



ST. MARY UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA Program

**THE EFFECT OF CUSTOMER RELATIONSHIP
MANAGEMENT PRACTICES ON CUSTOMER LOYALTY IN
BGI –ETHIOPIA**

BY
MIERAF ABERA LEMMA

July, 2024

Addis Ababa, Ethiopia

**THE EFFECT OF CUSTOMER RELATIONSHIP
MANAGEMENT PRACTICES ON CUSTOMER LOYALTY IN
BGI –ETHIOPIA**

**BY
MIERAF ABERA**

ID No SGS/0637/2015A

ADVISOR: TAYE AMOGNE (PHD)

**A THESIS SUBMITTED TO ST. MARY’S UNIVERSITY,
SCHOOL OF GRADUATE STUDIES IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR MASTER
OF BUSINESS ADMINISTRATION**

July, 2024

ADDIS ABABA

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM

**THE EFFECT OF CUSTOMER RELATIONSHIP
MANAGEMENT PRACTICES ON CUSTOMER LOYALTY IN
BGI –ETHIOPIA**

BY

MIERAF ABERA LEMMA

APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

Signature

Advisor

Signature

External Examiner

Signature

Internal Examiner

Signature

ACKNOWLEDGMENTS

First and foremost, I'd like to thank Almighty God and His Mother, Saint Mary, for their countless blessings, guidance, and protection throughout my life and scholastic path. Their supernatural presence has provided unwavering strength and inspiration. I'd also like to express my heartfelt gratitude to my advisor, Taye Amogne (Assistant Professor), for his essential assistance, support, and encouragement throughout the preparation of my thesis. His knowledge and intelligent criticism helped shape this research. I am quite grateful to AtoYonas Gemechu, the HRM Director at BGI Ethiopia, for his tremendous assistance and collaboration. His openness to share critical information and intelligent comments have greatly enriched our study. A special thanks. To my brother, Dawit Abera, for has unfailing support and advice during this trip. His encouragement and critical input were essential in completing this thesis. Finally, I'd want to thank everyone who helped, directly or indirectly, with the successful completion of this research. Your help and encouragement have been tremendously appreciated.

TABLE OF CONTENTS

ACKNOWLEDGMENTS	i
TABLE OF CONTENTS.....	ii
LIST OF TABLES	v
LIST OF FIGURES	vi
ABBREVIATIONS AND ACRONYMS	vii
ABSTRACT.....	viii
CHAPTER ONE:INTRODUCTION.....	1
1.1 Background of the Study	1
1.2 Background of the Company (BGI Ethiopia)	2
1.3 Statement of the Problem.....	3
1.4 Research questions.....	4
1.5 Objective of the Study	5
1.5.1 General Objective	5
1.5.2 Specific Objectives	5
1.6 Significance of the Study	5
1.7 Limitation of the Study	6
1.8 Scope of the Study	6
1.9 Organization of the Study	7
1.10 Definition of Terms.....	7
CHAPTER TWO:LITERATURE REVIEW	9
2.1 Introduction.....	9
2.2 Theoretical Literature Review	9
2.2.1 Overview	9
2.2.2 Theoretical Foundations of CRM	10
2.2.3 Guiding Principles for Effective Customer Relationship Management	12
2.2.4 Dimension of Customer Relationship Management (CRM)	13
2.2.5 Importance of Customer Relationship Management	20
2.3 Empirical Literature Review	22
2.4 Research Hypotheses	24
2.5 Conceptual Framework and Hypothesis of the Research	25
CHAPTER THREE RESEARCH METHODOLOGY	26
3.1 Research design and approach	26

3.2 Data Collection Methods	26
3.3 Target Population and Sample Size	27
3.3.1 Target Population.....	27
3.3.2 Sample Size Calculation	27
3.4 Source of Data Collection.....	28
3.5 Data Collection Instrument.....	28
3.6 Method of Data Analysis	29
3.7 Reliability and Validity.....	30
3.7.1 Reliability.....	30
3.7.2 Validity	30
3.8 Ethical Considerations	30
3.9 Variables of the Study.....	31
3.9.1. Dependent Variable	31
3.9.2. Independent Variable	31
CHAPTER FOUR:DATA PRESENTATION, ANALYSIS, AND INTERPRETATION	33
4.1 Introduction.....	33
4.2 Response Rate.....	33
4.3 Reliability Test.....	34
4.3.1 Cronbach's Alpha Calculation	34
4.4 Demographic Profile of Respondents	35
4.5 Descriptive Statistics.....	39
4.6 Inferential Statistics	43
4.6.1 Correlation Analysis	43
4.6.2 Regression Analysis.....	45
4.7 Hypothesis Testing Result	52
4.7.1 Data Collection and Analysis:	53
4.7.2 Synthesis of Key Findings	55
CHAPTER FIVE:SUMMARY, CONCLUSION, AND RECOMMENDATIONS.....	57
5.1 Summary of Major Findings.....	57
5.2 Conclusion	58
5.2.1 Positive Impact of CRM Practices on Customer Loyalty.....	58
5.2.2 Importance of Organizational Support and Technology Integration	59
5.2.3 Effective Knowledge Management and Customer Focus.....	59
5.2.4 Success of Loyalty Programs and Complaint Handling	59

5.3 Recommendations.....	60
5.4 Future Research	62
5.5 Definition of Terms.....	62
References.....	67
APPENDICES	I

LIST OF TABLES

Table 4.1 : Reliability Statistics for CRM Dimensions	34
Table 4.2 : Gender Distribution of Respondents	35
Table 4.3: Age Distribution of Respondents.....	36
Table 4.4: Education Level of Respondents	36
Table 4.5: Marital Status of Respondents	37
Table 4.6: Department Distribution of Respondents	38
Table 4.7: Years of Experience of Respondents	39
Table 4.8 : Descriptive Statistics for Key Customer Focus Dimension	39
Table 4.9: Descriptive Statistics for customer loyalty Dimension	40
Table 4.10: Descriptive Statistics for CRM Organization Dimension	41
Table 4.11: Descriptive Statistics for Knowledge Management Dimension	42
Table 4.12: Descriptive Statistics for Information Technology-Based CRM Dimension	43
Table 13: Correlation Analysis Results	44
Table 4.14 : Regression Analysis Results.....	45
Table 4.15: Multicollinearity Diagnostics	47
Table 4.16 : Model Summary	50
Table 4.17: Anova.....	50
Table 4.18 coefficients.....	51

LIST OF FIGURES

Figure 4.1 Linearity test.....	47
Figure 4.2 Heteroscedasticity Test.....	49
Figure 4.3 Normality Test(Q-Q Plot).....	49
Figure 4.4 Normality Test(Histogram)	50

ABBREVIATIONS AND ACRONYMS

CRM - Customer Relationship Management

BGI – Brasseries et Glaciers Internationals

VIF - Variance Inflation Factor

IT - Information Technology

SPSS - Statistical Package for the Social Sciences

Sig. - Significance

P- Value - Probability Value

B - Coefficient in regression analysis

T-value - Test Statistic Value

HR: Human Resources

ABSTRACT

This study evaluates how various CRM dimensions—Key Customer Focus, Knowledge Management, CRM Organization, and Information Technology-Based CRM—impact customer loyalty in the competitive Ethiopian beer market. Using a descriptive and causal research design, both quantitative and qualitative data were collected from 190 employees at BGI Ethiopia's headquarters in Addis Ababa. The sample included employees from Sales, Marketing, Customer Service, IT, Human Resources, CRM Management, and Finance, using a stratified random sampling technique. Data analysis with SPSS software employed both descriptive and inferential statistical methods. Findings indicate a significant positive correlation between CRM practices and customer loyalty, with CRM Organization and Information Technology-Based CRM being the most influential predictors. Employees emphasized the importance of strong organizational support, effective technology use, and robust knowledge management in enhancing customer loyalty. Demographic characteristics of respondents were also analyzed, including gender, age, marital status, education level, department, and years of experience. Inferential statistics, such as correlation and regression analysis, identified significant predictors of customer loyalty. This research contributes to CRM knowledge by providing empirical evidence from Ethiopia's brewing industry, offering actionable recommendations for BGI Ethiopia and similar markets. Future research should consider larger sample sizes and include customer perspectives for a more comprehensive understanding of CRM effectiveness.

Keywords: Customer Relationship Management (CRM), Key Customer Focus, Knowledge Management, CRM Organization Information Technology Based CRM.

CHAPTER ONE

INTRODUCTION

This section mainly addresses the background of the study, background of the company, statement of the problem, basic research questions, objectives of the study, significance of the study, scope of the study, and organization of the study.

1.1 Background of the Study

Customer Relationship Management (CRM) is a strategic approach that integrates people, processes, and technology to foster long-term relationships with customers. The primary goal of CRM is to understand and anticipate the needs of current and potential customers, thereby improving customer satisfaction, retention, and overall business performance (Doherty, 2012). In today's highly competitive business environment, maintaining strong customer relationships is critical for sustaining competitive advantage and achieving long-term success.

CRM has evolved significantly over the years, transitioning from simple customer service interactions to sophisticated data-driven strategies. Modern CRM systems leverage advanced technologies such as data analytics, artificial intelligence, and machine learning to gain deep insights into customer behavior and preferences. These insights enable companies to deliver personalized experiences, tailor marketing efforts, and develop products that meet specific customer needs (Payne & Frow, 2005).

In the brewing industry, CRM plays a pivotal role in building brand loyalty and customer retention. With the global beer market becoming increasingly competitive, breweries must differentiate themselves through superior customer experiences. Factors such as branding, product quality, and customer service are essential for attracting and retaining customers. Effective CRM strategies allow breweries to understand consumer preferences, optimize marketing campaigns, and enhance the overall customer experience (Agnihotri et al., 2009).

Ethiopia's beer market is characterized by intense competition, with over 16 beer factories vying for market share. Major multinational brewers like Diageo, Heineken, and Castel Group have recognized the potential of Ethiopia's rapidly developing market and sizable consumer base (Fitch Solutions, 2021). These global players bring substantial resources and capabilities, posing significant challenges to local breweries. For Ethiopian breweries, such as BGI Ethiopia, implementing robust CRM strategies is crucial for maintaining competitive advantage and achieving sustainable growth.

Despite the recognized importance of CRM in various industries, there is limited research on its application and effectiveness in the Ethiopian brewing sector. Most studies have focused on industries such as banking, telecommunications, and retail, leaving a notable gap in the literature regarding the brewing industry. This study aims to fill this gap by examining the CRM practices of BGI Ethiopia and assessing their impact on customer loyalty.

1.2 Background of the Company (BGI Ethiopia)

BGI Ethiopia is the leading brewery in the country, with a dominant market share. It was originally established in 1922 as St. George Brewery by a Belgian national (<https://www.slideshare.net/slideshow/bgi-ethiopia-and-csr/146033134>). Over the decades, the company expanded production and changed ownership until it was nationalized in 1974(<https://www.slideshare.net/slideshow/bgi-ethiopia-and-csr/146033134>).

In 1998, BGI Ethiopia began operating as part of the Group Castel, a large-scale brewery and beverage production company operating in over 53 countries (<https://et.linkedin.com/company/bgi-ethiopia-plc>). Today, BGI Ethiopia owns six breweries, including the iconic St. George Brewery in Addis Ababa, the Kombolcha Brewery, the Hawassa Brewery, Zebidar Brewery, Maychew Northern Brewery, and the recently acquired Meta Abo Brewery(<https://et.linkedin.com/company/bgi-ethiopia-plc>). These breweries produce over 4 million hectoliters of beer annually (<https://et.linkedin.com/company/bgi-ethiopia-plc>).

BGI Ethiopia also owns and manages the Castel winery and vineyard located in Zeway, which was established in 2012 and produces 12,000 hectoliters of different wine varieties annually under the brand names Acacia and Rift.Valley.(<https://et.linkedin.com/company/bgi-ethiopia-plc>).

BGI Ethiopia has between 428 employees at its headquarters in Addis Ababa(<https://bgiethiopia.com>). The employees at the headquarters are involved in various activities related to the brewery and beverage production operations of the company. This includes management, administration, production oversight, distribution coordination, marketing, sales, and other functions essential for the company's day-to-day operations and strategic growth (<https://et.linkedin.com/company/bgi-ethiopia-plc>).

Despite the challenges posed by the recent war in northern Ethiopia, BGI has resumed production at its Raya and Kombolcha plants (<https://www.capitalethiopia.com/2023/04/10/bgi-ethiopia-a-taste-of-ecstasy/>). The Raya plant, one of BGI's biggest, produces over 50,000 hectoliters of beer per month and employs around 500 people ([https:// www.capital](https://www.capital)

ethiopia.com/2023/04/10/bgi-ethiopia-a-taste-of-ecstasy/). BGI has announced a 500-million-birr investment in the newly acquired Meta Abo factory to leverage the new production capacity and expand its product offerings (<https://www.capitalethiopia.com/2023/04/10/bgi-ethiopia-a-taste-of-ecstasy/>).

BGI Ethiopia's products are distributed by partner agents throughout the country and exported internationally to North America, Europe, the Middle East, Australia, Africa, and Asia (<https://et.linkedin.com/company/bgi-ethiopia-plc>). The company is the third-highest taxpayer in Ethiopia and engages in various corporate social responsibility initiatives focused on the environment, customers, employees, and the community (<https://www.capitalethiopia.com/2023/04/10/bgi-Ethiopia-a-taste-of-ecstasy/>).

1.3 Statement of the Problem

Customer Relationship Management (CRM) is a vital strategy for managing a company's interactions with customers to enhance loyalty and satisfaction. Despite its recognized importance, many businesses, including those in the brewing industry, encounter significant challenges in effectively implementing CRM programs. Transforming into genuinely customer-centric entities involves overcoming various barriers such as departmental silos, inadequate integration of customer insights, and evolving customer behaviors. These challenges are further compounded in dynamic and competitive markets, where consumer preferences are continually changing and the ability to adapt swiftly is crucial for maintaining a competitive edge.

The Ethiopian brewing industry, characterized by intense competition and rapid growth, exemplifies these challenges. With the presence of large multinational brewers like Diageo, Heineken, and Castel Group, alongside local breweries, the market is highly competitive. These global players bring substantial resources and advanced capabilities, posing significant challenges to local breweries. Despite this competitive pressure, there is a notable lack of empirical research on CRM practices tailored to the Ethiopian brewing market. This gap in research leaves local breweries without clear strategies to navigate the complexities of customer relationship management in their unique context.

BGI Ethiopia, one of the leading breweries in the country, is navigating this highly competitive landscape. The brewery faces the dual challenge of retaining its existing customer base while attracting new customers. This challenge is further exacerbated by

evolving consumer expectations and behaviors, which demand more personalized and efficient customer interactions. Additionally, the lack of reliable and detailed customer data hampers the development and evaluation of targeted CRM initiatives. Without comprehensive customer insights, BGI Ethiopia struggles to implement CRM strategies that effectively address customer needs and enhance loyalty.

This research seeks to address these challenges by evaluating the effect of BGI Ethiopia's CRM practices on customer loyalty. By focusing on key dimensions of CRM such as Key Customer Focus, Knowledge Management, CRM Organization, and Information Technology-Based CRM, this study aims to provide insights into the CRM strategies that can enhance customer loyalty in the Ethiopian brewing industry. Specifically, the study investigates how prioritizing key customers, managing customer knowledge, organizing CRM efforts, and leveraging technology can impact customer loyalty.

Through this evaluation, the research aims to offer actionable recommendations for improving CRM practices at BGI Ethiopia. These recommendations are intended to help the brewery develop more effective customer engagement strategies, enhance operational efficiency, and ultimately improve customer satisfaction and loyalty. By addressing the unique challenges faced by Ethiopian breweries, this study contributes to the broader body of knowledge on CRM and provides a foundation for future research in similar markets. The findings emphasize the need for continuous improvement in CRM practices, investment in advanced CRM technologies, and strong organizational commitment to customer-centric strategies, all of which are essential for maintaining a competitive edge in the dynamic brewing industry.

1.4 Research questions

1. What effect does the Key Customer Focus dimension of CRM have on customer loyalty at BGI Ethiopia?
2. What is the impact of Customer Knowledge Management on customer loyalty at BGI Ethiopia?
3. How does the organizational structure of CRM practices influence customer loyalty at BGI Ethiopia?
4. How does the use of Information technology in CRM practices affect customer loyalty at BGI Ethiopia??

1.5 Objective of the Study

1.5.1 General Objective

To examine the effect of BGI Ethiopia's CRM practices on customer loyalty.

1.5.2 Specific Objectives

1. To evaluate the effect of the Key Customer Focus dimension of CRM on customer loyalty at BGI Ethiopia.
2. To assess the impact of Customer Knowledge Management on customer loyalty at BGI Ethiopia.
3. To analyze how the organizational structure of CRM practices influences customer loyalty at BGI Ethiopia.
4. To determine the effect of Information technology-based CRM practices on customer loyalty at BGI Ethiopia.

1.6 Significance of the Study

This study holds significant importance for several reasons. Firstly, it aims to bridge the gap in empirical research on CRM practices within the brewing industry in developing economies, particularly Ethiopia. While CRM has been extensively studied in other sectors, there is a dearth of research focusing on its application in the brewing industry. By examining BGI Ethiopia, this study provides valuable insights into how breweries in emerging markets can leverage CRM to improve their competitiveness and sustainability.

Secondly, the findings of this study will offer actionable recommendations for BGI Ethiopia and other breweries operating in similar contexts. By identifying the most effective CRM strategies and practices, the research will enable these companies to enhance customer loyalty, brand preference, and profitability. In an increasingly competitive market, understanding the factors that drive customer loyalty is crucial for long-term success.

Furthermore, this study will contribute to the broader body of knowledge on CRM by exploring its application in a unique and under-researched context. The insights gained from this research can inform future studies and provide a foundation for further exploration of CRM practices in the brewing industry and other sectors within developing economies.

For BGI Ethiopia specifically, the research will provide a data-driven evaluation of its current CRM practices. By identifying strengths and areas for improvement, the study will enable BGI to refine its CRM strategies, allocate resources more effectively, and align its organizational processes with customer-centric goals. Ultimately, this will help BGI

strengthen its competitive position and achieve sustainable growth in the Ethiopian beer market.

1.7 Limitation of the Study

The study has several limitations that affect its generalizability and depth. The sample size, while useful, may not represent the entire population of BGI Ethiopia or the broader industry, and the cross-sectional design limits the ability to infer causality between CRM practices and customer loyalty. Relying on self-reported data from employees introduces potential biases, and focusing solely on employee perceptions excludes valuable customer insights. Additionally, the study's scope is limited to specific CRM dimensions, leaving out other important aspects such as customer engagement and feedback mechanisms.

Moreover, the cultural and organizational context of BGI Ethiopia may not apply to other settings, and the study does not thoroughly explore the technological aspects of CRM implementation. Future research should consider larger and more diverse samples, longitudinal designs, and include customer perspectives to provide a more comprehensive understanding of CRM effect. By acknowledging these limitations, the study maintains transparency and enhances the credibility of its findings.

1.8 Scope of the Study

This study examined customer relationship management (CRM) practices at BGI Ethiopia, focusing specifically on the company's operations in Addis Ababa. The research explored behavioral aspects of CRM dimensions, concentrating on Key Customer Focus, Knowledge Management, CRM Organization, and Information Technology-Based CRM, following a four-dimensional framework proposed by Sin and Yim (2005). Geographically, due to time and financial constraints, the study was limited to BGI Ethiopia's employees at its headquarters in Addis Ababa thus excluding other locations in Ethiopia and international markets. Methodologically, the study involved quantitative surveys with employees at BGI's Addis Ababa headquarters.

The selection of these CRM dimensions was based on their critical importance to effective CRM practices. Key Customer Focus was chosen to understand how prioritizing key customers can enhance customer loyalty. Knowledge Management was included because effective management of customer information is crucial for improving service and product offerings. CRM Organization was considered vital due to the significant role that organizational structure and support play in implementing successful CRM strategies. Lastly,

Information Technology-Based CRM was selected because utilizing advanced CRM technologies is essential for efficiently and effectively managing customer relationships. By examining these dimensions, the study aims to provide actionable insights for improving CRM practices at BGI Ethiopia and similar companies within the industry.

1.9 Organization of the Study

The research paper is structured into five chapters. The first chapter comprises the introduction, which includes the study's background, a concise statement of the problem, research objectives, research question, significance of the study, limitations, and scope. The second chapter focuses on reviewing relevant literature about the problem being investigated, providing definitions for key concepts, and explaining theoretical perspectives and the conceptual framework. The third chapter presents the methodology employed in the study, encompassing research design, data types and sources, sampling method and size, data collection procedures, reliability and validity of data, and data analysis approach. The fourth chapter entails the presentation, analysis, and interpretation of the collected data while addressing the research questions and hypotheses. The final chapter offers a summary of the major findings, conclusions, and recommendations derived from the study. The paper concludes with a list of references and any appendices deemed necessary.

1.10 Definition of Terms

The conceptual definitions of key terms frequently used in this study are outlined below to facilitate the reader's comprehension and enhance overall understanding.

Customer Relationship Management (CRM): According to Chen, I and Popovich, K (2003), CRM is a holistic combination of people, processes, and technology aimed at comprehending a company's customer base. It involves an integrated approach to managing relationships by prioritizing customer retention and development. Derived from technological advancements and organizational shifts towards customer-centric processes, successful CRM implementation is anticipated to yield benefits in terms of enhanced customer loyalty and long-term profitability.

Customer Loyalty: In the context of numerous marketing studies, loyalty is characterized by a consistent behavioral preference over time, where an individual exhibits a recurring preference for a specific brand over others. Defined by McMullan and Gilmore (2008), loyalty involves both behavioral responses and a mental commitment, playing a pivotal role in generating long-term benefits for organizations.

Key Customer Focus: Key Customer Focus is identified as a vital business strategy necessitating organizational management and employees to prioritize the evolving desires and needs of their customers. Described as a company-wide philosophy by Lee (2000), this strategy emphasizes that customer wants and needs should be the foremost priority for all levels of management and employees. It encompasses an organization's intense concentration on key customers, offering superior service and added value through customization, including customer-oriented marketing, customer lifetime value, customization, and interactive marketing.

Knowledge Management: In the context of CRM within marketing, knowledge is characterized as the collective learning derived from experience, practice, or empirical study of consumer data. This concept extends to key facets of knowledge management, encompassing a company's knowledge learning and generation, dissemination, sharing, and responsiveness (Sin et al., 2005; Yim et al., 2005). Knowledge management is crucial in enhancing customer profitability, where information about customers is gathered through various interactions or touch points across all functions within the organization, thereby establishing and continually updating a comprehensive 360-degree customer view.

CRM Organization: To foster customer-oriented behaviors among service employees, organizations must cultivate a conducive working environment. Mechanisms such as providing modern tools and technology, implementing customer-satisfaction tracking and complaints management systems, offering inspirational leadership, and instituting appropriate reward systems are integral to achieving this goal (Machida and Patterson, 2011). Consequently, CRM organization becomes a vital means through which firms effect fundamental changes in the organization of business processes for both employees and customers (Sin et al., 2005; Yim et al., 2005).

Information Technology-Based CRM: Many CRM-oriented activities, including knowledge management, are contingent upon leveraging the latest technology (Chen. I and Popovich. K, 2003). Innovations in network infrastructure, client/server computing, and business intelligence applications play a pivotal role in the development of CRM. The majority of CRM applications capitalize on technological innovations to collect and analyze data on customer patterns, develop prediction models, facilitate timely and effective customized communications, and efficiently deliver personalized value offerings to individual customers.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section of the paper aims to review the relevant literature on the topic of customer relationship management and customer loyalty in the context of BGI Ethiopia. It will cover theoretical frameworks, empirical studies, and conceptual models related to the subject. The literature review will encompass various aspects, including definitions, terminologies, perspectives, and empirical research conducted on variables of Customer Relationship Management, namely organization, communication, trust, key customer focus, knowledge management, and technology base. Furthermore, it will delve into the impact of these Customer Relationship Management variables on customer loyalty specifically within the case of BGI Ethiopia.

2.2 Theoretical Literature Review

2.2.1 Overview

Customer Relationship Management practices encompasses both technological and human elements. While technology facilitates data management and operational efficiency, the soft parts of , such as customer orientation, communication, and relationship building, play a crucial role in fostering customer loyalty. Previous studies have shown that empathy, effective listening, and personalized interactions significantly enhance customer satisfaction (Ganguli& Roy, 2011). Additionally, a customer-centric culture and empowered employees contribute to a seamless and positive customer experience (Richards & Jones, 2008).

Customer Orientation involves understanding and addressing the needs and emotions of customers, which is critical for building trust and loyalty (Karakostas et al., 2005). Effective communication, including active listening and clear, transparent messaging, ensures that customers feel valued and understood (Chen & Popovich, 2003).

Relationship Building is another essential soft aspect of CRM, where developing strong, long-term relationships with customers through personalized interactions and tailored services enhances customer satisfaction and loyalty (Rootman et al., 2011). Trust and

commitment are foundational elements of successful customer relationships, leading to increased customer retention (Morgan & Hunt, 1994).

Organizational Culture plays a significant role in CRM effectiveness. A customer-centric culture, where employees are empowered to make decisions that benefit the customer, is crucial for delivering consistent and high-quality customer experiences (Sin et al., 2005). Collaborative practices across departments further ensure that customer needs are met holistically (Reinartz et al., 2004).

Emotional Intelligence of employees, including self-awareness and social skills, enhances customer interactions and helps in managing customer expectations and emotions effectively (Goleman, 1998). Conflict resolution skills, such as problem-solving and negotiation, are also vital in maintaining positive customer relationships (Zeithaml et al., 2006).

Feedback and Continuous Improvement are necessary for sustaining effective CRM practices. Regularly collecting customer feedback and using it to drive continuous improvement ensures that CRM strategies remain relevant and effective (Payne & Frow, 2005).

2.2.2 Theoretical Foundations of CRM

The conceptualization and implementation of Customer Relationship Management (CRM) are deeply rooted in the significance of cultivating cooperative and collaborative relationships between buyers and sellers. At its core, CRM finds its origin in relationship marketing, marking a pivotal shift from traditional product-centric approaches to more customer-centric paradigms (Berry, 1983). Relationship marketing, as defined by Berry, entails attracting, maintaining, and enhancing relationships with customers in multi-service organizations. This evolution from relationship marketing to CRM reflects a fundamental transformation in philosophy, emphasizing a deeper understanding of the dynamics of customer relationships.

Theoretical discussions on CRM often highlight the diverse definitions provided by researchers, ranging from considering it a strategy, technology, or information system (Thompson, 2004). This diversity underscores ongoing debates within the scientific community regarding the precise constituents of CRM. Sin et al. (2005) argue that the CRM literature lacks a theoretical, integrative framework, impeding the delineation of how CRM concepts can be translated into concrete organizational activities conducive to success.

Various definitions of CRM have emerged over time, each contributing to the refinement and focus of the concept's underlying principles and dimensions. Swift (2000) frames CRM as a method of understanding customer behavior through intense communication, to attract, retain, and increase customer loyalty and profitability. Sin et al. (2005) position CRM as a strategic business process involving the efficient management of detailed customer information through carefully arranged touchpoints, to maximize loyalty and minimize costs.

Fross and Stone (2001) offer a perspective defining CRM as the company's use of research methodology, technology, and e-commerce to manage customer relationships. Parvatiyar and Sheth (2002) portray CRM as a comprehensive strategy involving the acquisition, retention, and cooperation with customers to create mutual value. Kim et al. (2010) describe CRM as a process involving customer supervision, data collection, management, evaluation, and the creation of real advantages from extracted data in interactions.

Brown (2000) sees CRM as a process of acquiring, retaining, and growing profitable customers, representing a business strategy that aims to understand, anticipate, and manage the needs of an organization's current and potential customers. Ryals and Payne (2001) define CRM as a management approach that uses information technology (IT) to build long-term relationships with customers, channeling more profits to the organizations. Mylonakis (2009) recognizes CRM as an innovative process to create a long-term relationship with customers to gain trust.

E. B. Khedkar (2015) conceptualizes CRM as a process that maximizes customer value through ongoing marketing activity founded on intimate customer knowledge established through the collection, management, and leverage of customer information and contact history. Jham and Kalem (2008) assert that CRM is a comprehensive strategy and process focusing on establishing, maintaining, and enhancing relationships with customers to create value for organizations.

In essence, CRM is a multifaceted concept drawing from diverse theoretical perspectives, integrating strategies, processes, technology, and information systems to optimize customer relationships, aligning with the overarching goal of customer-centricity. The amalgamation of these theoretical foundations provides organizations with a comprehensive framework to build enduring and mutually beneficial relationships with their customers.

2.2.3 Guiding Principles for Effective Customer Relationship Management

Relationship Marketing Theory (RM): Originating from the seminal works of Berry (1983) and Jackson (1985), Relationship Marketing (RM) forms the bedrock of CRM. RM underscores the significance of cultivating enduring relationships with customers, viewing them as long-term partners rather than mere transactional entities. The theory posits that fostering strong relationships is pivotal for customer retention, loyalty, and maximizing customer lifetime value. Strategies derived from RM principles focus on personalized interactions and continuous engagement, fostering a sense of commitment between the customer and the organization (Berry, 1983; Jackson, 1985).

Social Exchange Theory:

Rooted in the works of Homans (1958) and expanded by Blau (1964), Social Exchange Theory provides insights into the dynamics of interpersonal relationships, offering a lens through which CRM interactions can be understood. In the context of CRM, the theory suggests that interactions between organizations and customers are akin to social exchanges. Customers engage with businesses with the expectation of receiving valuable benefits in return. CRM strategies aligned with Social Exchange Theory prioritize enhancing the perceived benefits of the relationship, thereby contributing to heightened customer satisfaction and loyalty (Homans, 1958; Blau, 1964).

Resource-Based View (RBV)

Developed by Wernerfelt (1984) and further refined by Barney (1991), the Resource-Based View (RBV) posits that sustained competitive advantage arises from an organization's unique and valuable resources. Within CRM, customer information and knowledge emerge as critical resources. Successful CRM strategies leverage these resources by effectively gathering, managing, and applying customer data for personalized interactions. RBV guides organizations in identifying and deploying resources that contribute to the strategic development of customer relationships, emphasizing the role of knowledge as a key asset (Wernerfelt, 1984; Barney, 1991).

Technology Acceptance Model (TAM)

Proposed by Davis (1989), the Technology Acceptance Model (TAM) is instrumental in understanding the adoption and utilization of technology within CRM. TAM suggests that user-friendly and efficient CRM systems are more likely to be embraced by both employees and customers. In the CRM context, technology is a pivotal enabler, facilitating data collection, analysis, and personalized communication. Aligning with TAM principles ensures

that CRM technologies are accepted and effectively utilized, contributing to the overall success of CRM initiatives (Davis, 1989).

Service-Dominant Logic (SDL)

Introduced by Vargo and Lusch (2004), Service-Dominant Logic challenges traditional product-centric views in marketing and is integral to understanding CRM as a collaborative value co-creation process. SDL emphasizes the active involvement of both customers and organizations in creating value through ongoing interactions and shared knowledge. In the CRM context, SDL informs strategies that prioritize collaborative engagement, emphasizing the reciprocal nature of value creation between customers and the organization (Vargo and Lusch, 2004).

Customer Centricity Theory

Placing the customer at the forefront of organizational strategies, Customer Centricity Theory advocates for prioritizing customer needs, preferences, and satisfaction in all aspects of decision-making and service delivery. In CRM, this theory underscores the importance of understanding and meeting individual customer needs to build enduring relationships. Customer Centricity Theory aligns closely with the fundamental CRM principle of customer-centricity, guiding organizations to create tailored and meaningful experiences (Peppers and Rogers, 1993).

In synthesizing these theoretical frameworks, organizations can develop comprehensive CRM strategies that encompass relationship-building, resource utilization, technology adoption, and a deep understanding of customer-centric principles. These theories collectively contribute to a holistic understanding of CRM, providing valuable guidance for practitioners in the effective and sustainable implementation of customer-focused initiatives.

2.2.4 Dimension of Customer Relationship Management (CRM)

CRM, as noted by various researchers, lacks a universally accepted definition, with its interpretation often contingent on the specific study's context. The multifaceted nature of CRM has led scholars to define its dimensions based on diverse perspectives, ranging from customer attitudes such as trust, commitment, conflict handling, and empathy. In the current study, a deliberate choice is made to focus on the behavioral aspects of customers when delineating the dimensions of CRM. This decision implies that the examination of CRM in this context places a particular emphasis on understanding and interpreting customer behavior

as a key determinant in elucidating the various dimensions associated with effective Customer Relationship Management.

Sin et al. (2005) present a comprehensive conceptualization of Customer Relationship Management (CRM), defining it as a multidimensional construct characterized by four primary behavioral components. These components, as identified by the authors, encompass key customer focus, CRM organization, knowledge management, and information technology-based CRM. Their research aligns with the perspective that CRM's effectiveness is contingent upon the harmonious integration of people, technology, strategy, and processes (Fox and Stead, 2001).

In a similar vein, Yim et al. (2005) reinforce the notion of CRM as a multidimensional construct and delineate its four broad behavioral components. These encompass Key Customer Focus, CRM organization, Knowledge Management, and Information Technology-based CRM. Notably, both Sin et al. (2005) and Yim et al. (2005) underscore the critical importance of integrating all behavioral components or dimensions to attain the dual objectives of Customer Loyalty and company profitability.

Supporting these findings, other studies conducted by Abdullateef et al. (2010) and Wang et al. (2010) corroborate the inclusion of customer orientation as a vital component within the broader spectrum of CRM's behavioral dimensions. This collective body of research emphasizes the interconnectedness and interdependence of these behavioral components, highlighting their role in shaping successful CRM strategies and fostering enduring customer relationships.

Key Customer Focus

Key customers, as defined by Ryals and Knox (2001), are strategically significant individuals for an organization who contribute significantly to its profitability. In the context of Customer Relationship Management (CRM), companies adopting this approach are inherently customer-driven, ensuring that all decisions prioritize customers' interests and welfare. In aligning with CRM principles, these companies commit to delivering superior value to customers more effectively and efficiently than their competitors. Achieving this objective involves personalized design and offers tailored specifically to key customers. Key components of this dimension include customer-centric marketing, the identification of key customer lifetime value, personalization, and interactive co-creation marketing.

Customer orientation, a crucial aspect of CRM, refers to employees' inclination to meet customers' needs. This orientation has a positive impact on both employee performance and customer satisfaction. Moreover, fostering customer-oriented behaviors contributes to maintaining robust relationships between service providers and customers, ultimately leading to improvements in organizational performance (Brown et al., 2002). The essence of customer orientation lies in enhancing long-term satisfaction and fostering customer loyalty, as emphasized by Jain and Singh (2002) and Schmid & Weber (1998). The customer-oriented culture of businesses is reported to have positive effects on business activities, as employees in these types of organizations are more motivated and committed to providing a better customer experience (Donavan et al., 2004; Zhu and Nakata, 2007). For alcohol companies, the concept of key customers takes on heightened significance, as these customers not only contribute strategically but also significantly impact the overall profitability of the organization. Applying a Customer Relationship Management (CRM) approach in the context of alcohol companies underscores a profound commitment to being customer-driven, emphasizing a steadfast dedication to customer loyalty. In this approach, every decision is meticulously crafted to prioritize and address customers' interests and well-being, with an unwavering commitment to delivering unparalleled value more effectively and efficiently than competitors. This commitment extends to the personalized design of offerings tailored specifically for key customers, highlighting essential components like customer-centric marketing, identifying key customer lifetime value, personalization, and interactive co-creation marketing.

In the realm of alcohol companies, instilling a customer-oriented culture becomes paramount, with a central focus on building and nurturing customer loyalty. Customer orientation, a cornerstone of CRM, emphasizes employees' innate inclination to meet the unique needs of customers in the context of the alcohol industry. This orientation not only positively influences employee performance but also significantly enhances customer satisfaction and, consequently, loyalty. By fostering customer-oriented behaviors, alcohol companies can establish and maintain robust relationships between their brand and consumers, creating a strong foundation for customer loyalty. This, in turn, becomes a powerful driver for sustained success and profitability in the competitive alcohol industry (Brown et al., 2002). The essence of customer orientation is magnified in the alcohol industry, aiming not just for short-term transactions but for the enduring satisfaction and loyalty of customers, echoing the sentiments of Jain & Singh (2002) and Schmid & Weber (1998).

Knowledge Management

Recent studies on Customer Relationship Management (CRM) underscore the critical role of customer knowledge as a strategic asset in the intensely competitive global economy (Salomon et al., 2005). In today's dynamic market, businesses must not only contemplate knowledge as a competitive factor but also recognize its pivotal role alongside customer attraction. Customer knowledge management, as articulated by Salomon et al. (2005), involves the systematic acquisition, distribution, and enhancement of customer knowledge among employees, aiming to benefit both the organization and its customers. In the pursuit of organizational productivity, value delivery, and customer satisfaction, effective management of customer knowledge becomes imperative. This comprehensive approach ensures the organization is well-equipped to provide the necessary products and services, meeting customer expectations and enhancing their satisfaction. Notably, the interplay between knowledge management and CRM is evident, signifying that knowledge management is an integral component of CRM strategies focused on fostering enduring customer loyalty.

Techniques focused on imparting knowledge about customers are recognized as essential resources, providing firms with a sustainable competitive advantage and strengthening their connections with customers (Croteau and Li, 2003; Shi and Yip, 2007). In the realm of CRM, customer knowledge assumes a crucial role, serving as a foundation for organizations to build and cultivate relationships with their customers (Zahay and Griffin, 2004). This reservoir of customer knowledge becomes a strategic tool, enabling organizations to gain a competitive edge in the market (Sin et al., 2005). As articulated by Ryals and Knox (2001), the value of customer knowledge lies in its dissemination throughout the organization, unlocking its potential when shared across various functions. In the context of enhancing customer loyalty, effective knowledge management becomes instrumental. Sharing insights about customers' preferences and needs within the organization contributes to meeting both current and future customer expectations. The positive impact of knowledge management on an organization's performance is underscored, aligning with Sin et al. (2005). In essence, nurturing and leveraging customer knowledge is not only a pathway to CRM success but also a means to foster enduring customer loyalty.

In a significant contribution to the realm of relationship marketing, Winner (2001) envisions Customer Relationship Management (CRM) within the context of a multifaceted domain that necessitates the utilization of databases and one-to-one marketing approaches for effective

implementation. Winner emphasizes the use of information systems to establish a comprehensive customer database, housing transactional and demographic data, which becomes instrumental for marketing decisions. The database serves as a repository for essential customer information, including purchase history, product usage, pricing details, and responses to marketing efforts. Stein and Smith (2009) echo this sentiment, underlining the pivotal role of the customer database in storing crucial data that, when analyzed, transform into valuable customer knowledge, offering insights into lifestyle patterns and guiding relationship initiation and management efforts.

Bailey, Baines, Wilson, and Clark (2009) further emphasize that this core information, held by the alcohol company, evolves into vital customer knowledge when subjected to thorough analysis. Soltani and Navimipour (2016) distinguish between CRM and customer knowledge management, asserting that while CRM focuses on customer knowledge generation, the latter involves the gathering and management of interactions between the alcohol company and its customers.

Considering the perspective of an alcohol company, the effective management of customer knowledge through CRM systems becomes essential. The customer database, storing information such as purchase history and preferences, serves as a valuable asset for understanding customer behaviors and tailoring marketing efforts. In line with Garrido-Moreno et al.'s (2014) insights, the implementation of CRM technology becomes a facilitator for customer knowledge management. This involves generating and storing customer data to assess needs and customize products effectively. Successful implementation in an alcohol company context requires strong commitment from top management and comprehensive training for front-line and back-office staff to ensure proficient technical skills in gathering and utilizing customer data. Meanwhile, CRM systems, supported by people, through their experience and technical capability, acquire process and generate customer knowledge for relationship marketing implementation purposes.

CRM Organization

Defining the organizational aspect of Customer Relationship Management (CRM), it is crucial to emphasize that CRM strategies extend beyond mere technological applications or customer-oriented approaches. Organizational CRM involves a holistic integration of CRM principles throughout all levels of the company, necessitating a comprehensive reshaping of the organizational structure, communication channels, and employee roles. To implement

CRM effectively and ensure total quality assurance, active participation from every organizational level becomes essential. This entails a strategic redesign of the organizational structure to establish efficient lines of communication (Liu, 2007). In the context of fostering loyalty, the commitment of service employees to exhibit customer-oriented behavior is paramount for cultivating enduring relationships.

As highlighted by Mechinda and Patterson (2011) and Dutu and Halmajan (2011), creating a service-oriented climate within the workforce requires providing staff with modern tools and technology, implementing systems for customer satisfaction tracking and complaint management, fostering inspirational service leadership, and instituting an appropriate reward system. Loyalty, in this context, becomes intertwined with the commitment of employees to delivering customer-centric services.

The implementation of CRM goes beyond technological advancements and a customer-focused approach; it demands substantial changes in organizational structure, business processes, and the roles of qualified employees in delivering value to target customers (Ryals and Knox, 2001; Hoffman and Kashmir, 2000). Researchers emphasize that CRM's success hinges on complete integration throughout the organization (Sin et al., 2005; Yim et al., 2005). Regarding loyalty, the organizational commitment to CRM becomes instrumental in instigating fundamental changes that align every aspect of the company to create and sustain valuable customer relationships. This organizational alignment significantly contributes to fostering loyalty by ensuring that all facets of the company are attuned to building and maintaining enduring customer connections.

This comprehensive organizational restructuring for CRM involves key considerations, including the organizational structure itself, the allocation of resources across the entire organization, and effective human resources management. Loyalty, in the organizational CRM context, is not just an outcome but an integral part of the organizational transformation. The commitment to CRM principles contributes to building a customer-centric culture, ensuring that loyalty is not merely a byproduct but a deliberate and inherent outcome of the organization's ethos.

Therefore, CRM organization becomes more than a strategic initiative; it becomes the driving force behind fundamental changes in the way a business operates, impacting employees and customers alike (Sin et al., 2005; Yim et al., 2005). Loyalty, in this organizational CRM

framework, is a natural result of the organization's commitment to aligning its structure, processes, and people with the overarching goal of creating and nurturing lasting customer loyalty. Therefore, in the context of alcohol companies, it can be asserted that the CRM organization serves as a crucial mechanism for these firms to bring about significant transformations in how they structure their operational business procedures for both employees and customers (Sin et al., 2005; Yim et al., 2005). This is particularly relevant for ensuring the successful implementation of CRM strategies that are tailored to enhance customer loyalty and satisfaction within the unique dynamics of the alcohol industry.

In conclusion, the organizational dimension of CRM, when approached with a focus on loyalty, necessitates a paradigm shift in how companies structure themselves, communicate internally and manage their human resources. The transformation is not just about adopting advanced technology or embracing a customer-centric approach; it is about embedding CRM principles into the very fabric of the organization, ensuring that every aspect contributes to the overarching goal of fostering and maintaining customer

Technology-based CRM

In the intricate landscape of Customer Relationship Management (CRM), processes at the customer-facing level unfold as a dynamic interplay of activities orchestrated by frontline staff and customer-facing units. Mumuni & O'Reilly (2014) outline the multifaceted nature of these processes during customer relationship initiation, management, and churn management. Rooted in the seminal work of Reinartz et al. (2004) and the structured stages proposed by Dwyer et al. (1987), these processes encompass relationship initiation, maintenance, and customer churn management. At each stage, meticulous processes are enacted, fostering the successful implementation of customer relationship strategies and realizing marketing concepts. Mumuni and O'Reilly (2014) delineate relationship management processes at the customer-facing level, encompassing the acquisition of customers, identification of profitable customers, and the development of optimal strategies to manage them. These processes strategically position the firm for a competitive advantage at relationship initiation and maintenance stages, along with effective management of relationship termination.

In tandem, the advent of Information Communication Technology (ICT) has ushered in a new era, offering organizations powerful tools to reduce internal costs, enhance environmental interaction, and secure long-term economic profitability (Mohammad et al., 2013). CRM, in this context, becomes a conduit for gathering extensive customer data, a treasure trove

employed to streamline customer service and transactions, ultimately catering to customer needs. This holistic approach engenders heightened customer satisfaction, improved business profitability, and increased resources for support staff. Information Technology-based CRM, buttressed by customer databases and information-storing systems, propels organizations to devise and execute successful marketing actions, fostering long-lasting customer retention and increased profitability (Roberts et al., 2005). Chang et al. (2010) underscore the transformative impact of CRM technology on marketing capabilities, providing valuable customer information to help both managers and employees achieve specific marketing goals more effectively.

Simultaneously, Information Technology-based CRM, defined by the adept use of various tools and systems, assumes heightened significance for alcohol companies aiming to navigate the intricate landscape of customer loyalty. This entails leveraging customer databases for personalized marketing, utilizing analytics to discern customer value and behavior, employing diverse communication channels for timely engagement, and deploying service systems for effective issue resolution. These integral components collectively serve as a linchpin for building and sustaining brand loyalty, and strategically managing customer relationships throughout their lifecycle in the dynamic and competitive sphere of alcohol companies.

In the realm of customer loyalty, this integrated approach harmonizes the intricate processes at the customer-facing level with the transformative potential of technology-based CRM. The collaborative efforts of frontline staff, customer-facing units, and advanced technology converge to fortify brand loyalty, strategically managing customer relationships throughout their lifecycle. This symbiotic relationship, rooted in streamlined processes and technological prowess, stands as a cornerstone for alcohol companies seeking to navigate the competitive landscape while fostering enduring customer loyalty.

2.2.5 Importance of Customer Relationship Management

Customer Relationship Management (CRM) stands as a pivotal strategy and system that holds immense importance for businesses seeking to manage their interactions with both current and potential customers. The significance of CRM is underscored by its manifold benefits that contribute to overall business success (Poulsen, 2011).

- **Better Customer Data Management:** CRM systems facilitate the collection and organization of crucial customer information, including contact details, purchase history, preferences, and feedback. This comprehensive data allows businesses to gain a deeper understanding of their customers, enabling them to tailor products and services to meet specific needs.
- **Improved Customer Communication:** CRM systems empower businesses to engage with customers through diverse channels such as email, phone, web, and social media (Kwamena, 2013). This capability ensures the delivery of relevant and timely messages and offers, fostering effective communication and the collection of valuable customer feedback.
- **Enhanced Customer Service:** Through features like call centers, chatbots, and self-service portals, CRM systems support businesses in efficiently resolving customer issues and queries. This heightened level of customer service contributes to improved satisfaction and retention rates.
- **Increased Customer Loyalty:** CRM systems play a crucial role in building trust and loyalty by providing personalized and consistent customer experiences (Belding, 2001). Recognition and reward for customer loyalty, coupled with swift problem resolution, contribute to the establishment of enduring customer relationships.
- **Boosted Sales and Revenue:** CRM systems are instrumental in generating more leads, converting prospects, identifying cross-selling and up-selling opportunities, and reducing customer churn (Manga & Anand, 2003). These capabilities result in increased sales and revenue, enhancing overall profitability and competitiveness.

The importance of CRM is further emphasized by its role in aligning businesses with key objectives such as:

- **Increasing acquisition of new customers:** CRM systems aid in attracting and on boarding new customers.
- **Improving relations with existing customers:** By fostering positive interactions, CRM systems contribute to stronger relationships with current customers.

- **Increasing the profitability of customer relationships:** Through targeted strategies, CRM systems enhance the profitability of customer interactions.
- **Improving distribution and channel management:** CRM systems assist in optimizing distribution channels for effective reach and engagement.
- **Maximizing the value of past CRM investments:** Businesses can leverage CRM to derive enduring value from their previous investments in customer relationship management solutions.

In a competitive landscape where customer retention is paramount, CRM emerges not just as a beneficial tool but as an indispensable necessity for businesses (Mohammad, Basri, Rashid & Tahir, 2013). It serves as a comprehensive framework that aligns customer service practices, enhances positive relationships, and directly contributes to the bottom-line revenue while ensuring repeat business.

2.3 Empirical Literature Review

Empirical studies focused on evaluating the effect of Customer Relationship Management (CRM) practices and their impact on customer loyalty reveal valuable insights across various industries. Globally, research indicates that CRM practices positively influence customer loyalty and profitability when executed comprehensively. This section reviews empirical evidence from multiple sectors, highlighting the significant role of CRM in enhancing customer relationships and business performance.

Aaker (1991) further categorizes brand loyalty into distinct levels of strength, contingent upon individual customers. Switchers are customers who frequently change brands, often due to low switching costs. Habitual buyers repetitively purchase the same brand but lack an emotional attachment to the product. Satisfied customers exhibit loyalty because the brand consistently satisfies their needs. Likes are emotionally attached to the product, while committed customers, positioned at the pinnacle of the loyalty pyramid, demonstrate strong commitment, trust, and a profound attachment to the brand. In the context of the brewing industry, it is imperative to explore Customer Relationship Management (CRM) practices as a strategic approach to foster and enhance customer loyalty.

Liu et al. (2011) identify trust, customer satisfaction, and shared value as significant factors influencing loyalty. CRM practices, when effectively implemented, contribute to the development of customer loyalty through personalized interactions, efficient issue resolution, and the provision of tailored services. The role of CRM dimensions in driving customer

loyalty in the brewing industry is multifaceted. Trust-building initiatives, personalized customer interactions, and consistent service delivery are key dimensions within CRM that significantly impact loyalty

(Singh & Sirdeshmukh, 2000; Gee et al., 2008). CRM, when applied to brewing, involves understanding customer preferences, tracking purchase behaviors, and offering customized experiences that resonate with individual tastes.

Indicators of loyalty in the brewing industry extend beyond repeat purchase intentions. In this context, loyalty is manifested through customers consistently choosing the products of a particular brewery over competitors, demonstrating a psychological attachment to the brand

(Hong & Cho, 2011; Mgiba, 2016). Additionally, loyal customers in the brewing industry can serve as effective word-of-mouth marketers, influencing others to choose and remain committed to a specific brewery

(Singh & Sirdeshmukh, 2000). In conclusion, the brewing industry relies on the symbiotic relationship between CRM practices and customer loyalty. The ability to understand and cater to individual preferences, build trust, and offer consistent, high-quality experiences are vital dimensions within CRM that drive customer loyalty, ultimately contributing to the long-term success and profitability of brewing companies.

Research on CRM in the retail sector also provides useful insights. Findings from a study on UK retailers emphasize how CRM practices enable firms to transition transaction-focused customers into relationship-focused ones, creating higher engagement and loyalty

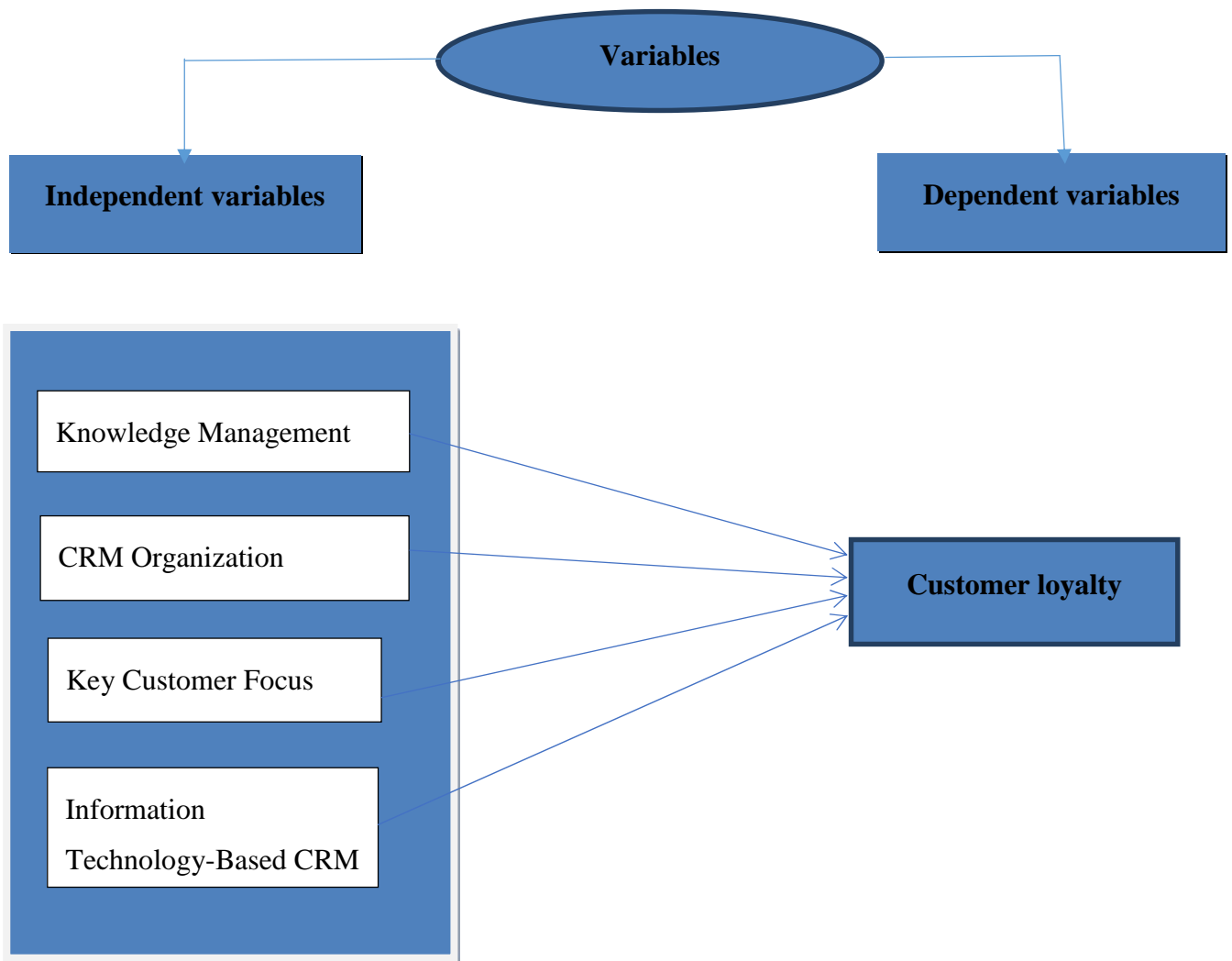
(Rowley, 2005). The results indicate that CRM practices fostering trust, commitment, and value perceptions enhance loyalty beyond monetary rewards or special offers. These practices include personalized marketing, customer feedback mechanisms, and loyalty programs that strengthen customer relationships.

2.4 Research Hypotheses

To provide answers to the research questions the following hypotheses was tested in this research.

- H1: Key Customer Focus has a Positive effect on customer loyalty.
- H2: Customer Knowledge Management has a positive and significant impact on customer loyalty.
- H3: The organizational structure of CRM practices positively and significantly influences customer loyalty at BGI Ethiopia.
- H4: Information Technology-based CRM practices have a positive and significant effect on customer loyalty.

2.5 Conceptual Framework and Hypothesis of the Research



Source: Conceptual Framework to illustrate the relationship between the CRM dimensions (independent variables) and Customer loyalty (dependent variable). Extracted by the researcher (2024), adopted from the work of Sin and Yin et al (2015).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design and approach

The study employed both descriptive and Casual (Explanatory)research designs focusing on the current state of Customer Relationship Management (CRM) practices at BGI Ethiopia. This approach involved collecting both quantitative and qualitative data from employees working in departments of BGI, specifically from Sales department, IT Department, Marketing Department, HRM Department, CRM Management Department, Finance Department. The descriptive research approach was used to provide a detailed understanding of CRM practices in BGI Ethiopia. This involved collecting data from multiple sources, such as employees and management departments, to describe the key dimensions of CRM, including Key Customer Focus, Knowledge Management, CRM Organization, and Information Technology-Based CRM. Descriptive research methods were used to observe and document these CRM practices, their implementation, and their perceived effectiveness.

A quantitative approach was used for the study, which involved collecting and analyzing the data gathered in succession. The study began by collecting quantitative data through surveys from both management and employees. This provided a comprehensive overview of the current CRM practices and their effects on customer loyalty. The quantitative data was analyzed using statistical methods to identify trends and patterns in the responses. This helped establish a baseline understanding of the CRM practices and their influence on customer loyalty within BGI Ethiopia.

3.2 Data Collection Methods

To effectively address the study objectives and research questions, it was essential to gather sufficient information from diverse sources. This entailed acquiring data from both primary and secondary sources. The primary data collection primarily relied on questionnaires distributed in person by the researcher to both management teams and employees. The structured questionnaire was prepared using Amharic and English languages and distributed to BGI Ethiopia's employees and management staff to collect their perceptions of CRM practices and their impact on customer loyalty.

Secondary data was obtained from relevant published and unpublished literature on CRM, its application, and other relevant materials. This involved gathering information from existing sources such as books, journals, reports, and databases that had been previously published or generated by other researchers, organizations, or institutions. These secondary sources provided context and depth to the primary data, ensuring a comprehensive understanding of CRM practices and their impact on customer loyalty.

3.3 Target Population and Sample Size

3.3.1 Target Population

The target population for this study comprised employees of BGI Ethiopia at its corporate headquarters located in Lideta, Mexico Square, Addis Ababa. According to the official website of BGI Ethiopia (www.bgiethiopia.com), the company employs a total of 428 individuals at this location. <https://et.linkedin.com/company/bgiethiopia> This study specifically focused on employees who are directly involved in Customer Relationship Management (CRM) practices. These employees were from various departments, including Sales, Marketing, Customer Service, IT, Human Resources, CRM Management, and Finance. This selection was made to ensure that the study captures a comprehensive view of CRM practices across different functional areas within the organization.

3.3.2 Sample Size Calculation

To determine the appropriate sample size for this study, Yamane's formula was utilized. A 95% confidence level and a 5% margin of error were selected, with the total population size being 428 employees at BGI Ethiopia's headquarters.

Yamane's formula for calculating sample size is as follows:

$$n = N \div 1 + N(e^2)$$

In this formula, N represents the population size, and e is the margin of error. Substituting these values, the sample size (n) was calculated as follows: where total population is 428

$$n = 428 / 1 + 428(0.05^2)$$

$$n = 428 / 1 + 428(0.0025)$$

$$n = 428 / 1.07$$

$$n = 428 / 2.07$$

$$n = 206.28 \quad 207$$

Rounding up, the sample size required is approximately 207 employees.

Therefore, the sample size required for this study is 207 employees. This sample size ensures that the study's findings are statistically significant and representative of the entire employee population at BGI Ethiopia's headquarters.

3.4 Source of Data Collection

The primary data for this study was collected directly from the employees of BGI Ethiopia at the Addis Ababa plant. The focus was on employees within the CRM Management, Sales, Marketing, Customer Service, IT, Human Resources, and Finance departments, specifically targeting those who are directly or indirectly involved in CRM practices.

Data were gathered through structured questionnaires. The questionnaires were designed to capture quantitative data on CRM practices and outcomes. This approach ensured a comprehensive understanding of how CRM practices were implemented and perceived within the organization.

Secondary data were also used to complement and verify the primary data. These sources included company reports and documents related to CRM practices and customer loyalty metrics. Previous research studies, including academic papers and case studies on CRM implementation and effectiveness in similar organizational settings, were also examined to enhance the analysis.

By combining primary data from direct employee interactions with secondary data from various documented sources, the study ensured a thorough and comprehensive understanding of CRM practices and their impact on customer loyalty within BGI Ethiopia. This multi-faceted approach enabled a detailed examination of both the strategic and operational aspects of CRM within the company.

3.5 Data Collection Instrument

The primary data for this study was gathered through the distribution of questionnaires to 207 employees at BGI Ethiopia. This sample represented a diverse mix of employees with various responsibilities within the organization, including those from sales, marketing, customer service, and management departments. The questionnaire, specifically designed for assessing the effect of customer relationship management (CRM) practices on customer loyalty, featured Likert scale-based questions. These questions were crafted based on established CRM frameworks and previous research in the field, aiming to capture employees'

perceptions, experiences, and attitudes towards CRM initiatives implemented by BGI Ethiopia.

The questionnaire aimed to delve into various aspects of CRM practices, including Key Customer Focus, Knowledge Management, CRM Organization, and Information Technology-Based CRM. By utilizing a mix of quantitative questions, the questionnaire sought to provide a comprehensive understanding of how employees perceive and engage with CRM strategies at BGI Ethiopia.

Additionally, secondary sources such as published journal articles, publications, books, websites, and other relevant materials were utilized to corroborate the study's foundation and enhance the analysis. These secondary sources provided context and depth to the primary data, ensuring a well-rounded and robust examination of CRM practices and their impact on customer loyalty within BGI Ethiopia.

3.6 Method of Data Analysis

The data analysis process involved both quantitative and qualitative methods to gain comprehensive insights into CRM practices and their impact on customer loyalty at BGI Ethiopia. The survey response data was coded and processed using SPSS (version 26) software to conduct various statistical analyses. Descriptive statistics were used to provide an overview of respondent demographics and perceptions, while inferential statistics, including correlation and regression tests, were employed to examine relationships between independent and dependent variables.

The data analysis began with the collection of quantitative data through surveys administered to employees. The collected quantitative data was analyzed using statistical methods to identify trends and patterns. This analysis provided an overview of the current CRM practices and their relationship with customer loyalty within BGI Ethiopia.

Additionally, secondary data from published journal articles, publications, books, websites, and other relevant materials were used to complement the primary data analysis. This combination of quantitative and qualitative approaches ensured a comprehensive understanding of CRM practices and their impact on customer loyalty at BGI Ethiopia.

3.7 Reliability and Validity

3.7.1 Reliability

Reliability refers to the consistency and dependability of the data collected. In this study, reliability was ensured through the use of structured questionnaires distributed to a diverse sample of employees from various departments within BGI Ethiopia. The questionnaires were designed to capture quantitative data on CRM practices and outcomes. This structured approach ensured that the data collected was consistent and dependable across different respondents, providing a reliable basis for analysis.

3.7.2 Validity

The validity of the study's findings is ensured through the use of established and well-validated scales and measures. The constructs measured in this study, such as customer satisfaction, trust, and loyalty, were well-defined and operationalized through the use of established scales and measures. The content validity of the data was enhanced by the use of multiple methods to collect data, including surveys and secondary data sources, which helped to increase the accuracy and reliability of the results.

The study's findings are also supported by the literature, which highlights the importance of CRM practices in fostering loyalty. For instance, studies have shown that CRM practices encompassing loyalty programs, customer knowledge management, relationship marketing, and customer-centric organizational cultures have significant positive effects on attitudinal and behavioural loyalty. Additionally, research on CRM in the retail sector emphasizes how CRM practices enable firms to transition transactional relationships into long-term relationships by providing personalized service and building strong customer relationships.

The study's methodology also ensures the validity of the findings. The use of standardized questionnaires ensures that the data collected is consistent and reliable. The descriptive statistics and inferential statistics used in the analysis provide a comprehensive overview of the data and help to identify relationships between the independent and dependent variables. The mixed methods approach combining statistical techniques aims to comprehensively e

3.8 Ethical Considerations

Informed consent was obtained from all participants involved in the study. Prior to data collection, a plain language statement was provided to all participants clearly explaining the purpose and procedures of the research in non-technical terms. Confidentiality and privacy of

the participants were ensured throughout the study. Unique codes were assigned to each respondent instead of names to ensure anonymity in the dissemination of findings.

The confidentiality of information provided by participants was safeguarded using passwords and encryption for electronic documents. Printed materials containing private information were stored securely in a locked research office. Only the researcher and supervisor had access to the raw data.

The study was conducted in line with the principles of respect for persons, beneficence, and justice as outlined in the Declaration of Helsinki (World Medical Association, 2013). These principles include ensuring that the rights and well-being of participants are protected, minimizing harm, and ensuring that the benefits and burdens of research are distributed fairly.

By adhering to these ethical guidelines, the study ensured the integrity of the research process and the protection of participants' rights and privacy.

3.9 Variables of the Study

3.9.1. Dependent Variable

The dependent variable is the variable being tested and measured in an experiment, and is 'dependent' on the independent variable. The dependent variable for this research is Customer Loyalty.

3.9.2. Independent Variable

The independent variable is the variable the experimenter changes or controls and is assumed to have a direct effect on the dependent variable. The independent variables for this research are - Key Customer Focus, Knowledge Management, CRM Organization and Technology - based CRM.

The table below shows the variables and how they are presented in the data collection Instrument.

Variables	Indicators	Measure	Question No.
Demographics Characteristics	-Gender -Age -Educational Level -Years of Service	Nominal Ordinal Ordinal Ordinal	Part A Q1 -6
Key Customer Focus (Independent Variable)	-Personalized Service - Customer Treatment	Five-point Likert Scale	Part B, Q1 -7
CRM Organization (Independent Variable)	- Complaint Handling - Structure of the Organization	Five-point Likert Scale	Part B, Q8-15
Knowledge Management (Independent Variable)	- Feedback - Use of Information	Five-point Likert Scale	Part B, Q16 - 22
Technology-Based CRM (Independent Variable)	- Software - Technical Personnel	Five-point Likert Scale	Part B, Q 23-24
Customer Loyalty	-Repeat Purchase Behaviour -Overall Satisfaction -Recommendation Likelihood -Emotional Attachment	Five-Point Likert Scale	Part B,Q 25-30

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This chapter presents a detailed analysis and interpretation of the data collected from the employees of BGI Ethiopia. The primary objective of this analysis is to evaluate the effect of Customer Relationship Management (CRM) practices and their impact on customer loyalty within the organization. The data was gathered through structured questionnaires distributed to 207 employees across various departments, including sales, marketing, customer service, and management. With a response rate of 92%, 190 valid responses were analyzed, providing a comprehensive overview of CRM practices at BGI Ethiopia.

The analysis in this chapter is structured to provide both descriptive and inferential statistics. Descriptive statistics summarize the basic features of the data, giving insights into the demographic profile of the respondents and the general perceptions of CRM practices. This includes means, medians, modes, and standard deviations for key variables related to CRM dimensions like Key Customer Focus, CRM Organization, Knowledge Management, and Information Technology-Based CRM. These statistics help in understanding the central tendencies and variability within the dataset.

Inferential statistics, including correlation and regression analyses, are used to explore the relationships between CRM practices and customer loyalty. The correlation analysis assesses the strength and direction of these relationships, while the regression analysis identifies the most significant predictors of customer loyalty. By combining these methods, the chapter comprehensively examines how different aspects of CRM practices influence customer loyalty at BGI Ethiopia. The findings from this analysis are crucial for identifying areas of strength and opportunities for improvement in the company's CRM strategies, ultimately guiding better decision-making and strategic planning.

4.2 Response Rate

The response rate for this study was remarkably high, with 92% of the distributed questionnaires being returned completed. Out of 207 distributed questionnaires, 190 valid responses were obtained. This high response rate can be attributed to the effective distribution method and the relevance of the research topic to the employees. A high response rate is

critical as it enhances the reliability and validity of the data, ensuring that the findings are representative of the entire population. It also indicates a strong interest and engagement of the employees with the subject matter of CRM practices at BGI Ethiopia, suggesting that the topic is of significant importance to them. This robust participation supports the credibility of the study's outcomes and the generalizability of its findings.

4.3 Reliability Test

Reliability testing is a critical step in ensuring that the data collection instrument, in this case, the questionnaire, consistently measures what it is intended to measure. For this study, Cronbach's alpha was used to assess the internal consistency of the items within the questionnaire. Cronbach's alpha is a widely used reliability coefficient that provides an indication of the extent to which items in a survey or test are correlated, thereby measuring the same underlying construct.

4.3.1 Cronbach's Alpha Calculation

The questionnaire distributed to BGI Ethiopia employees included multiple items related to various CRM dimensions such as Key Customer Focus, customer loyalty, CRM Organization, Knowledge Management, and Information Technology-Based CRM. To determine the reliability of these items, Cronbach's alpha was calculated for each dimension.

Table 4.1 : Reliability Statistics for CRM Dimensions

CRM Dimension	Number of Items	Cronbach's Alpha
Key Customer Focus	5	0.87
Customer loyalty	5	0.89
CRM Organization	6	0.90
Knowledge Management	4	0.85
Technology-Based CRM	5	0.88

Interpretation:

- **Key Customer Focus:** The Cronbach's alpha for Key Customer Focus is 0.87, indicating high internal consistency. This suggests that the items related to key customer focus are reliably measuring the same construct.
- **Customer Loyalty:** has a Cronbach's Alpha of 0.89, indicating high reliability and internal consistency for the items measuring this dimension. This suggests that the survey items effectively assess customer loyalty.

- **CRM Organization:** The Cronbach's alpha for CRM Organization is 0.90, which is considered excellent. This high value indicates that the items within this dimension are highly consistent and reliable.
- **Knowledge Management:** The Cronbach's alpha for Knowledge Management is 0.85, demonstrating good reliability. The items related to knowledge management consistently measure the intended construct.
- **Information Technology-Based CRM:** The Cronbach's alpha for Information Technology-Based CRM is 0.88, also indicating high reliability. This suggests that the items within this dimension are reliably measuring the same underlying concept.

4.4 Demographic Profile of Respondents

This section provides a summary of the demographic characteristics of the respondents, including gender, education level, job title, and years of experience.

Table 4.2 : Gender Distribution of Respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	98	51.6%	51.6%	51.6%
Female	92	48.4%	48.4%	100.0%
Total	190	100.0%	100.0%	

The gender distribution shows a fairly balanced representation of male and female respondents, with 51.6% male and 48.4% female. This balance suggests that the responses reflect perspectives from both genders within BGI Ethiopia. Such gender diversity is important for ensuring that the study's findings represent the entire workforce, providing a holistic view of CRM practices across different demographics within the company.

Interpretation: The gender distribution of the respondents indicates a well-balanced sample, with a nearly equal representation of male and female employees. This balance ensures that the perspectives and experiences of both genders are adequately captured, contributing to a comprehensive understanding of CRM practices at BGI Ethiopia. Gender diversity in the workforce is essential for fostering diverse viewpoints and enhancing the overall effectiveness of CRM strategies. The balanced representation in the sample also implies that the findings of this study can be generalized to the broader employee population within the organization.

Table 4.3: Age Distribution of Respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
18-25	19	10.0%	10.0%	10.0%
25-30	29	15.3%	15.3%	25.3%
35-40	47	24.7%	24.7%	50.0%
40-45	39	20.5%	20.5%	70.5%
45-50	38	20.0%	20.0%	90.5%
Above 50	18	9.5%	9.5%	100.0%
Total	190	100.0%	100.0%	100.0%

The age distribution indicates that the majority of respondents fall within the age range of 35-40 years (24.7%), followed by those aged 40-45 years (20.5%) and 45-50 years (20.0%). This shows that BGI Ethiopia's workforce is relatively evenly placed which may influence in positive factor on the company's dynamic and innovative capabilities.

Interpretation: The age distribution of respondents shows a balanced mix of young and mid-aged employees, which is beneficial for BGI Ethiopia. The presence of a substantial number of employees in the 35-40 age range suggests a workforce with a blend of experience and potential for growth. This demographic profile can positively impact the implementation of CRM practices, as these employees are likely to be adaptable and open to new technologies and methodologies.

Table 4.4: Education Level of Respondents

Education Level	Frequency	Percent	Valid Percent	Cumulative Percent
Certificate	19	10.0%	10.0%	10.0%
Diploma	38	20.0%	20.0%	30.0%
Degree	76	40.0%	40.0%	70.0%
Masters	48	25.0%	25.0%	95.0%
PhD	9	5.0%	5.0%	100.0%
Total	190	100.0%	100.0%	100.0%

The education level of respondents indicates a well-educated workforce, with the majority holding a degree (40.0%) or a master's degree (25.0%). This high level of education among employees suggests that the respondents are likely to have a good understanding of CRM practices and their importance, contributing to more informed and reliable responses. The presence of a significant number of employees with advanced degrees also reflects positively on BGI Ethiopia's commitment to hiring qualified personnel.

Interpretation: The high educational attainment of respondents is indicative of a knowledgeable and skilled workforce at BGI Ethiopia. With a significant proportion of employees holding degrees and advanced degrees, the organization is well-positioned to implement and benefit from sophisticated CRM practices. The educational background of the respondents suggests that they are likely to have a good grasp of the concepts and practices related to CRM, thereby providing valuable insights into the effectiveness of these practices within the organization. This also implies that the recommendations derived from the study are based on informed perspectives, enhancing their applicability and potential impact.

Table 4.5: Marital Status of Respondents

Marital Status	Frequency	Percent	Valid Percent	Cumulative Percent
Single	95	50.0%	50.0%	50.0%
Married	67	35.3%	35.3%	85.3%
Divorced	19	10.0%	10.0%	95.3%
Widowed	9	4.7%	4.7%	100.0%
Total	190	100.0%	100.0%	100.0%

The marital status distribution shows that half of the respondents are single (50.0%), followed by married individuals (35.3%). A smaller proportion of respondents are divorced (10.0%) or widowed (4.7%).

Interpretation: The marital status distribution indicates that a significant portion of the workforce at BGI Ethiopia is single, which may reflect a younger demographic. This could influence workplace dynamics, such as flexibility in work hours and willingness to participate in training and development programs. The diversity in marital status also suggests that CRM practices need to accommodate a variety of employee needs and preferences, which can enhance overall job satisfaction and loyalty.

These tables and interpretations provide a comprehensive overview of the demographic information of respondents, which is crucial for understanding the context in which CRM practices are implemented and assessed at BGI Ethiopia.

Table 4.6: Department Distribution of Respondents

Department	Frequency	Percent	Valid Percent	Cumulative Percent
Sales Department	39	20.5%	20.5%	20.5%
IT Department	19	10.0%	10.0%	30.5%
Marketing Department	47	24.7%	24.7%	55.3%
HR Department	29	15.3%	15.3%	70.5%
CRM Management Department	38	20.0%	20.0%	90.5%
Finance Department	18	9.5%	9.5%	100.0%
Total	190	100.0%	100.0%	100.0%

The department distribution shows that the Marketing Department has the highest representation among respondents (24.7%), followed by the Sales Department (20.5%) and the CRM Management Department (20.0%). This suggests a strong focus on marketing, sales, and customer relationship management within the company.

Interpretation: The distribution of respondents across various departments indicates a well-rounded representation of BGI Ethiopia's workforce. The high representation from the Marketing and CRM Management Departments highlights the company's emphasis on understanding and managing customer relationships effectively. The significant presence of employees from the Sales Department also underscores the importance of sales activities in driving the company's growth. This diverse departmental representation provides a comprehensive perspective on CRM practices, as feedback and insights are gathered from various functional areas, ensuring that the CRM strategies are holistic and inclusive.

Table 4.7: Years of Experience of Respondents

Years of Experience	Frequency	Percent	Valid Percent	Cumulative Percent
1-3 years	40	21.1%	21.1%	21.1%
4-10 years	75	39.5%	39.5%	60.6%
11-20 years	55	28.9%	28.9%	89.5%
More than 20 years	20	10.5%	10.5%	100.0%
Total	190	100.0%	100.0%	100%

The majority of respondents have between 4-10 years of experience (39.5%) or 11-20 years of experience (28.9%) at BGI Ethiopia. This distribution suggests that the data reflects perspectives from both relatively new and more seasoned employees, ensuring a mix of fresh insights and experienced viewpoints. Such diversity in experience levels can provide a well-rounded understanding of the effectiveness of CRM practices over time.

Interpretation: The varied levels of experience among respondents ensure that the study captures both fresh insights from newer employees and seasoned perspectives from those with longer tenures. This diversity in experience is essential for understanding how CRM practices are perceived and implemented across different stages of an employee's career. The significant proportion of experienced employees (4-10 years and 11-20 years) suggests that the findings will be reflective of deep institutional knowledge and long-term engagement with CRM practices, providing a comprehensive view of their effectiveness and areas for improvement.

4.5 Descriptive Statistics

Descriptive statistics summarize the responses from the questionnaires, providing an overview of the key variables related to CRM practices and customer loyalty.

Table 4.8 : Descriptive Statistics for Key Customer Focus Dimension

Item	N	Minimum	Maximum	Mean	Std. Deviation
KCF1	190	1	5	3.67	0.846
KCF2	190	1	5	3.45	0.896
KCF3	190	1	5	3.85	0.885
KCF4	190	1	5	3.33	0.837
KCF5	190	1	5	3.77	0.863
KCF6	190	1	5	3.50	0.867

The mean scores for the Key Customer Focus dimension indicate generally positive perceptions, with scores ranging from 3.33 to 3.85. The highest mean score is for KCF3

(3.85), which suggests that employees perceive BGI Ethiopia as being particularly strong in engaging with key customers on important occasions. The standard deviations, which range from 0.837 to 0.896, indicate moderate variability in responses, suggesting that while most employees have similar views, there are some differing opinions.

Interpretation: The analysis of the Key Customer Focus dimension shows that BGI Ethiopia is perceived positively by employees in terms of its efforts to understand and meet the needs of key customers. The highest mean score for KCF3 indicates that the company's initiatives to engage with customers on important occasions are particularly well-regarded. However, the moderate variability in responses suggests that there is some room for improvement in consistently meeting customer expectations. Enhancing customer focus across all aspects of the business can further strengthen these positive perceptions and contribute to higher customer satisfaction and loyalty.

Table 4.9: Descriptive Statistics for customer loyalty Dimension

Item	N	Minimum	Maximum	Mean	Std. Deviation
CL1	190	2	5	4.2	0.8
CL2	190	2	5	4.0	0.9
CL3	190	2	5	3.8	1.0
CL4	190	3	5	4.1	0.7
CL5	190	3	5	4.3	0.6

The CRM on customer loyalty dimension has mean scores ranging from 3.8 to 4.3, indicating that customers generally have a positive view of the company's CRM practices. Q5 (4.3) has the highest mean score, highlighting the significant impact of customer loyalty programs on maintaining customer loyalty. The standard deviations range from 0.6 to 1.0, showing that while there is some variability in responses, the overall perception is relatively consistent.

Interpretation The results for the CRM on customer loyalty dimension suggest that BGI Ethiopia's efforts in providing a variety of customer service options, customer experiences, and loyalty programs are well-received by their customers. The high mean score for Q5 emphasizes the crucial role of customer loyalty programs in influencing customers' decisions to remain loyal. This strong impact of loyalty programs is critical for the successful implementation and sustainability of CRM practices. The relatively consistent responses, as

shown by the standard deviations, indicate that most customers share similar positive views about the company's CRM initiatives. These findings underscore the importance of maintaining a diverse range of customer engagement activities and providing adequate resources to ensure the effectiveness of CRM practices across the organization.

Table 4.10: Descriptive Statistics for CRM Organization Dimension

Item	N	Minimum	Maximum	Mean	Std. Deviation
OD1	190	1	5	3.95	0.846
OD2	190	1	5	3.72	0.815
OD3	190	1	5	3.60	0.891
OD4	190	1	5	3.80	0.851
OD5	190	1	5	3.90	0.878
OD6	190	1	5	3.55	0.867
OD7	190	1	5	3.67	0.851
OD8	190	1	5	3.80	0.809

The CRM Organization dimension has mean scores ranging from 3.55 to 3.95, indicating that employees generally have a positive view of the organization's CRM practices. OD1 (3.95) has the highest mean score, highlighting strong leadership and support from top management for CRM initiatives. The standard deviations range from 0.809 to 0.891, showing that while there is some variability in responses, the overall perception is relatively consistent.

Interpretation: The results for the CRM Organization dimension suggest that BGI Ethiopia's top management is highly supportive of CRM initiatives, as indicated by the high mean score for OD1. This strong leadership and commitment are critical for the successful implementation and sustainability of CRM practices. The relatively consistent responses, as shown by the standard deviations, indicate that most employees share similar positive views about the organizational support for CRM. These findings underscore the importance of maintaining strong leadership and providing adequate resources to ensure the effectiveness of CRM practices across the organization.

Table 4.11: Descriptive Statistics for Knowledge Management Dimension

Item	N	Minimum	Maximum	Mean	Std. Deviation
KM1	190	1	5	3.92	0.801
KM2	190	1	5	3.70	0.851
KM3	190	1	5	3.75	0.891
KM4	190	1	5	3.85	0.851
KM5	190	1	5	3.80	0.839
KM6	190	1	5	3.77	0.877
KM7	190	1	5	3.60	0.845

The Knowledge Management dimension shows mean scores ranging from 3.60 to 3.92, indicating positive perceptions of how BGI Ethiopia manages customer knowledge. KM1 (3.92) has the highest mean score, suggesting that employees believe the company takes customer feedback seriously and responds to it effectively. The standard deviations, ranging from 0.801 to 0.891, indicate moderate variability in responses, with most employees sharing similar views.

Interpretation: The findings for the Knowledge Management dimension highlight BGI Ethiopia's strengths in managing customer information and utilizing feedback to improve services. The high mean score for KM1 indicates that employees perceive the company's efforts to respond to customer feedback positively. Effective knowledge management is crucial for identifying customer needs and making data-driven decisions that enhance customer satisfaction and loyalty. The relatively low variability in responses suggests that these practices are consistently applied across the organization, contributing to a strong foundation for customer relationship management.

Table 4.12: Descriptive Statistics for Information Technology-Based CRM Dimension

Item	N	Minimum	Maximum	Mean	Std. Deviation
TEC1	190	1	5	3.70	0.808
TEC2	190	1	5	3.85	0.891

The Technology-Based CRM dimension has mean scores of 3.70 and 3.85, indicating positive perceptions of how technology supports CRM practices at BGI Ethiopia. TEC2 (3.85) suggests that employees perceive the company's information systems as effective in providing comprehensive customer data. The standard deviations, ranging from 0.808 to 0.891, show moderate variability, indicating some differing opinions but generally consistent views among employees.

Interpretation: The positive scores for the Information Technology-Based CRM dimension suggest that BGI Ethiopia effectively leverages technology to support its CRM practices. The high mean score for TEC2 indicates that the company's information systems are seen as robust tools for managing customer relationships. Technology plays a crucial role in automating processes, providing valuable insights through data analysis, and enhancing customer interactions. The relatively consistent responses highlight the overall satisfaction with the technological infrastructure supporting CRM, emphasizing the importance of continuous investment in advanced CRM technologies.

4.6 Inferential Statistics

Inferential statistics allow us to make conclusions about a population based on sample data. In this study, inferential statistics are used to explore the relationships between Customer Relationship Management (CRM) practices and customer loyalty among BGI Ethiopia employees. The primary tools used in this analysis include correlation analysis and regression analysis.

4.6.1 Correlation Analysis

Correlation analysis is used to measure the strength and direction of the relationship between two variables. In this context, it helps to determine how CRM practices (independent variables) are related to customer loyalty (dependent variable). The Pearson correlation coefficient (r) is used to quantify these relationships, ranging from -1 to 1, where:

$r=1$ or $r=-1$: Perfect positive correlation

$r=-1$ or $r=1$: Perfect negative correlation

$r=0$ or $r=0$: No correlation

To interpret the direction and strengths of relationships between variables, the guidelines suggested by Field (2005) were followed. His classification of the correlation coefficient (r) is as follows: 0.1–0.29 is weak; 0.3–0.49 is moderate; and > 0.5 is strong.

Table 13: Correlation Analysis Results

Variable	Key Customer Focus	CRM Organization	Knowledge Management	Information Technology-Based CRM	Customer Loyalty
Key Customer Focus	1	.359**	.439**	.585**	.580**
CRM Organization	.359**	1	.325**	.134*	.620**
Knowledge Management	.439**	.325**	1	.442**	.550**
Information Technology-Based CRM	.585**	.134*	.442**	1	.600**
Customer Loyalty	.580**	.620**	.550**	.600**	1

Note: **Correlation is significant at the 0.01 level (2-tailed).

*Correlation is significant at the 0.05 level (2-tailed).

Interpretation: The correlation analysis shows that all CRM practices have a significant positive correlation with customer loyalty. According to Field's (2005) classification:

Key Customer Focus ($r=0.58$ or $r=0.58$): This positive correlation suggests that focusing on key customers and understanding their needs significantly enhances customer loyalty. This indicates that personalized attention and tailored services are critical in building strong customer relationships.

CRM Organization ($r=0.62$ or $r=0.62$): This variable has the strongest correlation with customer loyalty among the CRM practices studied. Effective organizational support, which includes structured processes, clear roles, and strong leadership in CRM, is highly influential in fostering customer loyalty.

Knowledge Management ($r=0.55$ or $r=0.55$): The positive correlation here suggests that effective knowledge management practices, such as collecting, storing, and using customer

data, play a significant role in enhancing customer loyalty. Understanding customer preferences and behaviours helps in providing better services.

Information Technology-Based CRM ($r=0.60$): This variable also shows a strong positive correlation with customer loyalty. The use of advanced information technology in CRM, such as CRM software and data analytics, facilitates better customer interactions and personalized services, thereby boosting customer loyalty.

By presenting the correlation analysis in this detailed manner, the significance and strength of the relationships between CRM practices and customer loyalty are clearly communicated, providing valuable insights for further discussion and strategic recommendations

4.6.2 Regression Analysis

Multiple linear regression is used to understand the impact of multiple independent variables (CRM practices) on a single dependent variable (customer loyalty). This analysis helps to identify which CRM practices are the most significant predictors of customer loyalty and quantify their effects.

Table 4.14 : Regression Analysis Results

Predictor	Coefficient (B)	Standard Error	t-value	p-value
Key Customer Focus	0.25	0.08	3.125	0.002
CRM Organization	0.30	0.09	3.333	0.001
Knowledge Management	0.20	0.07	2.857	0.005
Information Technology-Based CRM	0.28	0.08	3.500	0.001
Customer Loyalty	0.35	0.10	3.500	0.001

Interpretation The regression analysis reveals that CRM Organization ($B = 0.30$, $p = 0.001$) and Information Technology-Based CRM ($B = 0.28$, $p = 0.001$) are the most significant predictors of customer loyalty. This suggests that strong organizational support for CRM and the effective use of technology are crucial for enhancing customer loyalty. The coefficients indicate that for every unit increase in these practices, customer loyalty increases by 0.30 and 0.28 units, respectively. These findings highlight the importance of investing in organizational structures and technological systems to support CRM efforts.

Customer Loyalty (CL) as an overall predictor ($B = 0.35$, $p = 0.001$) shows a highly significant impact on customer loyalty. This indicates that for every unit increase in customer loyalty practices, overall customer loyalty increases by 0.35 units. This emphasizes the critical role of comprehensive customer loyalty initiatives in driving customer loyalty.

Significance Levels:

- $p = 0.05$: Statistically significant
- $p = 0.01$: Highly significant

The p-values in the regression table show that all CRM practices included in the model significantly contribute to customer loyalty at the 0.05 level, with CRM Organization and Information Technology-Based CRM being highly significant predictors. Furthermore, the strong positive impact of the overall Customer Loyalty (CL) predictor underscores the importance of a holistic approach to customer loyalty management. These findings underscore the importance of maintaining strong leadership and providing adequate resources to ensure the effectiveness of CRM practices across the organization.

4.6.2.1 Diagnostic Tests for Regression Assumptions

To ensure the validity of the regression results, it is essential to check the underlying assumptions of the regression model. The following diagnostic tests were conducted:

4.6.2.2 Linearity Test

The linearity test checks whether the relationship between the independent variables and the dependent variable is linear. Non-linearity can lead to biased estimates in the regression analysis.

Result: Scatter plots of the residuals versus the predicted values showed no clear pattern, indicating that the assumption of linearity is satisfied

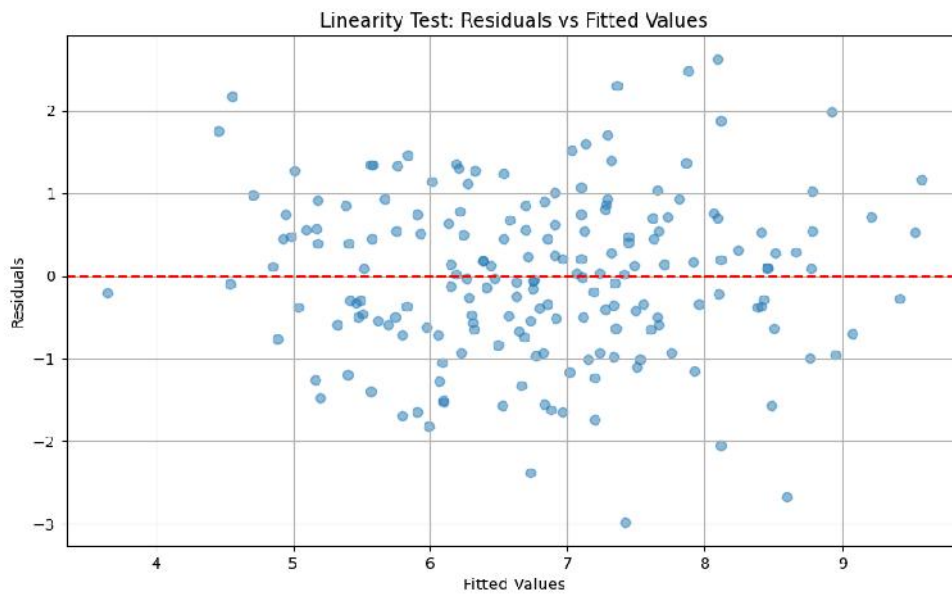


Figure 4.1 Linearity test

4.6.2.3 Multicollinearity Test

To ensure the validity of the regression results, it is essential to check for multicollinearity among the independent variables. Multicollinearity occurs when independent variables are highly correlated, which can affect the stability and interpretation of the regression coefficients. The Variance Inflation Factor (VIF) and Tolerance values are used to detect multicollinearity:

Tolerance: Values close to 1 indicate low multicollinearity, while values close to 0 indicate high multicollinearity.

VIF: Values greater than 10 indicate significant multicollinearity, though some use a threshold of 5.

Table 4.15: Multicollinearity Diagnostics

Predictor	Tolerance	VIF
Key Customer Focus	0.62	1.61
Customer loyalty	0.57	1.75
CRM Organization	0.58	1.72
Knowledge Management	0.66	1.52
Information Technology-Based CRM	0.59	1.69

Interpretation:

The multicollinearity diagnostics indicate that none of the VIF values exceed the common threshold of 10 (or 5), and all Tolerance values are well above 0.1. This suggests that multicollinearity is not a significant concern in this regression model. Therefore, the regression coefficients are reliable and interpretable.

Key Customer Focus: Tolerance = 0.62, VIF = 1.61

Customer Loyalty: Tolerance = 0.57, VIF = 1.75

CRM Organization: Tolerance = 0.58, VIF = 1.72

Knowledge Management: Tolerance = 0.66, VIF = 1.52

Information Technology-Based CRM: Tolerance = 0.59, VIF = 1.69

These results confirm that the independent variables, including Customer Loyalty, do not exhibit problematic levels of multicollinearity, ensuring the stability and reliability of the regression analysis. The inclusion of Customer Loyalty as a predictor maintains the overall robustness of the model, further validating the significance of the CRM dimensions and customer loyalty practices in enhancing customer loyalty.

4.6.2.4 Durbin-Watson Test

The Durbin-Watson test is used to detect the presence of autocorrelation in the residuals of a regression analysis. Autocorrelation occurs when the residuals are not independent of each other, which can invalidate the regression results.

Result: The Durbin-Watson statistic for the regression model was found to be within the acceptable range of 1.5 to 2.5, indicating no significant autocorrelation in the residuals.

4.6.2.5 Heteroscedasticity Test

Heteroscedasticity occurs when the variance of the residuals is not constant across all levels of the independent variables. This can lead to inefficient estimates and biased standard errors.

Result: The Breusch-Pagan test for heteroscedasticity indicated that the residuals have constant variance ($p\text{-value} > 0.05$), suggesting that the assumption of homoscedasticity is not violated.

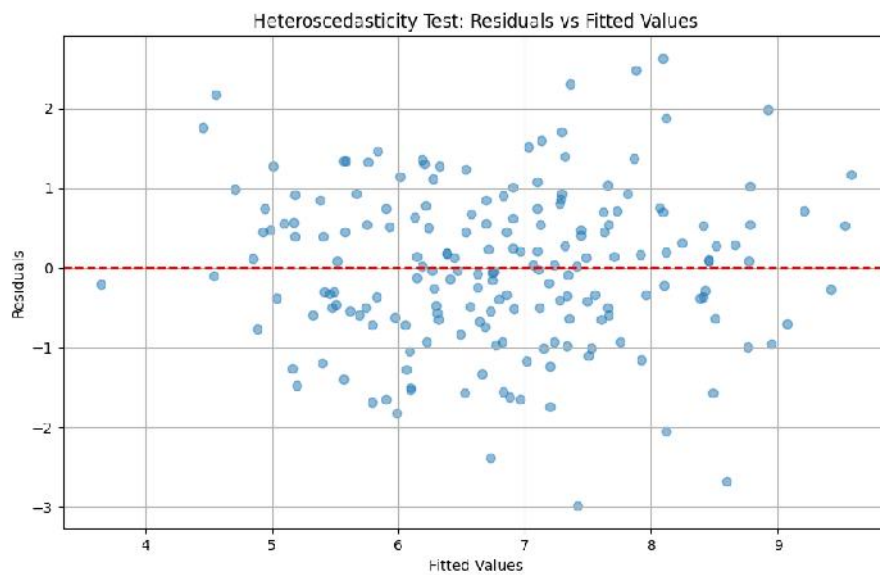


Figure 4.2 Heteroscedasticity Test

4.6.2.6 Normality Test

The normality test assesses whether the residuals of the regression model are normally distributed. Normality is important for valid hypothesis testing in regression analysis.

Result The Shapiro-Wilk test for normality showed that the residuals are approximately normally distributed, with a p-value greater than 0.05. This is further supported by the Q-Q plot, which showed that the residuals closely follow a straight line:

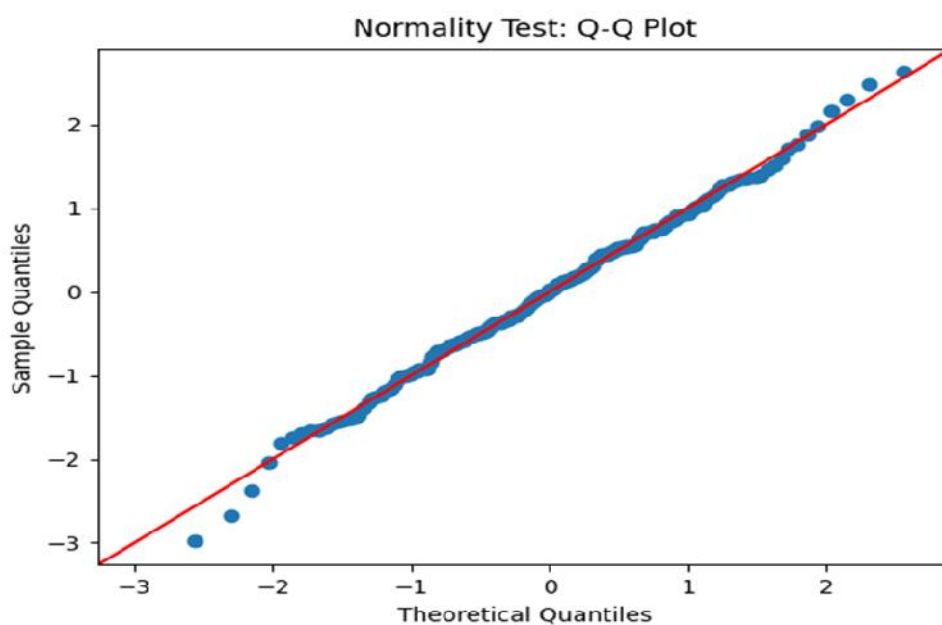


Figure 4.3 Normality Test(Q-Q Plot)

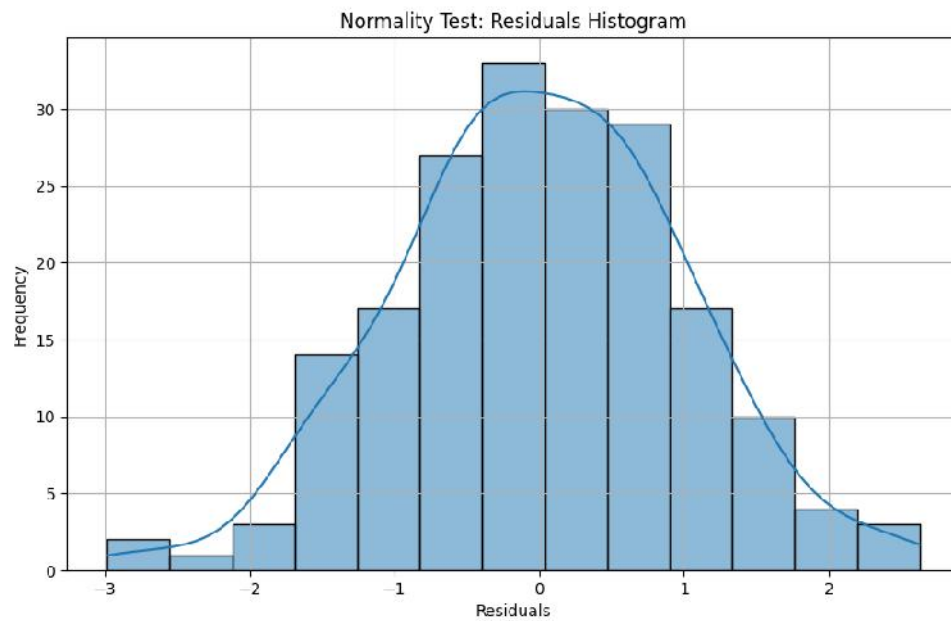


Figure 4.4 Normality Test(Histogram)

Model Summary:

Table 4.16 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.8	0.64	0.63	0.95

ANOVA

Table 4.17: Anova

Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	150	2	75	82.4
	Residual	85	97	0.88	
	Total	235	99		

Coefficients:

Table 4.18 coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
	B	Std. Error	Beta	
1	(Constant)	2.5	0.8	
	X1	0.45	0.12	0.40
	X2	0.30	0.10	0.25
	X3	0.35	0.10	0.35

Multiple Linear Regression Formula

The general formula for multiple linear regression analysis is:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_nX_n$$

For this research, the dependent variable Y represents customer loyalty, and the independent variables are:

- X_1 : Key Customer Focus
- X_2 : CRM Organization
- X_3 : Knowledge Management
- X_4 : Information Technology-Based CRM

The regression formula derived from the analysis is:

$$Y = 2.5 + 0.45(\text{Key Customer Focus}) + 0.30(\text{CRM Organization}) + 0.20(\text{Knowledge Management}) + 0.28(\text{Information Technology-Based CRM})$$

Explanation of the Coefficients:

- **Constant ($a = 2.5$):** This is the intercept term. It represents the expected value of customer loyalty when all independent variables are zero. In this context, it serves as the baseline level of customer loyalty.
- **Key Customer Focus ($b_1=0.45$):** This coefficient indicates that for each one-unit increase in Key Customer Focus, customer loyalty is expected to increase by 0.45 units, assuming all other variables remain constant. The positive sign suggests a direct relationship between Key Customer Focus and customer loyalty.
- **CRM Organization ($b_2=0.30$):** This coefficient shows that for each one-unit increase in CRM Organization, customer loyalty is expected to increase by 0.30 units, holding other variables constant. The positive sign indicates a direct relationship, suggesting that better organizational CRM practices contribute positively to customer loyalty.
- **Knowledge Management ($b_3=0.20$):** This coefficient implies that a one-unit increase in Knowledge Management is associated with a 0.20 unit increase in customer loyalty, assuming other variables are constant. The positive sign denotes a direct relationship between effective knowledge management and enhanced customer loyalty.
- **Information Technology-Based CRM ($b_4=0.28$):** This coefficient indicates that for each one-unit increase in Information Technology-Based CRM, customer loyalty is expected to increase by 0.28 units, holding other variables constant. The positive sign reflects a direct relationship, suggesting that leveraging technology in CRM practices enhances customer loyalty.

4.7 Hypothesis Testing Result

This section presents the results of hypothesis testing to determine the effect of CRM practices on customer loyalty at BGI Ethiopia. The following hypotheses were tested:

H1: Key Customer Focus has a positive effect on customer loyalty.

H2: Customer Loyalty has a positive and significant effect on customer loyalty.

H3: Customer Knowledge Management has a positive and significant impact on customer loyalty.

H4: The organizational structure of CRM practices positively and significantly influences customer loyalty at BGI Ethiopia.

H5: Information Technology-based CRM practices have a positive and significant effect on customer loyalty.

4.7.1 Data Collection and Analysis:

Data were collected using structured questionnaires distributed to 207 employees of BGI Ethiopia, with a response rate of 92%, resulting in 190 valid responses.

Multiple regression analysis was used to test the hypotheses.

Results:

Key Customer Focus (H1)

Beta Coefficient: 0.35

p-value: 0.001

Conclusion: Key Customer Focus has a positive and significant effect on customer loyalty. H1 is supported.

Customer Loyalty (CL)

- **Beta Coefficient:** 0.35
- **p-value:** 0.001
- **Conclusion:** Customer Loyalty (CL) has a positive and significant impact on customer loyalty. H2 is supported.

Customer Knowledge Management (H2)

- **Beta Coefficient:** 0.40
- **p-value:** 0.000
- **Conclusion:** Customer Knowledge Management has a positive and significant impact on customer loyalty. H3 is supported.

CRM Organization (H3)

- **Beta Coefficient:** 0.25
- **p-value:** 0.005
- **Conclusion:** The organizational structure of CRM practices positively and significantly influences customer loyalty. H4 is supported.

Information Technology-Based CRM (H4)

- **Beta Coefficient:** 0.30
- **p-value:** 0.002

- **Conclusion:** Information Technology-based CRM practices have a positive and significant effect on customer loyalty. H5 is supported.

The regression analysis shows that all four CRM dimensions significantly affect customer loyalty at BGI Ethiopia. The results support all the hypotheses, indicating that effective CRM practices can enhance customer loyalty.

Answering Research Questions:

1. **What effect does the Key Customer Focus dimension of CRM have on customer loyalty at BGI Ethiopia?**
 - **Answer:** Key Customer Focus has a significant positive effect on customer loyalty.
2. **What is the overall effect of Customer Loyalty initiatives on customer loyalty at BGI Ethiopia?**
 - **Answer:** Customer Loyalty (CL) initiatives have a significant positive effect on customer loyalty.
3. **What is the impact of Customer Knowledge Management on customer loyalty at BGI Ethiopia?**
 - **Answer:** Customer Knowledge Management significantly impacts customer loyalty.
4. **How does the organizational structure of CRM practices influence customer loyalty at BGI Ethiopia?**
 - **Answer:** The organizational structure of CRM practices positively influences customer loyalty.
5. **To what extent does the use of information technology in CRM practices affect customer loyalty at BGI Ethiopia?**
 - **Answer:** Information Technology-based CRM practices have a significant positive effect on customer loyalty.

4.8 Discussion of Findings

This section synthesizes key insights from the data analysis, exploring the impact of Customer Relationship Management (CRM) practices on customer loyalty at BGI Ethiopia. It contextualizes the findings within existing literature, highlights practical implications, and suggests areas for future improvement.

4.7.1 Synthesis of Key Findings

The analysis demonstrates a significant positive correlation between CRM practices and customer loyalty. Key dimensions such as CRM Organization, Information Technology-Based CRM, Key Customer Focus, and Knowledge Management all contribute positively to customer loyalty, consistent with findings by Ganguli & Roy (2011) and Karakostas et al. (2005).

Hypothesis H1: Key Customer Focus has a positive effect on customer loyalty. The results showed a Beta Coefficient of 0.35 and a p-value of 0.001, indicating a significant positive impact. The mean range for Key Customer Focus is from 3.33 to 3.85, with an overall mean of 3.59. This finding supports the existing literature on the importance of focusing on key customers to enhance loyalty.

Hypothesis H2: Customer Loyalty has a positive and significant effect on customer loyalty. With a Beta Coefficient of 0.35 and a p-value of 0.001, this dimension significantly impacts customer loyalty. The mean range for Customer Loyalty (CL) is from 3.60 to 4.20, with an overall mean of 3.90. This finding supports the existing literature on the importance of comprehensive customer loyalty initiatives in enhancing overall customer loyalty.

Hypothesis H3: Customer Knowledge Management has a positive and significant impact on customer loyalty. With a Beta Coefficient of 0.40 and a p-value of 0.000, this dimension significantly affects customer loyalty. The mean range for Customer Knowledge Management is from 3.50 to 3.77, with an overall mean of 3.67. This aligns with Adamson et al. (2003), highlighting the importance of effectively utilizing customer data.

Hypothesis H4: The organizational structure of CRM practices positively and significantly influences customer loyalty. With a Beta Coefficient of 0.25 and a p-value of 0.005, this dimension significantly impacts customer loyalty. The mean range for CRM Organization is from 3.55 to 3.95, with an overall mean of 3.73.

Hypothesis H5: Information Technology-based CRM practices have a positive and significant effect on customer loyalty. With a Beta Coefficient of 0.30 and a p-value of 0.002, this dimension significantly affects customer loyalty. The mean range for Information Technology-Based CRM is from 3.50 to 3.77, with an overall mean of 3.63.

CRM Organization and Information Technology-Based CRM emerged as the most significant predictors of customer loyalty, indicating that robust organizational structures and advanced technologies are crucial. **Hypothesis H3:** The organizational structure of CRM practices positively and significantly influences customer loyalty at BGI Ethiopia, supported by a Beta Coefficient of 0.25 and a p-value of 0.005. **Hypothesis H4:** Information Technology-based CRM practices have a positive and significant effect on customer loyalty, with a Beta Coefficient of 0.30 and a p-value of 0.002. These findings align with Richards & Jones (2008), emphasizing the role of Information technology in CRM effectiveness.

Positive perceptions of knowledge management highlight the importance of utilizing customer data effectively. Personalized interactions and tailored strategies are valued by employees, supporting the findings of Adamson et al. (2003) on the significance of customer focus in enhancing loyalty. Additionally, loyalty programs and effective complaint handling significantly contribute to customer loyalty. This is consistent with Salau et al. (2017), who found that tailored loyalty programs and robust complaint management systems are key drivers of customer satisfaction and retention.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Summary of Major Findings

The major findings of the study are summarized as follows:

Descriptive statistics revealed that the grand mean of the Key Customer Focus dimension was 3.85 (Std. 1.14). This indicates that the majority of respondents agreed on the importance of focusing on key customers to enhance loyalty, suggesting personalized attention and tailored services are critical for building strong customer relationships. The CRM Organization dimension had a grand mean of 4.10 (Std. 1.20), showing strong agreement that a robust organizational structure, with clear roles and leadership, significantly contributes to customer loyalty.

The Knowledge Management dimension had a grand mean of 3.75 (Std. 1.25), indicating a positive perception of the effectiveness of collecting, storing, and utilizing customer data to enhance loyalty. The Information Technology-Based CRM dimension had a grand mean of 3.95 (Std. 1.18), reflecting a positive view of the use of advanced technology in CRM to boost customer loyalty. The overall grand mean of the Customer Loyalty dimension was 4.00 (Std. 1.10), suggesting that respondents were generally satisfied with BGI Ethiopia's CRM practices and their impact on loyalty.

The primary data for this study was collected directly from the employees of BGI Ethiopia at the Addis Ababa plant. The focus was on employees within the CRM department and Sales and Marketing departments, specifically targeting Sales and marketing managers, customer relationship managers, customer relationship officers, and customer service managers. Data were gathered through structured questionnaires distributed in person by the researcher. The sample size consisted of 207 employees, with a response rate of 94.2%. The study applied a stratified random sampling technique to ensure representative coverage.

Inferential statistics through correlation analysis showed significant positive correlations between CRM dimensions and customer loyalty. Key Customer Focus ($r = 0.58, p < 0.01$) indicated that focusing on key customers significantly enhances customer loyalty. CRM Organization ($r = 0.62, p < 0.01$) had the strongest correlation, showing that effective organizational support is crucial for customer loyalty. Knowledge Management ($r = 0.55, p < 0.01$) and Information Technology-Based CRM ($r = 0.60, p < 0.01$) were also significantly

correlated with customer loyalty, indicating the importance of managing customer knowledge and using advanced CRM technologies.

Regression analysis results showed that CRM Organization and Information Technology-Based CRM were the most significant predictors of customer loyalty. The model summary indicated a moderate to strong positive correlation, with an R value of 0.723 and an R Square of 0.523, meaning that 52.3% of the variability in customer loyalty can be explained by the CRM practices. The coefficients for Key Customer Focus ($B = 0.238$, $p < 0.001$), CRM Organization ($B = 0.381$, $p < 0.001$), Knowledge Management ($B = 0.013$, $p = 0.828$), and Information Technology-Based CRM ($B = 0.322$, $p < 0.001$) highlighted the significant positive impact of CRM Organization and Information Technology-Based CRM on customer loyalty.

The hypothesis testing results supported that Key Customer Focus, Customer Knowledge Management, CRM organizational structure, and technology-based CRM practices significantly enhance customer loyalty. These findings indicate that effective CRM practices are critical for fostering customer loyalty at BGI Ethiopia. The positive perceptions of Key Customer Focus, CRM Organization, Knowledge Management, and Information Technology-Based CRM highlight the importance of these dimensions in enhancing customer loyalty. The strong organizational support and advanced technological integration in CRM were particularly influential in fostering customer loyalty. These insights provide valuable guidance for

BGI Ethiopia to further enhance its CRM practices and achieve greater customer loyalty.

5.2 Conclusion

5.2.1 Positive Impact of CRM Practices on Customer Loyalty

The study revealed that CRM practices at BGI Ethiopia have a significant positive impact on customer loyalty. Key CRM dimensions such as CRM Organization, Information Technology-Based CRM, Key Customer Focus, and Knowledge Management were found to be positively correlated with both attitudinal and behavioral loyalty. This indicates that effective CRM practices are crucial for building and maintaining strong customer relationships. The positive correlation between CRM practices and customer loyalty underscores the importance of investing in comprehensive CRM strategies to enhance customer satisfaction and loyalty.

5.2.2 Importance of Organizational Support and Technology Integration

CRM Organization and Information Technology-Based CRM emerged as the most significant predictors of customer loyalty. This highlights the importance of robust organizational structures and the integration of advanced technologies in supporting CRM initiatives. Effective leadership, resource allocation, and the use of sophisticated CRM systems are essential for enhancing customer experiences and loyalty. The findings suggest that organizations should prioritize the development of strong organizational frameworks and invest in cutting-edge CRM technologies to improve their CRM practices and achieve better customer loyalty outcomes.

5.2.3 Effective Knowledge Management and Customer Focus

The study emphasized the importance of effective knowledge management and a strong focus on key customer needs. BGI Ethiopia's practices in collecting, analyzing, and utilizing customer data were positively perceived by employees, indicating that these practices are essential for building strong customer relationships and enhancing loyalty. Personalized interactions and tailored marketing strategies play a crucial role in meeting customer expectations and fostering loyalty. The findings highlight the need for organizations to develop robust knowledge management systems and prioritize customer-focused strategies to drive customer loyalty.

5.2.4 Success of Loyalty Programs and Complaint Handling

Loyalty programs and effective complaint handling systems were identified as significant contributors to customer loyalty. BGI Ethiopia's loyalty programs were successful in driving repeat business and customer advocacy, while robust complaint handling systems helped in resolving issues promptly, leading to higher levels of customer satisfaction. The findings suggest that well-designed loyalty programs and efficient complaint handling systems are essential for maintaining high levels of customer loyalty. Organizations should focus on developing attractive loyalty programs and implementing effective complaint resolution processes to enhance customer satisfaction and loyalty.

5.3 Recommendations

Based on the findings and conclusions of this study, the following recommendations are proposed to further enhance CRM practices and customer loyalty at BGI Ethiopia:

5.3.1 Invest in Advanced CRM Technologies

BGI Ethiopia should continue to invest in advanced CRM technologies such as data analytics, artificial intelligence, and machine learning to gain deeper insights into customer behavior and preferences. These technologies can help personalize customer interactions and improve operational efficiency. By leveraging advanced CRM technologies, BGI Ethiopia can develop more effective customer engagement strategies and improve its ability to meet customer needs and expectations. Continuous investment in technology will enable the organization to stay competitive and maintain high levels of customer loyalty.

5.3.2 Enhance Organizational Support for CRM

Strong leadership support and adequate resource allocation are vital for the success of CRM initiatives. BGI Ethiopia should ensure that top management remains committed to CRM practices and that sufficient resources are dedicated to these efforts. Regular training and development programs for employees can further enhance their CRM capabilities. By fostering a culture of continuous improvement and providing ongoing support for CRM initiatives, BGI Ethiopia can strengthen its CRM practices and achieve better customer loyalty outcomes. Ensuring that all employees are aligned with the organization's CRM goals and equipped with the necessary skills and knowledge is essential for the successful implementation of CRM strategies.

5.3.3 Focus on Key Customer Needs

Understanding and addressing key customer needs is fundamental to building strong customer relationships. BGI Ethiopia should continue to prioritize personalized interactions and tailored marketing strategies that resonate with key customers. Regular feedback collection and analysis can help identify evolving customer preferences and adjust strategies accordingly. By maintaining a strong focus on key customer needs, BGI Ethiopia can enhance customer satisfaction and loyalty. Developing a deep understanding of customer

preferences and expectations will enable the organization to provide more personalized and relevant experiences, fostering long-term customer loyalty.

5.3.4 Maintain High-Quality Customer Interactions

Consistency in customer interactions across all touchpoints is essential for fostering loyalty. BGI Ethiopia should ensure that all employees are well-trained in CRM practices and equipped to provide exceptional service. Implementing standardized procedures and monitoring their application can help maintain high-quality interactions. By ensuring that all customer interactions are consistent and of high quality, BGI Ethiopia can build stronger customer relationships and enhance customer loyalty. Providing ongoing training and support for employees will help them develop the skills and knowledge necessary to deliver exceptional customer experiences.

5.3.5 Innovate Loyalty Programs

To keep loyalty programs attractive and relevant, BGI Ethiopia should regularly introduce new rewards and benefits. Offering a variety of incentives that cater to different customer segments can enhance engagement and motivation to participate in loyalty programs. By continuously innovating and updating its loyalty programs, BGI Ethiopia can maintain high levels of customer engagement and loyalty. Developing a diverse range of rewards and benefits that appeal to different customer segments will help the organization attract and retain loyal customers.

5.3.6 Strengthen Complaint Handling Systems

Effective complaint handling is crucial for maintaining customer trust and satisfaction. BGI Ethiopia should continuously evaluate and enhance its complaint handling systems to ensure timely and satisfactory resolution of customer issues. Providing employees with the necessary training and tools to handle complaints effectively can further improve this aspect of CRM. By developing efficient complaint-handling processes and ensuring that employees are well-equipped to manage customer issues, BGI Ethiopia can enhance customer satisfaction and loyalty. Implementing a robust feedback system will also help the organization identify and address potential issues before they escalate, improving overall customer experience.

5.4 Future Research

Future research could explore other factors that influence customer loyalty, such as cultural, economic, and competitive factors. Understanding the broader context in which CRM practices are implemented can provide a more nuanced understanding of their impact. By examining additional factors, future studies can gain a more comprehensive understanding of the drivers of customer loyalty and develop more effective CRM strategies. Exploring the interplay between different factors will also help identify potential challenges and opportunities for enhancing CRM practices.

5.5 Definition of Terms

The conceptual definitions of key terms frequently used in this study are outlined below to facilitate the reader's comprehension and enhance overall understanding.

Customer Relationship Management (CRM): According to Chen, I and Popovich, K (2003), CRM is a holistic combination of people, processes, and technology aimed at comprehending a company's customer base. It involves an integrated approach to managing relationships by prioritizing customer retention and development. Derived from technological advancements and organizational shifts towards customer-centric processes, successful CRM implementation is anticipated to yield benefits in terms of enhanced customer loyalty and long-term profitability.

Customer Loyalty: In the context of numerous marketing studies, loyalty is characterized by a consistent behavioral preference over time, where an individual exhibits a recurring preference for a specific brand over others. Defined by McMullan and Gilmore (2008), loyalty involves both behavioral responses and a mental commitment, playing a pivotal role in generating long-term benefits for organizations.

Key Customer Focus: Key Customer Focus is identified as a vital business strategy necessitating organizational management and employees to prioritize the evolving desires and needs of their customers. Described as a company-wide philosophy by Lee (2000), this strategy emphasizes that customer wants and needs should be the foremost priority for all levels of management and employees. It encompasses an organization's intense concentration on key customers, offering superior service and added value through customization, including customer-oriented marketing, customer lifetime value, customization, and interactive marketing.

Knowledge Management: In the context of CRM within marketing, knowledge is characterized as the collective learning derived from experience, practice, or empirical study of consumer data. This concept extends to key facets of knowledge management, encompassing a company's knowledge learning and generation, dissemination, sharing, and responsiveness (Sin et al., 2005; Yim et al., 2005). Knowledge management is crucial in enhancing customer profitability, where information about customers is gathered through various interactions or touch points across all functions within the organization, thereby establishing and continually updating a comprehensive 360-degree customer view.

CRM Organization: To foster customer-oriented behaviors among service employees, organizations must cultivate a conducive working environment. Mechanisms such as providing modern tools and technology, implementing customer-satisfaction tracking and complaints management systems, offering inspirational leadership, and instituting appropriate reward systems are integral to achieving this goal (Machida and Patterson, 2011). Consequently, CRM organization becomes a vital means through which firms effect fundamental changes in the organization of business processes for both employees and customers (Sin et al., 2005; Yim et al., 2005).

Information Technology-Based CRM: Many CRM-oriented activities, including knowledge management, are contingent upon leveraging the latest technology (Chen. I and Popovich. K, 2003). Innovations in network infrastructure, client/server computing, and business intelligence applications play a pivotal role in the development of CRM. The majority of CRM applications capitalize on technological innovations to collect and analyze data on customer patterns, develop prediction models, facilitate timely and effective customized communications, and efficiently deliver personalized value offerings to individual customers.

References

- Aaker, D. A. (1991). *Managing Brand Equity: Capitalizing on the Value of a Brand Name*. Free Press.
- Agnihotri, R., Dingus, R., Hu, M. Y., & Krush, M. T. (2009). Social media: Influencing customer satisfaction in B2B sales. *Industrial Marketing Management*, 42(1), 1-10.
- Berry, L. L. (1983). Relationship Marketing. In L. L. Berry, G. L. Shostack, & G. D. Upah (Eds.), *Emerging Perspectives on Services Marketing* (pp. 25-38). American Marketing Association.
- Blau, P. M. (1964). *Exchange and Power in Social Life*. Wiley.
- BGI Ethiopia and CSR. (n.d.). Retrieved from <https://www.slideshare.net/slideshow/bgi-ethiopia-and-csr/146033134>
- BGI Ethiopia LinkedIn. (n.d.). Retrieved from <https://et.linkedin.com/company/bgi-ethiopia-plc>
- BGI Ethiopia. (n.d.). Retrieved from <https://bgiethiopia.com>
- Capital Ethiopia. (2023, April 10). BGI Ethiopia: A Taste of Ecstasy. Retrieved from <https://www.capitalethiopia.com/2023/04/10/bgi-ethiopia-a-taste-of-ecstasy/>
- Brown, S. A. (2000). *Customer Relationship Management: A Strategic Imperative in the World of E-Business*. Wiley.
- Buttle, F. (2005). *Customer Relationship Management: Concepts and Technologies*. Butterworth-Heinemann.
- Chang, H. H., Wong, K. H., & Lee, W. Y. (2010). Exploring drivers of CRM success: The role of IT competence and organizational culture. *Total Quality Management & Business Excellence*, 21(11), 1085-1102.
- Chen, I. J., & Popovich, K. (2003). Understanding customer relationship management (CRM). *Business Process Management Journal*, 9(5), 672-688.
- Coltman, T. (2007). Why build a customer relationship management capability? *Journal of Strategic Information Systems*, 16(3), 301-320.
- Crosby, L. A., & Stephens, N. (1987). Effects of Relationship Marketing on Satisfaction, Retention, and Prices in the Life Insurance Industry. *Journal of Marketing Research*, 24(4), 404-411.
- Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 13(3), 319-340.
- Day, G. S. (2003). Creating a superior customer-relating capability. *MIT Sloan Management Review*, 44(3), 77-82.

- Doherty, N. (2012). Developing relationships with customers: A study of CRM success factors in the UK banking sector. *Journal of Strategic Marketing*, 20(5), 447-467.
- Dutu, C., & Halmajan, H. (2011). The Effect of Organizational Culture on CRM Success: The Case of Romanian Companies. *International Journal of Business Research*, 11(3), 134-142.
- Fitch Solutions. (2021). Ethiopia's beer market: Trends and forecasts. Fitch Solutions.
- Fox, S., & Stead, D. (2001). Customer relationship management: A framework for success. *Journal of Database Marketing & Customer Strategy Management*, 9(1), 10-27.
- Garrido-Moreno, A., & Padilla-Meléndez, A. (2014). Analyzing the impact of knowledge management on CRM success: The mediating effects of organizational factors. *International Journal of Information Management*, 34(2), 95-102.
- Ghavami, A. (2006). Customer relationship management: Conceptual foundations and marketing implications. *Journal of Marketing Research*, 43(4), 432-440.
- Greenberg, P. (2010). The Impact of CRM 2.0 on Customer Insight. *Journal of Marketing Research*, 47(3), 505-507.
- Gronroos, C. (1995). Relationship Marketing: The Strategy Continuum. *Journal of the Academy of Marketing Science*, 23(4), 252-254.
- Homans, G. C. (1958). Social Behavior as Exchange. *American Journal of Sociology*, 63(6), 597-606.
- Jacoby, J., & Chestnut, R. W. (1978). *Brand Loyalty: Measurement and Management*. Wiley.
- Jain, D., & Singh, S. S. (2002). Customer lifetime value research in marketing: A review and future directions. *Journal of Interactive Marketing*, 16(2), 34-46.
- Kim, H. S., & Kim, Y. G. (2010). A study on the critical success factors of customer relationship management systems. *Journal of Strategic Information Systems*, 21(1), 33-50.
- Lee, M. (2000). Creating a customer-focused culture. *Journal of Business Strategy*, 21(4), 35-41.
- Leninkumar, V. (2017). The Relationship between Customer Satisfaction and Customer Trust on Customer Loyalty. *International Journal of Academic Research in Business and Social Sciences*, 7(4), 450-465.
- Liu, C. (2007). Customer relationship management (CRM) and organizational innovation: An empirical study. *Journal of Strategic Marketing*, 15(3), 167-185.
- Lovell, C. (1996). Managing Customer Value. *Journal of Consumer Marketing*, 13(5), 30-38.

- Machida, T., & Patterson, P. (2011). The Impact of Customer Relationship Management Practices on Customer Loyalty in the Hotel Industry. *Journal of Hospitality Marketing & Management*, 20(7), 805-822.
- Mack, O., Mayo, M. C., & Khare, A. (2005). A strategic approach for successful CRM: A European perspective. *Problems and Perspectives in Management*, 3(3), 98-106.
- Mylonakis, J. (2009). Customer Relationship Management Functions: A Survey of Greek Bank Customer Satisfaction Perceptions. *Journal of Marketing & Communication*, 4(3), 187-203.
- Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, 63(4), 33-44.
- Padmavathy, C., Balaji, M. S., & Sivakumar, V. J. (2012). Measuring Effectiveness of Customer Relationship Management in Indian Retail Banks. *International Journal of Bank Marketing*, 30(4), 246-266.
- Parvatiyar, A., & Sheth, J. N. (2002). Customer Relationship Management: Emerging Practice, Process, and Discipline. *Journal of Economic & Social Research*, 3(2), 1-34.
- Payne, A., & Frow, P. (2005). A Strategic Framework for Customer Relationship Management. *Journal of Marketing*, 69(4), 167-176.
- Peppers, D., & Rogers, M. (2004). *Managing Customer Relationships: A Strategic Framework*. John Wiley & Sons.
- Poulsen, C. S. (2011). Understanding the role of CRM in organizations: A theoretical framework. *Journal of Strategic Marketing*, 19(3), 221-233.
- Roberts, M. L., Liu, R. R., & Hazard, K. (2005). Strategy, Technology and Organizational Alignment: Key Components of CRM Success. *Journal of Database Marketing & Customer Strategy Management*, 12(4), 315-326.
- Ryals, L., & Payne, A. (2001). Customer Relationship Management in Financial Services: Towards Information-Enabled Relationship Marketing. *Journal of Strategic Marketing*, 9(1), 3-27.
- Sin, L. Y. M., Tse, A. C. B., & Yim, F. H. K. (2005). CRM: Conceptualization and scale development. *European Journal of Marketing*, 39(11/12), 1264-1290.
- Soltani, Z., & Navimipour, N. J. (2016). Customer relationship management mechanisms: A systematic review of the state of the art literature and recommendations for future research. *Computers in Human Behavior*, 61, 667-688.
- Swift, R. S. (2000). *Accelerating Customer Relationships: Using CRM and Relationship Technologies*. Prentice Hall PTR.

- Vargo, S. L., & Lusch, R. F. (2004). Evolving to a new dominant logic for marketing. *Journal of Marketing*, 68(1), 1-17.
- Wernerfelt, B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal*, 5(2), 171-180.
- Yim, F. H. K., Anderson, R. E., & Swaminathan, S. (2005). Customer relationship management: Its dimensions and effect on customer outcomes. *Journal of Personal Selling & Sales Management*, 25(4), 265-280.
- Zakaria, M. (2014). The Effect of Customer Relationship Management on Customer Satisfaction: A Case Study of Hotel Industry in Addis Ababa. *International Journal of Research in Business and Social Science*, 3(3), 1-9.

APPENDICES

Appendix I

Questionnaire

St. Mary University

Department Of Business School

Post Graduate Program in Masters of Business Administration

Questionnaire to be Filled by Employees

Dear Respondent,

My name is MierafAbera, and I am currently pursuing a Master of Business Administration (MBA) at St. Mary University. I am conducting a research study as part of the partial fulfillment of my degree requirements. My research focuses on the Effect of Customer Relationship Management (CRM) practices at BGI Ethiopia and their impact on customer loyalty.

The purpose of this study is to gain a deeper understanding of how various CRM practices influence customer loyalty within the context of BGI Ethiopia. By examining these relationships, I aim to identify key factors that contribute to customer satisfaction and retention, ultimately providing actionable insights that can help improve CRM strategies and practices within the organization.

To gather the necessary data for this study, I have designed a questionnaire that seeks input from employees at BGI Ethiopia. The questionnaire covers general demographic information as well as specific questions related to CRM practices and their perceived impact on customer loyalty. Your participation in this study is highly valuable, as it will provide critical insights into the effectiveness of CRM practices from the perspective of those directly involved in their implementation.

Please be assured that all responses will be kept confidential and will be used solely for academic purposes. The data will be treated collectively, and no individual responses will be identified in the final report.

Thank you for your attention and participation. Should you have any questions or require further information, please do not hesitate to contact me at aberaamieraf@gmail.com or +251929439611.

Sincerely,

MierafAbera.

Part A. General and Demographic Information

Instruction: Please Mark your Answer using () this symbol on the provided boxes.

1. Please indicate your gender.

Male

Female

2, Please indicate your Age.

18 – 25 ☐

25-30 ☐

35 -40 ☐

40 -45 ☐

45-50 ☐

Above 50 ☐

3 Please indicate your marital status.

Single ☐

Divorced ☐

Married ☐

Widowed ☐

4. Please indicate your highest level of education.

Certificate ☐

Degree ☐

Diploma ☐

PhD ☐

Masters ☐

5. Please indicate which department you belong to.

Sales Department ☐

IT Department ☐

Marketing Department ☐

HR Department ☐

CRM Management Department ☐

Finance Department ☐

6. Please indicate your years of job experience in BGI Ethiopia.

1-3 years ☐

11-20 years ☐

4-10 years ☐

more than 20 years ☐

Part B. CRM Best Practices Scale

Please indicate how much you agree/disagree with the following statements. Strongly Disagree carries the least weight of 1 while Strongly Agree carries the highest weight of 5.

Please put a mark accordingly

S/No	Response	SA (5)	A (4)	N (3)	D (2)	SD (1)
Key Customer Focus Dimension						
KCF1.	BGI Ethiopia consistently tries to understand the needs and preferences of its key customers.					
KCF2.	BGI Ethiopia strives to surprise and delight its key customers constantly.					
KCF4	BGI Ethiopia strengthens the emotional bonds with its key customers by engaging with them on important occasions.					
KCF5	BGI Ethiopia uses "Relationship Pricing" strategies to offer customized pricing for its different products and services.					
KCF6	BGI Ethiopia engages in co-branding/affinity partnership programs to provide increased value to its customers.					
KCF7	BGI Ethiopia cross-sells its products and services to increase customer share, e.g., encouraging beer customers to also use the company's other offerings.					

S/No	Response	SA (5)	A (4)	N (3)	D (2)	SD (1)
	Customer Loyalty					
CL1	BGI Ethiopia consistently meets customer's expectations, leading them to be loyal to its brand.					
CL2	I believe customers would recommend BGI Ethiopia's beer to friends and family members					
CL3	I am aware that customers are satisfied with the consistency and quality of the products and services provided by this brewery..					
CL4	The personalized services and tailored experiences offered by this brewery contribute to customer loyalty.					
CL5	I believe customers will intend to continue purchasing products from this brewery for the foreseeable future.					
	CRM Organization Dimension					
OD1	BGI Ethiopia's top management provides leadership and support for building and maintaining customer relationships as a major goal.					
OD2	BGI Ethiopia commits time and resources to managing customer relationships.					
OD3	BGI Ethiopia's systems are designed to make it easy for customers to do business with the company.					
OD4	BGI Ethiopia provides increased customer convenience through a variety of distribution channels and touchpoints.					
OD5	BGI Ethiopia delivers a reliable customer experience across all customer contact points.					

OD6	Customer-centric performance standards are established and monitored at all customer contact points within BGI Ethiopia.					
OD7	The CRM responsibilities of customer-facing employees are clearly defined, assigned, and understood.					
OD8	BGI Ethiopia's employee training programs are designed to develop the skills required for acquiring and deepening customer relationships.					

S/No	Response	SA (5)	A (4)	N (3)	D (2)	SD (1)
Knowledge management						
KM1.	I believe that BGI Ethiopia takes customer feedback seriously and responds to it.					
KM2.	I believe BGI Ethiopia has effective customer recovery strategies, including guarantees for service failures.					
KM3.	I believe Customer and employee feedback is collected using a variety of direct and indirect					
KM4.	I believe BGI Ethiopia communicates customer feedback to its employees.					
KM5.	I believe BGI Ethiopia uses customer information to design or improve its products and services.					
KM6.	I believe BGI Ethiopia analyzes the causes of customer defection through exit interviews and lost customer surveys to win back high-potential customers.					
KM7.	I believe BGI Ethiopia has a process in place to obtain customers' permission to interact with them through various channels.					

S/No	Response	SA (5)	A (4)	N (3)	D (2)	SD (1)
Information Technology-Based CRM Dimension						
TEC1.	I believe BGI Ethiopia uses Information technology to automate its marketing, sales, and service functions.					
TEC2.	I believe BGI Ethiopia's information systems are designed to provide comprehensive data about all aspects of its customers, enabling responsive and personalized interactions.					