



## **IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER RETENTION IN TANZANIA AIRLINE INDUSTRY**

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### **Abstract:**

*This study investigated the impact of Customer Relationship Management (CRM) on customer retention in the Tanzanian airline industry, focusing on the influence of CRM practices, customer satisfaction, and customer loyalty. The study adopted a theoretical framework based on Relationship Marketing Theory to understand the relationship between CRM and customer retention. A cross-sectional research design was employed, collecting data from a diverse sample of Tanzanian airline passengers using simple random and purposive sampling techniques. A total of 251 airline passengers and 10 supervisors from airline companies and the Tanzania Airport Authority participated in the study. Data collection was conducted through structured questionnaires and interviews for qualitative data. The data was analyzed using Descriptive Statistics and Linear Regression Analysis in IBM SPSS Statistics 27, along with Thematic Analysis for qualitative data. The study's findings indicated that CRM practices ( $\text{Beta} = 0.598, p < 0.001$ ), customer loyalty ( $\text{Beta} = 0.588, p < 0.001$ ), and customer satisfaction ( $\text{Beta} = 0.229, p = 0.001$ ) significantly influence customer retention. The findings suggest that while customers perceive CRM efforts positively, improvements are needed in trust, commitment, and pricing strategies. The study provides valuable insights for Tanzanian airlines to enhance service delivery and retain customers, contributing to the body of knowledge on CRM and customer retention in the airline industry.*

### **Keywords:**

Customer Relationship Management, Customer retention, Customer satisfaction, Tanzania Airline Industry

### **1. Introduction**

In today's competitive business environment, the quality of customer relationship management (CRM) has become a cornerstone for organizations aiming to meet customer expectations and maintain a competitive advantage (Javed Ali et al., 2021; Akroush et al., 2016). The global aviation industry, currently experiencing a resurgence in travel demand post-COVID-19, has emphasized the significance of CRM as a critical tool for airlines to attract and retain customers, sustain revenue growth, and withstand mounting competition (Mumbower, 2022; Afaq et al., 2021).

CRM's importance in the global and African airline industries extends beyond customer acquisition; it is pivotal for fostering long-term relationships that drive customer satisfaction and loyalty, ensuring enduring value for airlines (Hassan et al., 2015; Kebede and Tegegne, 2018). This emphasis on relationship marketing especially within the service-oriented airline sector—underscores CRM as a means of creating a competitive edge, promoting customer retention, and enhancing profitability (Hashem, 2012; Fotiadis and Williams, 2018).

Amid dynamic changes in socioeconomic, demographic, and technological landscapes, airlines globally are integrating CRM strategies into their business models to address these challenges and build stronger consumer relationships (Dube et al., 2021). In service sectors like aviation, where customer loyalty is crucial, the need for CRM goes beyond traditional marketing tools to foster long-term engagement with customers through tailored, interactive strategies (Johan et al., 2014; Chenini and Touaiti, 2018). Effective CRM strategies leverage customer data, segmentation, and communication channels to improve customer satisfaction and ultimately drive retention (Salah and Abou-Shouk, 2019; Domazet et al., 2010).

In Tanzania, the airline industry has shown remarkable growth, driven by increasing passenger traffic and expanding tourism. Recent reports show that Tanzanian airlines, such as Air Tanzania and Precision Air, have increased their market presence with new routes and services. However, despite significant investments and a favorable growth environment, customer retention remains a challenge. Factors like frequent delays, rising travel costs, and inadequate ground services highlight gaps in current CRM practices, particularly among market leaders like Air Tanzania, which has faced substantial financial losses despite a 51% market share (TCAA, 2023; CAG, 2023).

According to the statistics provided by the Tanzania Civil Aviation Authority (TCAA) in Figure 1 below Air Tanzania Company Limited Ltd has a market share of 51%, Precision Air Services Plc 24%, Auric Air Services 11%, Coastal Travel Ltd 2%, Flight Link 4%, Assalaam Air Ltd 2% while others with 6%

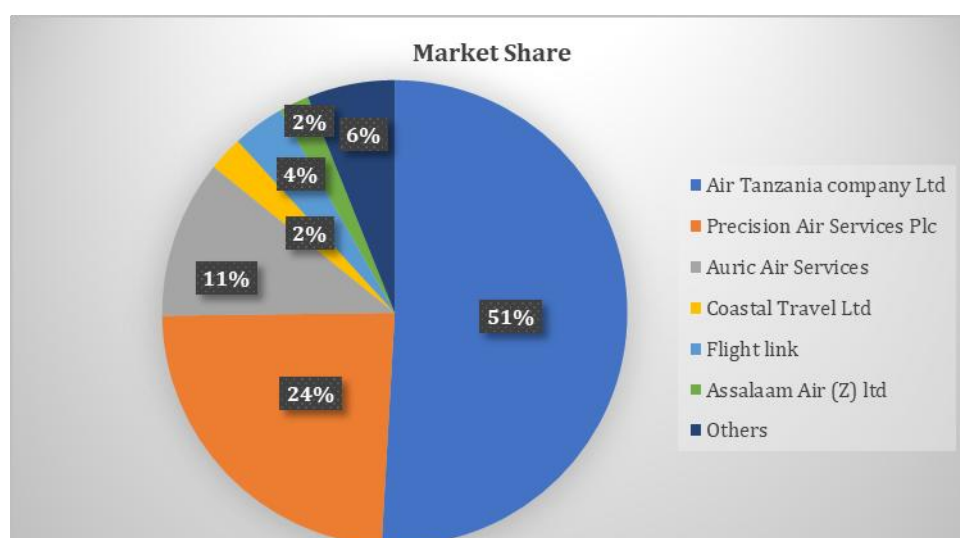


Figure 1. The Tanzanian Airlines

Although CRM is recognized as crucial for customer retention in the airline industry, most existing studies emphasize customer satisfaction without addressing other critical factors, such as trust, communication, and conflict resolution, which are essential components of CRM (Jamart, 2009; Aiderous, 2017; Myint, 2020; Tefera, 2022; Teshome, 2022). Moreover, studies conducted outside East Africa overlook the unique regional dynamics that influence CRM effectiveness within the Tanzanian airline context (Matimati, 2020; Kate, 2020).

To address these gaps, this study aims to investigate the influence of CRM on customer retention in the Tanzanian airline industry, offering a comprehensive analysis that includes CRM practices, customer satisfaction, and customer loyalty. Specifically, the study sets forth three objectives: (1) to examine CRM practices among Tanzanian airlines and their influence on customer satisfaction and retention, (2) to evaluate the direct impact of customer satisfaction on retention, and (3) to explore how customer loyalty influences retention. This study seeks to provide valuable insights into CRM strategies that can enhance customer retention, improve competitive positioning, and inform strategic decision-making in Tanzania's airline sector by addressing these objectives.

## 2. Literature review

### 2.1 Theoretical literature review

This study is hinged on the Relationship Marketing Theory. The Relationship marketing theory emphasizes the significance of building and nurturing strong, enduring relationships with customers. It posits that long-term customer relationships are essential for a company's success and profitability (Hunt, Arnett, & Madhavaram, 2006). Relationship Marketing Theory has evolved as a response to the changing dynamics of the marketplace. It can be derived back to the 1980s when marketing scholars began to emphasize the importance of fostering long-term, mutually beneficial relationships between companies and their customers. Some of the early writers and contributors to this theory include Berry (1983), Gronroos (1994), and Morgan and Hunt (1994).

The main assumptions of the theory are (i) Long-term Orientation which assumes that long-run relationships with customers are more valuable than short-run transactions. The focus is on cultivating enduring bonds. (ii) Mutual Benefit: It posits that both the company and the customer should derive benefits from the relationship. The company gains customer loyalty, while customers receive value and satisfaction. (iii) Trust and Commitment: Trust and commitment are essential elements. Trust is the foundation of any enduring relationship, and commitment ensures that both parties are invested in the relationship's continuation; and (iv) Two-Way Communication: Effective communication between the company and the customer is vital. This involves not only transmitting messages but also listening to customer feedback and needs. In the context of this study, it's related because CRM practices are fundamentally relationship-driven, and this theory helps to understand how CRM strategies can lead to enhanced customer retention. The theory also examines how customer loyalty and satisfaction are integral to long-term customer relationships.

## 2.2 Empirical review

Several empirical studies have been carried out about CRM and customer retention. For instance, Teshome (2022), conducted a study to investigate customer relationship management (CRM) practices within the context of Ethiopian Airlines in Addis Ababa, Ethiopia. The research employed a quantitative research plan with an explanatory design to fulfill its research objectives. A structured questionnaire was administered to 384 Ethiopian Airlines customers during day-shift international flights selected over six specific days. The study harnessed both descriptive and inferential statistics, specifically correlation and regression analyses, to scrutinize the quantitative data obtained through the questionnaires. The descriptive statistics results unveiled that customers held a moderately favorable perception of the airline's CRM practices, with a mean score of 3.37. Additionally, the outcome of the regression analysis demonstrated that the independent variable, that is, customer relationship management practices, exerted a statistically significant impact on customer retention. Hence, it is advised that the airline should enhance its customer relationship management practices to enhance customer loyalty and bolster its competitiveness.

Myint (2020) analyzed the effect of CRM on customer satisfaction, trust, and loyalty of domestic airlines in Myanmar. Using descriptive method and exploratory methods to perform the analysis, seven domestic airlines and 350 travelers were surveyed by using the structured questionnaire. The results highlighted that although every domestic airline utilizes CRM practices on all sale cycle periods, airlines from the private sector apply more CRM practices than state-owned airlines and joint venture airlines. Among CRM practices in different sale cycle stages, the practices at the pre-airport, Airport, and post-flight stages are the most outstanding on domestic airlines in Myanmar. The survey found that the customer also perceives that the generality of CRM practices affects both customer satisfaction and customer loyalty although the impact is more pronounced on customer satisfaction. Customer satisfaction leads to customer trust in the airlines and finally leads to customer loyalty.

Boadu and Achiaa (2019) assessed the Customer Relationship Management practices and Customer Retention in NSIA Insurance in Ghana. This investigation aimed to identify the pivotal factors essential for customer retention when implementing CRM practices within the chosen insurance company and to formulate effective CRM practices for managing customer retention and ensuring sustainability within the insurance sector, with NSIA Insurance as the case study. The study incorporated well-structured questionnaires and face-to-face interviews. A sample of 40 respondents, consisting of customers and staff involved in the insurance company's CRM, was surveyed. Data gathered from completed questionnaires and interviews were organized into frequency tables and represented as percentages. The findings revealed that although NSIA Insurance had policies about CRM practices, these policies were not consistently implemented to achieve the ultimate objective of customer retention.

Okoye-Chine, M. (2021) explored the nexus between Customer Relationship Management (CRM) and customer loyalty, employing a descriptive research design and utilizing analytical techniques like frequency and percentage analysis, as well as regression modeling, to investigate this relationship within the hospitality industry in Nigeria. The findings about customer relationship management underscored several areas for potential improvement, including inefficient communication channels for customer information, unsatisfactory handling of customer complaints, limited training initiatives, and a primarily basic information collection process restricted to customers applying for reward cards. Regarding customer retention, it was revealed that the Hospitality industry operated in a competitive environment rather than as a monopoly, and emotional bonds with customers were predominantly shaped by product quality and the company's commitment, as opposed to mere goodwill. Notably, the study unveiled a

significant, positive relationship (with an "R" value of 0.317 at a significance level of 0.05) between CRM and customer retention, suggesting that strengthening CRM practices could yield higher customer retention rates. Fantu's (2020), study delved into the realm of customer relationship management practices and their implications for customer satisfaction in the case of Nib International Bank. Employing a mixed research approach for data analysis, the results pointed to CRM as having a noteworthy and statistically meaningful effect on the satisfaction levels of Nib International Bank account holders. It is noteworthy that the study identified knowledge management as the weakest aspect of the bank's CRM practices, suggesting a potential area for improvement.

### 3. Methodology

#### 3.1 Sampling, Questionnaire Design, and Data Collection

This study was conducted within Julius Nyerere International Airport in Dar es Salaam as the airport found in the region is the biggest airport in Tanzania and it is the destination of many customers, inside and outside the country. The study population included domestic travelers from Terminals I and II at JNIA. Both simple random sampling and purposive sampling were involved in selecting the sample from the given population. A sample of 251 was involved in the study as indicated by the Cochran formula where  $n$  represents the sample size, while  $Z$  denotes the critical value associated with a specific confidence level, such as 1.96 for a 95% confidence level.  $p$  signifies the proportion within the population of interest, which is 50% in this instance, and  $q$  is the complementary value to  $p$ , calculated as  $1-p$ . Lastly,  $e$  represents the acceptable margin of error, typically set at 0.05. 
$$n = \frac{Z^2}{e^2} * pq = \frac{1.96^2}{0.05^2} * 0.5 * 0.5 = 384 \text{ respondents}$$

Using the Cochran formula, a sample of 384 was obtained however only a total of 251 questionnaires were filled out correctly and handed back to the researcher for data recording and analysis. The total number of returned questionnaires indicates an overall success response rate of 65.4% enough to ensure that the research results are reliable and valid. According to Nulty (2008), a study involving a sample size of 500 necessitates 289 participants, which constitutes 58% of the total. The unreturned response of 34.6% was due to time constraints where some customers were in a hurry preventing them from completing the survey at that particular moment. Also, some customers were unwilling to fill out the given questionnaires while some customers did not complete filling out the given questionnaires. Also, purposive sampling was employed to obtain the sample of 10 supervisors from the departments of marketing of domestic airlines and Tanzania Airport Authority.

The data collection process primarily involved gathering firsthand data using both questionnaires and interviews. The questionnaires were designed firstly to capture the demographic features of the respondents such as age, gender, level of education, number of times traveled using Tanzania Airlines, airline most used, and the main reason for their flights. The second part of the questionnaire captured the variable information on the CRM practices, customer satisfaction, and customer loyalty on capturing customers' expectations regarding the CRM practices of Tanzania Airlines, and customer service perceptions. Questions were formulated as statements and rated on a five-point Likert-type scale, ranging from 1 for "strongly disagree" to 5 for "strongly agree".

#### 3.2 Data Analysis

Both qualitative and quantitative data analysis were engaged in this study. Qualitative data analysis was supported by the information from interviews whereas qualitative data analysis was used to analyze data received from interviews through a thematic approach to analyze the qualitative data collected through interviews through MAXQDA. In this approach, the respondents' gathered responses from interviews were recorded, organized, reviewed, categorized, and re-coded in MAXQDA to develop and explain themes to be presented in the study findings. Quantitative data were examined using IBM SPSS Statistics version 27. Descriptive Statistics were used to analyze Demographic information showing frequencies and percentages. To examine the customer relationship management practices, examine the influence of customer satisfaction on customer retention of domestic airlines in Tanzania and examine the influence of customer loyalty on customer retention in Tanzania airline companies' descriptive statistics and Multiple Linear Regression analysis were used to organize the data and analyze these objectives, where the following model was developed;

**Model**

$$Y = \beta_0 + \beta_1 \text{CRM} + \beta_2 \text{CS} + \beta_3 \text{CL}$$

Where Y= Customer retention,  $\beta_0$  = Constant Term; CRM=CRM practices, CS=Customer Satisfaction and CL= Customer loyalty

The reliability of data was computed through Cronbach's Alpha Value which was measured through perceptions and expectations of all three dimensions namely; CRM practices, customer satisfaction, and customer loyalty. The results showed that all of the dimensions had an Alpha value above the acceptable level of 0.7. Thus, the results in Table 1 confirm that the measurement instruments for the study were reliable.

**Table 1: The Cronbach's Alpha Values**

Construct	Number of items	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
CRM Practices	6	0.877	0.878
Customer Satisfaction	5	0.905	0.905
Customer Loyalty	4	0.878	0.878

**4. Results and discussion****4.1 Descriptive Results**

A descriptive analysis test was run to examine the respondents' gender, age, education, number of times traveled using Tanzania Airlines, the main reason for their flights, and frequent airlines as shown in Table 2. Out of 251 respondents, 59% of the respondents were males and 41% were females. Our respondents were mostly between the ages of 30 and 39 (53.8%), followed by those between the ages of 20 and 29 (31.1%). According to their educational background, bachelor's degrees made up the majority (56.6%), followed by master's degrees (23.5%). 33.9% of people only traveled once to twice, while 49.8% traveled five times. The main reasons for respondents' flights were business/work (55) and family visits (36.7). The most used airline was Air Tanzania (80.5) followed by Precision Air (13.1).

**Table 2: Descriptive Results**

Attributes	Distribution	Frequency	%
<b>Gender</b>	Male	148	59.0
	Female	103	41.0
	Below 20	8	3.2
	Between 20-29	78	31.1
	Between 30-39	135	53.8
	Between 40-49	20	8
	50 and above	10	4.0
<b>Education</b>	Primary	0	0
	Secondary	15	6
	Diploma	33	13.1
	Bachelor's Degree	142	56.6
	Master's Degree	59	23.5
	PhD	2	8
<b>Number of times</b>	1 to 2	85	33.9

	3 to 5	125	49.8
	More than 6 times	41	16.3
<b>Reason</b>	Business/Work	138	55
	Tourism	21	8.4
	Family visit	92	36.7
<b>Airline used most</b>	Air Tanzania	202	80.5
	Precision Air	33	13.1
	Auric Air	10	4
	Coastal Travel	2	0.8
	Flight Link	4	1.6

#### 4.2 Customer Relationship Management Practices

The findings in Table 3 on the customer relationship management (CRM) practices within the Tanzanian airline industry, key findings reveal varying levels of perception among respondents. Overall, the mean ratings for CRM practices range from 3.45 to 3.87 on a scale of 1 to 5. Notably, technology-based CRM received the highest average rating (mean = 3.77), suggesting a relatively favorable perception among respondents. Conversely, knowledge management received the lowest average rating (mean = 3.45), indicating an area for potential improvement. While the median scores generally align closely with the mean values across all variables, the presence of negative skewness indicates that more respondents rated these practices higher than the mean, suggesting a generally positive perception. These results align with those of Myint (2020) conducted in Myanmar. However, areas of improvement could be identified in enhancing knowledge management practices and possibly focusing on aspects related to convenience and ease of use to further elevate the overall CRM experience within the Tanzanian airline industry.

**Table 3: Descriptive analysis of overall CRM practices**

<b>Construct</b>	<b>Mean</b>	<b>Std. Deviation</b>
Key Customer Focus	3.62	0.76
Knowledge Management	3.44	0.89
CRM Organization	3.46	0.85
Technology-Based CRM	3.77	0.91
Ease of Use	3.87	0.85
Convenience	3.79	0.80

#### 4.3 Influence of customer satisfaction on customer retention in Tanzanian airline companies

Regarding customer service, the mean score is 3.89, indicating that, on average, customers perceive customer service positively. The median is close to the mean, indicating a relatively symmetrical distribution. The negative skewness (-1.077) indicates a moderate left skew, meaning there may be lower scores than higher ones. The positive kurtosis (1.611) suggests a distribution that is slightly more peaked and has heavier tails than a normal distribution.

Regarding booking experience, the mean score is 3.88, indicating that, on average, customers perceive their booking experience positively. The median is close to the mean, suggesting a relatively symmetric distribution. The negative skewness (-1.025) informs that the distribution is slightly skewed to the left, meaning there may be lower scores than higher ones. The positive kurtosis (1.273) suggests that the distribution has heavier tails and is slightly more peaked than a normal distribution.

Regarding Trust, the mean trust score is 3.58, indicating that customers have a moderate level of trust in the airline. The median is slightly lower than the mean, suggesting a slightly left-skewed distribution. The negative skewness (-0.546) indicates a slight left skew, meaning there may be lower scores than higher ones. The positive kurtosis (1.65) suggests a distribution that is slightly more peaked and has heavier tails than a normal distribution. However, Trust has a lower mean than others which implies Tanzania Airlines has some problems in this category including flight delays and cancellations. One interviewee reported that,

....."My 7:00 am flight took off in the evening, and I had lost a lot of time at the airport and failed to catch up with my business at my destination " ..... (Key informant, 2024)

Regarding Commitment, the mean score is 3.62, indicating a moderate level of commitment from customers. The median is close to the mean, indicating a relatively symmetric distribution. The negative skewness (-0.601) shows a slight left skew, meaning there may be lower scores than higher ones. Also, the commitment mean is the second lowest which shows there are some areas of improvement for example in handling customer complaints. These results are in line with that of Okoye-Chine, M. (2021) who reported that the findings about customer relationship management underscored several areas for potential improvement, including inefficient communication channels for customer information, unsatisfactory handling of customer complaints, and limited training initiatives. Also, one interviewee reported that.

....."My complaint was not solved; they should introduce a customer advisory panel to be conducted annually to receive advice and complaints they have" ..... (Key informant, 2024)

Regarding Inflight experience, the mean in-flight experience score is 3.91, indicating that, on average, customers perceive their in-flight experience positively. The median is close to the mean, suggesting a relatively symmetric distribution.

**Table 5: Descriptive analysis of the influence of Customer Satisfaction on customer retention in the Tanzania airline industry**

Construct	Mean	Median	Std.Deviation	Skewness	Kurtosis
Customer Service	3.89	4	0.84	-1.07	1.611
Booking Experience	3.88	4	0.87	-1.025	1.273
Trust	3.58	3.66	0.86	-0.54	0.165
Commitment	3.62	3.66	0.86	-0.60	0.586
Inflight experience	3.91	4	0.87	-1.22	2.159

#### 4.4 Influence of customer loyalty on customer retention in Tanzanian airline companies

The findings in Table 6 stipulate insights into the average perceptions of customers concerning different aspects of their experience with the airline. These findings suggest that three customer loyalty elements (Loyalty Membership Programs, Customer Engagement, and Customer Feedback) have similar means (around 3.7-3.9) and standard deviations (around 0.85). This indicates that the data is centered around these values and the spread of the data is similar for each variable.

The mean of the loyalty membership program score is 3.72, indicating a moderate level of perceived effectiveness in retaining customers through loyalty programs, the mean of customer engagement score is 3.81, indicating a relatively high level of perceived engagement with customers and the mean of customer feedback score is 3.82, indicating a relatively high level of perceived effectiveness in gathering and utilizing customer feedback.

The mean pricing score is 3.53, indicating a moderate level of perceived effectiveness in pricing strategies for customer retention. Pricing strategies lagged with a mean score of 3.53, indicating a potential area for improvement for Tanzania Airlines. One interviewee reported that,

....."They should reduce the cost and increase the schedule of flights to all areas of the country, also when the price increases due to time to the next flight, it should not be more than half the price at least a reasonable amount. “  
..... (Key informant, 2024)

Although all elements exhibited relatively symmetric distributions, slight left skewness was observed in customer engagement and feedback, suggesting room for enhancing these aspects further. Therefore, while the industry demonstrates strengths in fostering customer engagement and feedback mechanisms, there is an opportunity to refine pricing strategies to bolster overall customer loyalty and retention in the Tanzania Airline Industry.

**Table 6: Descriptive analysis of Customer Loyalty in the Tanzania airline industry**

Construct	Mean	Std.Deviation
Loyalty Program Membership	3.72	0.86
Customer Engagement	3.81	0.85
Customer feedback	3.82	0.84
Pricing	3.53	0.88

#### 4.5 Binary Logistic Regression Results

##### a) Model Summary Results

The analysis in Table 24 showed a good model fit:  $F(2,248) = 347.784$ ,  $P < .001$ .  $R^2 = .74$ ,  $R^2 \text{ change} = .74$

**Table 7: Model Summary**

				Change Statistics				
R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square				
				Change	F Change	df1	df2	Sig. F Change
.859	.740	.737	.41759	.737	347.784	2	248	.000

a. Predictors: (Constant), CRM practices, Customer loyalty, Customer satisfaction



**b) Coefficient Regression Results of CRM practices, customer satisfaction and customer loyalty**

The results in Table 8 suggest that CRM practices have a strong and significant positive effect on customer retention. The unstandardized coefficient (B) for CRM practices is 0.612, indicating that for every one-unit increase in CRM practices, customer retention increases by 0.612 units. The standardized coefficient (Beta) is 0.598, further emphasizing the substantial impact of CRM practices relative to other variables. The t-statistic of 11.27 and a p-value of less than 0.001 highlight the statistical significance of this relationship. The 95% confidence interval for CRM practices ranges from 0.505 to 0.719, confirming the robustness of this effect.

Customer satisfaction, also plays a significant role in customer retention, though its effect is smaller than CRM practices and customer loyalty. The unstandardized coefficient (B) for customer satisfaction is 0.252, meaning that a one-unit increase in customer satisfaction leads to a 0.252-unit increase in customer retention. The standardized coefficient (Beta) is 0.229, indicating a positive but relatively modest impact. With a t-statistic of 3.336 and a p-value of 0.001, the relationship between customer satisfaction and customer retention is statistically significant.

Customer loyalty demonstrates a very strong and highly significant positive impact on customer retention. The unstandardized coefficient (B) for customer loyalty is 0.648, suggesting that a one-unit increase in customer loyalty results in a 0.648-unit increase in customer retention. The standardized coefficient (Beta) is 0.588, underscoring the significant role of customer loyalty. The t-statistic of 9.914 and a p-value of less than 0.001 indicate the statistical significance of this variable.

**Table 8: Coefficient Regression Results**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta				Lower Bound	Upper Bound
1 (Constant)	.181	.143			1.266	.000	0.101	.463
CRM practices	.612	.054	.598		11.27	.000	.505	.719
Customer Satisfaction	.252	.076	.229		3.336	.001	.103	.401
Customer Loyalty	.648	.065	.588		9.914	.000	0.520	0.777

a. Dependent Variable: Customer Retention

**5. Conclusion and Recommendations**

In conclusion, the study investigates the effect of Customer Relationship Management (CRM) on customer retention in Tanzanian airlines, focusing on CRM practices, customer satisfaction, and customer loyalty. The analysis reveals that customer satisfaction significantly influences customer retention, particularly in areas like customer service, booking, and in-flight experience, although trust and commitment show areas for improvement. The study identifies CRM practices (Beta = 0.598,  $p < 0.001$ ) and customer loyalty (Beta = 0.588,  $p < 0.001$ ) as the most significant predictors of customer retention in the Tanzanian airline industry, indicating strong positive effects. Customer satisfaction (Beta = 0.229,  $p = 0.001$ ) also contributes positively to retention but to a lesser extent. These findings highlight the importance of comprehensive CRM practices, including key customer focus, knowledge management, technology-based CRM, ease of use, and convenience, in enhancing customer loyalty and retention. The regression

analysis confirms the significant role of CRM practices, customer satisfaction, and loyalty in predicting customer retention, underscoring the need for robust customer relationship strategies. The results support Relationship Marketing Theory by emphasizing the importance of long-term, mutually beneficial customer relationships for business success. The study recommends that Tanzanian airlines enhance CRM practices, particularly through advanced technology integration and improved knowledge management, to better meet customer needs. Enhancing service delivery across booking and in-flight experiences, while building trust during service disruptions, is crucial for strengthening customer loyalty. Although the findings are specific to Tanzania and domestic airlines, future research should expand the scope to include multiple countries and explore the impact of specific CRM components

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