



ST. MARY'S UNIVERSITY COLLEGE
SCHOOL OF GRADUATE STUDIES

**The Impact of Customer Relationship Management
(CRM) On Brand Loyalty
(The case of Nyala Insurance Company S.C)**

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**August, 2020
Addis Ababa, Ethiopia**

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**By:
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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY COLLEGE SCHOOL OF
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Declaration

I, the undersigned, declare that this thesis is my original work prepared under the guidance of **Yibeltal Nigussie (Asst, Prof)**. All source of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

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Endorsement

This thesis has been submitted to St. Mary's University College, school of Graduate Studies for examination with my approval as a university advisor.

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August 09, 2020

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Abstract

In today's highly competitive market structure, winning customers' mind demand to think beyond the current sales volume horizon, and companies deliver superior value to their target customers and provide more satisfaction than its competitors. Because of immense competition in today's business market, organizations are struggling to apply different marketing strategies and programs to gain more market share and acquire more customers on one hand. The main objective of the study is to examine the impact of Customer relationship management on brand loyalty in one of the private insurance companies in Ethiopia Nyala Insurance share Company. Research is explanatory by nature and it follows a quantitative approach, thus a deductive research approach was used. Data were collected through a five points Likert type summated rating scales of questionnaire. The research is conducted on 310 respondents drawn from Nyala Insurance S.C clients who reside in Addis Ababa and interview is conducted with CRM department staffs of the company and 280 of the questionnaires were properly filled and used for further analysis. Both descriptive and inferential statistics was used to analyze the data collected through questionnaire and examine the hypothesis. Descriptive statistics was used to summarize demographic data of respondents, Principal component analysis was used to extract components and multiple regression analysis is used to establish the relationship between the independent and dependent constructs of the research. The result of the study reveals that CRM has a positive and significant impact on brand loyalty. Moreover, the study indicated that there is significant impact of trust, commitment, and customer satisfaction on predicting brand loyalty. Customer satisfaction emerged as the strong factor which influences brand loyalty. Depending on the findings, practical implications of this study is, in order to ensure the company stability. Nyala insurance should give emphasis to Customer relationship management as a strategic tool to enhance their brand loyalty which helps to gain value from customers and should build a better relationship bond with its customers continuously.

List of Abbreviations

CRM	:	Customer Relationship Management
NISCO	:	Nyala Insurance Share Company
NBE	:	National Bank of Ethiopia

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

One of the basic elements of modern marketing understanding is customer satisfaction. Business can survive as long as they can meet the customers' needs and enable customer satisfaction. Determining the consumer's wishes and needs and a meeting them is one the ways of enabling consumer satisfaction. For this reason, it is pretty important in our intensively competitive environment to be in regular contact with customers and to follow the changes in them closely.

There has been a shift from a transaction to relationship focus in marketing. Customers become partner & the firm must make long- term commitments to maintaining those relationships with quality, service & innovation. Relationship marketing essentially represents a paradigm shift with in marketing away from an acquisition/transaction focus toward a retention/relationships focus. Relationship marketing (relationship management) is a philosophy of doing business, a strategic orientation, which focuses on keeping & improving current customers rather than on acquiring new customers. This philosophy assumes that many consumers & business customers prefer to have an ongoing relationship with one organization than to switch continually among providers in their search for value. Building on this assumption & the fact that it is usually much cheaper to keep a current customer than to attract a new one, successful marketer are working on effective strategies for retaining customers (Valarie A.Zeithaml, Mary Jo Bitner, 2003) The first three steps in the marketing process understanding the marketplace and customer needs, designing a customer-driven marketing strategy, and constructing a marketing program-all lead up to the fourth and most important step: building profitable customer relationships. Customer relationship managements perhaps are the most important concept of modern marketing. Some marketers define it narrowly as a customer data management activity (a practice called CRM). By this definition, it involves managing detailed information about individual customers and carefully managing customer "touch points" to maximize customer loyalty. Most marketers, however, give the concept of customer relationship management a broader meaning. In this broader sense, customer relationship management is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and

satisfaction. It deals with all aspects of acquiring, keeping, and growing customers. (Philip Kotler, Gary Armstrong, 2012).

Customer access to various channels of information and data distribution and presenting goods for selecting a product in a highly competitive environment in the market, have reduced their loyalty towards suppliers. For this reason, the question of how to effectively communicate with customers and their survival is one of the most important issues in durability and stability of companies in the area of competitiveness and profitability (Kotler, 2002). Also, given that in recent years, customer expectations have increased in today's customer-oriented business conditions, customer relationship management is a necessity (Thompson, 2006).

The success of a firm depends largely on its capability to attract consumers' towards its brands. In particular, it is critical for the survival of a company to retain its current customers, and to make them loyal to the brand. Brand loyalty has been one of the biggest issues in the world of marketing over the last years (Kotler, 1994).

According to Jobber and Lancaster (2009) as with tangible products, a service must satisfy needs of buyers. However, the benefits are less tangible than with physical products in that they cannot be stored or displayed and satisfaction is achieved through activities. Insurance services are typical forms of intangible product. To mitigate risk of loss many types of insurance products are offered to the market. These insurance companies sell only promises to indemnify insured/assured for accidental loss or damage due to insured perils. Insurance services are considered as risk management mechanisms. Scholars in the area of risk management and insurance argue that there is no universal definition for risk however there are some common elements in all the definitions; indeterminacy and loss. Uncertainty about the outcome and the possibility exists that the outcome will be unfavorable; lack of knowledge about the future and the possibility of some adverse consequence are common in most definitions. Hence, the most accepted definition of risk states that risk is a condition in which there is a possibility of an adverse deviation from a desired outcome that is expected or hoped for (Vaughan and Vaughan, 2008). From this definition one can clearly understand that the situation is undesirable and no one for sure knows the event before the occurrence of the loss, but there is a probability that the undesired situation may occur at any particular time in the future. Thus risk must be managed, and risk management is a scientific approach to dealing with risks by anticipating possible losses

and designing and implementing procedures that minimize the occurrence of loss or the financial impact of the losses that do occur. According to Vaughan and Vaughan (2008) Insurance is one of the risk management mechanisms and it can be defined either from the social point of view or from the viewpoint of individuals. The definition from the social point of view states that insurance is an economic device for reducing and eliminating risk through the process of combining a sufficient number of homogeneous exposures into a group to make the losses predictable for the group as a whole. This definition emphasizes the role of insurance in reducing risk in the aggregate, which it does by pooling. The definition of insurance from the viewpoint of individual emphasis on transfer of risk and consider insurance as a device through which the individual substitutes a small certain cost for a large uncertain loss. Relationship marketing is a strategy that focuses on keeping and improving relationships with existing customers. Various researches have been conducted to study the role of relationship marketing on customer loyalty, customer satisfaction, and profitability. According to Kotler et al. (2005) to succeed or simply to survive, companies need a new philosophy, companies must be customer-centered- they must deliver superior value to their target customers, they must become adept in building customer relationships, not just building products, and they must be skillful in market engineering, not just product engineering.

Hence this research will study the impact of relationship management on brand loyalty for the insurance sector in the case of Nyala Insurance S.C.

1.2 Problem of the study

The current globalization market has made companies to see the internationalization of their activities as a way to remain competitive. Marketing strategy has become important tool globally for any organization to remain in competitive market environment and to be stronger (Gbolagade, Adesola, Olewale, 2013).

Customer loyalty is one of the most important issues organizations face today. Creating loyal customers has become more important due to significant increase in competition and concentrated markets. Businesses are trying to attract and satisfy customers and to build long-term relationship through building loyalty among customers (Gremler, 1996).

Insurance companies operating in Ethiopia are accordingly put in to a pressure due to the increased competition in the industry. Different strategies are implemented to retain their customers.

Now a day's customers demand is increasing, customers' expectations and attitudes towards the standard services is changed. Their expectations and perceptions are dramatically changing; this makes the service provider to manage their marketing strategy in accordance with their target customers. NISCO in 2017/18 recorded the industry's highest results. However, currently retaining, satisfying and attracting new customers are becoming tough for NISCO in stiff industry.

Maintaining relationship between customers is important for financial institutions. In the history of the private insurance company, over the last two decades, seventy new insurance companies were established. All of these companies typically offer the same type of products with similar scope of covers. They also target to share the same pocket. This gives customers a low switching cost advantage. According to Kotler (2003) company needs to deliver more satisfaction than its competitors, otherwise these customers switch to competitors who can satisfy them more.

Most empirical studies revealed the need and influence of customer relationship management in different business sectors. Thus, the major emphasis of this particular research is to investigate the application of customer relationship management, and determine its effects on customer.

However, regardless all these studies and findings the insurance industry experience is against the concept of customer relationship management. During an interview made with the customer relationship management team and referring to printed materials such as annual reports, I have identified that customer relationship management is given little or no attention in two major reasons. First, from the 2018/19 NISCO annual report the industry is characterized by unfair competition and focus exclusively on rate cuts. This means that lowering premium charges become a means both to retain existing customers and to attract new customers. That is, premium charge is considered as a means to attract new and retain existing customers. Hence, there is no need to think about the long term relationship as far as a lowered premium is charged.

Second, they believed that once customers buy the company's services, due to the nature of the business interaction, there is a need for renewal, and this customers in most cases renew their policy and maintain the "long-term relationship". This is also reflected across the insurance industry. Hence, these companies primarily target on how to increase their overall market share. Almost all their marketing budget is allocated for the acquisitions of new customers, and little attention is given for existing clients. Thus, due to these major reasons, they believe that there is no justification to invest on existing customers, and that is why most insurers even do not have customer relationship setup in their organizational chart.

Hence, there is a need to study the impact of customer relationship management's concept on brand loyalty in the insurance sector.

Developing a network of loyal and satisfied customers is critical for the survival of many corporations (Kotler, 2004). In this regard, branding is used to establish a competitive position by addressing one of the purposes of branding i.e. repeat sales or loyalty (Lamb, 2008).

The study conducted by (Nebyou 2014) on Ethiopia private banking industry conclude that customer satisfaction is one of the dominant influences of brand loyalty. Based on the findings, it is indicated that feeling of security held by the consumer in his/her interaction with the bank brand is very important. It is based on the customer perception that the brand is reliable and responsible for the interests of the consumer. Therefore, brand trust showed up as a significant determinant of brand loyalty. Another British journal studies (www.eajournals.org) found that CRM strategy impacts positively on banks' customers brand commitment and loyalty behaviors. However, continuance loyalty weighted highly positive on customer advocacy behavior than

affective loyalty. The study concluded that customer relationship management strategy helps in winning customers brand commitment and loyalty. Thus, continuance factors are suitable for predicting advocacy intentions of customers of Nigerian banks. The paper aimed at finding the determinants of customer brand loyalty in united bank s.c done by (Abel, 2016) concluded that customer satisfaction has a significant role in maintain brand loyalty of clients.

Research Questions

The research is designed to address the following questions to assess the Customer Relationship Management on Brand Loyalty in NISCO.

- 1) To what extent does trust influence brand loyalty?
- 2) To what level dose commitment influence brand loyalty?
- 3) To what level communication influence brand loyalty?
- 4) To what level customer satisfaction influence brand loyalty?

1.3 Objectives

1.3.1 *General objectives*

- To asses customer relationship management on brand loyalty in Nyala Insurance.

1.3.2 *Specific objectives*

- To examine the impact of trust on brand loyalty.
- To examine the impact of commitment on brand loyalty.
- To examine the impact of communication on brand loyalty.
- To examine the impact of customer satisfaction on brand loyalty.

1.4 Significance of the Study

NISCO for the last two years recorded highest in the industry in its core business. To retain this achievement in a competitive environment, require effective design and proper implementation of marketing elements. The purpose of this study was to provide insight and direction to managers to make the right decision on brand to achieve the company's objectives. In addition, it enables the top level managers and employees to get information about the perception of customers towards the service delivered by the company.

1.5 Scope of the study

Due to time and financial constraints in taking large sample size it is difficult to include all branches of the company. Therefore, the researcher considers geographical convenience. Hence, the scope of this research was customers of Addis Ababa branches. This study was confined to assess only the impact of CRM on brand loyalty.

1.6 Limitations of the study

CRM Organization, Knowledge Management and Technology Based CRM) on loyalty have not been considered. Other forms of financial institutions such as banks and microfinance institutions were not included in the study. Therefore; the findings of this study cannot be generalized to the financial service industry as a whole. The secondary data utilized for this study only covers up to the year 2018/2019 G.C. The COVID-19 pandemic spread was the other limitation which makes the researcher's data collection task more complex and risky.

1.7 Organization of the Study

This research has consisted five chapters. The first chapter deals with the background of the study, problem of the study, research questions, objectives of the study, definition of terms, significance of the study, scope and limitation of the study. The second chapter deals with literature reviews where major related literatures reviewed from different books, journals were presented. In the third chapter, the research design and methodology were presented. The fourth chapter deals on results, discussion, and finally chapter five presents summary of the findings, conclusion and recommendation.

1.8 Definitions of terms

Customer: operationally customer refers to organizations, individuals and businesses that patronize insurance products and services.

Customer Relation Management (CRM): can be defined as the establishment and maintenance of long-term relationships between an organization and its customers (Torres & Kline, 2006:293; Reinartz & Kumar, 2003:77; Christopher, Payne & Ballantyne, 2002:4).

Customer satisfaction: is the feeling to a product/service satisfaction obtained by a consumer after purchasing good or service accepted. (Chang & Chungiang, 2015)

Insurance: is a device for the reduction of the uncertainty. (Hailu, 2007)

Premium: the amount of consideration that an insurer charges to a policy holder for the transfer of risks. (Hailu, 2007)

Trust: as existing when one party has confidence in an exchange partner's reliability and integrity. (Morgan and Hunt (1994)

Commitment: refers to the efforts by an insurer and its employees to serve customers with the desired levels of performance. It also reflects the insurance company's values, attitudes and beliefs in terms of the customer orientation and CRM efforts. (Padmavathy et al, 2012, p. 260)

Loyalty: The seller's perception of the consumer's positive attitude to the product manifested by re buying. (Hougaard and Bjerre 2009: 67)

Communication: Communication, especially timely communication, means helping to resolve the disputes and aligning the conceptions and expectations in order to enhance mutual trust in a relationship Sin et al. (2002)

Brand loyalty: Brand loyalty is strong commitment to superior services or goods repurchase in future to acquire the same brand despite of marketing efforts by potential rivals and their impacts. (Jandaghi et al., 2011, p.3)

CHAPTER TWO

2. LITERATURE REVIEW

This chapter provides theoretical foundation of the study, presents a summary of CRM in relation with brand loyalty literatures such as definitions, assumptions and major concepts regarding CRM and brand loyalty. Finally, conceptual framework of the study was included by summarizing different literature results.

2.1 Theoretical Literature

2.1.1 *Customer Relationship Management Definition*

The aim of this research was not just to familiarize the reader with the techniques and technology of CRM philosophy and its relationship in building brand loyalty of businesses. The more ambitious goal of this research is to benefit the reader's to understand the importance of customer relationship management as necessary and significant elements of managing every successful enterprise in building brand image to the eyes of the public. Hence, *'a firm most valuable asset is its customers, and given the new and unfolding technological capabilities to recognize, measure, and manage relationship with each of those customers in order to succeed, a firm must focus in deliberately increasing the value of the customer base'* (Peppers & Rogers, 2004,p.6). Therefore, the competitive advantage for any enterprise can be gained only by leveraging knowledge of customers' expectations, preferences and behavior, which involve creating an ongoing dialog with customers and manipulating the information and insight obtained at every customers touch points (Payne & Frow, 2005). It's worth mentioning that, building good life time value with customers is not a brief assignment of the marketing department rather it's an ongoing process which required the involvement of the entire organization. This is true for non-profit (when the customers may be donors or volunteers), as well as for-profit, large or small, public or as well as for private enterprise (Peppers & Rogers, 2004, p.6).

The case can be more difficult when talking about the concept of CRM philosophy and the new definition of relationship marketing in the public sector. Therefore, the public sector has different objectives and faces different challenges regarding customer management, customer satisfaction, customer retention, customer attraction and acquisition.

In addition to this, the fact that, the public sector organization can't choose the proper people they serve; they oriented to serve the entire customer's knocking their doors. The segmentation and targeting process which considers essential requirements for the private sector companies marketing strategy are not valid. Implementing CRM concept on the public and private sector will be measured through this research when employing its effect on the customers of the bank. Linking the working area of banking with the new and developing practice of CRM, in order to measure the effect of adopting the concept on customer loyalty will be the main goal of this study.

However, many scholars give various definitions for customer relationship management, among these definitions technological and relationship aspects of customer relationship management are the fundamental ones. For instance some authors from marketing experience emphasize the marketing side to define customer relationship management while others consider information technology view point to define CRM. However, from marketing point of view, CRM is defined according to (Couldwell, 1998) as *“CRM is a blend of business process and technology that are used to realize a company's customers from the viewpoint of who they are, what they do, and what they are like”*.

But, according to (Swift, 2000), more emphasis is given for customer relationship management and is defined as *“it is a system of business approach that are thoughtful and manipulating customer behavior by managing relationships via meaningful communication in order to improve customer turnover”*. In these circumstances, customer relationship is defined as a multidimensional construct composed of four behavioral components:-key customer focus, CRM organization, Knowledge management and technology-based CRM in order to implement the CRM in a successful way for increasing customer loyalty (Sadek 2011).

Kotler & Keller (2005) define CRM as the process of carefully managing detailed information about individual customers and all customer “touch points” to maximize loyalty. These touch points are anything and any occasion that customer approaches the Brand, the Product or Service.

By summarizing the different definitions of CRM raised by different researchers, (Zablah, Ballenger and Johnston 2004) demonstrated that there are five points of view for defining CRM. The points of view are the process, the strategy, the philosophy, the ability and the technology.

As a **process** CRM can be defined as creating and enhancing the engagement and relationships with the external parties, specially the agents and end-consumers.

As a **strategy** it can be defined as the investment of the companies in the customers who are expected to be valuable for the institution, and the reduction of investment in the valueless customers of the company.

As **philosophy** it can be defined as a temporary project, but a work philosophy, which aims at putting the customer in the focus of the attention of the organization.

As **ability** it can be defined as means the desire and ability of the institution to custom its behavior towards every customer, on the basis of the information the customer tells and what the institution knows about that customer.

As a **technology** it can be defined as the technology used to integrate sales systems, marketing systems and information systems to establish relationships with customers.

Parvatiyar and Sheth (2001) defined CRM as “a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value”.

Customer Relationship Management has developed as an approach based on maintaining positive relationships with customers, increasing customer loyalty and expanding customer lifetime value. (Brassington and Pattit, 2000) Moreover, (Swift, R.S, 2000) defined as: “It is a management approach to understanding and influencing customer behavior by managing relationships through meaningful communication to improve customer turnover”. Marshall and Johnston (2011) CRM was characterized as any application which requires an organization to

make use effective and efficient business strategy and leadership style in order to create relationship management with customers.

2.1.2 Evolution of CRM

Customer relationship management by itself is not a new concept it's often referred as one-to one marketing in the literature but it is now practical due to the advancement in enterprise software technology.

As customers have grown to be more conscious consumers, enterprises have had to pay the prices of the errors they do in customer relationships. According to (Bose R. 2002) firms had to listen to their customers so as to be able to sustain their presence in the market. Thus, enterprises noticed that they could be successful if they adopted customer based marketing. Several factors contributed to the rapid development and evolution of CRM. One was the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end customers. Another factor was the growth of the service economy. Since services are typically produced and delivered at the same time and place, it minimized the role of service marketing (Berry & Parsurman 1991).

In addition, the intense competition forced the marketers to be more concerned with customer retention and loyalty (Dick & Basu 1994, Reicheld 1996). As several studies have indicated, retaining customers is less expensive and perhaps a more sustainable competitive advantage than acquiring new ones. Marketers are realizing that it costs than less to retain customers than to compete for new ones (Rosenberg & Czepiel 1984). As a result they rely on CRM to retain their customers.

Fueled by new technology and growing availability of advanced product features and services, customer expectations are changing dynamically. Customers are less willing to make compromises or trade off in product and service quality. In the world of ever changing customer expectations cooperative and collaborative relationship with customers seem to be the most prudent way to keep track of their changing expectations and appropriately influencing it (Sheth & Sisodia, 1995).

2.1.3 Purpose of CRM

The purpose of CRM is to better direct company communication to customer in the business to business and business to customers channels. CRM has also been referred to as continues relationship marketing or ability to improve relationships through refinement of customer contact. This marketing approach is not new; direct marketing and direct mail particular have long practiced the continuous refinement of service offering to customers. Direct marketing has always relied on segmentation, targeting, differentiated marketing and careful evaluation. What is new with respect to CRM is scope of customer contact, the information available and the depth of customer knowledge utilize. (Roger and others, 2008)

2.1.4 Types of Customer Relationship Management

According to Buttle's (2009), there are four types of CRM which will be discussed here under;

- ✓ **Strategic CRM-** strategic CRM focused up on the development of a customer-centric business culture. This culture is dedicated to winning and keeping customers by creating and delivering value better than competitors. The culture is reflected in leadership behaviors, the design of formal system of the company, and myths and stories that we created within the firm.
- ✓ **Operational CRM-** operational CRM automates and improves customer facing and customer supporting business processes. CRM software applications enable the marketing, selling, and serving functions to be automated and integrated.
- ✓ **Analytical CRM-** analytical CRM is concerned with capturing, storing, extracting, integrating, processing, interpreting, distributing, using and reporting customer related data to enhance both custom end company values.
- ✓ **Collaborative CRM-** Collaborative CRM is the term used to describe the strategic and tactical alignment of normally separated enterprises in the supply chain for the more profitable identification, attraction, retention and development of customers.

2.1.5 Importance of Customer Relationship Management

Customer Relationship Management (CRM) can improve a company's customer service practices, helping employees respond to clients' queries quickly and effectively. (Poulsen, 2011)
Customer Relationship Management (CRM) aids the building of positive relationships among employees and with customers service (Kwamena, 2013).

Belding (2001), Customer relationship management solutions can help businesses increase their sales effectiveness, drive customer satisfaction, streamline business processes, identify and resolve bottlenecks, all of which directly contribute towards the bottom line revenue as well as assurance of repeat business. Customer relation management solutions are not just a nice-to-have but a necessity in a world where customer retention is prime importance.

According to Manga and Anand (2003:251) the following are best attribution of Customer Relationship Management (CRM) system which reflects business results financial service companies must obtain by implementing their CRM solutions.

- ✓ Increasing acquisition of new customers
- ✓ Improving relation with existing customers
- ✓ Increasing the profitability of customers relationships
- ✓ Improving distribution and channel management

Maximizing the value of past Customer Relationship Management (CRM) investments

2.1.6 Objectives of Customer Relationship Management

Kotler, Saunders and Armstrong (2005) defined Customer Relationship Management (CRM) as consisting of sophisticated software and analytical tools that integrate customer information from all sources, analyze it in depth, and apply the results to build stronger customer relationship. According to them, Customer Relationship Management (CRM) integrates everything that a company's sales service and marketing teams know about individual customers to provide a 360-degree view of the customer relationship.

2.1.7 Benefits of Customer Relationship Management

Richards and Jones (2008) had also identified seven core benefits of CRM through an extensive review of many literatures written on CRM. These benefits are:

- ✓ Improved ability to target profitable customers
- ✓ Integrated offerings across channels
- ✓ Improved sales force efficiency and effectiveness
- ✓ Individualized marketing messages
- ✓ Customized products and services
- ✓ Improved customer service efficiency and effectiveness
- ✓ Improved pricing

2.1.8 CRM Dimensions

A. Trust

According to Clow & Kurtz (2003), the key to developing a customer relationship competitive advantage is not merely obtaining a contractual agreement, it is developing mutual trust. They argue that the customers must be able to trust the seller and know that he or she will provide the service when needed at the service quality level desired and the seller must be able to trust and work with the customer in a mutually beneficial relationship. This relationship involves both parties sharing information and working together to solve problems. The primary action in gaining customer acceptance of service process modification is to develop customer trust.

B. Commitment

Commitment is another important determinant of the strength of a marketing relationship, and a useful construct for measuring the likelihood of customer loyalty and predicting future purchase frequency (Morgan and Hunt, 1994). These authors defined commitment as an enduring desire to maintain a valued relationship. This implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial. They also suggested when commitment is higher among individuals who believe that they receive more value from a relationship, highly committed customers should be willing to reciprocate effort on behalf of a firm due to past benefits received and highly committed firms will continue to enjoy the benefits of such reciprocity.

C. Communication

Communication refers to the ability to provide timely and trustworthy information. Today, there is a new view of communications as an interactive dialogue between the company and its customers, which takes place during the pre-selling, selling, consuming and post-consuming stages. (Anderson and Narus, 1990). Morgan and Hunt (1994) suggested that an easy flow of communication is an important characteristic of a strong relationship.

Moorman *et al.*(1993) state that timely communication fosters trust by assisting in resolving disputes and aligning perceptions and expectations. Communication in relationship marketing means keeping in touch with valued customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs. It is the communicator's task in the early stages to build awareness, develop consumer preference (by promoting value, performance and other features), convince interested buyers, and encourage

them to make the purchase decision. (Ndubisi and Chan, 2005) Communications also tell dissatisfied customers what the organization is doing to rectify the causes of dissatisfaction. When there is effective communication between an organization and its customers, a better relationship will result and customers will be more loyal.

D. Customer satisfaction

Satisfaction refers to the consumers or receivers' positive emotion about product or service. Indeed, this emotion is created through satisfying customers' expectations or suppliers' performance. Also degree of satisfaction or dissatisfaction depends on the relationship between customer's expectations and supplier's performance (Dadkhah, 2009).

According to Oliver (1980), as cited in Kazi Omar Siddiqi (2010), the customer satisfaction model explains that when the customers compare their perceptions of actual products/services performance with the expectations, then the feelings of satisfaction have arisen. Any discrepancies between the expectations and the performance create the disconfirmation. Satisfaction is a positive response that resulted from an expectable unstable experience that includes observable processes. The customers compare the pre-purchase or after-purchase results with their expectations and any differences leads to insistence (Burnner et al., 2008).

2.1.9 Barriers to CRM Success

CRM implementation might not be successful all the time. There are some organizational factors that will hinder a CRM strategy to be successful. Buttle (2009) identified some of the impediments for CRM success. These are:

- The need for huge investment creates negative feeling within the company about its implementation.
- Inadequate focus on objective and ignoring overall business strategy. That is losing sight away from CRM implementation especially during hard times.
- Insufficient resource deployed for CRM implementation.
- Lack of customer focus and misunderstanding of customer needs or employee reluctance to be customer oriented.

2.1.10 Advantages of CRM for Insurance Business

Sikarwar (2012) identified the following advantages of implementing CRM in an insurance company.

- ✓ Help the company to know the customer's buying behavior and pattern on different insurance coverage.
- ✓ Since the CRM system supports an ongoing product development, it will reduce the cycle time for introducing new services.
- ✓ Allows faster communication with brokers and agents and reduce cost of communication.
- ✓ Help the company to provide better service for the customer.
- ✓ Claim status of clients can easily be checked and used for future decision.
- ✓ Assist accurate forecasting on customer behavior and better territory management.
- ✓ Develop a definitive return on investment (ROI) strategy using data such as customer satisfaction rating, number of customer compliant and customer attrition level.

2.1.11 Overview of Brand

'Brand' has been defined as a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. (Marconi, 2000) American Marketing Association in 1960 as referred by Keller (2003), Brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition. According to him, brand may refer to a physical good, a service, a store, a person, a place, an organization, or an idea it differentiate companies and products from their competitors.

In the definition Hedning et al., (2009) brand is linked to the identification of a product and the differentiation from its competitors, through the use of a certain name, logo, design or other visual signs and symbols.

Brand is more than just a name and symbol. Brands represent consumers' perception and feeling about a product and performance everything that the products or service means to consumer. In the final analysis, brand exists in the mind of customer. Thus the real value of a strong brand its power of capture consumer performance and loyalty. Brands varying the amount of value they

have in the market place (Kotler, 2006). From this definition we can infer that a brand will help organizations to uniquely identify themselves or their products and it is one means of differentiation to gain competitive advantage.

2.1.12 Branding value

Brand value represents what the brand means to a focal company. Brand value may vary depending on the owner (or potential owner) of the brand, because different owners may be able to capture more or less potential value according to their ability to leverage brand equity. More formally, we define brand value as the sale or replacement value of a brand. Brand value is impacted by brand equity to the extent that brand equity contributes to more positive financial outcomes in favor of the brand (i.e., those that are visible in the marketplace such as purchase). Brand equity may exist within consumers and produce positive outcomes such as consideration, or exist within consumers who are not prospects for a particular brand, but these outcomes would not impact current brand value. (Randle D. Raggio, Robert P. Leone).

2.1.13 Branding Service

Kotler and Keller (2012, p.378) defines a service as; “any act or performance one party can offer to another that is essentially intangible and does not result in the ownership of anything; its production may or may not betide to a physical product.” Hence, a service is an intangible commodity and fundamentally differs from a product because of its intangibility (deChernatonyet al., 2011). Service brands provide a “bundle” of experiences through the services’ touch points, and the customers reflect their experiences through this presented bundle to obtain an overall impression of the service. As competition amongst service brands is increasing, service providers, as well as service designers are starting to realize the importance of having a strong corporate brand. Not only is it important to deliver great customer experiences, but also to differentiate the company from others by offering customers and users distinct experiences with the brand of the respective service company. (McDonald et.al, 2001) Strong service brands allow customers to better visualize and understand intangible services. They also reduce customer’s perceived risk of buying services, which are difficult to evaluate prior to purchasing the service (Berry, 2000). However, many service companies fail to consider all the touch-points where customers interact with the service brand. They fail to see the brand as a

holistic experience, and that everything experienced by the customer is the brand (de Chernatony & Cottam, 2006).

2.1.14 Important of Brand

(Alazar Ahmed), identify the importance of brand:-

- ✓ The brand makes it easier for the seller to process orders and track down problems.
- ✓ The seller's brand name and trademark provide legal protection of unique product features.
- ✓ Branding gives the seller the opportunity to attract a loyal profitable set of customers and helps to increase the control and share of the market.
- ✓ Branding helps the seller to segment markets and expand the product mix.
- ✓ Good brand help to build the corporate image because it advertises the quality and size of the company.
- ✓ Brands make it easy for customers to identify products or services.
- ✓ Brands also assure purchasers that they are getting comparable quantity when they reorder.

2.1.15 Brand Loyalty

Brand loyalty refers to the extent of faithfulness of consumers to a particular brand. Brand loyalty is most commonly expressed through repeat purchases, irrespective of marketing pressure generated by competing brands (Jacoby & Chestnut, 1978). Oliver (1999) also defines loyalty as a deeply held commitment to repurchase or repurchase a preferred product/service consistently over time, despite situational influences and marketing efforts that might have the potential to cause switching behavior. Brand loyalty has been described as a behavioral response and as a function of psychological processes (Jacoby & Chestnut, 1978).

Aaker (1991) pointed out that brand loyalty is a variable having different level of strengths depending on a particular customer. Switchers are the customers, who keep on changing brands due to low switching costs. Habitual buyers are the people who have a habit to buy the same brand repeatedly, but do not have an emotional attachment with the product. Satisfied customers are the people who are loyal to a brand because it continuously satisfies their needs and wants. (Aaker, 1991) Likes have an emotional attachment with the product and committed customers

are at the top of the pyramid. These people share strong commitment and trust with the brand and value this attachment.

2.2 Empirical review

In this section, review of various studies on the related topic is discussed.

2.2.1 Empirical Findings in Developed Countries

Most of the research conducted on Customer Relationship Management is based on evidence from majority of prior empirical studies that are done in developed countries. Here, in this section a certain empirical findings conducted based on developed countries are reviewed.

According to Swaminathan, (2004), the association of customer relationship management and its customer outcome has been done by considering banks, investment companies, insurance companies and other firms as a sample study which characterized as high degree of relationship orientation and thus well suited for testing CRM framework. Although for the purpose of data collection questionnaire was used and for these case questionnaires were sent directly to general managers and similarly level senior managers.

These senior-level respondents were highly knowledgeable about CRM implementation and practice within their companies as indicated by their ability to answer fully virtually all questions. Accordingly, the results shows that focusing on key customers and managing knowledge have significant effects on market performance in terms of customer satisfaction. However, customer satisfaction is not directly affected by organizing around CRM and incorporating CRM-based technology. Furthermore, organizing around CRM affects customer retention directly. Similarly, managing knowledge has a significant effect on customer retention and sales growth via customer satisfaction. Incorporating CRM-based technology shows no sign of significant effect on the performance metrics.

Also another research has been conducted on the fundamental role of customer relationship management on customer knowledge and customer satisfaction. For this research the necessary data was gathered from experienced managers of information technology almost from 300 institutions working in United States of America. The finding showed that the applications of

CRM have a positive effect as they contribute to improve the knowledge of the customer and enhance the market performance through customer satisfaction (Mithas and Frow, 2005).

Also studies are conducted in Turkey on the customer relationship management process within a business and recommend a tool or customer relationship management measurement. For this matter the research is designed according to scale development literature. The feedbacks from several industries like manufacturing, information technologies, tourism, service, retail, finance, and logistics were collected. The study enables shortages of information about the relationship between the processes and outcomes of CRM such as Customer satisfaction, Customer Loyalty.

As a result a wide-ranging model can be assembled and the relationship between CRM results, customer relationship management processes and other organizational factors can be investigated. The effect of organizational philosophy, arrangement and other organizational features on CRM processes and results can be analyzed (Oztaysi, 2011).

Meskerem (2015) studied the impact of relationship marketing on customer loyalty in Commercial Bank of Ethiopia, and her research result indicated that relationship marketing is positively related to customer loyalty in Commercial Bank of Ethiopia. Mobayyeni et al (2016) investigated the effect of internet relationship marketing strategy on customer satisfaction and trust with mediating role of internet service quality of Saman Bank Branches in Tabriz. Findings show that online relationship marketing strategy has a positive and significant effect on customer satisfaction and trust.

Hashemi and Rahimi (2016) investigated the relationship between successful customer relationship and promotion of brand equity in the banking industry of the Melli Bank in West Azerbaijan. The results showed that there is a significant positive relationship between successful customer relationship with promotion of brand equity and its components (brand awareness, brand image, perceived quality and brand loyalty) in banking industry. Siyafsaokak et al., (2015) evaluated the effect of relationships between dimensions of brand value and brand briefness in respect of consumers' response to the banking industry. The results showed that the relationship between awareness of brand with perceived quality has a positive and direct effect.

Relationship quality is an important indicator for the evaluation of the relationship between supplier and customer. Many researchers believe that customer trust, satisfaction and commitment are key factors in assessing the quality of communication. Crosby *et al.* (1990) concluded that satisfaction and trust are the two main elements of communication quality.

Sanchez Garcia *et al.* (2007) pointed out that trust and commitment are the key factors in assessing the quality of communication. Garbarino and Johnson (2009) and Smith (1998) concluded that the quality of relationship is formed through satisfaction, trust and commitment.

Andy Fred, Lynn Tello and Aydyka (2016) in a study entitled “The Relationship between Customer Relationship Management and Commitment and Loyalty to the Brand” found that the strategy of CRM helps to have customers’ commitment and loyalty to the brand. Chacha (2016) in a study entitled “Customer Relationship Marketing and its Impact on Customer Retention: A Case Study on Commercial Banks in Tanzania” found that a long-term relationship with the customers leads to customer retention and loyalty.

2.2.2 Empirical Findings in Developing Countries

In developing countries most of the studies on customer relationship management have been done on the basis of data obtained from developed countries. For instance, a research was conducted on customer relationship management and customer orientation on the Hotel industry. Accordingly the study tried to classify hotels in Ashanti region of Ghana into a category of low, middle, or high customer relationship management conscious.

The result of the findings suggests that significantly majority of the hotels have low orientation to CRM (Hamdallah and Evelyn, 1996). According to Sayed (2011) research was conducted on exploring the hypothetical bases of customer relationship management and its relationship to the marketing performance from the several perspectives. However, the population of the study includes all the financial institutions working in the Arab Republic of Egypt.

The Result of the research shows that there is a significant correlation between marketing performance and focus on the main customers, organizational efficiency and customer knowledge management.

Furthermore, the research was conducted on how information technology could enhance firm performance in the organizations that are providing services for the customers and in order to enhance profitability in the Nigerian insurance industries (Oghojafore *et al*, 2011). Accordingly, the researcher was used survey methods to collect data among insurance companies in Nigeria. Also the researcher was selected a sample from Lagos state, the commercial center of the country. Finally according to the result of the finding shows, despite the fact that all most all organizations have a widespread data base of their customers, but not almost make provisions for their customers to make major businesses online because they have not fully incorporated their customer relationship management with information technology.

Furthermore, another research has been done by Hamid *et.al* (2009). Hence the research was not only taking a non-traditional method of evaluating success; by approaches stakeholders 'expectations as an evaluation criterion but also concentrating a case study from Pakistan, wherever ICT industry and specifically CRM is in the initial stages of adoption. The only suggestion the researcher would like to make is that instead of reinventing the wheel, stakeholders should learn from the mistakes of the western companies. Having all the above studies conducted by various scholars, the measurement of CRM earning can be different form researchers to researchers, some studies measured them through the customer's satisfaction and market performance, others studies measured them through the return rate on investment and others measured it through increasing sales and profits. According to the result of different researchers, there was less interest in the customer loyalty.

2.2.3 Conceptual Framework

The association between dependent variable and independent variable will be analyzed by SPSS. The research model planned for this study holds the independent variables which are trust, commitment, communication whereas brand loyalty is the dependent variable.

Independent variable

Dependent variable

Independent variable

Dependent variable

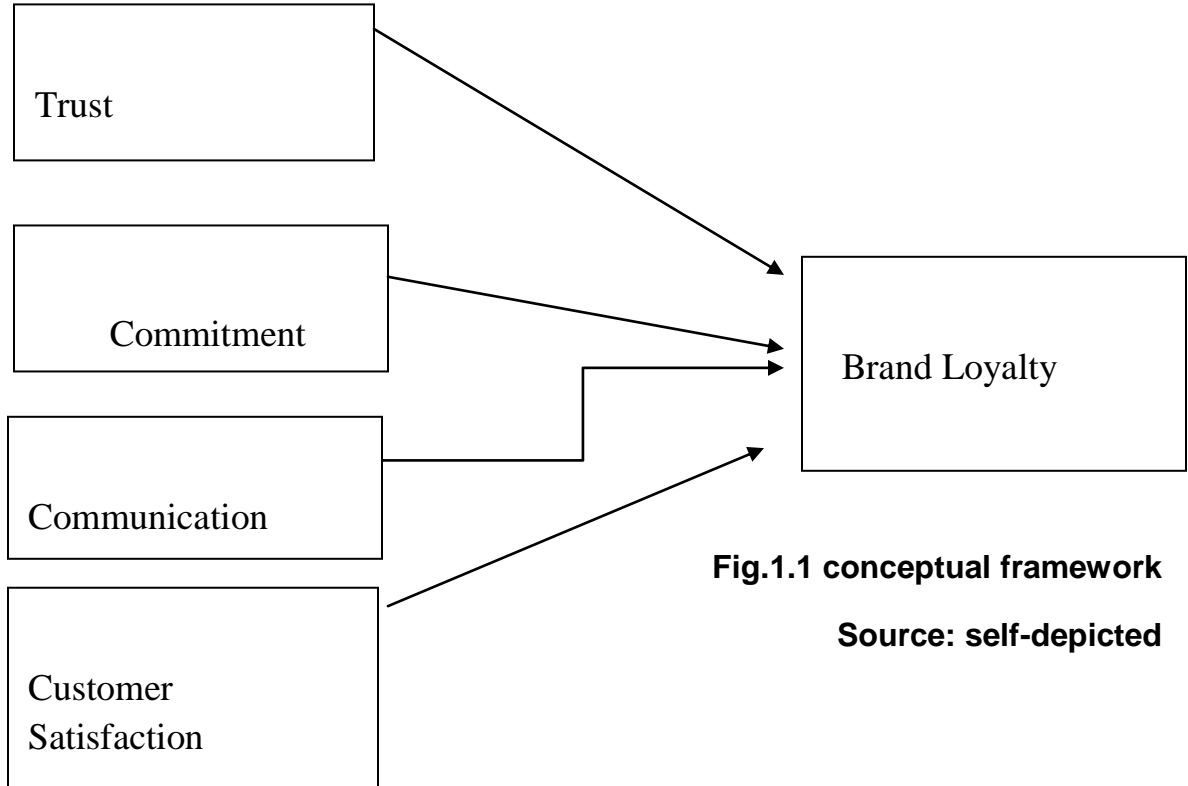


Fig.1.1 conceptual framework

Source: self-depicted

2.2.4 Hypothesis of the study

- H1. There is a significant positive relationship between trust and brand loyalty.
- H2. There is a significant positive relationship between commitments on brand loyalty.
- H3. There is significant relationship between communication and brand loyalty.
- H4. There is significant positive relationship between satisfaction and brand loyalty.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

According to Kumar (2011) based on the objectives of the study a research study can be classified under any of these four types: descriptive, correlational, explanatory or exploratory. The main emphasis in a correlational study is to discover or establish the existence of a relationship/association/interdependence between two or more aspects of a situation. Broadly speaking research methods are typically classified as quantitative and qualitative. Quantitative research use numbers to answer questions. They include quantitative measures as counts, means, correlations and other statistical techniques in order to determine relationships between variables. Qualitative research, in contrast, focuses on understanding social phenomena from the perspective of the human participants in the study (Hitchcock & Hughes, 1995).

In this chapter of the study the selected research design and applicable methodologies based on the nature of the problems at hand are explained in detail. Appropriate research design is used to collect the most accurate data and information possible.

3.2 Research Approach

This study takes a quantitative approach. In this research study a structured research approach was applied. That is, everything that forms this particular research such as the research objectives, the research design, sample, and the questionnaire used are predetermined.

3.3 Research Design

According to Burns and Bush (2014) selecting the appropriate research design depends, to a large extent, on the research objectives and existing information about the problem. Accordingly based on the objectives of this study, which aims to study the impact of customer relationship management on brand loyalty, an explanatory research design is used. The hypotheses formulated were evaluated using correlations and regressions.

3.4 Sample Design

To study the impact of customer relationship management on brand loyalty a survey is conducted. The context of this study is limited to a business-to-business model, because relationship management is widely applied in the financial services industry (Adamson et al. 2003). Hence, a sample from business customers of Nyala Insurance S.C. is selected.

3.4.1 Target Population

Population of the study describes the total quantity of things (or cases). Thus, all customers who purchased any kind of insurance services will constitute the total population of this particular study. From these population the target population includes all business customers who have purchased at least one insurance cover and this policy is yet to expire.

3.4.2 Sampling Frame

To link the objectives of the research with its findings, the focus of the sample frame will be those clients in the form of business organizations which contribute premium greater than or equal to 20,000 Birr per annum. The minimum premium contribution is set to exclude those business customers with insignificant premium contributions toward the premium pool. All reinsurance businesses (be it facultative or any kind insurances businesses) are similarly excluded from being considered in the business-to-business model as facultative insurance business requires several negotiation and terms between two or more insurers. Such business is purely concluded between or among insurance companies (professionals). Individual customers are deliberately excluded from the sample because relationship marketing is majorly practiced in business-to-business configuration (Adamson et al. 2003). According to Payne et al. (1999) in a business-to-business context relationship ultimately develop into a ‘partner’, where they are closely linked in a trusting and mutually sharing relationship with their supplier.

3.4.3 Sampling Technique

Since the sampling frame include all business customers of NISCO from every part of the nation who contribute over 20,000 birr to the premium pool, and exclude facultative insurances, probability sampling method is used. Hence to avoid bias in the selection of a sample and to

represents the study population a simple random sampling technique is adopted in the sample selection process. Each business customer from the sampling frame has an equal and independent chance of selection in the sample.

3.4.4 Sample and Sampling Techniques

The total population that was taken for this study includes customers that are in Addis Ababa branches (city branches identified above) which are 310. The researcher has assumed the easily availability of customers so as to save resources. Thus, a convenience sampling method was used. Convenience sampling was selected because it can be carried out conveniently as customers are easily available at Addis Ababa. Due to difficulty to collect data from all branches, Addis Ababa service centers will be selected for the study. Among the branches of Nyala insurance S.C 10 branches will be selected for the study who contribute over 20,000 birr to the premium pool.

Table 1: - Sample size by Branch

S/N	Branches	Corporate Customer	Individual customer	Total
1	Arada	10	32	42
2	Gola	7	25	32
3	Legehar	12	31	43
4	Bole	9	20	29
5	Gerji	10	19	29
6	East	13	29	42
7	Beklobet	8	18	26
8	Kality	8	13	21
9	Wuhalimat	10	17	27
10	Kazanchis	6	13	19
Grand total		93	217	310

Source: NISCO's Business development Department report

3.5 Source of Data

Data come into two main forms, depending on its closeness to the event recorded. The two major sources, primary source and secondary source, of data will be used in this research as applicable.

3.5.1 Primary Source

Primary data refers to all data which are primarily collected for this particular study using questioner. Primary data will be collected from customers using a structured questionnaire with a five point Likert Scale.

3.5.2 Secondary Source

Any form of data which are gathered by others for other purpose and research objectives are referred as secondary data sources. As applicable this secondary data may also be used to make the research output more useful for decision making. Hence, this secondary data will be collected from annual reports and other printed resources such as proposals and other research papers from the company will be used. And other source of data such as books, articles and journals which have direct relation with this study.

3.6 Data Collection Methodology

The input of this study is collected using asking question (survey) and interview methods; hence both quantitative and qualitative data were assessed. Thus respondents was given questionnaires to provide their agreement or disagreement level on the specified statements.

3.7 Data Collection Instrument

To organize the questions and receive replies without actually having to talk to every respondent questionnaire is used as data collection instrument. Questionnaire is a very flexible tool that has the advantages of having a structured format (Burns and Bush, 2014). At the same time questionnaire is easy and convenient for respondents; and also it is cheap and quick to administer to a large number of cases covering large geographical areas. Hence statements are included under each construct in the questioner and respondents are requested to indicate their level of agreement or disagreement based on a five point Likert Scale.

The questionnaire are structured in to three parts: the first part consist of demographic information of each respondents; the second part consists of statements that are used to measure customer relationship management; and the last section of the questionnaire consists of statements to measure brand loyalty. The second and third sections of the questionnaire are presented in the form of a five point Likert scale (5 to mean strongly agree... and 1 to refer strongly disagree).

3.8 Data Analysis Methods

For all sorts of data analysis the SPSS Version 20 application software is used. After valid cases were keyed directly into the application software, and various statistics have been produced. While the descriptive statistics such as measure of central tendency (mean, median and mode) and measure of dispersions (range, standard deviation) are used to analyze the row data (cases).

Inferential statistics were also used in this study to draw inferences about the target population. Sample statistics are measures which are obtained directly from the sample or calculated from the data in the sample, and the actual population parameters are unknown since the cost to perform a true census of almost any population is prohibitive. Hair et al. (2003). A population parameter is a variable or some sort of measured characteristic of the entire population. Sample statistics are useful in making inferences regarding the population's parameters.

According to Hair et al. (2003) a frequency distribution displaying the data obtained from the sample is commonly used to summarize the results of the data collection process. When a frequency distribution displays a variable in terms of percentages, then this distribution is representing proportions within a population. Thus in this research both descriptive statistics and inferential statistics were used.

Correlational analysis were also used to determine the existence of any relationship type between the independent and dependent variables, and to show the strength of the association along with the direction of the relationship between these variables. To predict (infer) the effect of the independent variables on the dependent variables where the independent variables vary to some sort of values a regression analysis were developed. Multiple linear regression analysis were used to determine whether the independent variables were highly correlated among themselves

or not. To see the effect of any of the personal profile variables on the dependent variable both samples t-test and one way ANOVA analysis were used.

3.9 Validity and Reliability

3.9.1 Validity

Validity focuses on the accuracy of responses (Burns and Bush, 2014). And in order to be able to generalize the results beyond the confines of the experiment itself, the experiment should really reflect the situation in the real world, and it should possess both internal validity (the extent to which the ideas about cause and effect are supported by the study) and external validity (the extent to which findings can be generalized to populations or to other settings). Internal validity can be undermined by faulty sampling of test materials, the interference of unnoticed factors, deterioration or change in the nature of materials during or between tests and faulty instruments. Internal validity is concerned with the extent to which the change in the dependent variable was actually due to the independent variable. This is another way of asking if the proper experimental design was used and if it was implemented correctly. Experiments lacking internal validity have little value because they produce misleading results.

External validity can also be compromised by faulty sampling and unnoticed interfering factors, as well as poor description of the process which makes replicating the experiment impossible, and, when people are the subject of the experiment, changes in the way they act because of the artificiality of the experimental situation.

Validity refers to the accuracy of the measurement (Burn and Bush, 2014). It is an assessment of the exactness of the measurement relative to what actually exists. A valid measure is truthful. An experiment is valid if: (1) the observed change in the dependent variable is, in fact, due to the independent variable, and (2) the results of the experiment apply to the “real world” outside the experimental setting.

External validity refers to the extent that the relationship observed between the independent and dependent variables during the experiment is generalizable to the “real world.” If an experiment is so contrived that it produces behavior that would not likely be found in the real world, then the experiment lacks external validity.

3.9.2 Reliability

Scale reliability refers to the extent to which a scale can reproduce the same measurement results in repeated trials i.e. scale reliability is the extent to which the measurements taken with a particular instrument are repeatable. According to Burn and Bush (2014) reliability is the degree to which a respondent is consistent in his or her answers. To assess the reliability of a scale measurement to investigating multidimensional constructs, summated scale measurements tend to be the most appropriate scales (Hair et al., 2003). In this type of scale, each dimension represents some aspect of the construct. Thus, the construct is measured by the entire scale, not just one component.

The internal consistency which refers to the degree to which the various dimensions of a multidimensional construct correlate with the scale. In other words, the set of attribute items that make up the scale must be internally consistent. There are two popular techniques used to assess internal consistency: split-half tests and coefficient alpha, also referred to as Cronbach's alpha.

1. In a split-half test, the items in the scale are divided into two halves (odd versus even attributes, or randomly) and the resulting halves' summated scores are correlated against one another. High correlations between the halves indicate good (or acceptable) internal consistency.
2. A coefficient alpha takes the average of all possible split-half measures that result from different ways of splitting the scale items. The coefficient value can range from 0 to 1, and, in most cases, a value of less than 0.6 would typically indicate marginal to low (or unsatisfactory) internal consistency.

Hence, in this particular research the Cronbach's alpha is used to measure the internal consistency of the items used in the constructs, and the details are presented under data presentation, analysis and interpretation chapter's reliability section.

3.10 Research Ethics

Professional associations for the marketing research industry have all established rules, standards, or codes of ethical conduct (Burn and Bush, 2014). There are differences in the codes but there also exist some commonalities among the major associations. These are:

- Fair dealings with respondents
- Fair dealings with clients and subcontractors
- maintaining research integrity
- Concern for society

Hence, throughout the study all code of conducts will be properly applied. Any pertinent concept in this research will be properly quoted. All research participants will be protected, there information which will be collected via any means; questionnaires or interview, will be kept in private and will be exclusively used for the intended purpose of this study. Similarly, sensitive company data such as name of Insured, address of clients and amount of premium contribution will not be disclosed. For the successful completion of this study trust among all stakes will be developed.

CHAPTER FOUR

4 DATA ANALYSIS AND INTERPRETATION

In this chapter the data collected and analyzed using SPSS software version 20 and data collected through interviews is summarized and presented. First demographic data of respondents is summarized and presented. Furthermore, descriptive analysis, multiple regression analysis was undertaken.

4.4 Response Rate

The questionnaires were physically distributed to clients of Nyala Insurance S.C Addis Ababa Branches. With the assumption of 95% response rate 310 questionnaires were distributed and only 280 properly filled and workable were collected which makes the response rate 90.3%.

Table 4.1 Survey Response

Sample Size	310
Distributed Questionnaires	310
Returned and Properly Collected Questionnaires	280
Response Rate	90.3%

4.5 Respondents Profile

In this section demographic profiles of the respondents is summarized and presented.

4.5.4 Gender of Respondents

	Frequency	Percent	Cumulative Percent
Valid Male	194	69.3	69.3
Valid Female	86	30.7	100.0
Total	280	100.0	

Source: - SPSS output

Inference: - As indicated in the above table, the majority of respondents are male constituting 69.3% of the total respondents.

4.5.5 Age of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 30	87	31.1	31.1	31.1
Valid 31-40	113	40.4	40.4	71.4
Valid Above 40	80	28.6	28.6	100.0
Total	280	100.0	100.0	

Source: SPSS output

Inference: - The above table shows the age category of respondents. Among which age range from 31 up to 40 constitutes a lion share of respondents having 40.4%. The rest age below 30 and above 40 have a share of 31.1% and 28.6% respectively. Hence, majority of respondents are who have ages between 31 and 40.

4.5.6 Marital status of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	42	15.0	15.0	15.0
Valid Married	234	83.6	83.6	98.6
Valid Widow	4	1.4	1.4	100.0
Total	280	100.0	100.0	

Source: SPSS output

Inference: - The above table shows the marital status of respondents and marrieds are the highest customers of the company having the share of 83.6% followed by single with a valid percent 15%. The rest goes to widows having 1.4% share. Most of respondents are those marrieds.

4.5.7 Level of education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Up to Grade 10	13	4.6	4.6	4.6
Valid Grade 12 Complete	27	9.6	9.6	14.3
Valid Diploma	75	26.8	26.8	41.1
Valid BA Degree	115	41.1	41.1	82.1
Valid Masters and Above	50	17.9	17.9	100.0

Total	280	100.0	100.0
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Source: SPSS Output

Inference: -education is the vital aspect so as to run any business with common and/or moderate level of understanding to get in to any business deal. Hence the company’s Diploma, Masters and above customer’s level of education has been assessed and presented as follows. BA Degree holders are the major NISCO’s customers with a valid percent of 41.1%. NISCO’s major customers are BA degree holders.

4.6 Descriptive Statistics

4.6.4 Independent Variables

4.6.4.1 Trust (IndependentVariable1)

T1:- Nyala insurance words and promises are reliable and clear to understand

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	75	26.8	26.8	26.8
Disagree	97	34.6	34.6	61.4
Neutral	19	6.8	6.8	68.2
Agree	33	11.8	11.8	80.0
Strongly Agree	56	20.0	20.0	100.0
Total	280	100.0	100.0	

Source: SPSS Output

Inference: -Promise is the bold product insurances provide to the market to indemnify the damage and/or loss insured’s will sustain. It is the vital element in developing corporate trust in the minds of the public. Hence, from the total respondents 61.4% of them have found that NISCO’s policy words and promises are not clear and reliable. Only 31.8% of them have found the company’s policy words and promises are reliable and the remaining 6.8% have refrain from reflecting their experiences. From this point we can understand that NISCO’s policy words and promises are not clear to customers and it had immediately revise policy words and promises so as to retain existing customers and holding maximum business portfolios.

T2:- The policies and practices of the insurance are trustworthy

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Disagree	68	24.3	24.3	24.3
	Disagree	82	29.3	29.3	53.6
	Neutral	25	8.9	8.9	62.5
	Agree	54	19.3	19.3	81.8
	Strongly Agree	51	18.2	18.2	100.0
	Total	280	100.0	100.0	

Source: - SPSS Output

Inference: - The statistics on the above table shows how much the company products and product offering and maintaining practices are truthful and/or honest. Among respondents the majority (150 or 53.6%) of them had reflected their observation as the reverse of that and 37.5% have found the policy and the practice truthful. The remaining 8.9% are null respondents. Now we can conclude that, the company's policy practice had dissatisfied many of its customers being against from the general legal practical frameworks of its products. So, it has to keep its promise when addressing customers' inquiries irrespective of the preliminary policy framework practical procedures.

T3: - The insurance pays claims within a reasonable time frame according to the terms and conditions of the policies.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	90	32.1	32.1
	Disagree	98	35.0	67.1
	Neutral	25	8.9	76.1
	Agree	42	15.0	91.1
	Strongly Agree	25	8.9	100.0
	Total	280	100.0	100.0

Source: - SPSS Output

Inference: - Policy term and conditions are the one that determines how the policy would be issued and claim would be paid. 67.1% respondents had dissatisfied by the payment of the claim which takes too long time beyond the policy terms and conditions. Only 23.9% of them had satisfied and 8.9% refrain from responding on the subject matter. According to the above statistics NISCO is not paying claims on reasonable and/or agreed times according to the policy terms and conditions Insurance is sold to return back the insured to its preliminary financial

position when damage/loss is occurred on the reasonable time. So, the company has to agree with every time spent to pay the compensation to the insured irrespective of the time schedule depicted up on the policy.

T4: - I have a confidence on the integrity of the insurance

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	69	24.6	24.6	24.6
Valid Disagree	61	21.8	21.8	46.4
Valid Neutral	13	4.6	4.6	51.1
Valid Agree	63	22.5	22.5	73.6
Valid Strongly Agree	74	26.4	26.4	100.0
Total	280	100.0	100.0	

Source: -SPSS output

Inference: - respondents were asked to reflect their confidence up on the integrity of the company and 48.9% of them are agreed that the company is discharging its integrity and 46.4% were disagreed with the idea. The rest 4.6% were indifferent to react on the subject matter. Now we can conclude that the company is discharging its integrity properly even though the gap between satisfied and dissatisfied customers up on the integrity of the company is too low. Here, more effort is expected from NISCO so as to boost customer confidence through excelled service.

4.6.4.2 Commitment (Independent Variable 2)

CT1: - Nyala insurance always applies the right policy and practices as deemed necessary to customers

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	125	44.6	44.6	44.6
Valid Disagree	75	26.8	26.8	71.4
Valid Neutral	10	3.6	3.6	75.0
Valid Agree	48	17.1	17.1	92.1
Valid Strongly Agree	22	7.9	7.9	100.0
Total	280	100.0	100.0	

Source: SPSS output

Inference: - this question is designed to assess whether the company is committed in developing tailor made insurance products when deemed necessary by its esteemed customers. But major customers are dissatisfied by the company in developing the right product customers ought to have which accounts 71.4% from the total participants. The rest 25% and 3.6% are dissatisfied and null respondents respectively. Hence, we can conclude that the company is not committed in developing tailor made products that customers want to have irrespective the changing business nature from day to day.

CT2:- The Company always updates the service available for customers

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	163	58.2	58.2	58.2
Disagree	58	20.7	20.7	78.9
Neutral	21	7.5	7.5	86.4
Agree	18	6.4	6.4	92.9
Strongly Agree	20	7.1	7.1	100.0
Total	280	100.0	100.0	

Source: SPSS Output

Inference: - the commitment of the company in customer contact and service updating has been assessed on the above table and has been presented as follows. Many customers (78.9%) were not contacted and/or informed about services the company had. Only 13.5% of them have been contacted by the company. 7.5% refrain from reflecting their experiences. Here, we can conclude that, the company’s marketing and selling practice is too poor in informing, communicating and persuading customers to buy policies the company has had.

CT3: - The insurance is flexible in serving my needs

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	98	35.0	35.0	35.0
Disagree	79	28.2	28.2	63.2
Neutral	7	2.5	2.5	65.7
Agree	51	18.2	18.2	83.9
Strongly Agree	45	16.1	16.1	100.0
Total	280	100.0	100.0	

Source: - SPSS Output

Inference: - flexibility is meaning at most of customers convenience. Customer would have differentiated needs and they have to be served differentiate (flexibly). But, among our respondent's we have found that the company in not flexible and/or not considers customers convenience as part its business. Respondent's response implies the fact that we have mentioned above. 63.2% of respondents were dissatisfied by the company's commitment in addressing customer's convenience and only 34.3% are satisfied. 2.5% of them have observed nothing how much the company is flexible or not. We can conclude that the company is not at most convenience of customers in providing services. In today's industry with stiff market competition, the company should immediately review its service provision experience irrespective of market condition and customer behavior.

CT4: - The company is committed in handling my complains

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	102	36.4	36.4	36.4
Disagree	83	29.6	29.6	66.1
Neutral	17	6.1	6.1	72.1
Agree	45	16.1	16.1	88.2
Strongly Agree	33	11.8	11.8	100.0
Total	280	100.0	100.0	

Source: - SPSS Output

Inference: - Compliant handling is among aspects of company commitment in every product provided to customers. Hence, NISCO's commitment in complaint handling has been assessed and the degree of customer's satisfaction regarding to this subject matter is presented as follows. According to many respondents (i.e 66.1%), the company is not handling complain they had with NISCO. The company only address complains of its 27.9% customers'. The remaining 6.1% have not risen complains yet.

4.6.4.3 Communication (Independent Variable 3)

CM1:- The insurance company provides timely and trustworthy information to customers

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Disagree	97	34.6	34.6	34.6
	Disagree	69	24.6	24.6	59.3
	Neutral	30	10.7	10.7	70.0
	Agree	49	17.5	17.5	87.5
	Strongly Agree	35	12.5	12.5	100.0
	Total	280	100.0	100.0	

Source: - SPSS Output

Inference: - the information the company provides to customers might be policy renewal, policy endorsement/amendment, claim, additional or discount payment, newly developed tailor made policies, office location, branch networking and other. Hence, as we can see from the above table, 59.3% its customers' have not informed information timely or the company doesn't have created an access to information. 30% of NISCO's customers have been informed timely and got an access to information. 10.7% have not observed the spread of information to them. Hence, we can see that the company is poor in communicating customer about the availability of new services and/or changes to the overall operations of the company.

CM2: -The insurance provides early notice whenever there is change during policy renewal (change in policy or premium payment)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	132	47.1	47.1
	Disagree	94	33.6	80.7
	Neutral	5	1.8	82.5
	Agree	27	9.6	92.1
	Strongly Agree	22	7.9	100.0
	Total	280	100.0	100.0

Source: SPSS output

Inference: - in the above table, the notification of the company for every change made on the policy and premiums has been expressed. Accordingly, 80.7% of its customers had dissatisfied by the notification practice of the company for every change made on the preliminary policy. The company only satisfies it 17.5% customers which very low compared with those who were not noticed. The rest 1.8% are null respondents who have not made policy change yet. Therefore,

we can conclude that the company is not discharging its duties among the term and conditions of the policies regardless of informing any change made on the policy to the insured.

CM3: -The insurance provides information if there are new insurance services

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	109	38.9	38.9	38.9
Disagree	88	31.4	31.4	70.4
Neutral	12	4.3	4.3	74.6
Agree	53	18.9	18.9	93.6
Strongly Agree	18	6.4	6.4	100.0
Total	280	100.0	100.0	

Source: - SPSS output

Inference: - Informing newly available services to customers is also the part the analysis the researcher goes to evaluate the status of the company on the subject matter and found that the majority (70.4%) of customers are communicated the availability of new insurance policies. The company had communicated its new services for only 25.5% which is far from those not communicated. Neutral respondent accounts about 4.3% from the total. Hence, we can understand that the company communication in informing customers about the availability of new and/or alternative policies is so poor according to its customer’s judgment.

CM4: -The Company have customer call center serving for 24 hours

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	105	37.5	37.5	37.5
Disagree	99	35.4	35.4	72.9
Neutral	3	1.1	1.1	73.9
Agree	13	4.6	4.6	78.6
Strongly Agree	60	21.4	21.4	100.0
Total	280	100.0	100.0	

Source: - SPSS output

Inference: - as a tool for communication free and/or paid customer call center shall to be established so as to address 24 hour service to clients. How much customers are aware of the call center and how many of them have been serving is assessed. Only 26% of them are aware of the

call center and served. But majority of them (72.9%) were unaware of the call service center and have not been served still via the call service center. 1.1% are neutrals. Here we can conclude that even though the company has 24 hour service call center, it hadn't communicated its clients about the service hence it fails to provide 24 hour service.

4.6.4.4 Customer satisfaction (Independent Variable 4)

CS1: - Overall, I am very satisfied with my insurance

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	89	31.8	31.8	31.8
Disagree	78	27.9	27.9	59.6
Valid Agree	61	21.8	21.8	81.4
Strongly Agree	52	18.6	18.6	100.0
Total	280	100.0	100.0	

Source: - SPSS output

Inference: - the overall customer satisfaction up on the service of the company was our research questionnaire to customers and we found that 59.6% of them had dissatisfied and only 40.4% had got the company satisfactory. Here, we can conclude that the company's customer retention capacity to maintain customers is only 40.4%.

CS2:- I am comfortable about the relationship with the employees

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	19	6.8	6.8	6.8
Disagree	18	6.4	6.4	13.2
Valid Agree	143	51.1	51.1	64.3
Strongly Agree	100	35.7	35.7	100.0
Total	280	100.0	100.0	

Source: - SPSS output

Inference: -Employee – customer relationship of the company is presented as follows. The company's employee's relationship with customers had found encouraging with a valid percent of 86.8% and only 13.2% of its customer dissatisfied with the relationship the company's employees had with customers. Here, we can decide that employees of the company have good relationship with clients.

CS3: - My experiences with the insurance have always been goods

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	94	33.6	33.6	33.6
Disagree	87	31.1	31.1	64.6
Neutral	7	2.5	2.5	67.1
Agree	27	9.6	9.6	76.8
Strongly Agree	65	23.2	23.2	100.0
Total	280	100.0	100.0	

Source: - SPSS output

Inference: -64.6% of customer’s hadn’t mastered a good relationship with the company and only 32.8% has been satisfied. The remaining 2.5% goes to null respondents. Thus, NISCO’s customers don’t have good experience with the company. Here, the company has to more tasks (like providing post sale and after sale service, well enriched compliant handling procedures, etc to boost customer satisfaction).

4.6.5 Dependent Variable

4.6.5.1 Brand Loyalty

BL1: - Nyala insurance is my first choice

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	43	15.4	15.4	15.4
Disagree	29	10.4	10.4	25.7
Neutral	1	.4	.4	26.1
Agree	107	38.2	38.2	64.3
Strongly Agree	100	35.7	35.7	100.0
Total	280	100.0	100.0	

Source: - SPSS output

Inference: -NISCO’s customer preference is the researcher’s question raised to customers and 73.9% customer prefer NISCO as their first choice from the Ethiopian insurance industry. 25.8% wouldn’t prefer to be their first choice and 0.4% kept neutral. Hence, customers prefer NISCO to be their first choice to serve their insurance needs.

BL2: - I will recommend others to buy insurance from Nyala

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	53	18.9	18.9	18.9
Disagree	65	23.2	23.2	42.1
Neutral	15	5.4	5.4	47.5
Agree	87	31.1	31.1	78.6
Strongly Agree	60	21.4	21.4	100.0
Total	280	100.0	100.0	

Source: - SPSS output

Inference: - How many customers of NISCO are recommending others to be served at NISCO is also the researcher's question. Accordingly, 52.5% customers are advising their relatives to use NISCO for their insurance needs and 42.1% were not. So, NISCO is on the right position in maintaining brand positioning to the market through its customers.

BL3: - I am willing to pay higher premium for the service I get from Nyala

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	103	36.8	36.8	36.8
Disagree	76	27.1	27.1	63.9
Neutral	10	3.6	3.6	67.5
Agree	61	21.8	21.8	89.3
Strongly Agree	30	10.7	10.7	100.0
Total	280	100.0	100.0	

Source: - SPSS output

Inference: - the above table shows the customers commitment to pay high price to the service they got from NISCO and 63.9% were not willing to pay high price to the service they would have from the company and only 32.5% were found to be willing. 3.6% were refraining from responding. Here, we can conclude that the company's service is not as far excellent as compared with others which makes customer not to pay high price for the same industry service.

BL4: - Even if another insurance company offered me the same service I will continue to be Nyala's customer

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	21	7.5	7.5	7.5
Disagree	39	13.9	13.9	21.4
Neutral	12	4.3	4.3	25.7
Agree	89	31.8	31.8	57.5
Strongly Agree	119	42.5	42.5	100.0
Total	280	100.0	100.0	

Source: - SPSS output

Inference: - in the above table the effort of the company to retain its customers even though other insurers are offering the same service and 74.2% of the company's customer prefer to continue being NISCO customer. 21.4% prefers to shift from the company and the rest 4.3% were undecided whether to continue or to left the company. So the company has customers preferring their business relationship to continue.

BL5: - I am satisfied with the service I get from Nyala insurance

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	36	12.9	12.9	12.9
Disagree	73	26.1	26.1	38.9
Neutral	26	9.3	9.3	48.2
Agree	89	31.8	31.8	80.0
Strongly Agree	56	20.0	20.0	100.0
Total	280	100.0	100.0	

Source: - SPSS output

Inference: - as shown on the above table, customer satisfaction and dissatisfaction over NISCO's service have been presented. 51.8% and 39% were satisfied and dissatisfied customers respectively. 9.3% the company's customers were not confident to judge their satisfaction. Even though, the majority of its customers are satisfied with its service, the gap between satisfied and dissatisfied customers is not much bigger. So, the company has to do more to maximize satisfied customers so as to build brand loyalty.

BL6: - I feel safe with Nyala insurance company service

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	43	15.4	15.4	15.4

Disagree	27	9.6	9.6	25.0
Neutral	13	4.6	4.6	29.6
Agree	111	39.6	39.6	69.3
Strongly Agree	86	30.7	30.7	100.0
Total	280	100.0	100.0	

Source: - SPSS output

Inference: - sense of safety or security is the researcher's last question established and distributed to customers of the company and 70.3% feels safety and 25% were not. The rest 4.6% found them not eligible to respond to the subject matter. NISCO is making customers to feel safe and secured.

4.6.6 Mean and Standard Deviation of CRM variables and brand loyalty

Dimensions	Mean	Standard Deviation
Trust	2.6982	1.45923
Commitment	2.2241	1.38152
Communication	2.2643	1.38601
Customer Satisfaction	2.9714	1.40901
Brand Loyalty	3.3208	1.40159
Average	2.6958	1.40747

Source: SPSS output

Inference: - Standard deviation measures how much the entire data set varies from the mean, the larger the standard deviation, the more variability to the entire data. As shown in the above table, respondents are agreed with the impact of CRM dimensions on brand loyalty.

When we see the brand loyalty perception of the respondents show an average mean of 2.69 and standard deviation 1.40747 that is, respondents agree to stay with NISCO. However, for the dimension commitment responses vary with low mean and low standard deviation (mean 2.2241, SD 1.38152).

4.7 Regression analysis

4.7.4 Reliability Scale Test

Dimension	Reliability Scale	Number of Items
Trust	0.976	4
Commitment	0.978	4
Communication	0.977	4

Customer satisfaction	0.951	4
Brand Loyalty	0.977	6

Reliability scale ranges from 0 to 1

The three most important tables to interpret the regression analysis are the model summary, table of ANOVA table and the coefficient table.

The model summary table provides R, R Square, adjusted R square and standard error of estimate which show how well a regression model fits the data. The “R” column measures quality of prediction of variable. R square represents coefficient of determination which is the proportion of variance in the dependent variable that can be explained by the independent variable. R square 0.855 shown in appendix I signifies that 85.5% of the variability of dependent variable (Brand Loyalty) is explained by the independent variables in the model.

Analysis of Variance (ANOVA) shows significance of the model. It tells whether or not the model explains the deviations in the dependent variables. The “F” value (405.086) in appendix I signifies that the model best fit the data. The “sig” value 0.000 determines that the null hypothesis that is, there is no linear relationship between the dependent variable (Brand Loyalty) and the independent variable is rejected. As a rule of thumb if $P < 0.05$, we can conclude that the model fit the data.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.925 ^a	.855	.853	.55144

a. Predictors: (Constant), Trust, Commitment , Communication, Customer Satisfaction

ANOVA^a

Model		Sum of Squares	Df	Mean Square	Fi	Sig.
1	Regression	492.720	4	123.180	405.086	.000 ^b
	Residual	83.623	275	.304		
	Total	576.343	279			

a. Dependent Variable: Brand Loyalty

b. Predictors: (Constant)Trust, Commitment , Communication, Customer Satisfaction

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	-.257	.132		-1.949	.052	-.517	.003		
Trust	.544	.055	.598	9.944	.000	.437	.652	.146	6.856
1 Commitment	.400	.097	.042	.408	.683	-.152	.231	.050	19.813
Communication	-.144	.110	-.143	-1.303	.194	-.361	.074	.044	22.943
Customer Satisfaction	.632	.045	.487	14.134	.000	.544	.720	.444	2.254

a. Dependent Variable: Brand Loyalty

The regression equation is derived from the coefficient table (appendix II). The regression equation for the model is

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

Where Y = Brand Loyalty

X1 = Trust, X2 = Commitment, X3 = Communication, X4 = Customer Satisfaction

Therefore, the regression model developed were

$$Y = 0.544X_1 + 0.040X_2 + (-0.144X_3) + 0.632X_4 + (-0.257)$$

From four dimensions of CRM three of them (except communication) have an impact on brand loyalty. Customer satisfaction has the highest effect with coefficient of 0.632 followed by trust with coefficient value of 0.544 and commitment has the least coefficient with 0.040 coefficient value. Customer satisfaction has impact on brand loyalty ($\beta=0.632$, $p<0.05$). The t value showed the significance of the coefficients of the independent variable. The t value shows that the significance of the coefficient of the independent variables. As shown on appendix II all CRM dimensions relationship with brand loyalty (except communication) is significant.

4.8 Hypothesis Testing

There were four hypotheses constructed for this study to answer the research questions. Hence, regression analysis was used to test the impact of the independent variables (Trust, Commitment, Communication and Customer Satisfaction) on the dependent variable (Brand Loyalty).

- ✓ H1, the alternate hypothesis- Trust positively and significantly affects brand loyalty is supported with the research finding because $\beta=.544$; $p < .000$.
- ✓ Similarly, H2, the alternate hypothesis- Commitment positively and significantly affects brand loyalty is supported because $\beta=.400$ and $p<000$.
- ✓ H3, the alternate hypothesis- satisfaction positively and significantly affect brand loyalty is supported as the $\beta=.632$ and $p<.000$.
- ✓ The fourth alternative hypothesis, H4- Communication negatively affect brand loyalty because the $\beta = -.144$ and the $p < .000$.

4.9 Integrated interview result with questionnaire analysis

This part of the study discusses data gathered from interview. The aim of the interview was to get the overall view of the company regarding CRM and brand loyalty.

Company overview of CRM

NISCO is the first insurance company in establishing CRM in Ethiopia. There is a positive attitude towards CRM. It helps the company to develop strategic initiatives and objectives. It also helps the company in addressing customer needs towards the competitive edge of other insurances. NISCO believes that there should be a good understanding of the impact of CRM in addressing corporate objectives. Interviewees believe that the human element is the nucleus of the business. This attitude and common understanding between every member of the company will have a positive impact on the implementation of CRM.

Factors affecting the implementation of CRM

The stiff competition on the industry and the diversified need of customers were the driving forces of NISCO to establish CRM as a strategy. CRM department and experts of the company

stand on behalf of customers so as to establish brand loyalty and/or long lasting business relationship.

Methods employed to gather customers compliant

The company uses different data gathering system to address customers compliant. These are:-

- By conducting customer satisfaction survey every one year
- Periodic meeting with branches and concerned top managements
- Seasonal discussion and training programs to employees who have direct contact with customers.
- Customer visiting, etc.

Methods employed to handle complaints

The compliant handling methods have been used through step by step or level by level. Basically compliant handling methods would be employed through the following modalities.

First, the CRM department strives to find out point of the compliant and transfers it to the source of the compliant.

Second, what type of measurement should be taken is defined.

Third, if the compliant is not solved by the compliant source of the branch, it would immediately transfer to the head office with the direct involvement of CEO and other senior managements.

Contribution of CRM in enhancing company performance

CRM contributes to the company in enhancing

- Creates good customer relationship with existing customers
- Solves conflicts
- Good relationship with potential customers
- Attracting customers
- Service improvement
- In defining in what way the service will be provided

Hence, the contribution of CRM to the overall service enhancement of the company is vital.

Actions taken to build good relationship with customers

CRM is the strategy which enforces the company to establish good relationship with customers aiming to build brand loyalty. Hence, actions in maintaining good relationship with customers was our interview to CRM department members and all responds that customer visiting, contacting through email and phone, providing training to customers and providing them tailor made insurance products (proper cover) are the major actions taken to business relationship with customers.

Plan to improve CRM over the company

This interview is developed to understand the commitment of the company to expand CRM in every service units and interviewees respond that NISCO has planned to expand first in its Addis Ababa service units and next to all service centers of the nation. According to interviewees the company has planned to modernize and then expand CRM service along with human capital development.

CRM strategies and measurement of effectiveness

NISCO measures the effectiveness of the implementation of CRM against its strategic objective and initiatives. Thus, using artery report all productions would be evaluated and actions are taking to attain strategic improvements. The company has plan to work in the cross selling and other new business products to the future. In maintaining CRM effectiveness, the company provides free advisory service to customers.

CHAPTER FIVE

5 SUMMARY, CONCLUSION AND RECOMMENDATION

This is the final chapter and it presents the finding of the study, conclusion and recommendation of the study. In the first section of the chapter brief summary of findings of the study are presented followed by conclusion drawn from it. Lastly, recommendation for further study is presented.

5.4 Summary of findings

- ✚ Demographic result of the respondents revealed that the majority of the respondents were male (63.9%), from age group age 31-40 holds the largest share of respondents with 40.4% valid percent share. Marital status of respondents was presented and married takes the lion share (83.6%). Level of education was also among the demographic profile of the respondents from which BA degree holders with 41.1% share.
- ✚ The multiple regression result reveals that all dimensions of CRM except communication, Trust ($\beta=0.544$, $p<0.05$), Commitment ($\beta=0.40$, $p<0.05$) and Customer satisfaction ($\beta=0.632$, $p<0.05$) have significant impact on brand loyalty.
- ✚ The strongest predictor is Customer satisfaction with $\beta=0.632$.
- ✚ R square represents coefficient of determination which is the proportion of variance in the dependent variable that can be explained by in the dependent variable. R square 0.855 shown in appendixes I signifies that 85.5% of the variability of the dependent variable (brand loyalty) is explained by the independent variable. This shows that brand loyalty is affected by trust, commitment and customer satisfaction of the company.
- ✚ The brand loyalty perception of the respondents show an average mean of 2.69 and standard deviation 1.40747 that is, respondents agree to stay with NISCO. However, for the dimension commitment responses vary with low mean and low standard deviation (mean 2.2241, SD 1.38152).
- ✚ NISCO management has good understanding about the impact of CRM addressing corporate objectives. According to the interviews the human element and corresponding factors are highly understood by the company in enhancing corporate performance through CRM. But what is left by the management, the supportive technological supplies for the advancement of CRM in building customer loyalty is kept hold.

5.5 Conclusion

The main objective of the study is to examine the impact of customer relationship management on brand loyalty on Nyala Insurance S.C using data obtained through structured questionnaires distributed to Nyala Insurance S.C customers who resides in Addis Ababa. After analyzing the collected data from 280 respondents, the study concluded that customer relationship dimensions had an impact on brand loyalty of NISCO.

As compared other imperial studies discussed in the second chapter, on the research done by Lingavel (2006), which is done to determine the impact of CRM on brand loyalty in hospital context the result of the regression analysis shows that CRM contributes significantly to brand loyalty ($F=67.462$, $P<0.05$). From the four determinant factors of CRM (Trust, Commitment, Communication and customer satisfaction) all factors except communication have a positive trend towards brand loyalty.

The study concluded that, with top management commitment and through developing an organizational culture that could give more concern to customer satisfaction, NISCO can enhance brand loyalty of the company.

As the outcome of the research reveals that, customer satisfaction is the major factor affecting CRM in NISCO.

Customer relationship management is considered to be essential for building long term relationship with customers that intern result in customer loyalty. Moreover, it one of the vital strategies for NISCO to make close relationship with customers in business value chain for mutual benefit, to proactively solve the problems areused in the business and to enhance brand loyalty of the company.

5.6 Recommendations

After close examination and analysis of the research findings, the following recommendations are suggested.

- ✚ NISCO should give due consideration to CRM and it should be included in the company's strategic plan. CRM should be taken as a key success factor for the company to build its brand and as a competitive weapon for the company.

- ✚ Executives of the company should commit themselves for the implementation of CRM. The company should also invest to human capital development that could encompass training and development in capacitating employees on customer handling.
- ✚ The company should also work in developing capacities on customer service, information and communication pertaining to service and efficiency that would enhance brand loyalty.
- ✚ Moreover, NISCO should design and apply CRM implementation report (for all CRM dimensions) mechanism so as to tackle every barrier on case by case basis. In line with this matter, responsible and experienced experts and/or employees should be placed in handling customer complaints that should be on behalf of complaints.

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Appendixes

Appendix I: Multiple Regressions Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.925 ^a	.855	.853	.55144

a. Predictors: (Constant), Trust, Commitment , Communication, Customer Satisfaction

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	492.720	4	123.180	405.086	.000 ^b
	Residual	83.623	275	.304		
	Total	576.343	279			

a. Dependent Variable: Brand Loyalty

b. Predictors: (Constant)Trust, Commitment , Communication, Customer Satisfaction

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
	(Constant)	-.257	.132				-1.949	.052	-.517
Trust	.544	.055	.598	9.944	.000	.437	.652	.146	6.856
1 Commitment	.400	.097	.042	.408	.683	-.152	.231	.050	19.813
Communication	-.144	.110	-.143	-1.303	.194	-.361	.074	.044	22.943
Customer Satisfaction	.632	.045	.487	14.134	.000	.544	.720	.444	2.254

a. Dependent Variable: Brand Loyalty

Appendix II: Questionnaires

ST. MARRY’S UNIVERSITY SCHOOL OF GRADUATE STUDIES

PART I: RESPONDENT’S PROFILE

1. Sex

Male

Female

2. Age

Below 30

31 – 40

Above 41

3. Marital status

Singe

Married

Widow

4. Highest education attended

Up to grade 10 Grade 12 completed Diploma

First Degree Masters and above

PART II:

DIRECTION

Please choose the one that you believe is appropriate based on the service experience you have with Nyala Insurance S.C. and put “✓” mark in the box in front of your choice of preference.

Choice Description

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

S/N	Statement Description	Scores				
		5	4	3	2	1
1.	Trust					
	Nyala insurance words and promises are reliable and clear to understand					
	The policies and practices of the insurance are trustworthy					

	The insurance pays claims within a reasonable time frame according to the terms and conditions of the policies.				
	I have a confidence on the integrity of the insurance				
2.	Commitment				
	Nyala insurance always applies the right policy and practices as deemed necessary to customers				
	The company always updates the service available for customers				
	The insurance is flexible in serving my needs				
	The company is committed in handling my complains				
3.	Communication				
	The insurance company provides timely and trustworthy information to customers				
	The insurance provides early notice whenever there is change during policy renewal (change in policy or premium payment)				
	The insurance provides information if there are new insurance services				
	The company have customer call center serving for 24 hours				
4.	Customer satisfaction				
	Overall, I am very satisfied with my insurance				
	I am comfortable about the relationship with the employees				
	My experiences with the insurance have always been goods				
	I am satisfied with the company's compliant handling procedure				
5.	Brand loyalty				
	Nyala insurance is my first choice				
	I will recommend others to buy insurance from Nyala				
	I am willing to pay higher premium for the service I get from Nyala				
	Even if another insurance company offered me the same service I will continue to be Nyala's customer				
	I am satisfied with the service I get from Nyala insurance				
	I feel safe with Nyala insurance company service				

Appendix III: Interviews

ST. MARRY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

1) How do you evaluate the company CRM? Is it addressing/meeting the company's CRM objective?

2) What factors affect (positively and negatively) in implementing CRM in NISCO?

3) What methods does the company use to gather round customers complaint?

4) What are the methods do the company use to handle complaints?

5) What is the contribution of CRM to enhance the company's performance?

6) What action is taken so far to build good relationship with customers?

7) Do you have a plan to improve CRM in the company?

8) What typical CRM strategies and tactics are used by the company? What is the evaluation of the company with regard to their effectiveness and challenges?
