



**IMPACT OF CUSTOMER RELATIONSHIP MARKETING ON
CUSTOMER PERCEPTION IN BANKING SECTOR
(WITH SPECIAL REFERENCE TO SME OWNERS IN
COLOMBO DIVISIONAL SECRETARIAT)**

*This dissertation is submitted as a partial fulfillment of the degree of Bachelor of Business
Management in Entrepreneurship and Management*

Index number: UWU/EX/12/0228

Name of the candidate: K.L.V.R. Perera

Year 2016

ABSTRACT

In present competitive business world, one of the most difficult and expensive activities for any business is acquire and retain customers. Customer Relationship Marketing (CRM) means creating long-term relationship with customers. It maintains customer loyalty by providing best products and services rather than trying to encourage one-time sale. Moreover banking sector is becoming more vital, because the volume of banking customers has increased over the last two decades with a wide range of preferences and favorable customer perception will add an advantage to the bank to face high competitiveness within the industry. Hence, intention of this paper is to identify the customer perception on existing CRM practices in banking sector, to ascertain the relationship between CRM and customer perception in banking sector and to identify the most significant CRM practice on customer perception in banking sector. In this study, CRM practices is conceptualized as multidimensional construct which depends on six dimensions such as trust, communication, bonding, shared value, empathy and reciprocity. Primary data were-gathered through distributing a self-administrative questionnaire and 100 SME owners in Colombo Division were selected by using systematic sampling technique. Descriptive statistics, Correlation coefficient and Regression analysis were used for the purpose of data analysis. The research findings revealed that there is a strong positive correlation between trust, communication, bonding and customer perception while other dimensions have a weak positive correlation. Further, trust and communication were identified as highly affected factors to the customer perception. These findings will help managers to build and maintain profitable customer relationship by delivering superior customer value, in order to enhance customer loyalty. Future researchers can investigate the impact of CRM practices on other factors such as market share, profitability and firm performance.

Key words: Customer Relationship Marketing (CRM), Customer Perception, Small and Medium Enterprises (SMEs)