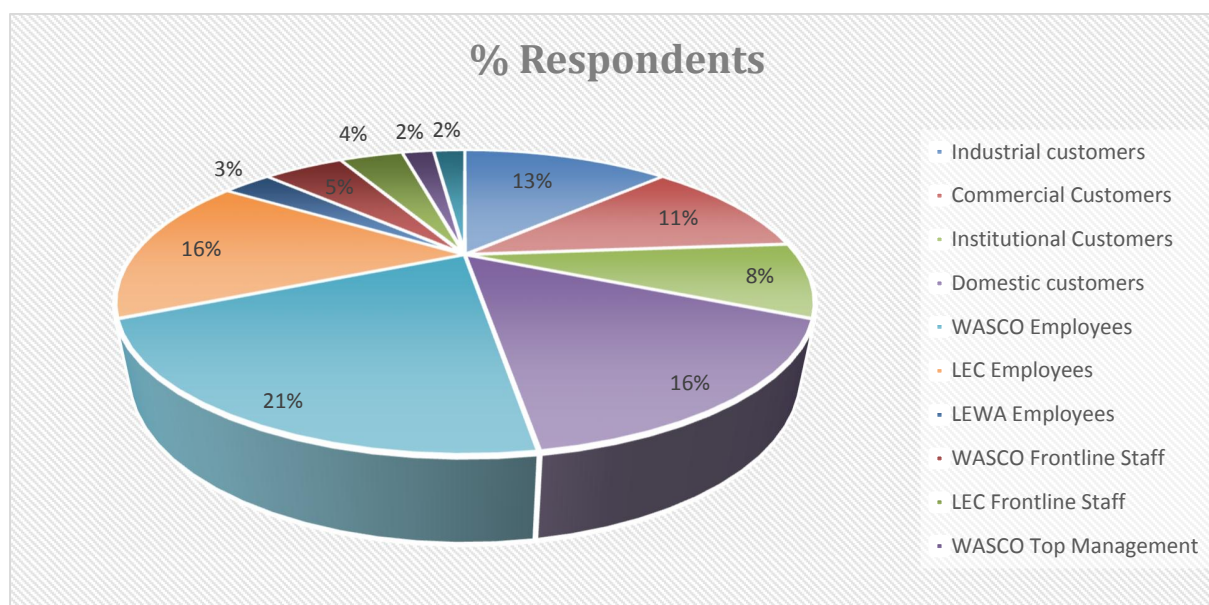


Figure 4.1: Lesotho utility companies' customers/respondents

The most dominant respondents came from WASCO employees, which accounts for 21%, followed by LEC employees with 16%. The domestic customers are the third most dominant respondents thus accounting for 15%, followed at the fourth by industrial customers at 13%, while commercial customers, institutional customers, and WASCO frontline staff account for 11%, 8%, and 5% respectively. LEC frontline staff, LEC Top management, WASCO Top management, and LEWA employees account for 4%, 3%, 2% and 2% respectively.

4.3 Customers' perception of service delivery quality

This section elaborates on how the customers of both WASCO and LEC perceive the quality of service they receive from these companies. Data on the handling of customer queries and complaints in both companies are also presented. The results are presented in a form of one-way frequencies, cross tabulations, and factor values. The presentation of the findings below is directed by the objectives of this field study as explained in the research proposal, with the primary objective being to investigate how CRM could be managed and implemented in view of improving WASCO and LEC service delivery.

The bulk of the questions in the questionnaire used the Likert scale to differentiate the perceptions of both WASCO and LEC customers on the variables of interest to this field study. The Likert scale therefore assisted in rating how customers or respondents agree or disagree with statements ranging from 1 for strongly disagree to 5 for strongly agree. The average value or mean of the responses received was calculated by adding all the responses and then dividing by the number of respondents. The mean values ranged from 1.00 to 5.00 with 3.00 being the middle value.

A mean value below 3.00 signifies that on average respondents disagree, while a mean that is near 5.00 signifies that on average respondents are highly optimistic concerning the matter at hand. In view of the fact that this field study is dealing with categorical variables, the average value (mean) for every question is subsequently transformed into factor values (FV), or an average score. Therefore, a mean of 3.00 is considered to be

equal to a factor value of 0.5 or fifty percent (50%). A factor value larger than fifty percent indicates that most of the respondents agree with the statement, whereas the small factor value indicates that the minority of respondents agree with the statement. Therefore this means that the reason with the lowest factor value is the one that is the main reason and the one with the highest factor value is the least reason. The mean and factor values are presented in the tabular form in the proceeding sub-sections of this chapter.

4.3.1 WASCO’ service delivery and quality

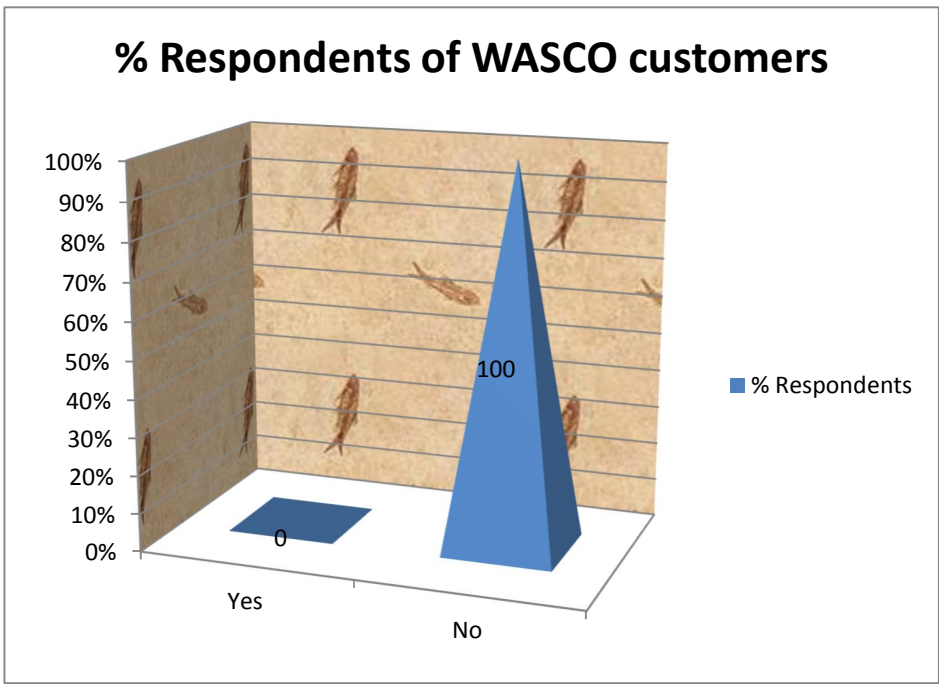


Figure 4.2: WASCO’s service delivery and quality standards

The histogram above shows that 100% of the respondents of WASCO customers feel that the quality of service delivery offered by WASCO is not of an acceptable standard. The reasons that have been cited by the respondents as major obstacles for WASCO to deliver acceptable service quality are presented in their chronological order in a frequency distribution Table 4.1 below. The order of these reasons was informed by the use of factor values.

Table 4.2: Reasons for WASCO's unacceptable service quality and delivery

Reasons for WASCO's unacceptable service quality and delivery	Number of Respondents	Rank	Mean	Factor Value
Appearance of WASCO's facilities is appealing	193	1	1.342	0.085
Frontline staff are committed and customer centric	193	2	1.373	0.093
WASCO has customer charter and customers know about it	193	3	1.420	0.105
WASCO has an acceptable reputation	193	4	1.435	0.109
Customer care offices/Reception are welcoming	193	5	1.497	0.124
Communiqué with respect to service failures is timely	193	6	1.580	0.145
WASCO guarantees its service works	193	7	1.705	0.176
Frontline staff provide convincing responses	193	8	1.710	0.177
Customers applicable information is at the disposal of the frontline staff at the different customer stations at all times	193	9	1.777	0.194
Service costs cover all the expected aspects of service	193	10	1.803	0.201
Customers are informed in an easily accessible communication media and in language that they could easily understand.	193	11	1.839	0.210
WASCO adheres to service standards (if available)	193	12	1.902	0.225
Frontline staff are friendly, polite	193	13	1.917	0.229

and respectful				
Customers are contacted if WASCO fails to offer service on the promised time	193	14	1.933	0.233
WASCO offers a guaranteed service unfailingly and correctly	193	15	2.000	0.250
The service standards are known by all the customers	193	16	2.067	0.267
WASCO have service delivery standards	193	17	2.098	0.275
Customers are categorized according to their level of consumption.	193	18	2.109	0.277
High-consuming customers have dedicated Managers that deal with their accounts.	193	19	2.228	0.307
The frontline staff dress code is appealing	193	20	2.290	0.323
Frontline staff process transactions without mistakes	193	21	2.275	0.319

All the factor values (FV) are less than 0.5 which means that the majority of the respondents disagree with the given statements which are the measure of acceptable service quality delivery. This is the clear indication that respondents are not satisfied with the service quality offered by WASCO. The reason "Appearance of WASCO's facilities are appealing" has a FV of 0.085 which is the lowest. This means that the majority of the respondents disagree with the statement indicating that WASCO's facilities are appealing - thus indicating that this is one of the main reasons for the respondents to consider WASCO's service quality offerings unacceptable.

This is in line with the CRM literature results of Arussy (2012), whose study indicated that customers' evaluation of service on service quality starts with the attractiveness of the service provider's facilities, e.g. dressing coat of frontline staff, office/reception environment, and communication methods used to convey critical information to the

customers. Other main reasons that were cited by the respondents include: Frontline staff non-commitment and their lack of customer centricity, Non-availability of customer charter known to customers, Bad reputation, and Untimely communiqué with respect to service failures.

4.3.2 WASCO’s complaints management

The histogram illustrating how customers perceive WASCO’s complaints management is presented in figure 4.3 below. The results reveal that 100% of the respondents are not happy with the way WASCO handles customer queries and complaints.

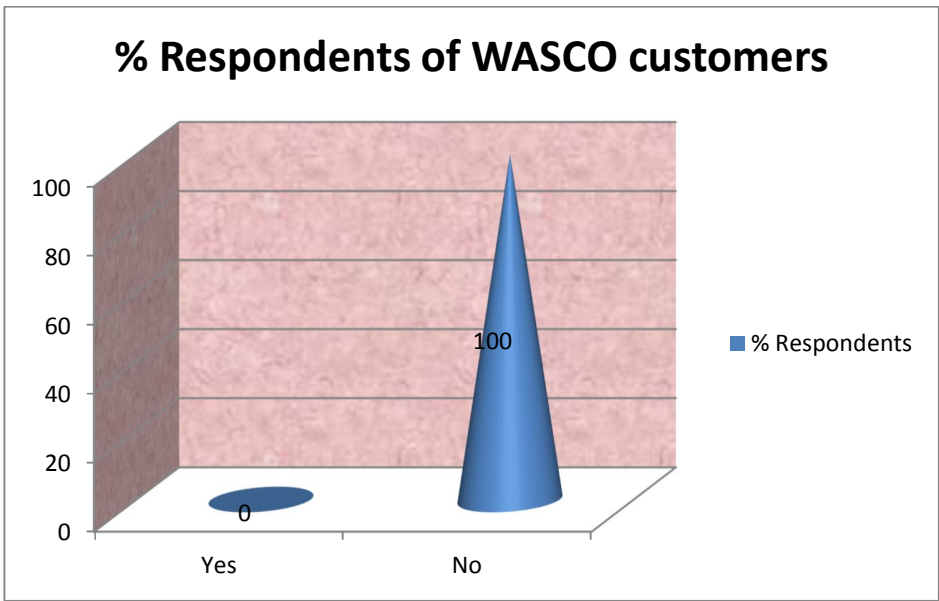


Figure 4.3: WASCO’s customers ‘perception regarding queries and complaints management

Table 4.3 below presents reasons provided by respondents that make them not to be satisfied with the way their complaints are handled and managed at WASCO. It is deduced from the table that the main reason for their dissatisfaction is the impoliteness that is demonstrated by the frontline staff while attending to their queries. The lowest factor value of 0.269 for this statement alludes to that. This is in line with Hinson’s (2012) findings that some of the reasons that cause customers complaints

include, amongst others, rudeness when responding to customer queries, discourteousness, and incompetency of the service staff.

Secondly, the factor value of 0.272 for the statement that suggest that WASCO delivers promised service on time indicated that the majority of respondents disagree - thus indicating that they are not satisfied with the manner that WASCO handles their queries and complaints. Other reasons for their dissatisfaction that appeared on the forefront include failure by frontline staff in providing customers with convincing explanations for service failures as well as lack of compensation offered by the company in the event that customers had encountered losses due to service failures. These reasons account for 0.312 and 0.321 factor values respectively. This clearly indicates that the majority of respondents disagree with these suggested statements.

Table 4.3: Main reasons for not being satisfied with WASCO's complaints management

Main reasons for not being satisfied with WASCO's complaints management	Number of Respondents	Rank	Mean	Factor Value
Frontline staff respond to queries politely and respectfully	193	1	2.078	0.269
WASCO delivers promised service on time	193	2	2.088	0.272
Frontline staff provide customers with convincing explanations for service failures	193	3	2.246	0.312
WASCO offer compensation as a result of the losses due to service failure	193	4	2.285	0.321
Frontline staff are competent	193	5	2.313	0.328
WASCO informs customers of service interruptions	193	6	2.326	0.332
WASCO has clear policies and procedures that each and every customer has to go through in the process of seeking service	193	7	2.358	0.339

fairness.				
WASCO offer compensation as a result of inconveniences incurred due to service failure.	193	8	2.451	0.363
Frontline staff are proactive in resolving service problems	193	9	2.601	0.400

4.3.3 LEC's service delivery and quality

The pie chart below (figure 4.4) shows that almost 100% of the respondents feel that the quality of service delivery offered by LEC is not of an acceptable standard.

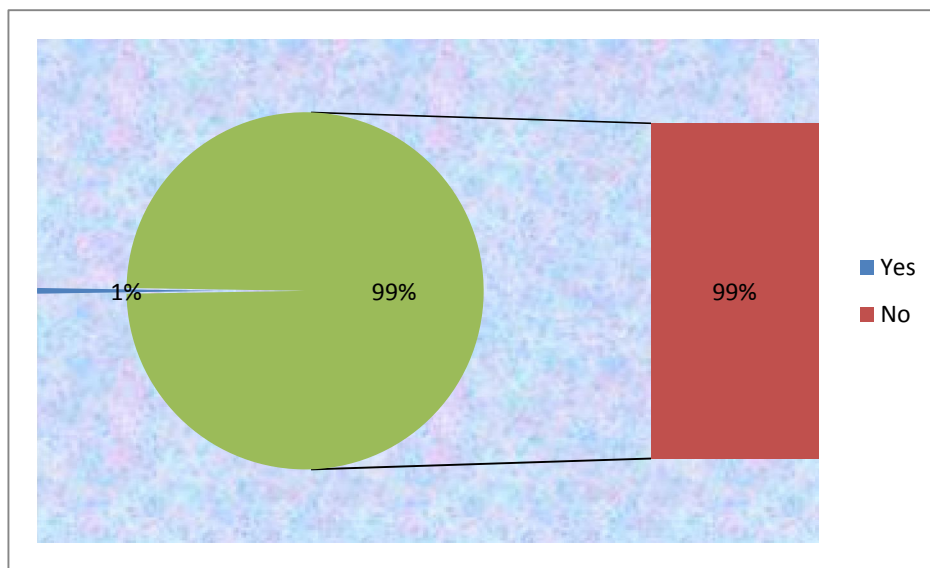


Figure 4.4: LEC's service delivery and quality standards

Table 4.4 below clearly illustrates these results, and the reasons for the respondents' viewpoints are listed in a chronological manner. The order of these reasons was informed by use of factor values. The main reasons that were cited for unacceptable service quality and delivery include Non-availability of a customer charter that is known by the customers, Non-adherence to service standards, High service costs, Lack of

guarantees on the service works, and Poor communication in the event of service failures.

On the other hand, respondents show positive responses regarding the frontline staff commitment when dealing with customers, their appearance/dress code, and their politeness and respectfulness to the customers. Respondents also showed that LEC Reception offices are welcoming - which indicates better service quality in this regard. The factor values of 0.563, 0.601, 0.623, and 0.670 respectively for these suggested statements allude to the fact that the majority of respondents agree with these statements.

Table 4.4: Reasons for LEC's unacceptable service quality and delivery

Reasons for LEC's unacceptable service quality and delivery	N	Rank	Mean	Factor Value
LEC has customer charter and customers know about it	193	1	1.33	0.083
LEC adheres to service standards (if available)	193	2	1.50	0.124
High-consuming customers have dedicated Managers that deal with their accounts.	193	3	1.57	0.142
Service costs cover all the expected aspects of service	193	4	1.58	0.145
LEC guarantees its service works	193	5	1.59	0.146
The service standards are known by all the customers	193	6	1.59	0.146
Frontline staff process transactions without mistakes	193	7	1.60	0.149
LEC have service delivery standards	193	8	1.66	0.166
Frontline staff provide convincing responses	193	9	1.74	0.185
LEC has an acceptable reputation	193	10	1.75	0.188
Communiqué with respect to service failures is timely	193	11	1.92	2.08
LEC offers a guaranteed service unfailingly	193	12	2.00	0.25

and correctly				
Customers are contacted if LEC fails to offer service on the promised time	193	13	2.08	0.270
Customers are informed in an easily accessible communication media and in language that they could easily understand.	193	14	2.17	0.293
Customers applicable information is at the disposal of the frontline staff at the different customer stations at all times	193	15	2.25	0.312
Frontline staff are committed and customer-centric	193	16	2.59	0.396
Customers are categorized according to their level of consumption.	193	17	2.66	0.416
Customer care offices/Reception are welcoming	193	18	3.25	0.563
Appearance of LEC `s facilities is appealing	193	19	3.40	0.601
The frontline staff dress code is appealing	193	20	3.49	0.623
Frontline staff are friendly, polite and respectful	193	21	3.68	0.670

4.3.4 LEC's complaints management

Figure 4.5 below presents how customers perceive LEC's complaints management. The results reveal that 100% of the respondents are not satisfied with the way LEC handles customer queries and complaints.

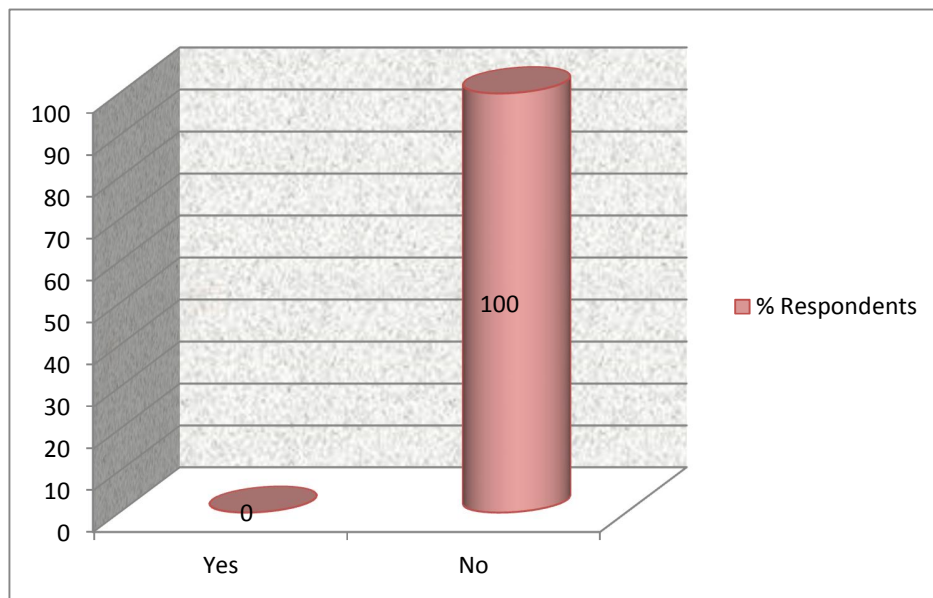


Figure 4.5: LEC's customers 'perception regarding queries and complaints management

Table 4.5: Main reasons for not being satisfied with LEC's complaints management

Main reasons for not being satisfied with LEC's complaints management	Number of Respondents	Rank	Mean	Factor Value
LEC offers compensation as a result of the losses due to service failure	193	1	1.27	0.069
LEC delivers promised service on time	193	2	1.77	0.193
LEC offers compensation as a result of inconveniences incurred due to service failure.	193	3	2.00	0.25
LEC has clear policies and procedures that each and every customer has to go through in the process of seeking service fairness.	193	4	2.00	0.25

Frontline staff are competent	193	5	2.03	0.258
Frontline staff respond to queries politely and respectfully	193	6	3.45	0.613
Frontline staff are proactive in resolving service problems	193	7	3.82	0.705
Frontline staff provide customers with convincing explanations for service failures	193	8	4.00	0.75
LEC informs customers of service interruptions	193	9	4.12	0.780

The lowest factor value of 0.069 shows that the majority of respondents disagree with the statement that LEC offers compensation as a result of the losses due to service failure. The other reasons that respondents cited as the main ones which influence them to conclude that LEC still have a long way to go in managing customer complaints in a satisfactory manner include LEC's failure to deliver promised service on time, LEC's failure to offer compensation as a result of inconveniences incurred due to service failure, LEC's failure to put in place clear policies and procedures that each and every customer has to go through in the process of seeking service fairness, and the incompetency of frontline staff. The factor values of these reasons are: 0.193, 0.25, 0.25 and 0.258. However, the factor values of 0.613, 0.705, 0.75, and 0.780 for the following suggested statements: Frontline staff respond to queries politely and respectfully, Frontline staff are proactive in resolving service problems, Frontline staff provide customers with convincing explanations for service failures, and LEC informs customers of service interruptions respectively, reveals that the majority of respondents agree with these statements - thus indicating a better complaints management in this regard.

4.4 Executive Management and frontline staff commitment on CRM

This section presents data on the commitment of the Executive management and frontline staff of both companies on CRM as well as the existing CRM system (if any). The results are presented in the same format as in the preceding section and so include one-way frequencies, cross tabulations, charts, and factor values. The presentations of the findings in this section are also guided by the objectives of this field study. The Likert scale is again used for the purpose of establishing the viewpoint of both companies' customers regarding the executive management and frontline staff commitment to CRM.

4.4.1 WASCO's CRM Strategy

The pie chart below (Figure 4.6) shows that 100% of the respondents strongly believe that WASCO does not have the credentials of a company that pursues a CRM strategy.

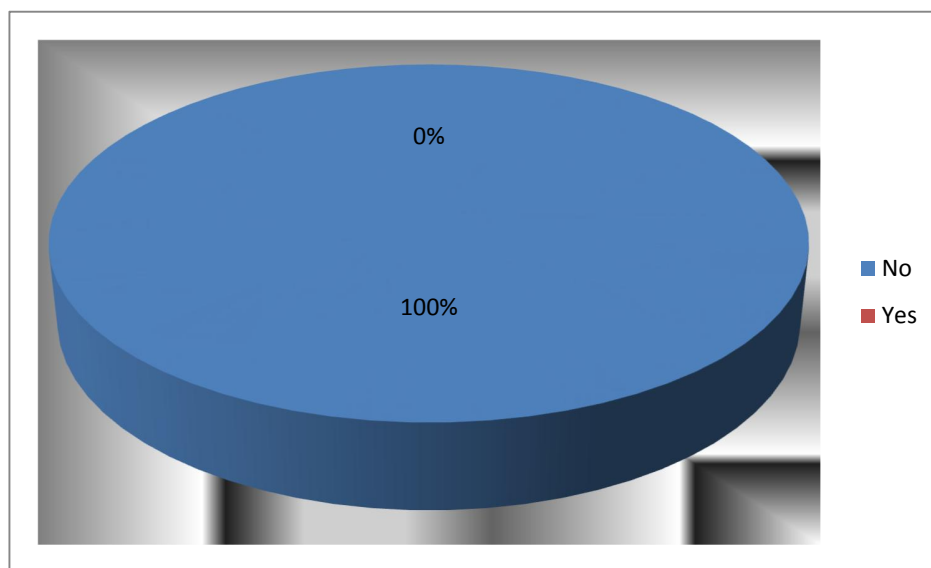


Figure 4.6: WASCO's customers' view on the company's CRM strategy

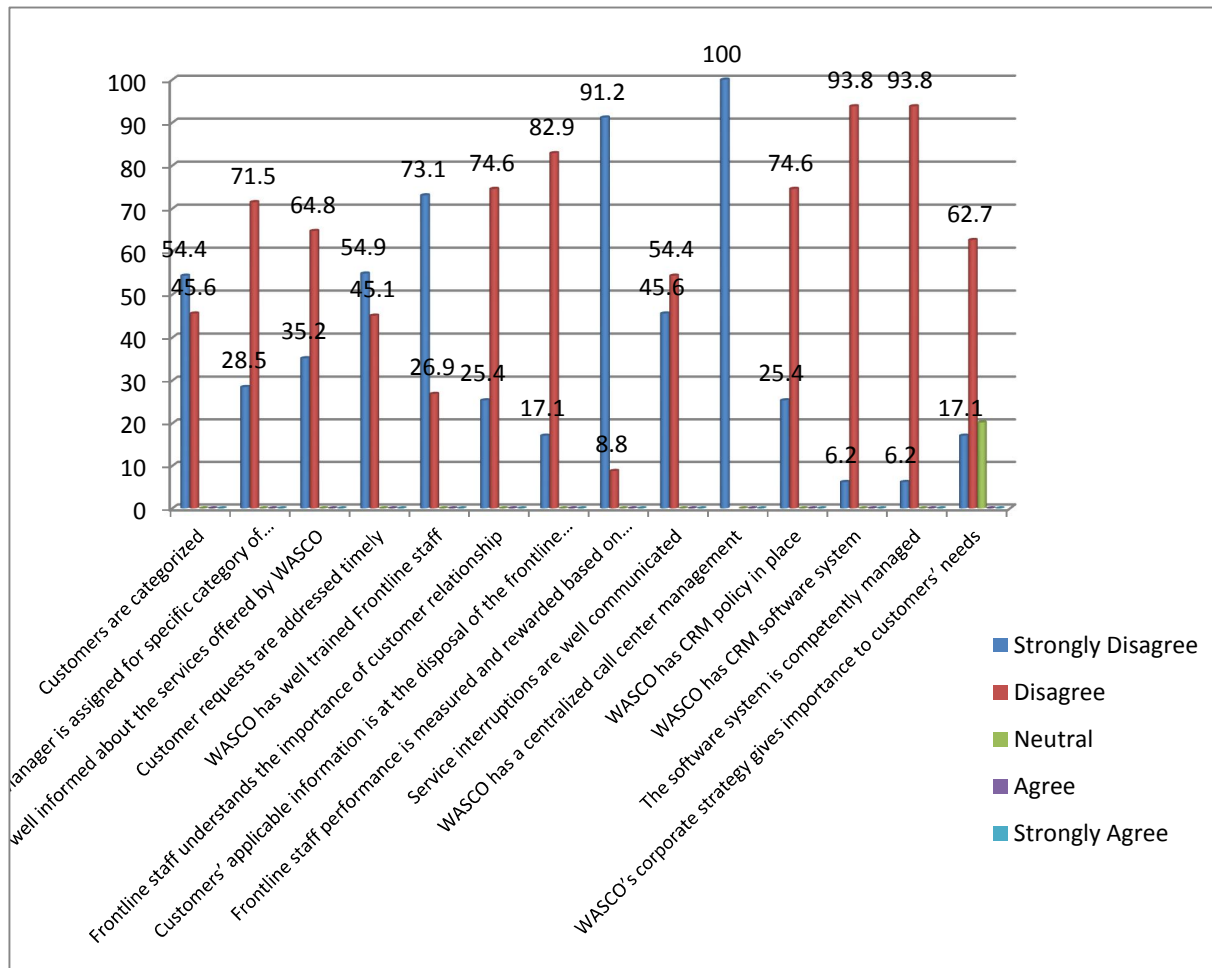


Figure 4.7: Main reasons that make customers believe that WASCO does not pursue a CRM strategy

The above bar chart (Figure 4.7) illustrates that 100% of respondents disagreed with thirteen out of fourteen statements/reasons which were meant to display if WASCO really pursues a CRM strategy. This clearly indicates that they do not agree or believe that WASCO pursues a CRM strategy. As many as 79.8% of respondents disagree that WASCO's corporate structure gives importance to customers' needs, while on the other hand 20.2% of respondents show that they are neutral (cannot agree or disagree) about this issue.

4.4.2 LEC's CRM Strategy

Figure 4.8 below shows that 99% of the respondents strongly believe that LEC does not have the credentials of a company that pursues a CRM strategy, while on the other hand 1% of the respondents believe that the company does pursue a CRM strategy.

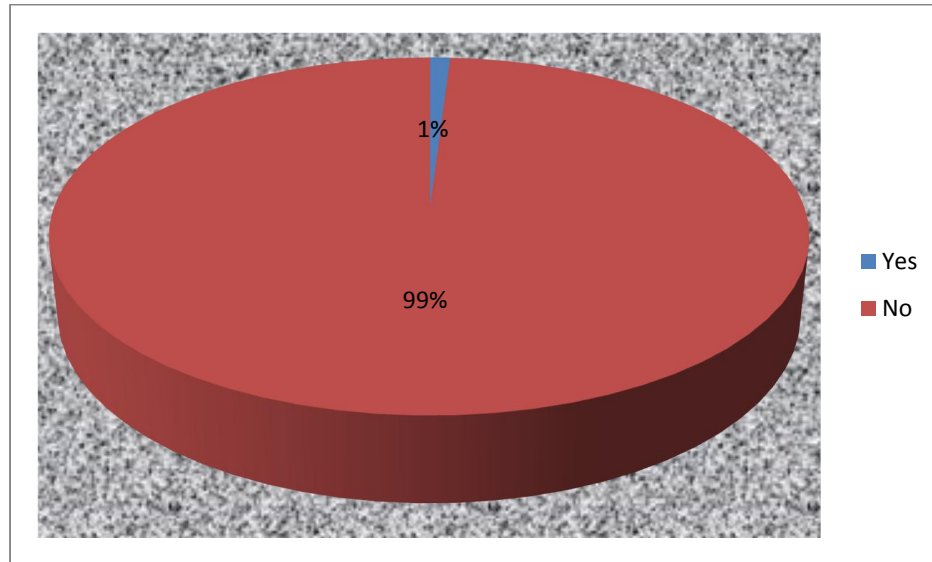


Figure 4.8: LEC's customers' view on the company's CRM strategy

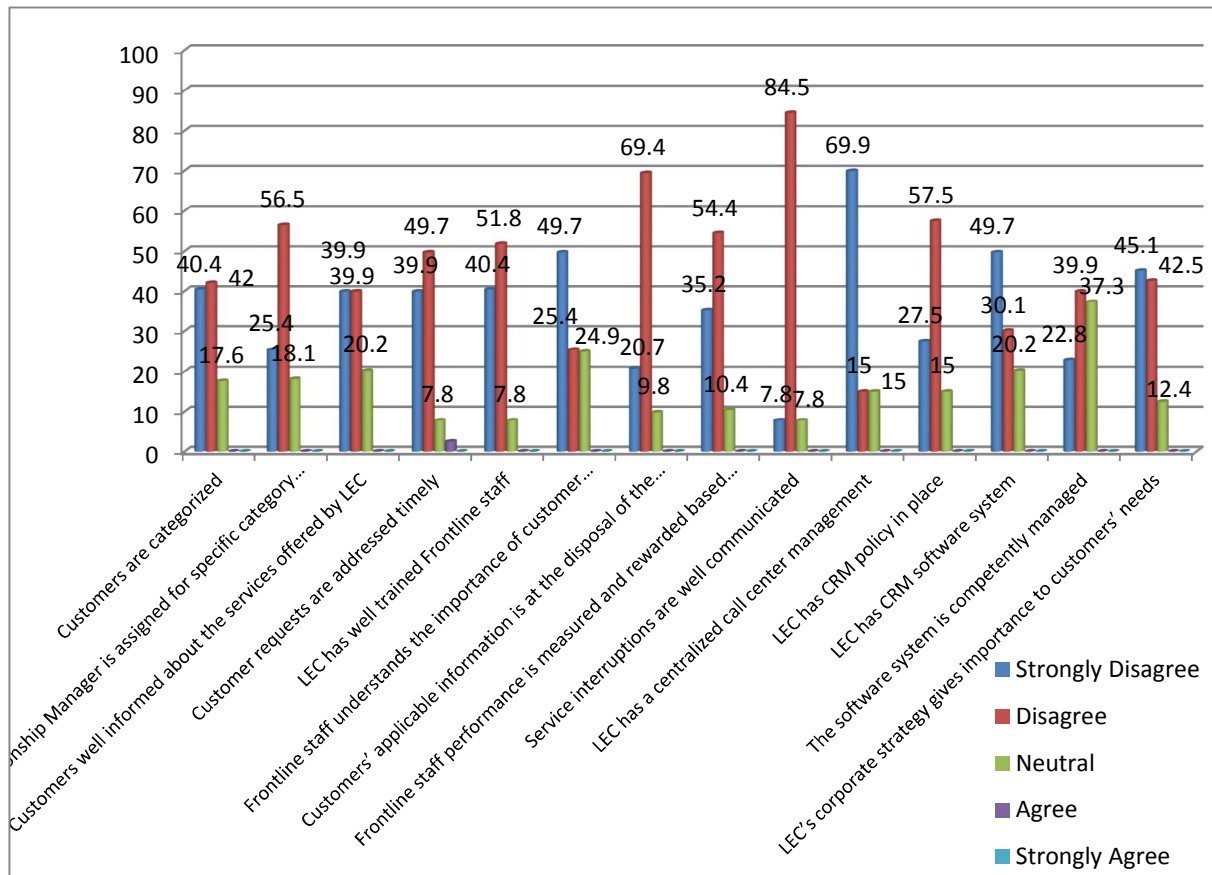


Figure 4.9: Main reasons that make customers believe that LEC does not pursue a CRM strategy

Figure 4.9 above shows that 92.3% of the respondents disagree that service interruptions are well communicated by LEC, while on the other hand 92.2% believe that frontline staff of LEC is not well trained. The third reason that is cited by 90.1% of the respondents is that customers' applicable information is not normally easily found or at the disposal of the frontline staff at the different service stations at all times. Fourthly, 89.6% of respondents show that frontline staff performance is not measured and rewarded on the basis of meeting customer needs and on successfully serving the customer, while 87.6% respondents do not agree that LEC's corporate strategy gives importance to customer needs. On average, over 60% of respondents do not agree with all the statements - which are clear indications that LEC is lacking in terms of pursuance of a CRM strategy.

4.5 Customer Satisfaction and Loyalty

This section presents data on the customer satisfaction and loyalty of both companies' customers. The results are presented in the same format as in the preceding sections and so include one-way frequencies, cross tabulations, charts, and factor values. The presentations of the findings in this section are again guided by the objectives of this field study as in the preceding sections of this chapter. The Likert scale is again used for the purpose of establishing the satisfaction and loyalty of both companies' customers regarding the services offered to them by both LEC and WASCO.

4.5.1 Customer Satisfaction

Figure 4.10 below presents the customers' service quality satisfaction of both utility companies. The results reveal that 100% of the respondents are not satisfied with both LEC and WASCO's service quality.

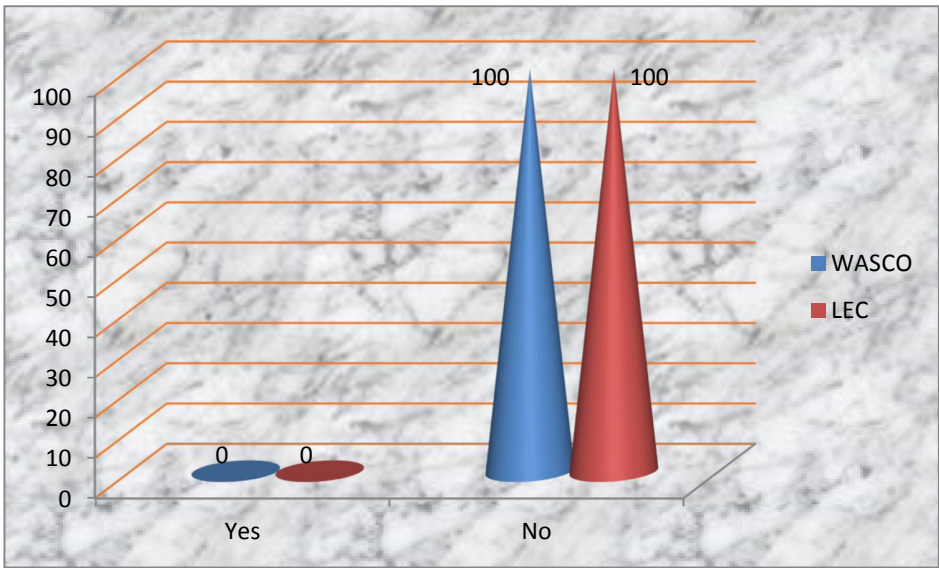


Figure 4.10: Customers' satisfaction with WASCO and LEC's service quality

4.5.1.1 Main Reasons for Customers' Dissatisfaction

Figure 4.11 below illustrate the explanations that are provided by the respondents as the key reasons for their dissatisfaction with WASCO service quality. The bad reputation of the company, the quality of water produced, and service quality offered by the company were shown as the main reasons that lead to customers' dissatisfaction. Altogether 98.9% felt that the company's customers' are spreading negative word of mouth about the company, while 94.8% of the respondents felt that the quality of water produced by WASCO is not acceptable. As many as 93.8% indicated that the services offered by the company are not of an acceptable standard.

This is in line with Pedron et al (2009) who indicated that dissatisfied customers push other customers away, which is a fundamental aspect in switching conduct. This is confirmed in this study by the fact that 89.6% of the respondents indicated that they could consider switching if it was possible to do so.

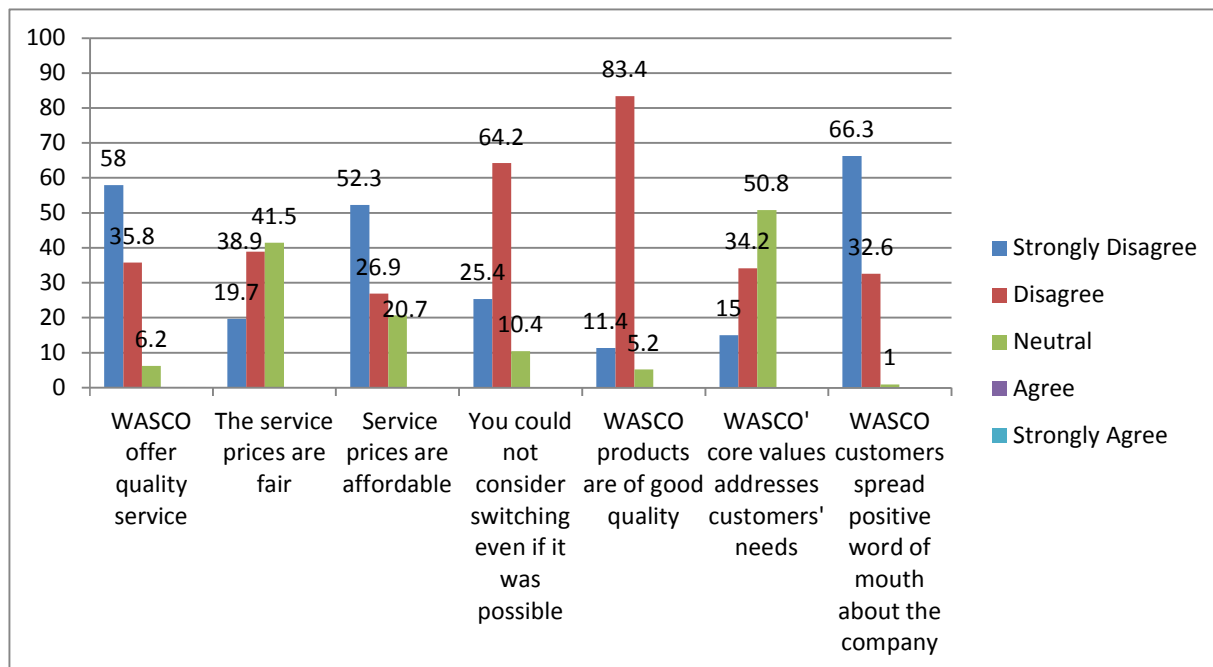


Figure 4.11: Main reasons for customers' dissatisfaction with WASCO

On the other hand, figure 4.12 below illustrates the reasons that cause LEC customers not to be satisfied with the company. The high service prices, poor quality of service, unfairness of service prices, and the bad reputation of the company were shown as the main reasons that lead to customers' dissatisfaction. All the respondents showed that LEC service prices are not affordable and 99.9% indicated that the prices are unfair, while 98.8% of respondents indicated unhappiness about the quality of service offered by the company.

Furthermore, 95.9% of respondents showed that LEC's customers are spreading negative word of mouth about the company. As indicated in the above section of the report, it is in line with Pedron et al (2009) who indicate that dissatisfied customers push other customers away - which is fundamental aspect in switching conduct, as was mentioned above. This is again confirmed as in WASCO's case by the fact that 100% of the respondents indicated that they could consider switching if it was possible to do so.

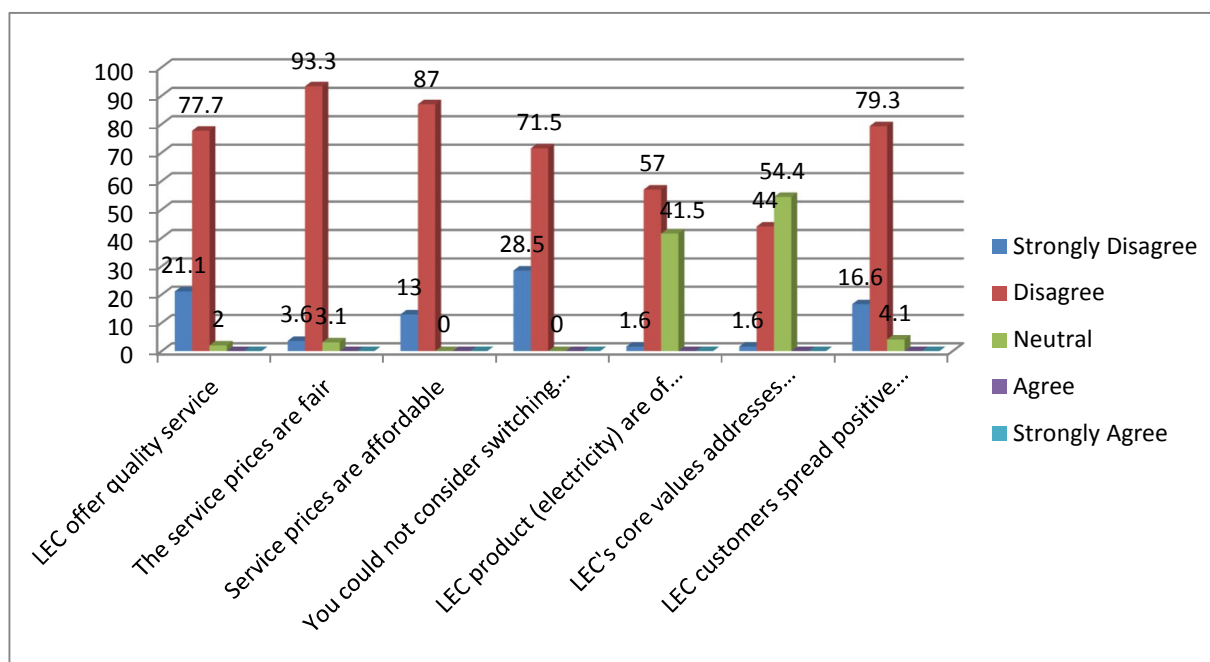


Figure 4.12: Main reasons for customers' dissatisfaction with LEC

4.5.2 Customer Loyalty

Figure 4.13 below presents how the respondents perceive the customers' loyalty of both companies' customers. The results reveal that 100% of the respondents are not loyal to either company by choice. They are stuck with these companies due to fact that they are monopolies.

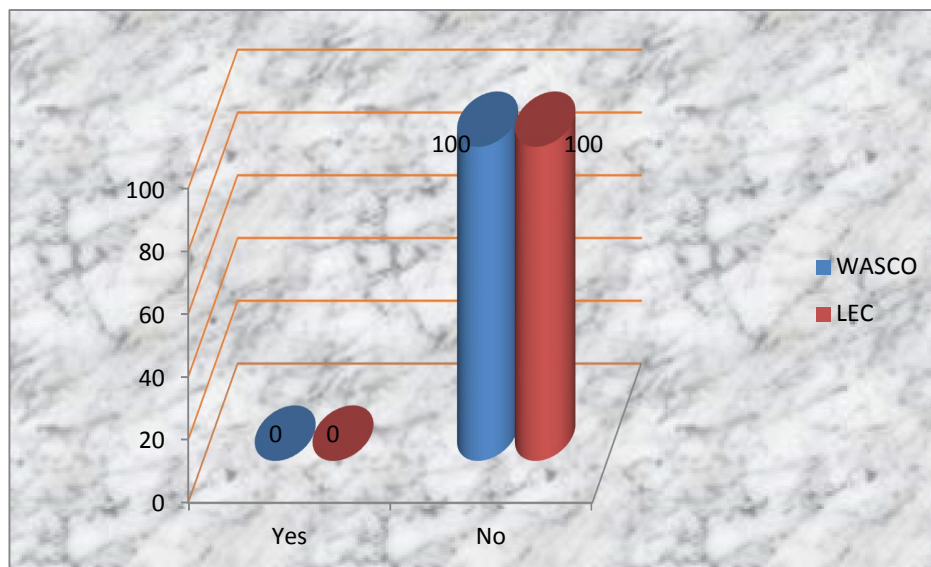


Figure 4.13: Customers' views on their loyalty to WASCO and LEC

4.5.2.2 Main Reasons for Customers being Disloyal

Figure 4.14 below demonstrate how respondents rate WASCO's customers' loyalty. Major reasons that are cited by respondents as the ones that result in WASCO's customers not being loyal include non-effectiveness of complaints management, non - availability of loyalty rewards and social bonds, and failure by the company to segment customers according to their needs. All the respondents showed that the lack of loyalty of WASCO customers is attributable to the fact that their complaints are not managed effectively; they are not offered loyalty rewards and social bonds: and they are also not segmented according to their needs.

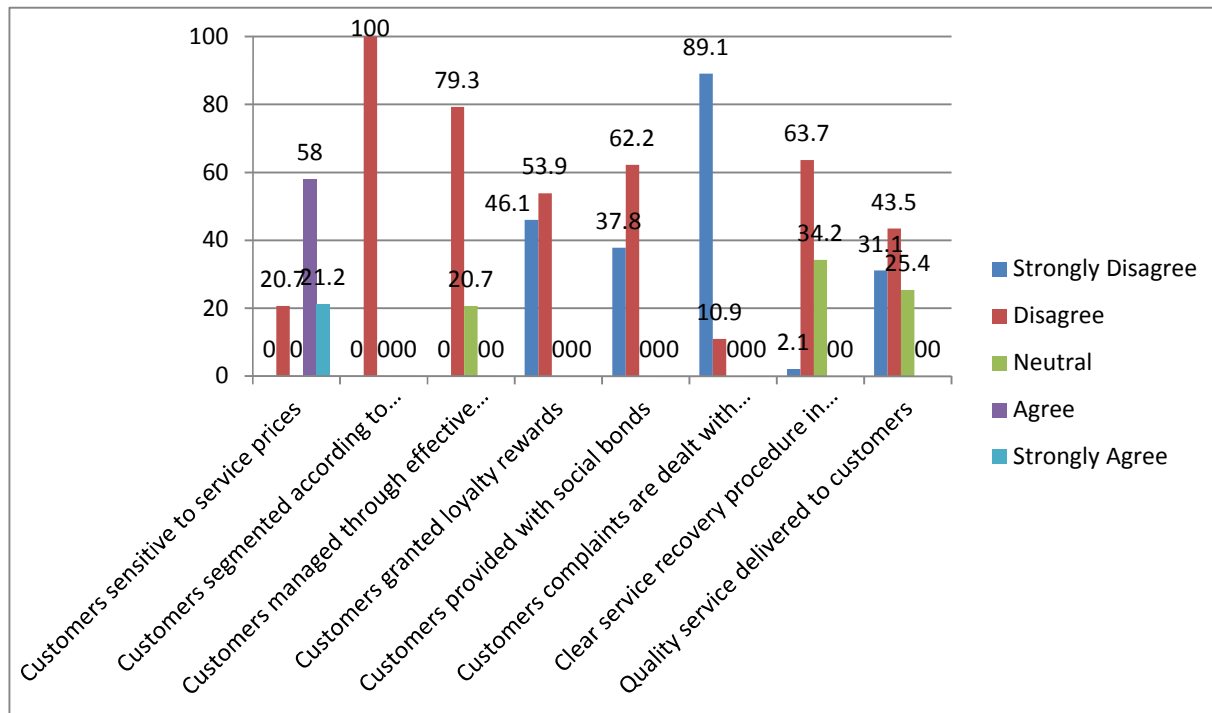


Figure 4.14: Main reasons for customers not to be loyal to WASCO

Figure 4.15 below illustrates the reasons for LEC customers not to be loyal to the company. The quality of service delivered to customers, non-availability of loyalty rewards and social bonds as well as the non-availability of a clear service- recovery procedure were shown as the main reasons that lead to customers not being loyal, thus representing the views of 100% of the respondents.

Moreover, sensitivity of customers to prices was cited by 89% of respondents as another contributing factor to the customers' non-loyalty to LEC. This is in line with the study conducted by Guadagni and Little (2008), which indicated that customer loyalty also results in customers who are less sensitive to price due to the loyalty that they have developed towards the company - which results in higher price levels for products and services. Nonetheless, 40% of the respondents showed that the customers' complaints are dealt with effectively - which shows that LEC is applying a considerable effort in this area as compared to WASCO.

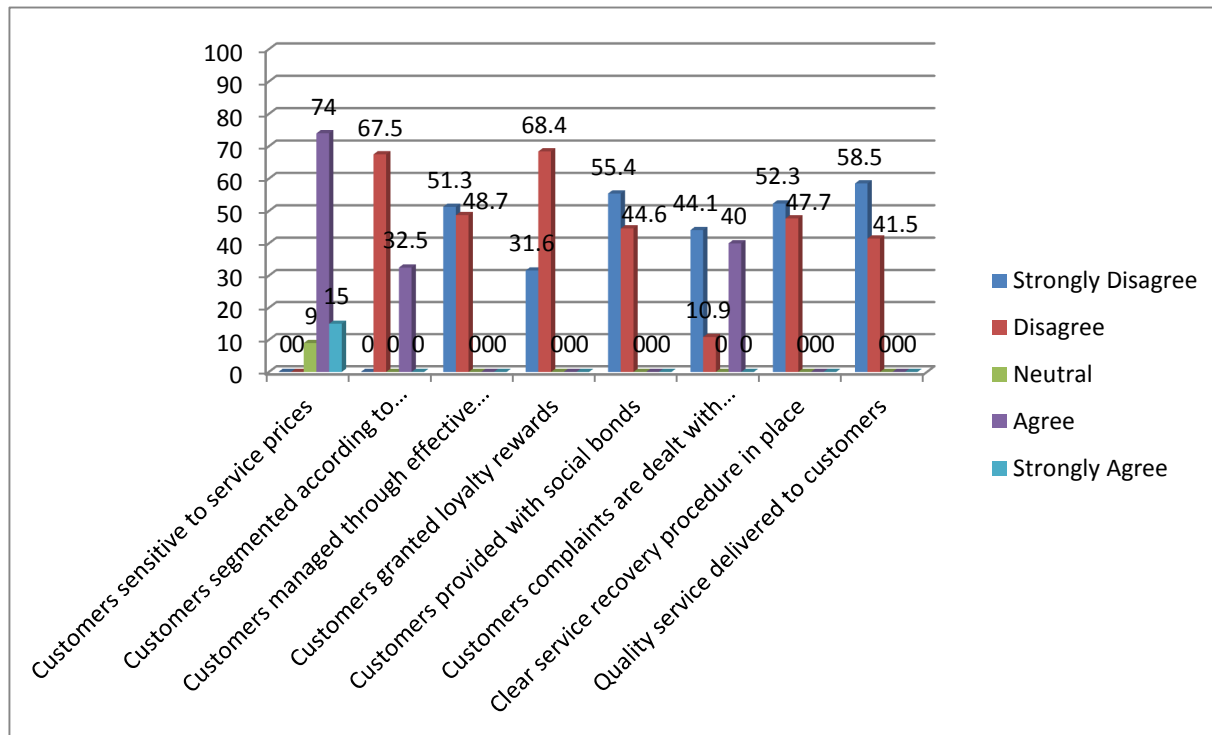


Figure 4.15: Main reasons for customers not to be loyal to LEC

4.6 Main findings and aspects

In summary, the results clearly indicate that both utility companies' service delivery and quality do not attest to acceptable standards. What is also clearly blaring in the results is the fact that customers' complaints and queries are not handled with the effectiveness and urgency these deserve, and the lack of customer-relationship management systems and strategies in both organizations. The results are confirmed by the fact that 100% of the respondents answered "No" to all the questions that were meant to probe their opinions regarding these issues, which are fundamental in customer relationship management.

Furthermore, the results show that the customer satisfaction of both companies is very low; thus resulting in very low customer loyalty. The results further reveal that the customers of both companies are not stuck with them by choice, but are forced by circumstances as both companies enjoy monopoly in their sector of business. Finally, given that all the respondents gave negative responses to all the questions that were

meant to probe their opinions regarding fundamental issues in relationship management, the associations between different variables could not be established or calculated.

4.7 Conclusion

The purpose of this chapter was to elaborate on the research findings, analysis and interpretation conducted on the basis of the data that were collected from the respondents with the aid of the structured questionnaires that were distributed. The subsections that were covered under the findings and analysis included the characteristics of both utility companies' customers, both companies' customers' perception of service delivery quality, their executive management and frontline staff commitment to CRM, and lastly the customers' satisfaction and loyalty. The next and last chapter of this field study will therefore elaborate on the conclusions drawn from the findings and analysis done in this chapter. The final chapter shall also provide recommendations on how the service quality and delivery could be improved in both WASCO and LEC.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The primary objective of this field study was to investigate how CRM could be managed and implemented in view of improving WASCO and LEC service delivery. A comprehensive literature review was undertaken for the purpose of understanding the main reasons that cause WASCO and LEC customers to complain. The literature review was also aimed at establishing a better approach that both companies could adopt in pursuit of a CRM strategy that would enable them in maintaining long-term customer relationships and also in understanding their needs better. Over and above this, the review was undertaken for the purpose of investigating strategies that could be implemented for the purpose of enhancing customer satisfaction, and to establish customer loyalty and perceived relationships through improved customer care service.

Subsequently, a research survey was conducted for the purpose of gathering primary data on the issues affecting quality of service delivery offered by WASCO and LEC. The conclusions of this field study are presented in this chapter, and are thus guided by the primary and secondary objectives as well as the analysis and findings. The recommendations, significance and limitations of the study are also included in this chapter. Finally, commendations for additional research are put forth.

5.2 Hypothetical findings

The study findings reveal that both WASCO and LEC's service quality and delivery are not of an acceptable standard. The findings further reveal that both companies do not have a well-structured complaints management system or a service-recovery system in case of service failure. Furthermore, these companies do not pursue a CRM strategy that is aligned with the corporate strategy, and as a result the customers' satisfaction and loyalty are very low. However, these customers are not switching from these companies due to the fact that they both operate under a monopolistic arena. The customers are therefore stuck with these companies despite their poor service delivery and quality.

5.3 Research Conclusions

5.3.1 Service delivery and quality

As highlighted in the beginning of this chapter, the primary objective of this field study was to investigate how CRM could be managed and implemented in view of improving WASCO and LEC service delivery. This objective has been attained with the help of undertaking a comprehensive collection and analysis of primary data and findings. The findings indicate that both WASCO and LEC's service quality and delivery are not of the acceptable standards. The significance of each of the reasons that make customers to conclude that these companies' service delivery and quality are below standard, may differ from company to company as these companies' strategies also differ. Therefore, the ten main reasons for unacceptable service delivery and quality by WASCO, in order of significance (refer to table 4.2), are the following:

1. Unappealing appearance of WASCO's facilities

According to the study on service quality conducted by Zeithaml et al (2009), factors related to appearance of facilities are used by customers in assessing service quality of the company. This fact is further confirmed by Arussy (2012) who states that customers' evaluation based on service quality starts with the attractiveness of the service provider's facilities, e.g. dress code of frontline staff, office/reception environment, and communication methods used to convey critical information to the customers. WASCO's customers therefore alluded to this fact by indicating that they consider the service delivery and quality of the unacceptable standards due to the fact that the appearance of WASCO's facilities is not appealing.

2. Lack of commitment and customer-centricity demonstrated by frontline staff

The frontline staff of WASCO does not deal with the customers' queries and complaints effectively and efficiently. This demonstrates their lack of understanding in the importance of taking good care of customers, which also indicate that the company does not have a clear and well-known CRM strategy.

3. Non availability of customer charter that is known by customers

WASCO does not have a framework for how they intend to deal with their customers in terms of excellence, payment, response time, and overall service standards.

4. WASCO's bad service reputation

One service dimension that the customers use in assessing the company's service quality and delivery is the assurance it provides its customers. There are four characteristics that deal with this dimension and they are credibility, security, competence, and courtesy. For the company to do well in this service quality dimension it needs an acceptable reputation and this is not the case with WASCO.

5. Untimely communiqué with respect to service failures

WASCO does not seem to have the set policies and procedures that each and every customer has to go through in the process of seeking service recovery. Again, the company does not have a responsive service-recovery system.

6. Unguaranteed service works

WASCO's service works are not guaranteed in that the company is unable to provide the requested services; for instance, like a provision of a water connection at the promised time. Again, the company also fails to contact customers in the event that they would be unable to provide the service on the promised date.

7. Unconvincing responses provided by the frontline staff

WASCOs' frontline staff provides the customers with unconvincing explanations for service failures and they are also not proactive in resolving the service problems.

8. Non-availability of customers' applicable information at the disposal of the frontline staff as and when needed at the different service stations

Lovelock and Wirtz (2011) state that service delivery and - quality depend on the company's capacity to gather customer information, incorporate it with other applicable information, and ensure that the applicable information is at the disposal of the frontline

staff at the different customer service stations at all times. This is not the case with WASCO.

9. Unacceptable service costs

The customers are not confident that some of the service costs cover all the expected aspects of such service. They feel that the costs are quite high considering the poor service quality offered by WASCO.

10. Non adherence to service level standards/agreements

The company has service delivery standards set by the regulator (LEWA); however adherence thereof so as to ensure improved service quality is poor.

On the other hand, the following ten main reasons in order of their significance (refer to table 4.4) were cited by customers as the major ones that make them perceive LEC's service quality and delivery as unacceptable:

1. *Non-availability of a customer charter that is known by customers*
2. *Non-adherence to service level standards/agreements.*
3. Non-availability of dedicated relationship managers that deal with high-consuming customers like industries.
4. *High service costs.*
5. *Unguaranteed service works.*
6. Service delivery standards that are not known by all the customers.
7. *Unconvincing responses that are provided by frontline staff when attending to customers' queries.*
8. *LEC's bad service reputation.*
9. *Untimely communiqué with respect to service failures.*
10. Failure to contact customers in the event that LEC fails to offer service on the promised time.

It must be noted that all the reasons written in italic are expounded in the above section of this chapter which deals with WASCO. However, it must also be noted that

reasons.3, 6, and 10 do not appear in that above section and therefore are expounded as follows:

1. Non-availability of dedicated relationship managers that deal with high-consuming customers like industries

In a CRM system, the categorization of customers is done based on different aspects that include physical location, and the type of business they do, and on the basis of that categorization, they are allocated to different Relationship Managers. This assists the company in putting more focus on the individual customer needs and expectations, thus enhancing service quality and customer satisfaction. The majority of customers have indicated that this is not the case with LEC, thus rendering the company's service delivery quality not acceptable.

2. Service delivery standards that are not known by all the customers

LEC have the service delivery standards that have been set by the regulator (LEWA) and they have the duty of ensuring that these standards are known by all the customers. The fact that the majority of the customers indicated that they are not aware of these service delivery standards demonstrates unacceptable service delivery quality on LEC's part.

3. Failure to contact customers in the event that LEC fails to offer service on the promised time

One of the service-quality dimensions is reliability of the service provided by the company and one of its measures is the manner in which the customers' service requests are dealt with in the event that the firm is not able to provide the service on the promised date. The majority of the customers indicated that LEC fails to contact them on such occasions - which demonstrate unreliable service delivery, thus amounting to unacceptable service quality.

Notwithstanding the above reasons that demonstrate dissatisfaction of the customers with respect to LEC's service delivery quality in general, on average customers

indicated satisfaction regarding the following factors which are also regarded as important measures of service delivery quality: The welcoming nature of the customer care offices and reception, the acceptable appearance of LEC's facilities, the acceptable appearance of frontline staff's dressing code, and friendliness, politeness and respectfulness demonstrated by the frontline staff.

5.3.2 Complaints Management

One of the secondary objectives of this field study included identification of the main reasons that contributes to both WASCO and LEC customers' complaints. The research findings also indicate that the customers of both companies are not happy with the way their complaints and queries are handled. Some of reasons cited by WASCO customers as the main ones that cause them to complain were chronologically presented in table 4.3.

On the other hand, the main reasons that were pointed out as the ones that are contributing to LEC's customers' complaints were again chronologically presented in table 4.5.

Despite the fact that customers indicated some reasons for their complaints, on average LEC customers demonstrated some satisfaction to a certain degree with respect to the way the frontline staff respond to their queries, service problems, and information regarding service interruptions.

5.3.3 Executive Management and frontline staff commitment to CRM

The second secondary objective of this field study was to assist both companies in pursuing a CRM strategy that would enable them to maintain long-term customer relationships and also in understanding their needs better. Based on the findings and analysis, as expounded in figure 4.7 and 4.9 respectively, it could be concluded that WASCO and LEC do not pursue a CRM strategy that could enable them in maintaining long term customer relationships and also in understanding their needs better.

5.3.4 Customer Satisfaction and Loyalty

The third secondary objective was related to the strategies that could be implemented for the purpose of enhancing customer satisfaction. The analysis and findings as expounded by figure 4.10 respectively indicated that it can be concluded that the customer satisfaction of both WASCO and LEC customers is very low. The findings as illustrated by figure 4.13 also revealed that the customers of both companies are not loyal to them by choice. They are stuck with these companies due to the fact that they are monopolies.

5.4 Recommendations

This section puts forth recommendations that can assist WASCO and LEC in effectively managing and implementing their CRM in view of improving quality of service delivery. The strategies that could be utilized by both companies to bridge the service quality gaps are presented below:

- ✓ Both WASCO and LEC Top management should adopt and develop a CRM strategy framework. They should ensure that there is proper alignment between the main business strategy and the CRM strategy framework. The framework should also include the aspect of value delivery to customers, multichannel communication integration, and performance assessment of the whole framework. The CRM strategy should also take into account how the target market will be divided, how the customer base could be ranked or tiered and how loyalty bonds and churn management could be best established, thus delivering improved value to the customers (Morgan 2006: p. 430). The six-gap model is recommended as it will assist in assessing the effectiveness of the CRM strategy.
- ✓ For the purpose of improving the service quality and delivery of both companies, the customer service quality gap model should be adopted. The following strategies are recommended for closing the service quality gaps identified in both organizations:

- Management need to be trained on the expectations of the customers, and in order to achieve this, the management should implement the following policies:
 - Customer surveys should be undertaken regularly and they should employ research methods like questionnaires and interviews. The questions should be structured in such a manner that they would address the most critical aspects of the type of service delivered by the individual company.
- Both companies should put into operation an efficient customer feedback system that would among other areas of importance in the service quality, include customer satisfaction research, analysis of launched complaints, and customer sections.
- Ease and promote contact between management and frontline staff.
- Enhance contact between management and customers.
- Management should develop appropriate service business processes and standard operating procedures for dealing with customers.
- ✓ Management should ascertain that the performance matches the set standards and that the customers appreciate the level of quality that is delivered by the firm. Management should also strive to keep the customer service staff highly motivated and highly engaged and therefore able to achieve the set service standards. Training of the employees on the technical and soft skills needed to perform their assigned tasks effectively should be undertaken regularly and they should include interpersonal skills - especially for dealing with customers under stressful conditions.
- Install the appropriate technology, equipment, support processes and capacity.
- Manage customers for service quality.
- ✓ Educate the customers so that they could perform their role and responsibilities in service delivery effectively. This could be achieved by developing and delivering customer education programmes on different radio stations, television, and newspapers.
- ✓ Management should address the issue of internal communications gap by striving to ascertain that the promises made through communications channels

like advertisements are realistic and rightly appreciated by customers. This could be achieved by implementing the following strategies:

- Train managers responsible for public relations and customer care communications about operational capabilities.
- Ensure that communications content sets realistic customer expectations.
- Be specific with promises and manage customers' understanding of communication content.
- ✓ WASCO and LEC should put in place proper complaint-handling and service-recovery processes. This will lead to enhanced customer satisfaction and loyalty.

5.5 Significance of the Study

The field study has exposed the inefficiencies of the monopolistic service companies. The fact that both companies are not operating in a competitive environment seem to give them a scapegoat of not paying attention to the quality of service that they offer to their customers. The value of the findings of this study is that they may well be used by both LEC and WASCO management to inform policy and strategic planning with regards to service delivery quality implementation and improvement.

5.6 Limitations of the Study

The sample size of the study was not large enough for the findings to be generalized due to the fact that both WASCO and LEC serve all the urban and peri-urban areas of Lesotho, thus constituting about four hundred thousand people of the country - whereas the study population was only 250 people, which is quite a limited representation.

5.7 Conclusion

Chapter 5 exposes the final views and recommendations of this field study. The primary data results as exposed in the previous chapter formed the basis for the conclusions made - which expose the main reasons for both WASCO and LEC customers to perceive these companies' service delivery and quality as of not acceptable standards. Conclusions are also drawn on the complaints and queries management, executive

management and frontline staff dedication to good customer relationship management, and the main reasons these customers have very low customer satisfaction and loyalty. Lastly, the importance of this field study and the restrictions of it have also been dealt with in this chapter.

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Appendix A: Questionnaire

QUESTIONNAIRE

ON

Customer Relationship Management in Lesotho Utility Companies

**Water and Sewerage Company
(WASCO) and Lesotho Electricity
Company (LEC)**

SECTION A: the following questions relate to the customers ` perception of WASCO and LEC service delivery quality, and complaints management system.

Unless indicated otherwise, please indicate the extent to which you agree with each of the answers for the questions that follow by circling the appropriate level.

1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Q1. Is WASCO`S Service quality and delivery of the acceptable standard?

1. Yes ☐ 2. No ☐

If you answered 'No' to question 1, please answer question 2.

Q2. What are the main reasons that make you consider WASCO`s Service quality and delivery not acceptable?

- | | | | | | |
|---|---|---|---|---|---|
| 1. WASCO offers a guaranteed service unfailingly and correctly | 1 | 2 | 3 | 4 | 5 |
| 2. WASCO guarantees its service works | 1 | 2 | 3 | 4 | 5 |
| 3. WASCO have service delivery standards | 1 | 2 | 3 | 4 | 5 |
| 4. The service standards are known by all the customers | 1 | 2 | 3 | 4 | 5 |
| 5. WASCO adheres to service standards (if available) | 1 | 2 | 3 | 4 | 5 |
| 6. Service costs cover all the expected aspects of service | 1 | 2 | 3 | 4 | 5 |
| 7. Communiqué with respect to service failures is timely | 1 | 2 | 3 | 4 | 5 |
| 8. Customers are contacted if WASCO fails to offer service on the promised time | 1 | 2 | 3 | 4 | 5 |
| 9. WASCO has customer charter and customers know about it | 1 | 2 | 3 | 4 | 5 |
| 10. Customers are informed in an easily accessible communication media and in language that they could easily understand. | 1 | 2 | 3 | 4 | 5 |
| 11. Customers are categorized according to their level of consumption. | 1 | 2 | 3 | 4 | 5 |
| 12. High consuming Customers have dedicated Managers that deal with their accounts. | 1 | 2 | 3 | 4 | 5 |
| 13. The frontline staff dress code is appealing | 1 | 2 | 3 | 4 | 5 |
| 14. Frontline staff are friendly, polite and respectful | 1 | 2 | 3 | 4 | 5 |

- | | | | | | |
|---|---|---|---|---|---|
| 15. Frontline staff are committed and customer centric | 1 | 2 | 3 | 4 | 5 |
| 16. Frontline staff provides convincing responses | 1 | 2 | 3 | 4 | 5 |
| 17. Frontline staff process transactions without mistakes | 1 | 2 | 3 | 4 | 5 |
| 18. Customers applicable information is at the disposal
of the frontline staff at the different customer stations at all times | 1 | 2 | 3 | 4 | 5 |
| 19. Customer care offices/Reception are welcoming | 1 | 2 | 3 | 4 | 5 |
| 20. Appearance of WASCO `s facilities is appealing | 1 | 2 | 3 | 4 | 5 |
| 21. WASCO possess an acceptable reputation | 1 | 2 | 3 | 4 | 5 |

Q3. If you answered ‘Yes’ to question 1, please provide reasons why you think WASCO’s service quality and delivery is of acceptable standards

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.....

Q4. Are you satisfied with the way WASCO addresses customers` queries and complaints?

1. Yes ☐ 2. No ☐

If you answered ‘NO’ to question 4, please answer question 5

Q5. What were the main reasons that make you unsatisfied with the way your queries and complaints are dealt with as the customer?

- | | | | | | |
|--|---|---|---|---|---|
| 1. WASCO delivers promised service on time | 1 | 2 | 3 | 4 | 5 |
| 2. WASCO informs customers of service interruptions | 1 | 2 | 3 | 4 | 5 |
| 3. WASCO offer compensation as a result of the losses
due to service failure | 1 | 2 | 3 | 4 | 5 |
| 4. WASCO offer compensation as a result of inconveniences
incurred due to service failure | 1 | 2 | 3 | 4 | 5 |
| 5. WASCO has clear policies and procedures that each and | 1 | 2 | 3 | 4 | 5 |

every customer have to go through in the process of seeking service fairness.

- | | | | | | |
|--|---|---|---|---|---|
| 6. Frontline staff are competent | 1 | 2 | 3 | 4 | 5 |
| 7. Frontline staff respond to queries politely and respectfully | 1 | 2 | 3 | 4 | 5 |
| 8. Frontline staff provides customers with convincing explanations for service failures. | 1 | 2 | 3 | 4 | 5 |
| 9. Frontline staff are proactive in resolving service problems | 1 | 2 | 3 | 4 | 5 |

Q6. If you answered ‘Yes’ to question 4, please provide reasons that make you satisfied with the way your queries and complaints are dealt with as the customer?

.....

.....

.....

.....

Q7. Is LEC’S Service quality and delivery of the acceptable standard?

1. Yes ☐ 2. No ☐

If you answered ‘No’ to question 7, please answer question 8.

Q8. What are the main reasons that make you consider LEC’s Service quality and delivery not acceptable?

- | | | | | | |
|---|---|---|---|---|---|
| 1. LEC offers a guaranteed service unfailingly and correctly | 1 | 2 | 3 | 4 | 5 |
| 2. LEC guarantees its service works | 1 | 2 | 3 | 4 | 5 |
| 3. LEC have service delivery standards | 1 | 2 | 3 | 4 | 5 |
| 4. The service standards are known by all the customers | 1 | 2 | 3 | 4 | 5 |
| 5. LEC adheres to service standards (if available) | 1 | 2 | 3 | 4 | 5 |
| 6. Service costs cover all the expected aspects of service | 1 | 2 | 3 | 4 | 5 |
| 7. Communiqué with respect to service failures is timely | 1 | 2 | 3 | 4 | 5 |
| 8. Customers are contacted if LEC fails to offer service on the promised time | 1 | 2 | 3 | 4 | 5 |
| 9. LEC has customer charter and customers know about it | 1 | 2 | 3 | 4 | 5 |
| 10. Customers are informed in an easily accessible | 1 | 2 | 3 | 4 | 5 |

communication media and in language that they could easily understand.

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|--|---|---|---|---|---|
| 11. Customers are categorized according to their level of consumption. | 1 | 2 | 3 | 4 | 5 |
| 12. High consuming Customers have dedicated Managers that deal with their accounts. | 1 | 2 | 3 | 4 | 5 |
| 13. The frontline staff dress code is appealing | 1 | 2 | 3 | 4 | 5 |
| 14. Frontline staff are friendly, polite and respectful | 1 | 2 | 3 | 4 | 5 |
| 15. Frontline staff are committed and customer centric | 1 | 2 | 3 | 4 | 5 |
| 16. Frontline staff provides convincing responses | 1 | 2 | 3 | 4 | 5 |
| 17. Frontline staff process transactions without mistakes | 1 | 2 | 3 | 4 | 5 |
| 18. Customers applicable information is at the disposal of the frontline staff at the different customer stations at all times | 1 | 2 | 3 | 4 | 5 |
| 19. Customer care offices/Reception are welcoming | 1 | 2 | 3 | 4 | 5 |
| 20. Appearance of LEC `s facilities is appealing | 1 | 2 | 3 | 4 | 5 |
| 21. LEC possess an acceptable reputation | 1 | 2 | 3 | 4 | 5 |

Q9. If you answered ‘Yes’ to question 7, please provide reasons why you think LEC’s service quality and delivery is of acceptable standards

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Q10. Are you satisfied with the way LEC addresses customers` queries and complaints?

1. Yes ☐ 2. No ☐

If you answered ‘NO’ to question 10, please answer question 11

Q11. What were the main reasons that make you unsatisfied with the way your queries and complaints are dealt with as the customer?

- | | | | | | |
|---|---|---|---|---|---|
| 1. LEC delivers promised service on time | 1 | 2 | 3 | 4 | 5 |
| 2. LEC informs customers of service interruptions | 1 | 2 | 3 | 4 | 5 |

- | | |
|---|-------------------|
| 3. LEC offer compensation as a result of the losses
due to service failure | 1 2 3 4 5 |
| 4. LEC offer compensation as a result of inconveniences
incurred due to service failure | 1 2 3 4 5 |
| 5. LEC has clear policies and procedures that each and
every customer have to go through in the process of seeking service fairness. | 1 2 3 4 5 |
| 6. Frontline staff are competent | 1 2 3 4 5 |
| 7. Frontline staff respond to queries politely and respectfully | 1 2 3 4 5 |
| 8. Frontline staff provides customers with convincing
explanations for service failures. | 1 2 3 4 5 |
| 9. Frontline staff are proactive in resolving service problems | 1 2 3 4 5 |

Q12. If you answered ‘Yes’ to question 10, please provide reasons that make you satisfied with the way your queries and complaints are dealt with as the customer?

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SECTION B: The following questions relate to the Executive Management and frontline staff commitment on CRM as well as the existing CRM system (if any)

Unless indicated otherwise, please indicate the extent to which you agree with each of the answers for the questions that follow by circling the appropriate level.

1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Q13. In your opinion, does WASCO pursue a CRM strategy?

1. Yes ☐ 2. No ☐

If you answered ‘No’ to question 13, please answer question 14

Q14. What are the main reasons that make you believe that WASCO does not pursue CRM Strategy?

1. Customers are categorized	1	2	3	4	5
2. Specific Relationship manager is assigned for specific category of customers	1	2	3	4	5
3. Customers are well-informed about services offered by WASCO	1	2	3	4	5
4. Customer requests are addressed timely	1	2	3	4	5
5. WASCO has well-trained Frontline staff	1	2	3	4	5
6. Frontline staff understand the importance of customer relationship	1	2	3	4	5
7. Customers’ applicable information is at the disposal of frontline staff at the different customer stations at all times.	1	2	3	4	5
8. Frontline staff performance is measured and rewarded based on meeting customer needs and on successfully serving the customers	1	2	3	4	5
9. Service interruptions are well communicated	1	2	3	4	5
10. WASCO has centralized call-centre management	1	2	3	4	5
11. WASCO has a CRM policy in place	1	2	3	4	5
12. WASCO has a CRM software system	1	2	3	4	5
13. The software system is competently managed	1	2	3	4	5
14. WASCO’s corporate strategy gives importance to customers ‘needs	1	2	3	4	5

Q15. If you answered ‘Yes’ to question 13, why do you think WASCO does pursue CRM strategy?

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Q16. In your opinion, does LEC pursue a CRM strategy?

1. Yes ☐ 2. No ☐

If you answered 'No' to question 16, please answer question 17.

Q17. What are the main reasons that make you believe that LEC does not pursue CRM Strategy?

- | | | | | | |
|--|---|---|---|---|---|
| 1. Customers are categorized | 1 | 2 | 3 | 4 | 5 |
| 2. Specific Relationship manager is assigned
for specific category of customers | 1 | 2 | 3 | 4 | 5 |
| 3. Customers are well-informed about services offered by WASCO | 1 | 2 | 3 | 4 | 5 |
| 4. Customer requests are addressed timely | 1 | 2 | 3 | 4 | 5 |
| 5. LEC has well-trained Frontline staff | 1 | 2 | 3 | 4 | 5 |
| 6. Frontline staff understand the importance of customer relationship | 1 | 2 | 3 | 4 | 5 |
| 7. Customers' applicable information is at the disposal of frontline
staff at the different customer stations at all times. | 1 | 2 | 3 | 4 | 5 |
| 8. Frontline staff performance is measured and rewarded based on
meeting customer needs and on successfully serving customers | 1 | 2 | 3 | 4 | 5 |
| 9. Service interruptions are well communicated | 1 | 2 | 3 | 4 | 5 |
| 10. LEC has a centralized call-centre management | 1 | 2 | 3 | 4 | 5 |
| 11. LEC has a CRM policy in place | 1 | 2 | 3 | 4 | 5 |
| 12. LEC has a CRM software system | 1 | 2 | 3 | 4 | 5 |
| 13. The software system is competently managed | 1 | 2 | 3 | 4 | 5 |
| 14. LEC's corporate strategy gives importance to customers' needs | 1 | 2 | 3 | 4 | 5 |

Q18. If you answered 'Yes' to question 16, why do you think LEC does pursue CRM strategy?

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SECTION C: The following questions relate to the customer satisfaction and customer loyalty in both LEC and WASCO.

Unless indicated otherwise, please indicate the extent to which you agree with each of the answers for the questions that follow by circling the appropriate level.

1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Q19. Are you satisfied with WASCO service quality?

1. Yes ☐ 2. No ☐

If you answered ‘No’ to question 19, please answer question 20.

Q20. What are the main reasons for your dissatisfaction?

- | | | | | | |
|---|---|---|---|---|---|
| 1. WASCO offers quality service | 1 | 2 | 3 | 4 | 5 |
| 2. The service prices are fair | 1 | 2 | 3 | 4 | 5 |
| 3. Service prices affordable | 1 | 2 | 3 | 4 | 5 |
| 4. You would not consider switching even if it was possible | 1 | 2 | 3 | 4 | 5 |
| 5. WASCO product (Water) is of good quality | 1 | 2 | 3 | 4 | 5 |
| 6. WASCO’s core values addresses customers’ needs | 1 | 2 | 3 | 4 | 5 |
| 7. WASCO customers spread positive word of mouth
about the Company’s offerings | 1 | 2 | 3 | 4 | 5 |

Q21. If you answered ‘Yes’ to question 19 why are you satisfied with WASCO service quality

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Q22. Do you consider yourself a loyal customer to WASCO by choice?

1. Yes ☐ 2. No ☐

If you answered 'No' to question 22, please answer question 23

Q23. What are the main reasons for you not to be loyal?

- | | | | | | |
|---|---|---|---|---|---|
| 1. Customers sensitive to service prices | 1 | 2 | 3 | 4 | 5 |
| 2. Customers segmented according to their needs | 1 | 2 | 3 | 4 | 5 |
| 3. Customers managed through effective tiering/ranking of service and needs | 1 | 2 | 3 | 4 | 5 |
| 4. Customers granted loyalty rewards | 1 | 2 | 3 | 4 | 5 |
| 5. Customers provided with social bonds * | 1 | 2 | 3 | 4 | 5 |
| 6. Customer complaints are dealt with effectively | 1 | 2 | 3 | 4 | 5 |
| 7. Clear service recovery procedure in place | 1 | 2 | 3 | 4 | 5 |
| 8. Quality service delivered to customers | 1 | 2 | 3 | 4 | 5 |

* **Social bonds** exist when the customer and the service provider's frontline staff know each other well and there is mutual trust between both parties

Q24. If you answered 'Yes' to question 22 why are you a loyal customer to WASCO by choice?

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Q25. Are you satisfied with LEC service quality?

1. Yes ☐ 2. No ☐

If you answered 'No' to question 25, please answer question 26.

Q26. What are the main reasons for your dissatisfaction?

- | | | | | | |
|---|---|---|---|---|---|
| 1. LEC offers quality service | 1 | 2 | 3 | 4 | 5 |
| 2. The service prices are fair | 1 | 2 | 3 | 4 | 5 |
| 3. Service prices are affordable | 1 | 2 | 3 | 4 | 5 |
| 4. You would not consider switching even if it was possible | 1 | 2 | 3 | 4 | 5 |

- | | | | | | |
|---|---|---|---|---|---|
| 5. LEC product (Electricity) is of good quality | 1 | 2 | 3 | 4 | 5 |
| 6. LEC`s core values addresses customers` needs | 1 | 2 | 3 | 4 | 5 |
| 7. LEC customers spread positive word of mouth
about the Company`s offerings | 1 | 2 | 3 | 4 | 5 |

Q27. If you answered ‘Yes’ to question 25 why are you satisfied with LEC`s service quality

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Q28. Do you consider yourself a loyal customer to LEC by choice?

2. Yes ☐ 2. No ☐

If you answered ‘No’ to question 28, please answer question 29

Q29. What are the main reasons for you not to be loyal?

- | | | | | | |
|--|---|---|---|---|---|
| 1. Customers sensitive to service prices | 1 | 2 | 3 | 4 | 5 |
| 2. Customers segmented according to their needs | 1 | 2 | 3 | 4 | 5 |
| 3. Customers managed through effective tiering/ranking
of service and needs | 1 | 2 | 3 | 4 | 5 |
| 4. Customers granted loyalty rewards | 1 | 2 | 3 | 4 | 5 |
| 5. Customers provided with social bonds * | 1 | 2 | 3 | 4 | 5 |
| 6. Customer complaints are dealt with effectively | 1 | 2 | 3 | 4 | 5 |
| 7. Clear service recovery procedure in place | 1 | 2 | 3 | 4 | 5 |
| 8. Quality service delivered to customers | 1 | 2 | 3 | 4 | 5 |

** **Social bonds** exist when the customer and the service provider`s frontline staff know each other well
and there is mutual trust between both parties*

Q30. If you answered ‘Yes’ to question 28 why are you a loyal customer to LEC by choice?

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THANK YOU!