
# St. MARY'S UNIVERSTY

## SCHOOL OF GRADUATE STUDIES DEPARTMENT OF MARKETING MANAGMENT PROGRAM

# THE EFFECT OF PRODUCT DIFFERENATIATION STRATEGES ON THE COMPETITIVENESS OF THE BANK INDUSTRY IN ETHIOPIA: THE CASE OF ZEMENBANK

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**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATES St. MARY'S UNIVERSTY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF MARKETING MANAGEMENT**

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**Addis Ababa, Ethiopia**

# St. MARY'S UNIVERSITY

# SCHOOL OF GRADUATE STUDIES

## MASTER OF MARKETING MANAGEMENT

This certifies that **Tsion Yonas** thesis, " the effect of product differentiation strategies on the competitiveness of the banking industry in Ethiopia: The Case of Zemen bank," which was turned in to partially fulfill the requirements for a master's degree in marketing management, satisfies accepted standards for originality and quality as well as college regulations.

**Endorsed by the Examiners' Board**

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Advisor Zemenu Ayadis (Asst. Professor) Signature Date

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# DECLARATION

Declare that the research under consideration is headed " the effect of product differentiation strategies on the competitiveness of the banking industry in Ethiopia: The Case of Zemen bank ". My work, which I have submitted to the St. Mary's University for a master's degree in marketing management is entirely original and has not been submitted for credit at any other university. All study resources have been properly cited.

**Name Tsion Yonas Signature: _____**

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# ENDORSMENT

This certifies that the study " The effect of product differentiation strategies on the competitiveness of the banking industry in Ethiopia: The Case of Zemen bank," completed by Tsion Yonas for the St. Mary's University for a master's degree in marketing management program, is original and hasn't been submitted previously for credit toward any degree at this university or any other university.

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**ADVISOR** **SIGNITURE**

# Abstract

*The general objective of the study was to examine the effect of product differentiation strategies on the competitiveness of the banking industry in Ethiopia: In the case of Zemen Bank. Both primary and secondary sources were used in the research. In order to maximize accuracy and minimize error in estimating from the target population, participants for the study were chosen using a simple random sampling procedure. Out of the 266 questionnaires distributed ,242 were correctly completed by the participants. The study used descriptive and explanatory research designs.* A *quantitative data was processed using SPSS version 26 and analyzed with the help of descriptive statistics like frequencies, percentages, means, and standard deviations and inferential statics (correlations and regression analysis. The finding of regression analysis shows that customer experience management is positively correlated with competitiveness, highlighting the importance of effective customer engagement strategies in driving a bank's competitive edge. From the findings, it was found that customer experience management, product customization, service innovation, and technology integration are positively correlated with competitiveness in the banking industry. Finally, it was recommended that Zemen Bank should continue investing in technology integration. This would not only support the development of new services but also potentially enhance product customization and improve customer experience management.*



***Keywords:*** *Product differentiation strategies: Competitiveness of the banking industry*.

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# Chapter One

## Introduction

This section of the study discusses the background of the study, problem statement, research questions, general and specific objectives, and the significance of the study. It also includes the scope, limitation of the study, operationalization of key concepts, and organization of the thesis.

## 1.1. Background of the study

The development of global integration, technological change and the shift of demand among customers have contributed to modifications in the activity of the banking industry within few years. With competition growing even fiercer, banks are increasingly employing product differentiation strategies in attempts to compete in an oversaturated market. According to Kotler and Keller (2006), product or service differentiation entails the provision of unique products or services which can easily win over rivals. It is important for banks to differentiate themselves in order to win over clients and maintain them in an industry with very similar products as regards loans, savings, investment accounts and others like Amit and Zott (2012) explain. Differentiation has been identified by Kumar and Rajan (2012) as a strategy that can be achieved by innovating, ensuring top class service delivery, appropriate pricing and technology adoption. The introduction of mobile phones, internet banking and customized financial services have enabled the banks to offer more services which are in line with the specific needs of the people. Karjaluoto et al. (2010) confirm that with such strategies, banks are able to improve customer satisfaction, increase their market reach and improve their profitability

Vives (2011) suggests that banks must innovate and differentiate in order to maintain their competitive edge, as customers expect increased convenience, personalization, and efficiency from their banking services. The increased focus on personalized financial solutions for specific customer segments is a result of the move towards a more customer-centric approach. For example, providing customized loan packages or personalized investment choices can greatly enhance customer loyalty and overall satisfaction (Beck et al., 2011).

Furthermore, according to Verhoef, Lemon, and Parasuraman (2009), standing out with unique strategies is crucial in today's digital age, as technology is key in the banking industry. The incorporation of cutting-edge technologies like mobile apps and digital payment options has enabled banks to improve their service provision and cater to the increasing need for more convenient, available, and safe financial services.

Despite these advantages, Tallman and Li (2011) note that implementing differentiation strategies requires significant investment and a clear understanding of customer needs. Without a well-defined strategy, banks may struggle to achieve the desired competitive advantage, and the differentiation efforts may not yield sustainable results. Therefore, understanding the key drivers of successful product differentiation is critical to fostering competitiveness in the banking industry.

In conclusion, the need for banks to differentiate their products and services has become more pressing in the face of rising competition and customer expectations. This study aims to explore how product differentiation strategies impact the competitiveness of the banking industry, with a particular focus on service innovation, Product customization, and technological integration and customer experience management.

## 1.2. Statement of the problem

The banking industry in Ethiopia is rapidly developing due to economic changes, increased access to financial services, and an expanding pool of customers. Despite this, many banks operating in Ethiopia are finding it hard to maintain a competitive advantage since the services offered by various banks are similar. Several banks provide comparable financial services in terms of saving accounts, loans, deposit services, among others, with minimal differentiation (Kassahun, 2018). This lack of differentiation leads to low customer loyalty, low profitability, and a decline in market share, as customers usually chooses banks for convenience rather than the quality or uniqueness of their services. While there have been advances in digital banking and mobile payments, many Ethiopian banks still find it very challenging to implement product differentiation strategies effectively. The sector's competitiveness remains constrained by limited use of advanced technology, a lack of tailoring in financial products, and spotty customer-service

levels locally and regionally (Abebe & Getahun, 2020). Since the Ethiopian economy is one of the fastest-growing, the banks in the country need to revise their strategies and then come out with differentiation. The private banking industry in Ethiopia has recorded tremendous growth amidst changes in the economy with a diversified financial landscape. However, most of the private banks fail to stay competitive since they are not innovative with their products; most of the private banks only offer basic banking services such as saving and personal loans, which are not unique in any way (Kassahun, 2018). The homogeneity, therefore, results in low brand loyalty and profitability since the customers are found to cherish convenience and accessibility over unique services. Consequently, homogeneity leads to low brand loyalty and profitability since customers will always prefer convenience and accessibility over unique services. There is an apparent gap in the empirical research on how product differentiation strategies can improve the competitive position of the Ethiopian banking industry. This study tries to fill this gap by investigating how different differentiation strategies like service innovation, customer service quality, brand positioning, and technological integration can enhance the competitiveness of Ethiopian banks. Taking the case of Zemen Bank, this study will provide relevant insights on how the banks in Ethiopia attract more customers for long-term success through an effective product differentiation strategy. The study therefore seeks to establish the effect of product differentiation strategies on the competitiveness of banks in the case of Zemen bank.

## 1.3. Research question

1. How does technology integration influence the competitiveness of the banking industry?

2. What is the relationship between service innovation and the competitiveness of the banking industry?

3. How does enhanced product customization affect the competitiveness of the banking industry?

4. In what ways does effective customer experiences management contribute to the competitiveness of the banking industry?

## 1.4. Objective of the study

### 1.4.1. General objectives

The general objective of this research was to examine the effect of product differentiation strategies on the competitiveness of the banking industry: the case of Zemen Bank head office.

### 1.4.2. Specific objective

1. To examine the effect of technology integration on the competitiveness of the banking industry.

2. To assess the effect of service innovation on enhancing the competitiveness of the banking industry.

3. To analyze how product customization influences the competitiveness of the banking industry.

4. To evaluate the effect of customer experiences management on the competitiveness of the banking industry

## 1.5. Significant of the study

The aim of this study was to determine the role of product differentiation strategies on the competitiveness of the banking industry: The case of Zemen Bank. The results of the study are beneficial to the Zemen Bank. The study helps banks understand how differentiating their products and services can create a competitive edge in a highly competitive market. Offering unique products such as personalized financial services, advanced digital solutions, or innovative pricing strategies can attract more customers and enhance customer loyalty. Besides this, it provides insights into how product differentiation strategies can enhance competitiveness in the banking industry and drive innovation, customer satisfaction, and profitability. On top of that, the findings of the study will also serve as input for various stakeholders, including employers, policymakers, and employees, to revisit and modify their approach towards product differentiation strategies in the competitiveness of the banking industry.

Furthermore, it is believed to bring certain outcomes that would be an input for future research in this area and could also be an addition to the existing literature.

## 1.6. Scope of the study

The study's scope encompasses geographical, methodological, temporal, and conceptual aspects. In terms of location, the research focused solely on Zemen Bank, with the researcher attempting to narrow down the geographical scope to gather primary data at the Zemen Bank headquarters. The primary emphasis of this research was on examining the effect of product differentiation strategies technology integration, service innovation, product customization, customer experiences management and the competitive position of Zemen Bank in the banking industry. Conceptuality the study was delimited examining how product differentiation strategies affect the competitiveness of the banking industry. In terms of methodology, the study was restricted to defining the dependent and independent variables and elucidating their interconnection. The research sample was limited to staff and customer of Zemen bank chosen randomly. Additionally, the gathering of data was restricted to a closed-ended survey; the study used a descriptive and explanatory research design, as well as a quantitative methodology.

## 1.7. Limitation of the Study

The entire study was limited to examining the role of product differentiation strategies in the competitiveness of the banking industry: The case of Zemen Bank. To achieve the intended objectives, data collection was closely product differentiation strategies and competitiveness of the banking industry However, the study was conducted only on Zemen Bank.

Moreover, the limitation that the researcher faced in conducting this study was the lack of well-organized, appropriate secondary data, and it was very difficult to get sufficient and complete data from the record system. The other serious limitation of the study was that employees and managers did not return the questionnaire and interview on time because of their own training, meetings, and file work.

## 1.8. Organization of the thesis

The entire study was broken up into five chapters. Chapter 1 gives a general summary of the study, including its background, problem description, objectives, significance, scope, and constraints as well as the methodologies used and the organizational structure. Chapter Two is a survey of the literature in the research topic. In Chapter 3, methodology and research design are

discussed. However, chapter four contains the data analysis, conclusions, and discussion. A summary of the key findings, conclusions, suggestions for additional research and recommendations are included in Chapter 5's conclusion. A list of tables and figures, appendices, references, and an acronym index were also provided in the study.

## 1.9. Operationalization of Key Concepts

**Product differentiation strategies:** - refers involves carrying out measurable strategies to differentiate a product from rivals in the market. This process entails turning strategic plans into actionable measures that impact product design, marketing, and customer engagements. Porter, M. E. (1980)

**Technology integration: -** a company would define and implement specific technological tools and processes that streamline operations and improve overall efficiency. This involves setting clear goals, KPIs, and benchmarks for the effective use of technology in improving performance, Porter, M. E. (1985).

**Service innovation**: - focuses on creating new services or significantly improving existing ones to meet customer demands and stay ahead of competitors. Operationalizing service innovation involves setting up processes for idea generation, prototyping, and implementing changes that offer more value to customers. (Davenport, T. H., & Beers, M. C. (1995)

**Product customization**: _ is about offering products tailored to the individual needs or preferences of customers. To operationalize this, a company can create a structured system for collecting customer preferences and incorporating them into product offerings, Pine, B. J. II. (1993)

**Customer Experience Management: -** involves designing and managing every interaction a customer has with the company, ensuring a seamless and positive experience across all touchpoints. Operationalizing CEM means creating a strategic framework for improving customer interactions and measuring their effectiveness. Murphy, J. A. (2005)

**Competitiveness in the banking industry refers:** - turning strategic goals designed to enhance a bank's competitiveness into achievable actions, indicators, and methodologies. This includes

outlining competitive strategies, executing them, and regularly evaluating their success in attaining a dominant market position. Stowell, D. P. (2010)

# CHAPTER TWO

# LITERATURE REVIEW

**Introduction**

This chapter was used to examine the role of product differentiation strategies on the competitiveness of the banking industry with relevant studies, books, and actual practices around the globe. It will also introduce the relevant research and show how the research will help to advance in the field. The main components of this chapter will be literatures about the research topic. This section also includes a succinct review of the existing theoretical and empirical literatures of previous studies related to product differentiation strategies in the competitiveness of the banking industry. It talks about the. This literature also looks at the importance of competitiveness of the banking industry.

## 2.1. Conceptual review

### 2.1.1. An overview of product differentiation strategies

Product differentiation is the process of making a company's products or services distinct from those of competitors in ways that resonate with customers. In industries like banking, this can be accomplished through technology integration, service innovation, product customization, and customer experience management. These strategies allow firms to offer unique value propositions and gain a competitive edge in the market place. Technology lies at the heart of product differentiation especially in the areas of enhancing operational efficiency, service delivery, and customer engagement. With these advanced technologies, such as AI, automation,

and data analytics, integration would help streamline operations, make offerings more personalized, and generally improve customer satisfaction. Porter (1985) asserts that technology can be a source of competitive advantage by facilitating cost leadership and innovation. Likewise, Bryn Jolson and McAfee (2014) present how digital technologies, including automation, can complement differentiation of a product by gaining efficiency and making tailored services possible.

Service innovation deals with the development of new or improved services to meet the needs of customers in order to sustain competitive advantage. In the banking context, it refers to the development of digital banking services, mobile apps, and personalized financial products. Chesbrough (2003) identifies service innovation with the creation and enhancement of products through technology. Edvardsson and Olsson (1996) elaborate further on how firms can innovate their service offerings to better meet customer needs and thus differentiate themselves in the market. Product customization allows customers to modify products according to their preferences, which increases satisfaction and loyalty. This approach works well in crowded markets, such as banking, where personalized financial products can differentiate a firm from its competitors. Pine (1993) provides an overview of mass customization as an approach for companies to provide tailored products while still achieving operational efficiency. O'Cass and Ngo (2007) explain that customization, when combined with business networks and innovation strategies, is better able to meet customer preferences and improve competitive positioning.

Customer experience management is the practice of managing each customer interaction in order to ensure a smooth and enjoyable journey throughout all touchpoints. In the banking industry, this means offering superior customer service before and after purchase in order to develop an experience that is unique and different. Lemon and Verhoef (2016) highlighted the need for managing customer experiences across all touchpoints, especially in the banking industry where personalized interactions are vital. Schmitt (2003) explains how firms can create and control customer experiences in order to gain a competitive advantage, with emphasis on the areas of emotional engagement and service design. Digital technologies, service innovation, product customization, and customer experience management have changed the competitive banking industry. Banks have been increasing the use of digital transformation to enhance their offerings and improve customer interactions. Wester man et al. (2014) explain how banks use digital

technologies to outcompete their rivals in the adaptation of technology integration, service innovation, and product customization. Other than this, the link of IT investment with profitability and competitive advantage in the banking industry has also been examined by Banker et al. (2004), showing the pivotal role of technology integration.

### 2.1.2 Types of product differentiation strategies

Product differentiation strategies are very important for businesses to be able to set themselves apart from the rest in competitive markets, especially within the banking industry. Technology integration, as explained by Porter (1985) in his Competitive Advantage Theory, enables businesses to use technology in their operations and create unique services that give them a differentiation edge. Similarly, the Resource-Based View, as proposed by Barney (1991), suggests that investments in new technology can offer firms unique, non-imitable resources that support differentiation. In service innovation, Chesbrough (2003) Open Innovation Theory encourages firms to collaborate externally for innovative services, while Vargo and Lusch's (2004) Service-Dominant Logic focuses on co-creation of value with customers for service differentiation.

Product customization: According to Pine's (1993) Mass Customization Theory, it enables firms to offer tailored products en masse, providing differentiation without sacrificing efficiency. Also, the Customer Integration Theory by Prahalad and Ramaswamy (2004) focuses on co-creating customized offerings with customers in order to increase their satisfaction and loyalty. Customer Experience Management), as outlined by Schmitt (2003), emphasizes managing each customer touchpoint to create memorable experiences that differentiate companies.

The Service Profit Chain theory by Heskett et al. (1997) links improved customer experience to increased loyalty and profitability, supporting differentiation. Digital Transformation Theory explains how technology can enable banks to gain a competitive advantage over other competitors through differentiated products and services being offered in the competitive banking industry (Wester man et al., 2014). Lastly, Davis' (1989) technology acceptance model infers that successful product differentiation in banking requires an understanding of customer perceptions of technology. These theories together give an all-encompassing understanding of how technology, service innovation, customization, and customer experience add up to bring about effective product differentiation strategies. furthermore, differentiated products can lead to

a sustainable competitive advantage. According to Porter, 1985, through differentiation, a bank is able to construct entry barriers, reduce the threat of substitutes and finally improve its competitive position. Developing unique products can lead to more revenue streams. As indicated by Banker et al. 2000, banks can collect higher revenues on innovative service offering and by being different than the competitors. Banks enjoy better customer acquisition and premium prices. The adaptation of differentiation can often be very costly. As indicated by Kotler and Keller, 2016, there are trade-offs between the cost of developing the distinctive products and increases in potential revenues. This can make it very difficult to differentiate oneself from rivals in highly competitive markets. Hsu et al. (2011) suggest that in an established market, there should be a continuous process of innovation and adaptation in an effort to discover unique competitive advantages.

These banks attract tech-savvy customers with advanced mobile features and lower fees (Gomber et al., 2018). Other financial institutions, such as JPMorgan Chase, have built a name for themselves by offering tailored wealth management options for the affluent, showing in great detail the success of specific product diversification strategies (Nielsen et al., 2007). The rise of Fin tech companies opens new avenues for differentiation through innovative financial products and customer engagements (Gomber et al., 2018). Companies are forced to differentiate their strategy toward activities concerning social responsibility and environmental impact by increasing customer demand for ethical and sustainable banking practice (Scholtens, 2006).

### 2.1.1. Technology Integration

According to, S. M. Dasgupta and A. Ghosh (2004) examined how much of e-banking technologies were prompting e-banking players to resort to product differentiation and competitive strategies in "e-banking and product differentiation: A study of competitive dynamics in banking sector." A. S. Kuan with Y. H. Chiu (2005 seek to establish how IT investments influence product differentiation and thus affect competitive positioning within banks in the paper "The role of IT in enhancing product differentiation: Evidence from the banking Industry.”J. E. McKeon and T. P. Webb (2006 bring out a view on how the adoption of internet banking technology adds value to competitive advantage and product differentiation in the paper titled "technology adoption and competitive advantage: The case of internet banking." C. D. Kauffman and J. L. Riggins count their paper with the title "The impact of ICT on product

differentiation in the financial services industry" in trying to establish how the effect of ICT can be said to be on a wide and escalated platform in relation to product differentiation and competitiveness in financial services. H. T. Hsu and L. Yeow (2007) consider how strategic technology use among banks increases product differentiation and improves customer satisfaction in the article "strategic use of technology in banking: product differentiation and customer satisfaction.". He has evaluated this causal relation with the support of empirical evidences in the 2009 dated paper: "information technology and product differentiation in the banking sector: An empirical analysis." Last but not least, B. A. Banker and R. IT transformation by S. Chen must reflect how competitive differentiation may be earned under the industry and by strategic positioning in the banking sector.

Furthermore, G. Riggins and K. R. Weber present the talk on "technology integration and competitive advantage in banking: The role of innovative IT systems" that details innovative IT systems and technology assimilation as competitive advantage and product differentiation techniques. A. R. Bharadwaj and S. In "The impact of information technology on product differentiation and competitive strategies in banking," K. Varma (2008) addresses the role that information technology has played in the elevation of product differentiation and raises the impact of competitive strategies on the banking industry. S. A. Lee and J. The paper examines how, over the last few years, digital transformation initiatives have impacted the product differentiation strategies and competitive dynamics in emerging country banking markets.

### 2.1.2. Service Innovation

Literature on service innovation spans a wide range of perspectives, beginning with the very foundational theories and moving through models and frameworks. Joseph A. Schumpeter (1934) introduced the concept of innovation as the driving force behind economic development, thus including services in the foundation laid for understanding its role in economic growth. Parasuraman, Zeithaml, and Berry in 1985 elevated this understanding a notch higher with the proposition of the SERVQUAL model that focused on the dimensions of service quality and paved the way for new innovations on service design. On models and frameworks for service innovation, Bitner, Ostrom, and Morgan of 2008 elaborated on a very handy method to design and innovate processes of services called service blueprinting. Edvardsson, Tronvoll, and Gruber

responded to this by suggesting a multilevel model where the cognition of the service processes on different levels was considered central to innovation.

Strategic and operational views of service innovation are well represented by authors such as Ostrom et al., who review key research areas and provide future directions for the science of service, pointing at valuable insights into strategic aspects of service innovation. The theme of open innovation, introduced to the scenario in 2003 by Henry Chesbrough, would in practice make a huge difference in service innovation by shifting the emphasis to how collaboration and knowledge external to the corporation are fundamental drivers for the development of new services. Maglio and Spohrer traced back to the roots of service science and its application in innovation also underlining the approach of Service-Dominant Logic of 2008. Vargo and Lusch, 2004 have underlined recent developments and emerging trends in service innovation. They introduced the theory of service-dominant logic, which became one of the central theories for understanding service innovation and value creation.

Moreover, Everett M. Rogers, 2010, analyzed the diffusion of new ideas service innovations included within organizations and societies. Also, Gallouj and Weinstein, 1997, provided various types of service innovations and a framework to understand the service innovation process.

There are also sector-specific innovations: while Sweeney and Soutar (2001) focused on the issue of consumer-perceived value that has been a critical factor of service innovation and customer satisfaction, Wirtz and Lovelock (2016) were looking into how people, technology, and strategy have integrated into service marketing and how these elements drive service innovation.

### 2.1.3. Product Customization

Product customization combines both a theoretical base with the drivers of consumer behavior. Seminal work by Davis (1989) on perceived usefulness and perceived ease of use laid the ground for understanding how consumers assess and adopt new technologies including that of the customization tool. Kotter went on in 2003 to discuss how the move had been from mass marketing to more tailored approaches, stressing that it is an understanding of consumer needs that drives product personalization. Mass customization is a concept referring to the ability of a company to meet customer needs and come up with customized products without affecting production efficiency, so goes Pine, 1993.

From the technological development perspective, Baker and Lemon, 2009, discuss how technology advances customer experience through better personalization and customization strategies. Deshmukh and Kapsali, 2012, talk about the technological development supporting product configuration and assembly that are central to mass customization.

Customization has a really impressive effect on business performance. Gilmore and Pine, 2007, give insight into how customization influences consumer perceptions of authenticity and value—factors which, together, impact business performance. Lampel and Mintzberg, 1996, examine how firms strategically deal with the process of customization in a manner that enhances new product development and business results in general.

It is also remarkable how huge the challenges and limitations of the product customization are. In their article, Franke and Schreier (2008) talk about how the need for product uniqueness decides the trend of customer preferences toward mass-customized products. This articulates clearly how difficult the balancing act between individuality and the constraints of the production process is. Saviotti (2006) looks into the evolutionary aspects of product customization and company challenges in adapting to changing market demand.

Looking ahead into the future, Pillar and Müller, 2004, go on to present trends that are currently emerging and have introduced new concepts in marketing strategies that allow for mass customization, while Tseng and Jiao, 2001, introduce design principles supporting mass customization and identify future research issues of the field.

The literature on product customization ranges from the basic theories to technological advancement, business impacts, and future directions. This work is in line with a trend of personalization in customer experiences driven by technological innovation and shifting market demand; it also underlines strategic adoption by businesses in the practices of customization as a sure way to guarantee customer satisfaction and competitive advantage.

#### 2.1.2.4. Customer Experience Management

Pine and Gilmore, in their book the experience economy, (1998) claim that companies have to stage memorable experiences in order that the customers get differentiated from each other, which definitely underlines the value-creation importance of customer experience management

more than the sum of the product or service. Lemon and Verhoef (2016) in their article, understanding customer experience throughout the customer journey published in the journal of marketing explain that customer experience management involves all touchpoints and interactions between the customer and the brand hence a holistic approach is necessary. Schmitt (2003) in customer experience management: A revolutionary approach to connecting with your customers identifies the strategic relevance of managing customer experiences and offers frameworks for creating engaging customer journeys. Verhoef et al. (2009) in an article titled 'customer experience creation: determinants, dynamics and management strategies' published in the journal of retailing investigate factors that determine customer experiences and offer approaches to successfully implement customer experience management.

Klaus and Maklan (2013) offer in their article, towards a better measure of customer experience, published in the journal of services marketing, a framework for measuring customer experience so that organizations can have a way forward to enhance their CEM practices.

Gentile, Spiller, and Noci, 2007 list the critical aspects of customer experience in their article, how to sustain the customer experience: An overview of experience components, in the European management journal, and elaborate on how to sustain good experiences over time. Berry and Carbone (2007) write in their article, building a new customer experience, published in the Harvard Business Review, that companies need to be conscious about designing customer interactions to create experiences that will be memorable and breed loyalty and engagement. Homburg, Jozić, and Kuehnl (2017) published an article entitled "customer experience management: toward implementing an evolving marketing concept" in the journal of the Academy of Marketing science, addressing a number of challenges that need to be overcome in CEM implementation. Payne and Frow 2005 define in their article 'A strategic framework for customer relationship management' in the journal of marketing that effective CEM is at the heart of CRM, which stresses the need felt by firms to develop a strategic approach to customer interactions. Lusch and Vargo (2006) in their book evolving to a new dominant logic for marketing introduce the service-dominant logic, bringing much attention to the customer experiences as co-created value in service industries including banking. Kumar and Reinartz (2016), in their book creating enduring customer value, explore strategies for maximizing customer lifetime value through effective management of customer experiences and relationships. Chaffey (2019) in his book digital marketing: strategy, implementation and practice argues about the role of digital channels in shaping customer experience and the need for CEM to be aligned with digital marketing strategies.

## 2.2. Theoretical literature

The theoretical literature underlines different approaches and frameworks that businesses, especially in the banking industry, can use to make a difference in competitive markets. Porter's (1985) theory of Competitive Advantage introduced the idea of how businesses could achieve business differentiation through strategic exploitation of technology and innovation to realize a competitive advantage. The Resource-Based View, forwarded by Barney in 1991, explains how distinctive resources can give rise to sustained competitive advantages difficult for rivals to emulate. Chesbrough Open Innovation Theory (2003) postulates that firms should leverage both the internal and external sources of innovation in improving their services and differentiating their offerings. Similarly, Service-Dominant Logic (SDL), launched by Vargo and Lusch in 2004, argued that value is co-created with customers and thus underlined the primacy of service

innovation in differentiations. In his Mass Customization Theory, Pine, 1993, demonstrates how companies can offer mass-produced but individually tailored products to their customers and thereby strive for differentiation even in the most competitive markets. Prahalad and Ramaswamy (2004) developed a Customer Integration Theory, underlining the role of customer collaboration in creating customized products for better differentiation. Schmitt's Customer Experience Management (CEM) Theory (2003) stresses management of every touchpoint of a customer to create a distinctive, memorable experience that differentiates a company's offerings. The Service Profit Chain theory by Heskett et al. (1997) linked customer satisfaction and loyalty with profitability, showing how improvement in customer experience can lead to sustainable competitive advantages. Lastly, Wester man et al. (2014) proposed the Digital Transformation Theory, which explores ways through which banks can use digital technologies in a manner that creates differentiation and delivers superior outcomes than their competitors in the changing marketplace. Taken together, these theories afford wide-ranging perspectives toward understanding the differing product-differentiation dimension, from the integration of technologies to customer experiences management.

## 2.3. Competitiveness of the Banking Industry

This means that the nature of technology integration, service quality, and strategic market positioning have mainly determined competitiveness in the banking industry. According to Mishkin, (1998) banks need to adopt new technologies and improve service delivery as basic requirements for competitive posturing. Berger and Humphrey, 1997, have presented the empirical evidence which proves that operational efficiency and strategic innovations can result in improved competitive advantage for banks. Also, Porter, 1985, says that the competitive forces and strategic positioning denote the 'master key' to understanding the nature of the competition in the banking industry. As far as customer satisfaction is concerned, it is one of the most considered variables that influence performance and retention for any given business. Oliver, 1980 proposed a theory of customer satisfaction known as Expectancy Disconfirmation Theory which describes customer satisfaction resulting from expectations regarding predicted versus actual performance. The 1988 SERVQUAL model by Parasuraman, Zeithaml, and Berry explains that these dimensions of service quality are very relevant for achieving high levels of customer satisfaction. Kotler and Keller in their 2016 work emphasized that the awareness of the

needs and expectations of the customers might predict the satisfaction and overall business performance.

Long-term business environments are driven by customer satisfaction, perceived value, relationship quality, and customer loyalty. Reichheld and Sasser in 1990 firmly linked customer retention rate to increased profitability. The model proposed by Dick and Base in 1994 indicated that customer loyalty is a function of satisfaction and commitment. Moreover, Heskett, Sasser, and Schlesinger maintain that customers who are loyal repeat their businesses and engage in positive word-of-mouth for the continuity of profits.

Finally, a measure regarding the competitive position and success of a company is the market share. According to Aaker in 1995, increasing market share allows economies of scale and other types of market power. Kotler and Keller, 2016, state that market share reflects the relative ability of the company to attract and retain customers. According to Porter, 1980, competitive strategies were discussed as quite important in gaining and sustaining market share, followed by empirical research that effective marketing strategy and operational efficiencies are important for improving market share.

## 2.4. Empirical Review

Empirical research has shown that the integration of technology has a positive influence on operational efficiency and effectiveness. For example, Davis in 1989 identified the perceived ease of use and perceived usefulness of the technology as the two prime factors that influence user acceptance and indirectly operational efficiency. According to Baker and Lemon, 2009, integration of technology improves interactions with customers and operational efficiency since it smooth's and enhances customized experiences by way of streamlined processes. Moreover, McKinsey & Company argued that strategic integration of the latest technologies like AI and machine learning affords better competitive advantages owing to the potential to attract and retain customers with innovative and efficient services. Technology integration had a positive impact on customer satisfaction in the improvement of service delivery and responsiveness, which had brought more customer loyalty and retention.

Service Innovation: Tushman and O'Reilly, 1996, argued that for an organization to effectively respond to the changes in the market environment and lead to increased customer satisfaction, service innovation is inevitable. This view is echoed by Rogers, 2003, who established that firms that invest in service innovation have a higher rate of customer retention because of increased satisfaction. Besides, Drucker, 2006, opined that in the competitive market, firm can be distinguished with strong ability of service innovation. Zhou et al. (2005) argued that the service innovation results in high financial performance as it increases the chances of customer satisfaction and loyalty.

Product **c**ustomization: Pine has given a very clear example that the customization at product level enables the firms to offer customers products tailored to individual tastes, a factor that remarkably improves overall customer satisfaction. Franke and Schreier (2008) also supported the fact that the desire for unique products is driving customers' preference towards customization and hence yields higher satisfaction and a willingness to pay premium. This was further supported by Tseng and Jiao, 2001, who have illustrated that the customization of a product enables firms to cover a large market share by satisfying the diverse needs of the customers and hence ferret out the competitive markets effectively and strengthen customer relationships. This was well collaborated by Gilmore and Pine in 2007, who proved that customization enhances the value of any product and thus differentiates markets, expands customer loyalty, and leads to increasing market share.

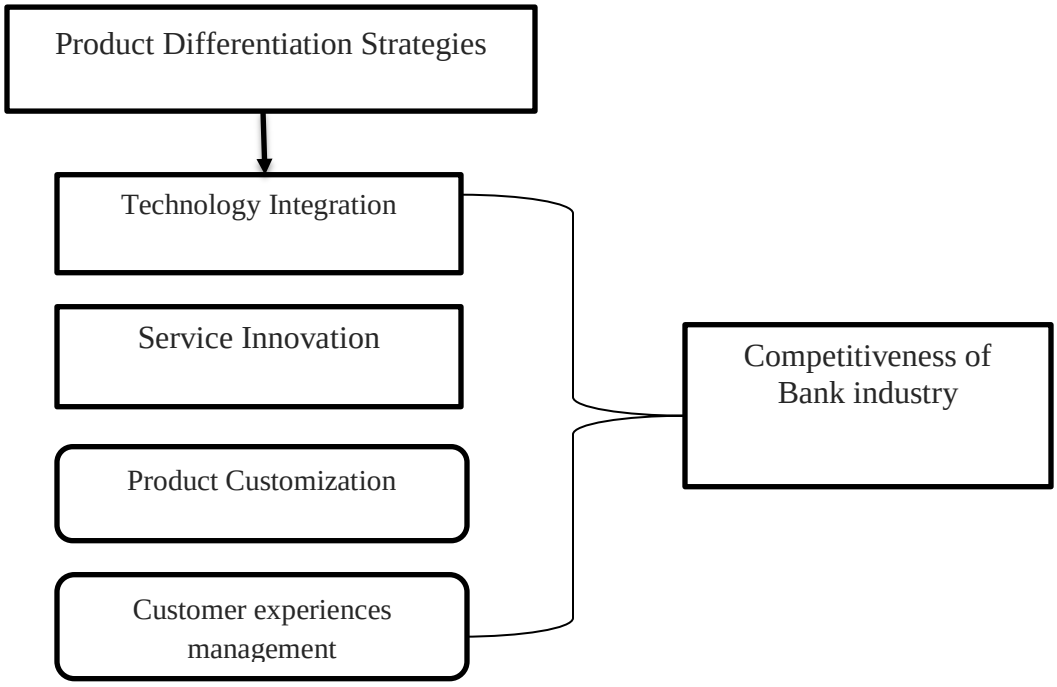
This affects overall, since the junction of technology, service innovation, and product customization provides an integrative approach towards betterment in business performance. Empirical evidence shows that these elements in combination enhance competitiveness, improve customer satisfaction and loyalty, and increase market share. In this way, such firms would be more likely to meet market demand, retain customers, and assure long-term growth.

## 2.5. Conceptual Framework

This is a theoretical framework that explains in detail the relationship between the dependent and independent variables in the study. The dependent variable is expected to be influenced by the independent variable. From the critical review of relevant literature and the theoretical

framework, the conceptual model for this study is presented below. It thus conceptualizes a hypothetical model representing the expected causal pathways and variable interactions, which, in turn, elaborates a clear structure on how changes to the independent variable are likely to affect the dependent variable.

**Figure 1 Conceptual Framework**




**Source:** Adapted from Kotler, P., & Keller, K. L. (2016).

## 5. **Hypotheses**

Based on the conceptual framework above the following:

**H1:** Technology integration positively affects the competitiveness of the banking industry.

**H2:** Higher levels of service innovation are associated with increased competitiveness of the banking industry.

**H3:** Enhanced product customization contributes positively to the competitiveness of the banking industry.

**H4:** Effective customer management Service leads to higher competitiveness of the banking industry.

# CHAPTER THREE

# RESEARCH METHODOLOGY

**Introduction**

This section provides an opportunity to outline the research methodology utilized in the study. The elements involved are research design, study location, desired population, and sample size, sampling method, tool for data collection, data origin, reliability and validity of the tool, analysis technique, and ethical concerns.

## 3.1. Research Approach

A quantitative research approach was applied in this study. Data were gathered using structural questioners. A method involved a number of respondents; listed questions were raised and response choices were predetermined. According to Svensson (2003), the quantitative research approach was best to investigate perceptions and problems of the study and to discover the hidden values, feelings, attitudes and motivations. A deductive approach was used; the emphasis is on testing the theories related to the topic through the analysis and collection of data (Bryman and Bell, 2007).

## 3.2. Research design

Prabhat et al. (2015) call research design a basic research design or blueprint that navigates in data collection and analysis. "It is an arrangement of events for data collection and analysis designed to combine relevant aspects of the research objective with the commercialization of the process" (Kothari 2004). He further stated that 'research design is necessary for any research in as much as it contributes to its efficiency hence to carry out a good research, hence creating a high standard with minimum effort, time and money. Descriptive design were used to describe the state of offers of product differentiation strategies. Moreover, explanatory design was used to explain the cause and effect relationship between product strategies and firm competitiveness Zemen Bank."

## 3.3. Population and Sampling Design

### 3.3.1. Target Population of the study

Population is defined as a collective of individuals, events, or objects with shared characteristics that meet specific criteria (Cooper & Schindler, 2003). Conducting research is advantageous for

the community. A research population is a clearly defined group of individuals or objects with common characteristics. Typically, every individual or object in a specific group shares a particular characteristic or trait. This study focuses on employees and managers of the organization as the target population their opinions on how various product strategies effect the competitiveness of the Zemen Bank. The study includes a population of 788 individuals.

## 3.4. Sample Technique

The sample respondents for this study were drawn from the total population of 788 permanent employees who were working at Zemen Bank during the time of the study. In order to arrive at statistically valid conclusion, a total of 266 sample respondents were selected and included to participants of information to the study. The sample size was enough to represent the total population and generalizability of data collected simple random sampling techniques was used to select samples to ensure that every component of the total population was included in the sample.

### 3.5. Sample Size Determination

Zemen Bank had a total of 788 employees including customers. The sample size was determined by the researcher using Slovin's formula, considering a 95% confidence level, 0.5 variability, and a 5% precision/sampling error (Hussain, 2018; Kumar, 2019). This method follows the recommendations outlined by Statistics Canada (2010) and referenced by James (2012).

$$n=N/ (1+Ne2)$$

$$n=788/ (1+788(0.05)2$$

$$n=266$$

266 employees were selected randomly from a total of 788 participants in the study using the same formula mentioned earlier. Staff, managers and including customers of the bank were selected randomly through a lottery method to ensure representative samples for filling out the questionnaire.

## 3.6. Source of Data

The research was used primary and secondary sources to gather comprehensive information in order to arrive at definitive conclusions. Data collection for the study involved using questionnaires to gather information from chosen employees through a basic random sampling method both management and employees at Zemen bank Various sources, such as library books,

articles, journal articles, and the organization's reports, were utilized to gather secondary data for comprehending and elucidating the research issue.

## 3.7. Method of Data Collection

To gather relevant data for this study, we depended on both primary and secondary sources of data. Primary data sources are created by people who are involved in or directly observe the events being discussed and are believed to be more precise (Fraenkel et al., 2008). Primary data for the research questions of this study were collected through a survey of leaders and subordinates. The nature of the research objective gives priority to primary data sources.

Moreover, the findings of the study were supported by using secondary data. Secondary data sources were used in order to supplement the primary data sources. Non-primary sources were developed by people who were not direct observers of events but obtained information from other people (Fraenkel et al., 2008). The secondary data was based on the available literature, which included previous research papers, journal articles, books, studies, annual abstracts, and e-sources.

## 3.8. Methods of Data Analysis

The researcher has used descriptive statistics, which is the statistical description of data through the use of frequencies, percentages, and the mean Sutanapong and Sutanapong (2015). Pearson's correlation was used to analyze the relationship between two variables, and multiple regression analysis techniques was applied to determine the effect of product differentiation strategies on firm competitiveness in banking industry.

## 3.9. Validity and Reliability Test

### 3.9.1. Reliability

Validity refers to the degree to which a concept is measured accurately in a quantitative study. In this regard, the questions in the survey were derived from the general questions and were organized according to the research objectives. The researcher used content and qualitative analysis through conceptual analysis and data analysis of the survey. The construct validity

represents the type of validity where we test the extent to which an instrument is actually what we intend to measure. Using Cronbach's alpha, in this research, both the relationship and reliability of the role played by different product concepts in the competitive banking sector were examined. A reliability coefficient known as Cronbach alpha is commonly ranging between 0 to 1. This meant the printing and distribution of the developed questionnaires to all the participants. The tool can, therefore, help in explaining the role that different product strategies play in competition within the banking industry.

**Table 1. Reliability Statistics**

| **Reliability Statistics** | | |
|---|---|---|
| Cronbach's Alpha | | N of Items |
| 1. Technological innovation | .845 | 9 |
| 2. Service innovation | .794 | 8 |
| 3. Product customization | .762 | 8 |
| 4. Customer experience management | .887 | 8 |
| 5. Competitive of bank industry | .851 | 13 |

Cronbach's Alpha values for the constructs technological innovation, service innovation, product customization, customer experience management, and competitiveness on the banking industry range from acceptable to excellent, with values of 0.762 to 0.887, indicating that all constructs show reliable internal consistency; that is, items in each category consistently measure the intended concept. Nunnally and Bernstein (1994), George and Mallery (2003), Hair, Black, Babin, and Anderson (2010), and Tavakol and Dennick (2011) point out that guidelines to interpret Cronbach's Alpha indicate that values above 0.8 are considered good to excellent reliability, while values between 0.7 and 0.8 are acceptable. Such guidelines help make judgments about the internal consistency of scales in research and ensure that the items reliably measure the same concept

### 3.9.2. Validity

In this research, both employees, customers and management members took part in a pilot test to enhance the questionnaire's content validity and improve respondents' understanding and comprehension. Professionals and respondents are asked for comments to ensure validity, especially content validity. My adviser advised me to take 30 respondents as a sample for a polite test the output result shows excellent internal consistency with a Cronbach's alpha of 0.919 suggesting reliability and the items are measuring the same underlining construct, effectively and confident the test was reliable for assessing what it was intended to measure. Over all, reliability score strong ensuring that the test was valid and crucial drawing meaningful conclusion.

## 3.10. Ethical Considerations of the Study

This research adhered to the overall guidelines of research ethics, ensuring that participants were asked to willingly provide information with prior knowledge of the study's objectives. Because the main objective was to gather data for research, no confidential information regarding the public service or its employees was revealed. Furthermore, I made an effort to adhere to the college's rules and regulations and approached my studies with impartial judgment.

# Chapter Four

## Data Presentation, Discussion, and Analysis

### Introduction

This chapter discusses the presentation of data and the interpretation of findings. The chapter first presents the profile of respondents, followed by the findings of the descriptive statistics: mean, standard deviation, tables, frequencies, and percentages; and inferential statistics: Pearson correlation and regression. Data was analyzed using SPSS 26.

### 4.1. Response Rate

***Table 2. Response Rate***

| Response rate of Zemen bank respondents | | |
|---|---|---|
| Questionnaires | Respondents | Percentage |
| Returned | 242 | 90.9 |
| Not returned | 24 | 9.1 |
| Total | 266 | 100 |

Source: Own Survey, 2024

Out of all the questionnaires that were given to the respondents, 242 of them were satisfactorily filled out and returned. The response rate as a whole was 90.9%. When compared to the recommendations in the literature, this response rate might be considered as exceptionally good. According to Bobbie (1998), a 50% response rate is considered sufficient, a 60% response rate is seen as excellent, and a 70% response rate is regarded as exceptional. A poor response rate raises questions about the study's external validity, which is unacceptable. Nonetheless, they concur that the response rate to questionnaire surveys might differ based on the type of responder, the importance of the research, and the nature of the study.

### 4.2. Demographic Characteristics of respondent's

**Table 3*: Demographic Characteristics of respondent's***

| No | Factors (Variables) | Categories/ Characteristics | F | % |
|---|---|---|---|---|
| 1 | Sex | Male | 111 | 45.9 |
| | | Female | 131 | 54.1 |
| 2 | Age | 20-30 | 83 | 34.3 |
| | | 31-40 | 122 | 50.4 |
| | | 41-50 | 34 | 14.1 |
| | | > 50 | 3 | 1.2 |
| 3 | Marital Status | Single | 132 | 54.5 |
| | | Married | 110 | 45.5 |
| 4 | Educational level | Diploma | 62 | 25.6 |
| | | BA Degree | 88 | 36.4 |
| | | Master's Degree | 92 | 38 |
| 5 | Work experience | <5 years | 90 | 37.2 |
| | | 6-10 years | 100 | 41.3 |
| | | 11-15 years | 52 | 21.5 |
| 6 | Job category | Managerial Position | 76 | 31.4 |
| | | Non- Managerial positions | 166 | 68.6 |

Source: Survey study (2024)

As shown in table 3 above, concerning the gender distribution of respondents, 131 (54.1%) were females, whereas 111 (45.9%) were males. provided that both genders participated and there was no gender bias in the study. This shows that the majority of respondents to this study (54.1%) were females.

According to the age of respondents, as shown in Table 3 above, 83 (34.3%) were in the age group of 20-30. This indicates that 34.3. % were in the age group of 20-30, while respondents aged 31–40 represent 122 (50.4%) present. Respondents aged 41–50 years represent only 14.1% of the total sample. Furthermore, those above 50 years represent only 1.2%. This shows that the majority of respondents, 50.4%, are in the age group of 31-40.

According to the study's findings, 132 (54.5%) single and 110 (45.5%) married respondents were included in the study, provided that both categories participated in the study. This shows that the majority of respondents were 54.5%. (See Table 3)

According to the educational level of the respondents, the largest group of the respondents in this study falls into the group that takes up a share of BA degrees, 88 (36.4%) of the total sample, whereas the respondents holding an educational level of masters represent 92 (38%). And also Diploma 62 (25.6). Finally, the majority of respondents were MA degree holders, with 38%.

As shown in table 3 above, concerning the work experience of respondents, 90 (37.2%) had <5 years of work experience, 6-10 years, whereas 100 (41.3%) 11-15 work experiences were 52 (21.5%). This shows that the majority of respondents were 100 (41.3%). 6-10 years of work experience represents the total sample.

As shown in table 3 above, concerning the work job category of respondents, 166 (68.6%) were non-managerial positions, whereas 76 (31.4%) were managerial positions. This shows that the majority of respondents were in non-managerial positions.

### 4.3.1. Technology integration descriptive statistics

***Table 4. Technology integration***

| Technology integration | Mean | SD |
|---|---|---|
| Technology integration improves the efficiency of our operations. | 3.67 | .937 |
| Employees receive adequate training to utilize new technologies. | 3.64 | .990 |
| The use of advanced technologies enhances our product offerings. | 3.69 | .888 |
| New technology adoption contributes to a competitive advantage in the market. | 3.55 | .883 |
| Our organization has a clear strategy for technology integration. | 3.46 | .845 |
| Technology integration is crucial for meeting current customer expectations. | 3.52 | .841 |
| The integration of new technologies is aligned with our business goals. | 3.50 | .836 |
| Technology upgrades are regularly implemented in our company. | 3.45 | .869 |
| Our technology infrastructure supports the needs of customization effectively. | 3.48 | .758 |
| Aggregate | 31.96 | 7.847 |

Based on the evaluations of 242 respondents, the survey results show technology integration. The use of advanced technologies enhances our product offerings. (3.69) had the highest mean scores. On the other hand, technology upgrades are regularly implemented in our company. (3.45), which received the lowest scores. Our technology infrastructure supports the needs of customization effectively with a mean value of (3.48) and a standard deviation of (.758). The integration of new technologies is aligned with our business goals, with a mean score of 3.50 and a standard deviation of 869. Technology integration is crucial for meeting current customer expectations, as indicated by standard deviations of .841 and a mean value of 3.52. Our organization has a clear strategy for technology integration and has a mean score of 3.46 and standard deviation of 0.845. New technology adoption contributes to a competitive advantage in the market with a mean value of 3.55 and standard deviations of 0.883. This finding aligns with the finding of Teo, H. H., & Pian, Y. (2003): Their study highlights how technology adoption affects organizational performance and competitive advantage, supporting your finding that new technology adoption contributes to competitive advantage. Technology integration improves the efficiency of our operations, with a mean value of 3.67 and a standard deviation of 0.937. The finding agrees with the finding of Zhou, H., & Hsu, C. (2015): This research emphasizes the importance of technology integration in enhancing operational efficiency, which aligns with your findings on improved operational efficiency through technology integration. Furthermore, employees who receive adequate training to utilize new technologies have a mean value of 3.64 and a standard deviation of 0.990.

### 4.3.2. Service innovation descriptive statistics

***Table 5. Service Innovation***

| **Service Innovation** | Mean | SD |
|---|---|---|
| Our company frequently introduces innovative services to meet customer needs. | 3.48 | .790 |
| Service innovation is a key driver of customer satisfaction in our business. | 3.41 | .811 |
| We invest resources in research and development for service innovation. | 3.38 | .807 |
| New service innovations help us stay competitive in the market. | 3.41 | .837 |
| Service innovation efforts are aligned with our overall business strategy. | 3.38 | .856 |
| We actively seek customer feedback to guide our service innovation. | 3.35 | .867 |

| | | |
|---|---|---|
| Service innovation helps us differentiate ourselves from competitors. | 3.43 | .792 |
| Our company is known for its innovative approach to service delivery. | 3.42 | .786 |
| Aggregate | 27.26 | 6.546 |

As shown in Table 5, eight items show the descriptive analysis of the service innovation. "Our company frequently introduces innovative services to meet customer needs." had the highest mean value of 3.48. And we actively seek customer feedback to guide our service innovation. had a mean value of 3.35 and a standard deviation of 0.867. New service innovations help us stay competitive in the market, and service innovation is a key driver of customer satisfaction in our business goals. Had a mean score of 3.41 and an SD of .837, and had a mean value of 3.41 and an SD of .811, respectively. The finding agrees with the finding of Oke, A., & G. M. (2007): Their research discusses how service innovation can significantly enhance customer satisfaction and competitive advantage, supporting your finding that service innovation drives customer satisfaction. A statement, "Service innovation efforts are aligned with our overall business strategy," received a mean of 3.38 and an SD of 0.856. This finding aligns with the finding of Bharadwaj, A. S. (2000): Bharadwaj discusses the alignment of service innovation efforts with business strategy, reinforcing your objective about alignment with overall business strategy. With mean values of 3.38 and SD of 0.807, we invest resources in research and development for service innovation. Our company is known for its innovative approach to service delivery and received 3.42, a mean value and standard deviation of 0.786. Furthermore, service innovation helps us differentiate ourselves from competitors with a standard deviation of 0.792 and a mean value of 3.43.

### 4.3.3. Product customization descriptive statistics

***Table 6. Product customization***

| Product customization | Mean | SD |
|---|---|---|
| I offer a wide range of customizable features to my customers | 3.44 | .824 |
| Product customization leads to higher customer satisfaction for me | 3.34 | .816 |
| My customers are willing to pay more for customized products | 3.33 | .849 |

| | | |
|---|---|---|
| The customization options I offer are frequently updated to reflect customer preferences | 3.37 | .784 |
| Product customization is a key differentiator for my brand in the market | 3.49 | .785 |
| I track customer feedback to improve my customization options | 3.36 | .794 |
| The level of customization available meets my customers' expectations | 3.35 | .781 |
| My customization processes are efficient and user-friendly | 3.26 | .847 |
| Aggregate | 26.94 | 6.48 |

The above Table 6 indicates the mean and standard deviation of the product customization item. The statement "Product customization is a key differentiator for our brand in the market. " Had the highest mean value of 3.49 and SD of .785, aligning with the finding of Franke, N., & Schreier, M. (2008): This study shows that consumers often value customization options, which can enhance brand differentiation, supporting your finding regarding product customization as a key differentiator. According to the results, my customization processes are efficient and user-friendly and have the lowest mean value of 3.26 and SD of 0.847. So that the My customization processes are efficient and user-friendly, we have a standard deviation of .781 and a mean of 3.35. With a mean score of 3.36 and a standard deviation of 0.794, I track customer feedback to improve my customization options. The customization options I offer are frequently updated to reflect customer preferences. With a mean score of 3.37 and a standard deviation of 0.784My customers are willing to pay more for customized products, with a mean value of 3.33 and standard deviations of 0.849. Furthermore, I offer a wide range of customizable features to my customers and have received a mean score of 3.44 and standard deviations of 0.824. On that, I track customer feedback to improve my customization options with a mean score of 3.36 and a standard deviation of 0.794. With a mean score of 3.37 and a standard deviation of 0.784, The customization options I offer are frequently updated to reflect customer preferences.

### 4.3.4. Customer experience management descriptive statistics

***Table 7. Customer experience management***

| **Customer experience management** | Mean | SD |
|---|---|---|
| I am satisfied with my overall experience with this bank. | 3.33 | .858 |
| I am likely to recommend this bank to others. | 3.36 | 1.032 |

| | | |
|---|---|---|
| I am satisfied with the ease of accessing the bank's services (e.g., online banking, mobile app). | 3.36 | .929 |
| I would rate the quality of customer service I received as excellent. | 3.31 | .950 |
| I feel that the bank understands my individual needs. | 3.29 | .900 |
| I am satisfied with how well the bank's products/services meet my expectations. | 3.22 | .886 |
| I am satisfied with the response time for inquiries or issues I raised. | 3.19 | .946 |
| I would rate my experience with the bank's online services as positive. | 3.19 | .917 |
| Aggregate | 26.25 | 7.418 |

The above Table 7 indicates the mean and standard deviation of the customer experience management item. The statement: I am likely to recommend this bank to others and I am satisfied with the ease of accessing the bank's services (e.g., online banking, mobile app). The finding aligns with the finding of Oliver, R. L. (1999) in his work; Oliver discusses the importance of customer satisfaction and its direct correlation with loyalty and recommendation behaviors. His insights can help contextualize your findings regarding the recommendation likelihood had the highest mean value of 3.46. (Both, I am satisfied with the response time for inquiries or issues I raised., and I would rate my experience with the bank's online services as positive. have the lowest mean value of 3.19. I am satisfied with how well the bank's products/services meet my expectations. have a standard deviation of 0.886 and a mean of 3.22. Heskett, J. L., Sasser, W. E., & Schlesinger, L. A. (1997) their work on the service profit chain illustrates the connection between employee satisfaction, service quality, and customer satisfaction, relevant to your overall experience ratings. With a mean score of 3.29 and a standard deviation of 0.900, I feel that the bank understands my individual needs. I would rate the quality of customer service I received as excellent received with a mean score of 3.31 and a standard deviation of 0.950. I am satisfied with my overall experience with this bank. With a mean value of 3.33 and a standard deviation of 0.858.

### 4.3.5. Competitiveness of the banking industry

***Table 8. Competitiveness of the banking industry***

| Firm competitiveness of the banking industry | Mean | SD |
|---|---|---|
| I am satisfied with the services provided by my bank. | 3.21 | .845 |

| | | |
|---|---|---|
| The quality of service provided by my bank meets my expectations. | 3.13 | .847 |
| My bank resolves issues and complaints in a satisfactory manner. | 3.12 | .865 |
| I feel valued as a customer by my bank. | 3.03 | .880 |
| I am likely to continue using my bank's services in the future. | 3.16 | .875 |
| I would recommend my bank to friends and family. | 3.15 | .912 |
| I feel a strong sense of loyalty towards my bank. | 3.02 | .864 |
| My bank is my first choice for banking services. | 3.12 | .896 |
| I satisfied with our banks online and mobile banking platforms | 3.04 | .892 |
| The bank's market share has been growing over the past few years. | 3.12 | .866 |
| We have successfully captured a larger portion of the market compared to our competitors. | 3.21 | .842 |
| Market share is a key performance indicator for our bank's success. | 3.08 | .839 |
| I satisfied with zemen bank performance compared to other banks I have used | 3.14 | .826 |
| Aggregate | 40.53 | 11.249 |

The above Table 8 indicates the mean and standard deviation of the competitiveness of the banking industry item. The statement, "I am satisfied with the services provided by my bank, and we have successfully captured a larger portion of the market compared to our competitors had the highest mean value of 3.21. I feel a strong sense of loyalty towards my bank have the lowest mean value of 3.02 and SD of 0.864. I satisfied with Zemen Bank performance compared to other banks I have used, with a standard deviation of .826 and a mean of 3.14. With a mean score of 3.08 and a standard deviation of 0.839, market share is a key performance indicator for our bank's success. With a mean score of 3.12 and a standard deviation of 0.866, the bank's market share has been growing over the past few years. I satisfied with our banks online and mobile banking platforms with a mean value of 3.04 and a standard deviation of 0.892. Furthermore, my bank, which is my first choice for banking services, has received a mean score of 3.12 and a standard deviation of 0.896. On top of that, I would recommend my bank to friends and family with a mean value of 3.15 and SD.912. I am likely to continue using my bank's services in the future, with a mean value of 3.16 and SD of 0.875. With a mean score of 3.03 and a standard deviation of 0.880, I feel valued as a customer by my bank. My bank resolves issues and complaints in a satisfactory manner, with a mean score of 3.12 and a standard deviation of 0.865. The quality of service provided by my bank meets my expectations with a mean score of 3.13 and a standard

deviation of 0.847.

### 4.4.1. Correlation Analysis

A correlation coefficient, which ranges from -1 to +1, is a highly helpful metric for summarizing the relationship between two variables (Field, 2005). The independent variable of leadership styles and the dependent variable of employee organizational commitment were correlated using Pearson's method. When the value is negative, a negative correlation is presumed, and when the value is positive, a positive correlation is inferred. It is assumed that the correlation is weak when the Pearson coefficient is less than 0.3. A moderate correlation is assumed when the Pearson coefficient is higher than 0.3 but lower than 0.5.

***Table 9. Correlation among the study variables***

| Variables | | TI | SI | PC | CSM | CBI |
|---|---|---|---|---|---|---|
| Technology integration | Pearson Correlation | 1 | | | | |
| Service innovation | Pearson Correlation | .442** | 1 | | | |
| Product customization | Pearson Correlation | .274** | .638** | 1 | | |
| Customer experience management | Pearson Correlation | .178** | .344** | .274** | 1 | |
| Competitiveness of the banking industry | Pearson Correlation | .363** | .536** | .520** | .456** | 1 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | |

N.B. Technology Integration (TI), Service Innovation (SI), Product Customization (PC), and customer experience management (CEM)

The correlation analysis matrix shows that technology integration TI has a moderate positive correlation with service innovation SI (r = 0.442), suggesting that service innovation might slightly improve along with technology integration. It also has a weak positive correlation with product customization PC (r = 0.274), implying that higher levels of technology integration might favor product customization efforts. Also weakly geared towards CEM (r = 0.178) and moderately towards CBI (r = 0.363) is TI. Service innovation SI had a classic strong positive correlation with product customization PC (r = 0.638), insinuating that innovation in services has

associations with innovation in product customizations. SI also correlated moderately with CEM (r = 0.344) and strongly with CBI (r = 0.536). This indicates that innovative services will transform both management practices for customers and the overall competitiveness of an industry. Product customization PC has a moderate correlation with CEM and a strong correlation with CBI (r = 0.520), indicating that effective product customization involves positive customer experience management and banking sector competitiveness. CEM has a moderate positive correlation with CBI (r = 0.456), indicating that effective customer service practices contribute positively to the competitiveness of the banking industry.

Finally, the results indicate that technology integration, service innovation, product customization, and customer experience management are interrelated, with each contributing to the overall competitiveness of the banking sector.

## 5.Test for Assumptions

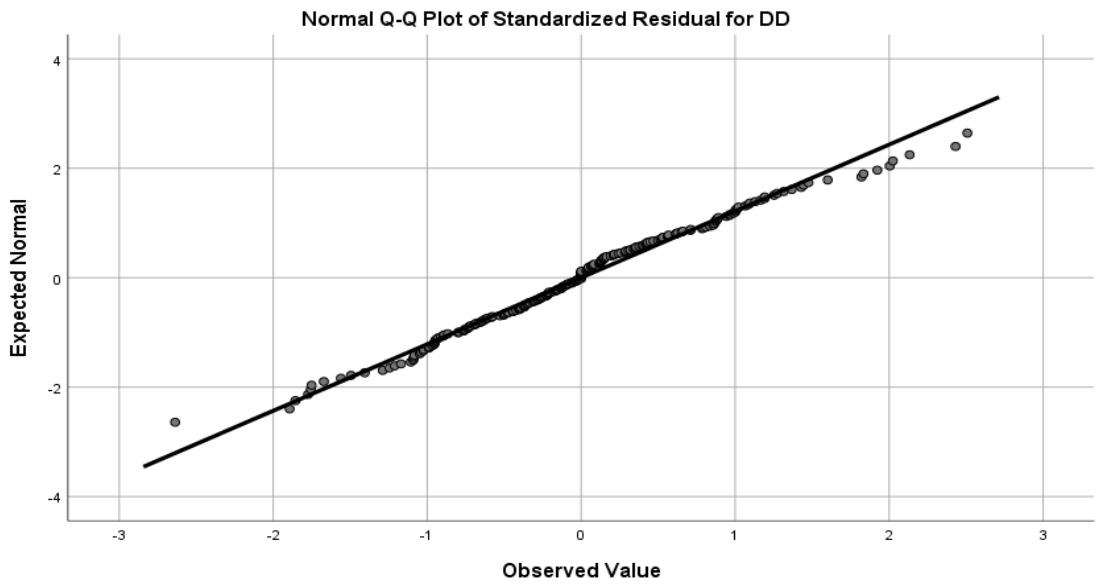
Prior to running the regression analysis to test the research hypotheses, a preliminary analysis (Regression Diagnostics) was conducted to verify the assumptions of classical linear regression model like linearity, normality, multi-Collinearity, and homoscedasticity tests/assumptions**.**

### 5.1.1**. Linearity Test**

To test the assumption of linearity in regression analysis, two graphical methods can be employed: The Normal Probability Plot (P-P Plot) of the Regression Standardized Residuals and the scatter plot of the observed versus predicted values or residuals. The normal probability plot of the regression standardized residuals is used to assess whether the residuals follow a normal distribution, which is an underlying assumption for linear regression.

If the residuals are normally distributed, they should fall roughly along the diagonal line in the P-P plot. A P-P plot that shows residuals lying close to the diagonal line suggests that the assumption of normality is satisfied. Significant deviations from this line indicate potential problems with normality, which could affect the validity of the regression results. Montgomery, Peck, and Vining (2021):

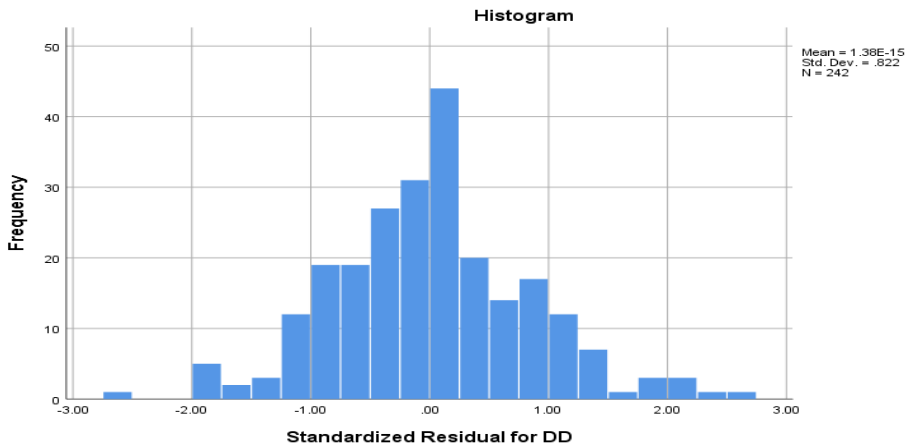
**Figure 2 Linearity Test**




5.1.2**. Normality test**

This test was used to check whether data is well-modeled by a normal distribution or not and to calculate in what way an underlying random variable is designated as normally distributed. If the residuals are normally distributed, the histogram should be bell-shaped. Hair, Black, Babin, and Anderson (2019): In "Multivariate Data Analysis," they stressed the importance of checking for normality in multivariate analysis and suggested the use of histograms as a visual tool. The histogram, where a bell-shaped histogram indicates normally distributed residuals, is one of the many visual tools frequently recommended in exploratory data analysis supported by the statistical concepts developed by these authors.

**Figure 3. Normality test**



5.1.3**. Test of Homoscedasticity**

**Table 10. Tests of Normality**

**Tests of Normality**

| | Kolmogorov-Smirnov[a] | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|
| | Statistic | Df | Sig. | Statistic | df | Sig. |
| Standardized Residual for DD | .074 | 242 | .003 | .990 | 242 | .077 |

a. Lilliefors Significance Correction

The above table shows that Levine's test is whether the variances of two samples are approximately equal. A homoscedasticity test was carried out to determine if the moderating factors examining employees of Zemen Bank are not giving similar variances to employee retention on the regression values. As shown in the above table, the value of Levine's statistic is a statistically significant result: As shown in the above table, the value of Levine's statistic, F (.074), p-value (Sig.), is .077, which is greater than the typical alpha level of 0.05. Rejected the null hypothesis and came to the conclusion that the study's data is not homogeneous since the dependent variable's (competitiveness of the bank industry) error variances are not identical for each group.

5.1.4**. Multi-collinearity Test**

This test of multi-collinearity is another premise of the basic linear regression model. Two or more predictor variables in a multivariate analytic model that have a high correlation with one another may be statistically known as multi-collinearity. When components in a multiple regression model exhibit high inter correlations, this is known as multi-collinearity (Shrestha, 2020). Multi-collinearity can be detected using correlation, variance inflation factor (VIF), and tolerance indicators. As a matter of fact, tolerance is the degree of variability in one independent variable that cannot be accounted for by the other independent variables. A tolerance value below 0.10 is considered collinear. The variance inflation factor, or VIF, may be a useful metric for calculating the percentage of inflated variance if the independent variables are correlated (Wahab et al., 2017). A rule of thumb to detect multi-collinearity is that when the VIF is greater than 10, there is a problem of multi-collinearity (Shrestha, 2020).

**Table 11. Multi-collinearity Test**

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| 1 | (Constant) | | |
| | TI | .804 | 1.244 |
| | SI | .494 | 2.023 |
| | PC | .589 | 1.698 |
| | CEM | .876 | 1.142 |

NB: - technology integration, service innovation, product customization, and customer experience management

The collinearity diagnosis mentioned above, as can be seen in Table 11, shows that the tolerance values for technology integration, service innovation, product customization, and customer experience management are 0.804, 0.494, 0.589, and 0.876 for each independent variable, respectively. These values are above the 0.10 threshold, and the VIF values are likewise 1.244, 2.023, 1.698, and 1.142. These VIF ratings fall short of the 10-point criterion. As a result, the model passes the fundamental multiple regression model assumption, making the results' interpretation legitimate and accurate.

### 5.1.5. **Model Summary**

**Table 12. Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .658a | .433 | .423 | .388 |

a. Predictors: (Constant), customer experience management, technology integration, product customization, service innovation

b. Dependent Variable: competitiveness of the banking industry

Source: Own Survey, 2024

Model summary showing a regression analysis attempting to predict the competitiveness of the banking industry based on four independent variables: customer experience management, technology integration, product customization, service innovation, and competitiveness of the

banking industry. The model summary table contains the results of the linear regression analysis. R = 0.658 denotes a moderate to strong positive relationship between the predictors and the outcome variable. This means that a considerable amount of variance in the dependent variable is accounted for by the combined influences of these predictors. R Square: It actually means that about 43.3% of the variance in the dependent variable may be explained by these predictors; therefore, they have large explanatory powers. This suggests that these variables in combination are meaningful to understand the outcome. Adjusted R Square: The adjusted R square accounts for the objectivity of goodness of fit to the number of predictors in the model. That is, the regression model shows a simultaneous joint variance on the explained observations owing to customer experience management, technology integration, product customization, and service innovation explaining the dependent variable. The relations between the dependent and independent variables are strong.

### 5.1.6. ANOVA

**Table 13. ANOVA**

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 27.204 | 4 | 6.801 | 45.174 | .000b |
| | Residual | 35.681 | 237 | .151 | | |
| | **Total** | 62.886 | 241 | | | |

*a.* Dependent Variable: Competitiveness of the banking industry

*b.* Predictors: (Constant), customer experience management, technology integration, product customization, service innovation

Source: Own Survey, 2024

As can be seen above, the explained sum of squares (27.204) and the residual sum of squares (35.681) add up to the total sum of squares (62.886). From the perspective of regression, the analysis of variance (ANOVA) is the total sum of squares. The F-statistic, which is calculated by dividing the mean square of regression by the mean square of residual, is 45.174, and it is significant at a p-value of 0.00 (p = 0.05), according to the output table above. The competitiveness of the banking sector may be substantially predicted by customer experience

management, technological integration, product customization, and service innovation, it can be inferred.

5.1.7**. Coefficients result**

**Table 14. Coefficients result**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .843 | .193 | | 4.366 | .000 |
| | TI | .105 | .038 | .150 | 2.743 | .007 |
| | SI | .173 | .062 | .195 | 2.801 | .006 |
| | PC | .257 | .060 | .275 | 4.321 | .000 |
| | CEM | .211 | .039 | .287 | 5.487 | .000 |
| Dependent Variable: Competitiveness of the banking industry | | | | | | |

NB; - technology integration, product customization, service innovation and customer experience management

The above output results of the regression study revealed that the competitiveness of banking industries is positively impacted by customer experience management, product customization, service innovation, and technological integration. When every predictor is zero, the constant value of 0.843 indicates a baseline level of competitiveness. With a standardized coefficient of 0.287 and great statistical significance ($p < 0.001$), customer experience management has the most impact of all the variables. The next most important factor ($p < 0.001$) is product customization, which has a standardized coefficient of 0.275. All things considered, each predictor makes a substantial contribution to increasing competitiveness, underscoring the significance of customer experience management.

## 6. Hypothesis test

**H1:** Technology integration positively affects the competitiveness of the banking industry.

**H2:** Higher levels of service innovation are associated with increased competitiveness of the banking industry.

**H3:** Enhanced product customization contributes positively to the competitiveness of the banking industry.

**H4:** Effective customer management service leads to higher competitiveness of the banking industry.

**Table 15. Hypothesis test**

| Model | | Standardized Coefficients | Sig. | Hypothesis Testing |
|---|---|---|---|---|
| | | Beta | | |
| 1 | (Constant) | | .000 | |
| | TI | .150 | .007 | P- value is < 0.05 accepted |
| | SI | .195 | .006 | P- value is < 0.05 accepted |
| | PC | .275 | .000 | P- value is < 0.05 accepted |
| | CEM | .287 | .000 | P- value is < 0.05 accepted |

Technological innovation (TI): has a positive impact (Beta = .150, Sig. = .007), statistically significant as the p-value is less than 0.05. Therefore, H1 is accepted. Service innovation has a significant positive impact (Beta = .195, Sig. = .000) as the p-value is less than 0.05. Therefore, H1 is accepted. Product customization has a significant positive impact (Beta = .275 Sig. = .000) as the p-value is less than 0.05. Therefore, H1 is accepted. Finally, it was concluded that customer experience management has a significant positive impact (Beta = .287, Sig. = .000) as the p-value is less than 0.05. Therefore, H1 is accepted. (See Table15)

## 6.Discussions

A study's conclusion demonstrated that the survey had an excellent response rate of 90.9%, which increases the findings' generality. The research was designed to examine and understand the relationships between technology integration, product customization, service innovation, and customer experience management.

The correlation analysis shows that technology integration has a moderate positive correlation with service innovation (r = 0.442), suggesting that service innovation might slightly improve along with technology integration. Service innovation had a classic strong positive correlation with product customization (r = 0.638), insinuating that innovation in services has associations with innovation in product customizations.

Product customization has a moderate correlation with customer experience management and a strong correlation with competitiveness of bank industry (r = 0.520), indicating that effective product customization involves positive customer experience management and banking sector competitiveness.

Customer experience management has a moderate positive correlation with competitiveness of the banking sector (r = 0.456), indicating that effective customer service practices contribute positively to the competitiveness of the banking industry. Finally, technology integration, service innovation, product customization, and customer experience management are interrelated, with each contributing to the overall competitiveness of the banking sector.

According to, linear regression analysis. R = 0.658 denotes a moderate to strong positive relationship between the predictors and the outcome variable. This means that a considerable amount of variance in the dependent variable is accounted for by the combined influences of these predictors.

R Square: It actually means that about 43.3% of the variance in the dependent variable may be explained by these predictors; therefore, they have large explanatory powers. This suggests that these variables in combination are meaningful to understand the outcome.

The results from the regression analysis show that customer experience management, product customization, service innovation, and technology integration all have a positive effect on the competitiveness of the banking industry.

Customer experience management emerged as the most influential predictor, with a standardized coefficient of 0.287 and strong statistical significance ($p < 0.001$). This means that enhancing

customer experience practices has the most substantial effect on improving the competitiveness of banks industry.

# CHAPTER FIVE

## SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### Introduction

The main conclusions of the study are summarized in this chapter along with the conclusions. Drawn from them and the recommendations that follow. Theoretical and practical implications are presented. Recommendations to the selected organization with regard to examining the role of product differentiation strategies in the competitiveness of the banking industry in Ethiopia: the case of Zemen Bank, and the need for further research focused on the limitations of this study are also presented.

### 5.1. Summary of Research Findings

In the instance of Zemen Bank, the study examines to examine the role of product differentiation strategies in the competitiveness of the banking industry in Ethiopia: the case of Zemen bank. There would be certain goals for the study. To examine the impact of technology integration on the competitiveness of the banking industry, to assess the role of service innovation in enhancing the competitiveness of the banking industry, to analyze how product customization influences the competitiveness of the banking industry. And to evaluate the effect of customer management services on the competitiveness of the banking industry. The researcher administered a structured questionnaire to 266 respondents', of whom 90.9% returned it. The statistical methods employed for the analysis of the data were descriptive and inferential. Regression analysis, Pearson's correlation, technology integration, product customization, service innovation, and customer experience management were all examined in the study using inferential statistics. The following significant conclusions have been drawn from the data analysis:

A study's conclusion demonstrated that the survey had an excellent response rate of 91.3%, which increases the findings' generality. The research was designed to examine and understand the relationships between technology integration, product customization, service innovation, and

customer experience management. The study conducted correlation analysis, regression analysis, a multi collinearity test, linear relationship coefficients, a homoscedasticity test, a normality test, and descriptive statistics.

The results from the regression analysis show that customer experience management (CEM), product customization (PC), service innovation (SI), and technology integration (TI) all have a positive impact on the competitiveness of the banking industry (CBI). Among these factors, CEM emerged as the most influential predictor, with a standardized coefficient of 0.287 and strong statistical significance ($p < 0.001$). This means that enhancing customer experience practices has the most substantial effect on improving the competitiveness of banks.

Product customization follows closely with a standardized coefficient of 0.275, also showing great significance ($p < 0.001$), suggesting that banks that offer personalized products have a notable advantage in the competitive landscape.

While service innovation and technology integration also contribute to competitiveness, their impact, while positive, is relatively weaker in comparison to CEM and product customization. Nevertheless, these factors still play a key role in improving the competitive position of banks.

The baseline level of competitiveness, as indicated by the constant value of 0.843 when all predictors are zero, provides a reference point, showing that even without the impact of these key predictors, there is a certain level of inherent competitiveness within the industry.

## 5.2. Conclusions

According to the analysis results and discussion of the study, conclusions were made on the role of product differentiation strategies in the competitiveness of the banking industry. Based on the major findings of the study, the following conclusions were drawn:

According to the regression analysis, customer experience management, product customization, service innovation, and technology integration are positively associated with competitiveness in the banking industry. While technology integration and service innovation show moderate positive correlation, product customization, customer experience management, and competitiveness show a weak positive correlation to each other. This indicates that technology would allow banking industries to provide better quality service that appeals to customers distinctly contributing to product customization and competitiveness.

Service innovation exhibits strong positive correlations with both product customization and competitiveness, implying that banks that innovate in their services are more likely to provide tailored products and improve their competitive position in the market. Additionally, Service innovation correlates moderately with customer experience management, suggesting that innovations in service delivery have a notable impact on enhancing customer interactions and satisfaction.

Product customization also shows a strong positive correlation with competitiveness, reinforcing the idea that personalized products can significantly contribute to a bank's market position. Furthermore, it has a moderate correlation with customer experience management, suggesting that customized products can enhance overall customer satisfaction.

Customer experience management is positively correlated with competitiveness, highlighting the importance of effective customer engagement strategies in driving a bank’s competitive edge.

Finally, the output of the results highlights how interdependent of technology integration, service innovation, product customization, customer experience management, and competitiveness in the banking industry. These factors collectively play a pivotal role in shaping the sector’s future growth and success**.**

## 5.2. **Recommendations**

Based on the findings, the following recommendations can be made to enhance the competitiveness of banks:

I would have recommended that Zemen Bank should continue investing in technology integration. This would not only support the development of new services but also potentially enhance product customization and improve customer experience management.

Zemen Bank management should prioritize continuous innovation in their service offerings. This could involve adopting new technologies, improving service delivery models, and finding novel ways to meet customer needs.

Zemen Bank should consider enhancing product customization and developing more tailored financial products, as the analysis shows a strong link between product customization and competitiveness. Customization efforts can also strengthen customer experience management by offering more personalized solutions to meet the diverse needs of customers.

The organization should focus on improving customer service and engagement strategies. This includes training staff, using technology to personalize customer interactions, and implementing feedback mechanisms to continuously refine customer experiences.

Foster synergy between key factors: Banks should recognize that the various factors—technology integration, service innovation, product customization, and customer experience management—are interdependent. By creating strategies that integrate these elements, banks can drive holistic growth and enhance their competitiveness in the industry.

Finally, it was recommended that by emphasizing technological advancement, service innovation, and customer-centric strategies, banks can enhance both their operational efficiencies and their position in the competitive landscape.

## 5.4. Recommendations for Future Research

The research was to examine the role of product differentiation strategies in the competitiveness of the banking industry in Ethiopia: the case of Zemen bank. Because the findings are limited to Zemen Bank, additional research in other banks is required to determine the overall effect of exploring and understanding the relationships between product differentiation strategies and competitiveness of bank industry. To find out if the influence is the same or if there are additional moderating factors, further comparable studies on government and private financial institutions are required.

Aside from this, it's critical to remember that the study was conducted on Zemen Bank, and its conclusions might not apply to other banks. Additional investigation in other settings is required to validate the relevance of the findings.

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# Annex

Questionnaire to be filled by Zemen Bank management, customers and employees.

**Dear respondents**

The purpose of the questionnaire is to collect data for research to examine the role of product differentiation strategies in the competitiveness of the banking industry: the case of Zemen bank. Your genuine and honest response is very important for the success of the research, and the researcher would like to thank you in advance for your cooperation.

**Note:** for any clarification or question please don't hesitate to contact the researcher through the following address.

Name**:** - Tsion Yonas Mobile Phone: - 0961251714

**General Instruction:**

- No need to write your name
- Your response confidentiality is maintained
- Instruction for each part of the questionnaire is given at the beginning of the questions

**Thank You for your cooperation!**

**Part I: General background information**

1. Gender A. Male ☐ B. Female ☐

2. Age Group A. 18 – 30 Years ☐ B. 31 – 40 Years ☐

C. 41-50 Years ☐ D. above 50 ☐

3. Marital Status A. Single ☐ C. divorce ☐

B. married ☐ D. widowed ☐

4. Educational Level A. Diploma ☐ C. Masters ☐

B. Degree ☐ D. PHD ☐

5. Work experience

A.0 – 5 years ☐ C. 11-15 years ☐

B.6-10 years ☐ D. above 15years ☐

E. above 20 ☐

6. Job category

A. Managerial position ☐ B. Non-managerial position ☐

**Section II: -** Variables (Questioners)

Please read each item carefully and select the choice which you think describes you. The rating scale starts from 1 to 5, where: 1=strongly disagree, 2= disagree, 3=Neutral, 4=agree, and 5=strongly agree.

| **Variable's** | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|---|
| **Technology Integration** | **1** | **2** | **3** | **4** | **5** |
| Technology integration improves the efficiency of our operations. | | | | | |
| Employees receive adequate training to utilize new technologies. | | | | | |
| The use of advanced technologies enhances our product offerings. | | | | | |
| New technology adoption contributes to a competitive advantage in the market. | | | | | |
| Our organization has a clear strategy for technology integration. | | | | | |
| Technology integration is crucial for meeting current customer expectations. | | | | | |
| The integration of new technologies is aligned with our business | | | | | |

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| goals. | | | | | |
| Technology upgrades are regularly implemented in our company. | | | | | |
| Our technology infrastructure supports the needs of customization effectively. | | | | | |
| **Service Innovation** | | | | | |
| Our company frequently introduces innovative services to meet customer needs. | | | | | |
| Service innovation is a key driver of customer satisfaction in our business. | | | | | |
| We invest resources in research and development for service innovation. | | | | | |
| New service innovations help us stay competitive in the market. | | | | | |
| Service innovation efforts are aligned with our overall business strategy. | | | | | |
| We actively seek customer feedback to guide our service innovation. | | | | | |
| Service innovation helps us differentiate ourselves from competitors. | | | | | |
| Our company is known for its innovative approach to service delivery. | | | | | |
| **Product Customization** | | | | | |
| I offer a wide range of customizable features to my customers | | | | | |
| Product customization leads to higher customer satisfaction for me | | | | | |
| My customers are willing to pay more for customized products | | | | | |
| The customization options I offer are frequently updated to reflect customer preferences | | | | | |
| Product customization is a key differentiator for my brand in the market | | | | | |
| I track customer feedback to improve my customization options | | | | | |
| The level of customization available meets my customers' expectations | | | | | |
| My customization processes are efficient and user-friendly | | | | | |
| **Customer experience management** | | | | | |
| I am satisfied with my overall experience with this bank. | | | | | |
| I am likely to recommend this bank to others. | | | | | |
| I am satisfied with the ease of accessing the bank's services | | | | | |

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| (e.g., online banking, mobile app). | | | | | |
| I would rate the quality of customer service I received as excellent. | | | | | |
| I feel that the bank understands my individual needs. | | | | | |
| I am satisfied with how well the bank's products/services meet my expectations. | | | | | |
| I am satisfied with the response time for inquiries or issues I raised. | | | | | |
| I would rate my experience with the bank's online services as positive. | | | | | |
| **Competitiveness of the Banking Industry** | | | | | |
| I am satisfied with the services provided by my bank. | | | | | |
| The quality of service provided by my bank meets my expectations. | | | | | |
| My bank resolves issues and complaints in a satisfactory manner. | | | | | |
| I feel valued as a customer by my bank. | | | | | |
| I am likely to continue using my bank's services in the future. | | | | | |
| I would recommend my bank to friends and family. | | | | | |
| I feel a strong sense of loyalty towards my bank. | | | | | |
| My bank is my first choice for banking services. | | | | | |
| I satisfied with our banks online and mobile banking platforms | | | | | |
| The bank's market share has been growing over the past few years. | | | | | |
| We have successfully captured a larger portion of the market compared to our competitors. | | | | | |
| Market share is a key performance indicator for our bank's success. | | | | | |
| I satisfied with zemen bank performance compared to other banks I have used | | | | | |