

## Abstract

Competition in business has gained a whole new dimension due to global consumerism, rapidly changing consumer buying patterns and high technological innovation. Consequently, the market players have switched focus from customer attraction to customer retention than at any other time in the recent past. Communication and complaints handling has become an area of interest to scholars, marketers and organizations operating in various sectors of the economy from which customer satisfaction and loyalty can be secured. Therefore, customer complaint management and effective communication form the decisive test of organization's customer focus that eventually affects customer satisfaction and loyalty. In spite of the vast literature on the effect of communication and complaint handling strategies on loyalty, exhaustive empirical research has not been directed towards the retail setting in the FMCG industry. The purpose of the study was to determine the effects of communication and complaints-handling strategies on customer loyalty at Almasi Beverages Limited (ABL) in Kenya. The study was guided by the following research questions: What is the effect of communication on customer loyalty at ABL? What is the effect of the complaints-handling strategies on customer loyalty at ABL? A survey research design was employed and the target population was the Coca-Cola retailers who sold through the company-owned Cold Drink Equipment (CDEs) for over a period of three years. The sample size was 369 respondents. Data was collected through the use of structured questionnaires and content validity of the instruments was achieved by incorporating the views and recommendations of marketing experts who assessed the research instruments. Data collected was analysed through quantitative statistics and presented in charts, graphs and frequency tables. The study adopted chi-square to test the hypotheses. The findings established that effective communication and satisfactory complaint-handling strategies are vital in developing and nurturing healthy business relationships that subsequently lead to loyalty. The study concludes that when an effective communication and complaints-handling oriented program is implemented correctly, an organization begins to focus more on managing its customers rather than its products. This enables companies to establish strong performance that lead to long-term profits and increased competitive edge as result of stable partnerships. Evidently, organizations are confronted with complaining customers and despite the precautionary measures taken by an organization to avoid conflict with customers; problems are bound to occur in the relationship. Therefore, the study recommends that companies should focus effective communication and proper complaints handling in order to keep the customers delighted.

One implication of this study is that companies like ABL need to have in place proper mechanisms for registering and addressing customer complaints.