



**ADDIS ABABA UNIVERSITY**

**SCHOOL OF COMMERCE**

**DEPARTMENT OF BUSINESS LEADERSHIP**

**THE EFFECT OF INTERNAL BRANDING ON CUTOMER LOYALTY:**

**The CASE OF DASHEN BANK S.C**

**A PROJECT WORK SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR  
THE MASTER OF ARTS DEGREE IN BUSINESS LEADERSHIP (MBL)**

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GSE/3064/10

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April, 2021

**Statement of Declaration**

I hereby declare that this research work entitled “**The effect of internal branding on customer loyalty: the case of Dashen Bank Share company**” is entirely the work of Paulos Aberra Bejiga. I have carried out the present study independently with the guidance and support of the research advisor, Solomon Markos (PHD). All sources of materials deployed are duly acknowledged. I hereby rectify that that the study has not been used for any project work in Addis Ababa University or any other University. The study is delivered as a partial fulfillment of Masters of Arts degree in Business Leadership.

**Paulos Aberra Bejiga****Signature:** \_\_\_\_\_**Date:** \_\_\_\_\_

## **Statement of certification**

This is to certify that Paulos Aberra Bejiga has carried out his project work on the topic entitled “**THE EFFECT OF INTERNAL BRANDING ON CUTOMER LOYALTY: the case of Dashen Bank Share company**”. The work is original in nature and is suitable for submission for the award of Master’s Degree in Business Leadership.

### **Certified by**

**Research Advisor: Solomon Markos (PhD)**

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**Date:** \_\_\_\_\_

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DASHEN BANK S.C**

By: Paulos Aberra

Approved by Board of Examiners

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Paulos Aberra  
Addis Ababa,  
September 2020

## **ACRONYMS**

1. **SPSS**-Statistical Package for the Social Sciences
2. **ANOVA**- Analysis of variance
3. **CRM**- Customer Relationship Management
4. **DB**-Dashen Bank
5. **A.A** – Addis Ababa
6. **NBE**-National Bank of Ethiopia

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## **Abstract**

*Developing and maintaining a strong and favorable internal brand and effectively positioning it in the minds of customer is highly imperative to bring about customer loyalty, long term profitability and competitiveness. The study tries to unveil the effect of internal branding on customer loyalty. To this end, the effect of internal branding constructs dubbed perceived quality, brand equity, trust and commitment on customer loyalty is scrutinized in this study. The researcher used explanatory design accompanied by quantitative approach. 96 questionnaires were distributed to customers based on a sample size determined by statistical formula developed by (Kothari, 2004). The study passed the reliability tests scoring an alpha value of .960. Pearson correlation test reveals strong relationship between the dependent variable customer loyalty and the independent variable perceived quality, trust and commitment. The result of the regression analysis indicates existence of positive and statistically significant effect of the predictor variables dubbed commitment, trust and perceived quality on customer loyalty. Hence, the result indicates that customer loyalty can be explained by the variation of the independent variables. The study concluded that commitment, perceived quality and trust factors positively and significantly affected customer loyalty of Dashen Bank S.C. Therefore, the study reveals that with the exception of brand equity that has a moderate effect on customer loyalty all other internal branding variables under study have a positive effect on customer loyalty.*

**Keywords: banking industry, customer loyalty, internal branding**

:

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1. Background of the study**

Globally, firms are facing unprecedented competition. To win the minds and hearts of customers and encourage them to stay loyal or repurchase the service, firms are constantly resorting to meeting and satisfying the needs by not only being reactive but also being consciously proactive in delivering brand values and promises.

In the ever-changing and highly volatile business environment, companies strive to adopt different approaches apart from the usual marketing strategies so as to create memorable identity among consumers. Sexena (1998)

(Boyle, 2007) referred to Brand loyalty as an advantage in which a customer frequently purchases a product from a supplier instead of buying it from multiple suppliers. Whereas in his operational definition, he stated that brand loyalty refers to the service of a Bank, even if competitors offer better advantage and he further states that loyal customers introduce and offer the bank to others, and has a profound sense of ownership to the bank and make sure to stay loyal and avoid services rendered by other Bank.

Among several internal branding definitions, (Boyle, 2007) defines it as internal benefits of a product that makes it unique from other products. Kottler (2001) defines internal branding as the value proposition and promise of a Brand that can be characterized in terms of quality of a product and service provision.

According to Keller (1993), prominent and successful businesses drive their success by standing out and positively differentiating themselves from the crowd through deploying superior internal branding that enables them to create individual niche in the consumer psyche and taking strong hold on it.

Studies have revealed the relationship between internal branding attributes that are the strong determinants of internal branding (such as such as brand

equity, perceived quality, trust and commitment) and brand loyalty. According to Keller and Lehmann (2006), the brand equity based on consumer measures can evaluate the attitudes, awareness, attachments, associations and also the consumer loyalty into the brand. Gurbuz (2008) stated that customer loyalty expected to occur when perceived quality has been judged favorably. According to him when customers perceive superior brand quality, they will develop brand loyalty. The study conducted by Ball et al., (2004) regards creating trust in customers mind set an important antecedent of loyalty. De Ruyter et al., (1998), emphasized that calculative commitment is the primary way that the customer is compelled to remain loyal against his or her desire.

Keller (1993) further emphasizes that, the ever changing world where customers preference and behavior are changing frequently with regard to making rational decisions about which goods to purchase and service to use forced companies to tune their brands in a way that can satisfy customer needs.

The financial services industry is undergoing through major changes since the 1980s, and it has been frequently tested by aggressive dynamic changes taking place all around the world which poses a big challenge in today's financial institutions (Lee 2002).

The aggressive competitions among players have made companies to stand out and differentiate themselves from the stiff competition. (Farquhar 2004; Heffernan *et al.* 2008; Rajaobelina & Bergeron 2009). As cited by Edwin, T. and Nic, S (2009).

Internal Branding is highly imperative in the business realm with regard to communicating information to prospects and customers about the quality of a certain product and also plays a pivotal role in differentiating products from those of competitors. (Kumar & Prasad, 2012).

Internal branding is more vital in the banking industry where by products are more or less homogenous. The homogeneity nature of the products will greatly affect customer choice and preference.

Keller(1993) states that successful brands operating in a homogeneous environment are those with the ability of tapping into the basic human needs and aspirations. Internal Branding is what distinguishes the many homogenous products that exist in the banking industry. Keller sum up by stating that in order to win customers mind, building a positive image in the mind of customer and prospects is highly imperative due to the fact that whenever a prospect or customer thinks of any of the services offered by the banking industry, the first thing that strikes him/her is the name of the institution in question.

To this end, developing and maintain a strong and favourable internal brand and effectively positioning it in the minds of customer is highly imperative to bring about customer loyalty, long term profitability and ensuring competitiveness.

## **1.2. Background of Dashen Bank**

Dashen Bank was founded by eleven shareholders and veteran bankers with initial capital of Birr 14.9 million in September 1995. Upon securing license from the National Bank of Ethiopia, Dashen opened its doors for service on the 1<sup>st</sup> of January 1996 with eleven fully-fledged branches. (Dashen Bank Profile, 2020)

Dashen Bank coined its name from the highest peak in Ethiopia, mount Dashen, and aspires to provide unparalleled Banking services in banking services. (Dashen Bank Profile, 2020)

The Simien Mountains is home to endemic wild life including the Walia Ibex, Simien Fox or Ethiopian Wolf and the Gelada Baboon. Dashen aspires to set new heights in banking services through the delivery of unique value propositions second to none. (Dashen Bank Profile, 2020)

Headquartered in Addis Ababa, the Bank is among the biggest private Banks in Ethiopia. It operates through a network of more than 375 plus Branches, ten dedicated Forex Bureaus, 400 ATMs and 1000 plus Point-of-Sale (POS)

terminals spread across the length and breadth of the nation. It has established correspondent banking relationship with 462 banks covering 70 countries and 170 cities across the world. Wherever business takes customers around the world, Dashen Bank is already there. (Dashen Bank Profile, 2020)

Dashen is the most reputable brand in the domestic banking market; a reputation earned through consistent delivery of values and preeminence. The Bank also works in partnership with leading brands in the electronic payments industry (AMEX, VISA, MasterCard & UnionPay) and prominent money transfer operators (Western Union, MoneyGram, Express Money & Dahabshiil, Ezremit, Transfast, WorldRemit and Ria). (Dashen Bank Profile, 2020)

### **1.3. Statement of the problem**

The banking industry is experiencing unprecedented transformation. To this end, building a strong internal brand that solicits loyalty of customers is a move undertaken by many Banks in order to stay competitive. Bello (2005).

Many studies among which Crosby & Tylor (1983), Garbarino and Johnson, 1991, Morgan and Hunt, 1994, Schurr and Ozanne (1985), Lassar et al., (1995), cole Robert and Flynn 2009 and other researcher indicated that positive relationship exists between Internal Branding attributes (such as Brand Equity, perceived quality, trust, commitment) and customer loyalty.

Keller (1993) claims that strong brands can only be attained by developing brands that address the basic needs of customers. Since the nature of bank products are more or less homogenous, adopting appropriate internal branding is highly imperative

Over the past few years, financial institutions became customer-centric in a quest to retain and attract customers in response to a tougher regulatory environment and intensified competition (Frank Aloi-ath Power CEO, PR Newswire, 2012).

Customer loyalty in banking is considered as a major concern to practitioners as a result of ever increasing intense rivalry and increased customer

expectations. Customer loyalty is pivotal to enhance the overall performance (Oliver, 1997; Reichheld, 1993; Sheth and Parvatiyar, 1995).

In today's competitive business environment with an ever increasing customer's expectations, creating and maintaining a long term profitable business relationship is considerably important. Most importantly in Ethiopian banking sectors where there are 18 players in the industry and whereby several conventional and Islamic Banks are under formation; customers are very sensitive and can easily shift brands with minimal switching cost.

Dashen Bank in its strategic document noted that the tech-savvy generation is becoming less loyal to brands which will force banks and other businesses to deploy new business and operating models. To this end, Dashen Bank in the strategic Plan highlighted on creating sustainable value (which is one determinant of internal branding) for stakeholders so as to solicit loyalty. (Dashen Bank Strategic Plan (2018/19 to 2022/23)

Furthermore in its core value, the Bank has revealed its commitment to being trustworthy, doing the right things and delivering brand promises daily to render heightened service and bring about customer loyalty.

(Dashen Bank Strategic Plan (2018/19 to 2022/23)

According to the recent servqual (service quality measurement) and mystery shopping conducted by the Bank reveals that most of the complaints come from key internal branding gaps that includes poor communication, awareness and delivery of service by employees, maltreatment of customers, lack of quality and standardized service that varies across branches and technical glitch of digital products like Amole, ATM and POS machines are some of the problems. The other major problem encountered is due to lack of consistency in service delivery process. The problems mentioned are the major indicators of the prevalence of internal branding gaps that will greatly affect the brand equity, perceived quality, trust and commitment of Dashen Bank.

Though, the Bank has clearly stipulated its commitment in its strategic document, the tangible facts and figures at hand is indeed very concerning revealing sizable customer turnover in significant number of branches that contributes to the Banks stagnant financial performance with little change of profit year after year leading to the importance of this study.

The researcher has gone through recent data that reveals the number of customers that closed their account and terminated their relationship recently. Accordingly, the statistical report of the Bank for commencing from December 31, 2018 up to December 31, 2019 reveals that, from the total of 376 branches across the country. Dashen Bank from December 31, 2018 to December 31, 2019 had an incremental deposit of 318,348 depositors over the year and has lost 20,620 depositors on the same period, amounting to 7% of the total depositor increment. Among the 20,620 customers that closed their account, the selected fifteen The percentage of customer turnover seems alarming as compared to the total number of new customers the Bank acquired over the same period, (i.e.  $20,620/318,348*100=7\%$ ), indicating customer retention as a major concern in the Bank.

Studies reveal that profit and other financial performance parameters are positively linked to customer retention. Rosenberg and Czepiel,(1983) clearly stated that 65% of average companies business is generated from existing customers. According to them, 5% increase in customer retention augments a 25-150 percent to the bottom line and attracting new customers will cost six times more than retaining an existing one, (As cited by, Ndubisi and Wah (2005). Taking heed of the effect, if Dashen Bank losses one customer, it has to acquire six more new customers to recuperate from the loss. Consequently the bank has to acquire 123,720 new customers to recover from 20,620 customer turnover. Apart from this, the bank will also suffer from the negative word of mouth. This implies that the bank is confronted with a heightened problem

with regard to customer loyalty that can be attributed to the lack of strong internal brand.

The absence of strong internal branding could result in loss of loyal customers which will have a detrimental effect on the overall performance of the Bank. Hence, fostering on developing superior internal branding strategy that can create a unique and memorable brand set in the mind of customers is highly imperative.

Taking heed of the prevalent problem, the research will try to assess the effect of internal branding on customer loyalty in banking sector in case of Dashen Bank SC.

Hence the study has particularly addressed the following research questions.

1. What is the effect of brand equity on customer loyalty?
2. What is the effect of perceived quality on customer loyalty?
3. What is the effect of trust on customer loyalty?
4. What is the effect of commitment on customer loyalty?

#### **1.4. Objective of the Study**

##### **1.4.1. General Objective**

The general objective of this project work revolves around examining the effect of internal branding on customer loyalty in the banking sector in the case of Dashen Bank SC.

##### **1.4.2. Specific Objectives**

The researcher gave particular emphasis on the following objectives:

- ❖ To assess the practice of internal branding in Dashen Bank
- ❖ To scrutinize the relationship between brands equity (brand value) dimension of internal branding with customer loyalty in the case of Dashen Bank SC.

- ❖ To identify the relationship between perceived quality dimension of internal branding and customer loyalty in the case of Dashen Bank SC.
- ❖ To examine the relationship between trust and customer loyalty in the case of Dashen Bank SC.
- ❖ To determine the relationship between commitment dimension of internal branding and customer loyalty in the case of Dashen Bank SC.
- ❖ To investigate the influence of internal branding on customer loyalty in the case of Dashen Bank SC.

### 1.5 Definition of Terms

Some of the variables, concepts, terms that are recurrently mentioned in this study are defined from diverse theoretical perspectives. Accordingly, the following are identified along with their respective definition

1. **Internal Branding**:- internal benefits of a product that makes it unique from other products (Boyle, 2007). value proposition and promise of a Brand that can be characterized in terms of quality of a product and service provision (Kotler)
2. **Brand** -. Brand is a name and a commitment made by a company to satisfy the needs of customers. Brand is a name ,phrase a term, a sign ,a symbol, a pattern a design or combination of them whose purpose is to introduce a or service distinguished from other competing companies (keller,2001)
3. **Customer Loyalty**-is a profound commitment to re-buy, re-use or re-patronize in a constant manner, leading to purchasing of similar brand repetitively, However, situational influences and marketing efforts might lead to brand switching. Oliver (1999).
4. **Customer satisfaction** –the degree of desirability which is required by customer because of various features of a product. Customer satisfaction is a source of profitability and a reason for organizations to continue their activities.

5. **Perceived quality of a Brand**– refers to customers judgment about the superiority of a product.( Oliver (1999)
6. **Brand equity (value)** -is a set of assets and commitments related to the brand name of symbol and the value consumer associate with a brand. (Aeker, 1995). It is the consumers' perception of the overall superiority of a product carrying that brand name when compared to other brands. Brand equity refers to consumers' perception rather than any objective indicators. (Lassar et al.1995).
7. **Brand Association**:-Is an asset leading to distinct reason to purchase a product and affect feeling about a product and creates the bases of Brand Extinction.
8. **Trust**- can be described as strong reliance and confidence on partner with whom transaction will be carried. Moorman et al. (1993) Orth&reen (2009).
9. **Commitment**-The desire for continuity manifested by the willingness to invest resources into a relationship Gounaris (2005).

### **1.6 Significance of the study**

It can be observed that the competition among the Banking sector is escalating in time making it stiff than ever. Following the lifting of the government barriers of entry for new entrants to the banking industry, competition will be expected to exacerbate between new entrants and incumbents to snatch the market share and tap the untapped (unbanked) market share. When the number of Financial Service Providers (FSA) increase in number, customer will get alternative services which cuts or nullifies the brand switching cost for customers that can be regarded as a major challenge for industry players.

To this end, this study aims to assist banks in identifying internal branding strategy to pursue and maintain in relation to retaining loyal customers. The research can also be instrumental to enrich the studies conducted in internal branding and customer loyalty.

Furthermore, the research paper will:

- ❖ Enable Dashen Bank to create sustainable financial and non financial performance as well as develop fruitful business relationship with customers through identifying barriers that hinder customer loyalty and perceived quality.
- ❖ Assist policy makers, planners, and other key decision makers to make informed decision based on empirical facts so as to alleviate problems at hand
- ❖ Assist to fill the current gaps observed in the problem statement and to provide a starting point for further studies conducted by researchers and practitioners in the future so as to contribute to the body of knowledge pertaining to internal branding.
- ❖ The study will be expected to benefit those who are interested in conducting further research in internal branding, customer loyalty and other related areas by availing information that can be used as a reference.

### **1.7 Delimitation/scope/ of the study**

Since it is difficult, costly and time consuming to conduct a census survey on all of Dashen Bank branches to see the effect of internal branding dimensions dubbed brand equity, perceived quality, trust and commitment on customer loyalty in the case of Dashen Bank, the researcher delimited the scope of the study to four branches located in the Metropolis of Addis Ababa. The study has tried to see the effect of Internal branding on customer loyalty by scrutinizing the determinants of internal branding such as brand equity, perceived quality, trust and commitment in relation to customers loyalty.

### **1.8 Limitation of the study**

Taking heed of the difficulty, cost and time consuming nature of conducting census survey on all of Dashen Bank's Branches, this research was limited to four branches located in the Metropolis of Addis Ababa to measure the effect of

internal branding on customer loyalty in the case of Dashen Bank. Though, there is a lot of internal branding and customer loyalty dimensions that are identified in marketing literature, the variables that were under consideration in this study are limited to perceived quality, brand equity, trust, and commitment

### **1.9. Organization of the study**

The study has five independent chapters. The First Chapter revolves around introductory concepts that includes background of the study, statement of the problem, basic research questions, objectives of the study, hypothesis, definition of terms, significance of the study, and delimitation/scope of the study and ethical considerations.

The Second Chapter fosters on review of related literature where theoretical concepts related to the various dimension of internal branding and their effect on customer loyalty has been expressed explicitly. Hence it has introduction, theoretical review, empirical review and the conceptual framework of the study

The Third Chapter described the methodology employed to conduct the study which includes type and design of the research; the subjects/participant of the study; the sources of the data; the data collection tools/instruments employed; the procedures of data collection; and the methods of data analysis used and tests of reliability.

The last two Chapters, Chapter Four and Five included data analysis and discussion along with summary and conclusion and recommendation respectively.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Introduction**

This section reviews most relevant literature in the area of internal branding and customer loyalty among which theoretical foundation of this study, branding, and branding strategies as well as customer loyalty is covered. The study also tries to sift out the major knowledge gap witnessed and the summary of the literature review.

#### **2.2. Theoretical foundation**

The banking industry is changing swiftly and the immense growth of international economy and competitive environment has a great effect on Banks. (Gilaninia& et al, 2011) To facts at hand forces banks to divert their attention to a new realm of competition positioning through internal branding efforts. Hence, having a strong brand and branding strategy was very imperative to develop long lasting relationship with customers. The fact that the homogeneity nature of banks product makes it difficult for customers to differentiate service making it easy for customers to switch brands. To this end, many banks are diverting their attention to developing strong internal branding and relationship marketing approach. (Gilaninia& et al, 2011). As cited by, (Peyman, Freyedon, and Motreza2013).

##### **2.2.1 Branding and Internal Branding**

A brand can be described as name, sign, term, design or symbol or summation of all characteristics that distinguishes the product of one seller from the rest of the competition. Whereas, Internal Branding is a subset of branding that fosters on the process of harnessing a set of associations and perceptions in people's minds concerning the products and services offered by an entity in the marketplace (Keller, 1998). Tybout and Calkins (2005) provide explicit definition of Internal Branding as a holistic approach to an entity's position, customer interactions, and operations, based on the values of the company.

The goal of Internal branding as pointed out by the Tybout and Calkins (2005), is to establishing and nurture solid relationship with customers and prospects. Companies can reap benefit from creating a strong internal brand that makes it distinctive, trusted, and other reliable attributes that will lead to successful performance. Apart from that, building a strong internal brand is one of the foundations for most institution marketing goals and strategies.

Internal branding implies to the activities employed by an organization to solicit intellectual and emotional buy-in embraced in the organization, including personality, character, attitudes, motivation and even emotions that holds meaning not only for both external customers and employees whose tasks are to deal with the brand on daily bases and holds a stake. (Thomson et al., 1999). According to (Jacobs, 2003) the core objective of internal branding is the attainment of competitive advantage by deploying effective business practices and policies that can not be easily replicated by other players in the industry.

Internal branding makes a company to positioning its products by specifically pointing out what makes it different from its competitors that provides similar product to value chain. Effective internal branding distinguishes a product or an organization from many identical commodities, by providing it with a unique character and promise. For consumers that make emotional and pragmatic judgments, building a strong internal brand will create emotional resonance in the minds of consumers (Aaker, 1996). Phil (2006) observes that internal brands build relationships between consumers and products, services, or lifestyles by providing beneficial exchanges and adding value to their objects. Largely, as indicated by Kotler et al. (2001), customers are willing pay more for a branded product or service than that has less strong internal branding due to the fact that internal branding to building connection with people by embodying attributes that can draw customers to.

According to Pradeesh and Prasad (2012), internal branding makes an organization to communicate the value of its product portfolio to prospects and consumers and thereby build a lasting relationship and encourage exchange. Keller (1998), further strengthen the importance of internal Branding by including the basic notions of relationship, value and exchange highlight the fact that internal branding is more than simply a matter of communicating with consumers and persuading them to purchase a product or take some desired action. The concept of Internal extends to positioning products and services, organizational behaviors. This will help a company to position its products and services in the minds and lives of customers in the social and physical environment. Kotler et.al (2001), stated that Internal Branding, takes the core benefit of a product or service and provides greater value through accretion of intangible benefits such as lower perceived risk and emotional benefits. This attributes will assist an organization to achieve a higher degree of differentiation which in turn reduces the probability of switching brands

### **2.2.2 Internal Branding Strategies**

Thomson et al., (1999) states the three core elements of internal branding. The first revolves around the reflection of brand values to consumers by committed employees. The second elements states delivering the communicated brand promise to both internal and external market that includes internal consistency of the Brand image. The third elements portrays the importance of multi-direction, that is, internal branding needs to be applied at all organizational levels in order to align management and staff behavior and values.

Internal Branding strategies will foster on inducing people's outlook and perception of a brand so that they act in response to the intrinsic value of the product. To this end, it solicit buyers to buy and use product and services offered, purchase the product in higher price points, support a cause and the like by offering consumers gratifying experience. As branding is typically an activity that is undertaken in a competitive environment, the aim is also to

persuade people to prefer the brand to competition (Gelder, 2002). As asserted by Gelder (2002), a brand needs to provide relevant meaning and experience to people across multiple societies through deploying effective internal branding strategies. To do so, the internal brand strategy has to be structured by taking into consideration brand's capabilities and competencies, the strategies of competing brands, and the customer's outlook (including business decision makers) which has been largely formed by experiences in their respective societies. There are four broad internal branding strategy areas that can be employed that is brand domain, brand reputation, brand affinity and brand recognition.

Holt (2004) specifies internal branding strategies that are used by organizations that include: corporate brand strategy; using the intrinsic value of company name as a brand so as to make brand association; there is individual branding strategy; Where each product has its own brand; attitude or iconic branding; here, brands present a larger feeling to the buyer ;“No brand” branding; a type of strategy in which a company creates a package that imitates the generic brand simplicity by either use of color without a brand name; brand extension strategy; the existing strong name can be used as a vehicle for new or modified products, the new product usually has a brand name marking; multi-brands strategy; an organization can deliberately launch a totally new product to compete with their own existing strong brand; derived brands; some suppliers of key components may wish to guarantee their own position by promoting a component as a brand in its own. e.g. safaricom stickers on mobile gadgets; private labels; also called own brands; organizational and individual brands; the type of branding that treat individuals and organizations as the products to be branded; crowd sourcing branding strategy; where the people create the brands for the organization and nation branding; aims to measure, build, and manage the reputation of countries.

In terms of Kotler, et al (2001), internal brand strategies can be deployed to improve and develop a brand. This includes, line extensions strategy are done through adding new features, flavors, quality sets, and other value adding attributes with company's existing products. This will increase companies sales amid a stiff completion.

Apart from the line extension, brand extensions strategy can be deployed to launch new or modified products/services. Brand Extension strategy is aimed at bringing about consumer brand loyalty. Ex Apple's Ipad2, Smirnoff apple, Smirnoff ice, Pepsi max, lucozade sport are examples of brand extensions.

Multi brands strategy is another strategy identified by kotler that solicits a seller to develop two or more brands in the same product category in order to enhance internal brand. Multi brand strategy is an innovative brand development idea. Most companies follow this strategy when they promote similar products under the different brand name so as to take advantage of the price and quality gaps of the target market and snatch a sizable market share. However there are risks associated with following this strategy such as poor management and negative effect that arises due to miss communication.

New brands strategy involves creating a completely new product and new brand whether multi brand stays with existing product but establishes new brand. Toyota created a separate family name "Lexus" (luxury executive car) in order to distinct its identity and produce a product tailored to customers

Branding strategies can be classified into two elements that are external and internal to the customer. Internal brand elements involve personality, which relates to customers' description of the brand; culture, or the social context within which a brand is perceived and self- image, which encompasses what consumers feel the brand says about them. External elements include physique, or the physical characteristics of the brand that makes consumers want to know what it does; reflection, which relates to the target user or customer being nurtured; and relationship, which says the customer must

have an identifying relationship with the brand itself Phillips (2006). This study primarily focus on the internal brand elements.

**Table 2.1. Major factors that affect internal branding**

| Major factors that affect internal branding |  |
|---|--|
| Character                                   | The factors (i.e tangible and intangible assets of the organization, organizational activities, markets served, corporate ownership and structure, organizational type, corporate philosophy and corporate history) that make the organization distinctive from another. |
| Culture                                     | Employees ' collective feeling (ie values, beliefs and assumptions) about the organization.  |
| Communication                               | The various outbound communications channels (including employee behavior, word of mouth and media/competitor commentary) that an organization uses to communicate with customers and other constituencies.  |
| Conceptualization                           | The perceptions that customers and other key stakeholder groups hold of the corporate brand.   |
| Constituencies                              | Corporate marketing needs to meet the wants and needs of customers as well as other stakeholder groups.  |
| Covenant                                    | An informal contract that underpins a corporate brand.   |

**Source: Phillips (2006)**

### **2.2.3 Customer Loyalty**

According To Tepci (1999) customer loyalty can be defined using the following measurement

1. Behavioral
2. Attitudinal
3. Composite

The Behavioural measurement advocates constant, frequent purchase from a brand as a major sign of loyalty. It states that repeated purchases are not always the result of psychological commitment toward the brand. (Tepci, 1999)

Attitudinal measurement employs attitudinal data to measure the attachment with a brand that can be described in terms of psychological and emotional attachment. Hence the attitudinal measurement primarily deals with loyalty, engagement and allegiances (Tepci, 1999)

Composite measurement of is a mix of both behavioral measurement and attitudinal measurement and measures loyalty by customers product preference and propensity for brand switching. (Tepci, 1999) Brand loyalty is customer bonding to continue purchase products or services from certain brand even with the premium price (Wibowo, 2005).

Customer loyalty can be defined as the willingness of customers to maintain relations with a particular firm or product. It is the commitment of a customer to engage in trade with a particular firm, buying their products and services and even referring it to colleagues Kim and Yoon (2004),. Rauyruen and Miller (2007) explain customer loyalty as a merged concept of behavioural loyalty that is willingness of customer to repurchase from and continue relationships with the company and attitudinal loyalty that entails emotional attachments and advocacy of customers toward the company. Customer loyalty even extends to working with a company in the prevalence of errors and mistakes and even further to an extent of purchasing products even the decision taken is not rational due to the fact that the foundation of customers loyalty is positive experience and value. Kincaid (2003). The loyal customer to say positive things about the products, services, and stories to others (Logiawan & Subagio, 2014).

Customer loyalty is one of the factors that justifies the relationship of customers with a company. Hence maintaining a satisfied customer is of high importance to an organization and key to achieve financial and other parameters hights and to acquire more customers by satisfying the existing

ones. Specially for the banking industry where customers play a key role by increasing the deposit base that can be disbursed in the form of loan. Hence, loyal customers will save more and lend more, generate foreign currency more, recruit more customers through positive word of mouth, which can in turn contribute to the financial performance of a Bank.

According to Dimitriadis, (2006) Loyal customers tend to view the organization positively, endorse the organization to others, and engage in repurchase. Lam et al. (2004) describes customer loyalty as an evidence of the repeated patronage of a service provider and the recommendations of a service provider to other customers. Further, it is considered as the intention of the buyers to make frequent purchases over and over again so as to build a standing relationship with the organization (Dick and Basu, 1994; Fornell, 1992).

According to (Michael et.al., 2008) even satisfied customers shift brand for the mere reason that the products offered are homogeneous and the prevalence of indifference among products made even satisfied customers to switch.

Oliver's (1999) framework categorizes loyalty steps as follows: a cognitive sense, as the initial phase, followed by an affective sense, a conative manner, and finally, a behavioral manner. The attitude development structure is as described below.

- Cognitive loyalty: In the very early phase, customers purchase a product or service based on brand belief only. This cognition refers to prior or vicarious knowledge or experience-based information circulating within the market and industry. At this phase, brand influences loyalty because of information.
- Affective loyalty: In the second phase, cumulative usage of the same product or service develops customer satisfaction toward the brand. This satisfaction reflects a pleasure dimension of the customer toward the brand.

- Conative loyalty: This is behavioral intention influenced by actual usage, experience, and satisfaction toward the brand. By definition, conative loyalty refers to a brand-specific commitment on the part of the customer to repurchase. At this phase, a customer forms a commitment to keep using the same product or service.

After proceeding through the first three phases, cognitive, affective, and conative, the customer reaches a final phase of action called action loyalty. This attitude development structure sees commitment as the antecedent of action loyalty

Customer satisfaction is the heart of marketing. The ability of an organization to satisfy customers is vital for a number of reasons. For example, it has been shown that dissatisfied customers tend to complain to the company and in some cases seek redress from them more often to relieve cognitive dissonance and bad consumption experiences (Oliver, 1999; Nyer, 1999). If service providers fail to properly address such behavior, it can have serious adverse effect. In extreme cases of dissatisfaction, customers may resort to negative word-of-mouth as a means of getting back to the company. Reichheld (2003) posits that unsatisfied customers may choose not to defect, because they do not expect to receive better service elsewhere or if the switching cost is high. Additionally, satisfied customers may seek for competitors because they believe they might receive better service elsewhere.

Customer retention is a function of other factors other than customer satisfaction. These include a wider variety of product choices, greater convenience, better prices, and enhanced income (Storbacka et al., 1994).

According to service management studies, customer's satisfaction can be derived from customer's perception towards the value delivered by an organization during transaction or relationship. In this case value is considered as perceived service quality in relation to price and customer acquisition cost (Blanchard and Galloway, 1994) relative to the value expected from transaction

Therefore, many researchers consider customer satisfaction to be the best indicator of a company's future profit and competitiveness. The outcomes of customer satisfaction include customer loyalty (Bei and Chiao, 2001). In the consumer marketing community, customer loyalty has long been regarded as an important goal of any corporate entity (Reichheld 2003). And as such both marketing academics and professionals have attempted to uncover the most prominent antecedents of customer loyalty.

Researchers have found a strong relationship between customer satisfaction and loyalty. For instance, Szymanski and Henard (2001), in their meta-analysis study, indicate 15 positive and significant correlations between the two constructs. Bearden and Teel (1983) have also shown a relationship between satisfaction and loyalty. In fact Jones (1995) argued that this relationship is not a simple linear one; the resulting behaviors may depend on consumer attributions, (i.e. their belief in the causes of the customer satisfaction and dissatisfaction assessment).

Quite understandably, marketing practitioners have often lay claim with customer satisfaction, using slogans such as "Our focus is customer satisfaction", or "The customer is a king" "Customer is our reason for being in business." etc. The importance of customer satisfaction inform the study carried out by the University of Michigan which tracks customers across 200 firms representing all major economic sectors to produce the American Customer Satisfaction Index (ACSI). Each company receives an ACSI score computed from its customers' perceptions of quality, value, satisfaction, expectations, complaints, and future loyalty (Fornell 1992). According to Boselie, et al., (2002) satisfaction is a positive, affective state that results from the appraisal of a working relationship between parties.

Customer satisfaction is defined by Oliver's (1999) as the consumer's fulfillment response. It is the overall level of contentment with a service/product experience. Bitner and Zeithaml(2003) stated that customers

assessment regarding need satisfaction and expectation as a major determinant of satisfaction

Customer loyalty can seem elusive and magical to those trying to obtain it. However, there are a lot of good reasons for businesses to pursue customer loyalty as a strategic objective. Customers are expensive to acquire; keeping them loyal allows you to amortize acquisition costs. Loyal customers are often willing to pay premium prices. For example, some of the important attitudes and behaviors expected of a loyal customer include:

- Likelihood to recommend company products and services to others.
- Likelihood to continue purchasing the company products and services, at minimum, at the same level.
- Likelihood of purchasing other products and services the company offer.
- Believing company products and services are superior to competitors.
- Not actively seeking alternative service providers.
- Providing the company with opportunities to correct problems and not using these as a basis for compromising the relationship.

Numerous studies have pointed out that two of the most effective means of generating customer loyalty are to delight customers (Oliver, 1999; Lee, et al., 2001) and to deliver superior customer value derived from excellent services and quality products (Parasuraman 1985). In addition, some scholars argue that switching costs, is a key moderating variable, and can significantly influence customer loyalty through such determinants

as customer satisfaction (Fornell, 1992; Oliver, 1999; Lee et al., 2001) and perceived value (Woodruff, 1997; Neal, 1999).

Inamullah, (2012) asserts that by tradition, customer loyalty is divided into two dimensions. One is based on behaviour and the other is based on attitudes. The behaviour dimension refers to a customer's behaviour on repeat purchases, indicating a preference for a brand or a service over time.

Examples of customer loyalty behaviour include continuing to purchase services from the same supplier, increasing the scale and or scope of a relationship, or the act of recommendation. Attitudinal dimensions can be described as customers tendency to repurchase the product or recommend it to others.

Attachment towards a product and organization can be described through different characteristics which will describe the individual's (purely cognitive) degree of loyalty. The duo makes customer loyalty a focal point for numerous business organizations. The successes of company's sales are ensured by customer loyalty, which can be influenced by management action. In the ever dynamic, turbulent and competitive business environment, the loyalty of customers is seen by entities as the main feature in getting continued competitive advantage. Chang and Chen (2007) argue that oriented customer-business organizations will attract and develop loyal customers, it is therefore crucial to understand the customer psyche for building competitive policies to succeed in differentiation and winning of customer loyalty in the competitive market. A firm can develop long lasting, jointly profitable associations with customer by developing customer loyalty this makes customer loyalty a vital element for the continued existence and operating of firms business.

Reichheld, F.F. (2003) states that better service will result in positive word of mouth and ultimately repurchasing that leads to higher contribution to profitability. Bowen and Shoemaker (1998) point out that the main prerequisites in maintaining customer loyalty are satisfaction and service quality. Other additional prerequisites of customer loyalty as indicated by Bowen and Shoemaker (1998) include economical and psychological factors that influence customers to switch suppliers as well the firm's image that influences customer enthusiasm value and delight thus affecting the customer loyalty. According to Reichheld (2003), customer loyalty can be achieved in some cases by offering a quality product with a firm guarantee. Customer loyalty is also achieved through free offers, coupons; low interest rates on financing, high

value trade-ins, extended warranties, rebates, and other rewards and incentive programs. Further, Reicheld (2003) assert that behaviors including relationship continuance, increased scale or scope of relationship, and recommendation (word of mouth advertising) result from customers' beliefs that the quantity of value received from one supplier is greater than that available from other suppliers. The ultimate goal of customer loyalty programs is happy customers who will return to purchase again and persuade others to use that company's products or services. This equates to profitability, as well as happy stakeholders through increasing income, cutting of costs to obtain customers, reduces customer switching due to pricing, and further cut costs pertaining to serving customers. Gustavsson and Lunfgren (2005) state that there are several approaches that an organizations can utilize in order to accomplish and maintain customer loyalty. The key approaches as indicated by Gustavsson and Lunfgren (2005) are defensive approaches, decision-making stages, building and sustaining profitable customer loyalty, customer loyalty programs and brand loyalty. According to Fornell (1992), loyal customers are not necessarily satisfied customers however; customers that are satisfied tend to be loyal. As observed by Fornell (1992), an entity's relationship to its clients can be divided into two separate business strategies, offensive and defensive. The offensive strategy deals with attracting new customers while on the other hand, defensive strategies try to keep already existing customers. Conventionally, organizations devoted more resources to acquiring new customers but today, most business enterprises apply a combination of both offensive and defensive strategies. The objective of the defensive strategy as pointed out by Gustavsson and Lunfgren (2005) is to minimize customers' switching and maximum customer retention by protecting the brand and its market from competitors and highly satisfied customers. Further, switching barriers makes it costly for the customer to switch brand, vendor or even store. To achieve this, entities put in place mechanisms that limit the customers brand alternatives in order to accomplish repeated purchase such as search

costs, loyal customer discounts, customer habit and emotional costs among other strategies for building up switching barriers for customers.

Another way that firms can maintain customer loyalty is through the establishment of customer loyalty programs. According to Uncles, Uncles et al. (2003), customer loyalty programs offer financial and relationship rewards to customers with the purpose of making the customers brand loyal. As stated further by Uncles et al. (2003), there are two aims of loyalty programs. The first is to increase sales or revenues through purchase increases and the second aim is to build bonds between the brand and the existing customers in order to maintain the existing customer base. O'Malley (1998) asserts that loyalty programs are developed to reward loyal customers, generate information about customers and to manipulate their behaviours. The loyalty programs are normally introduced to build customer loyalty through a reward scheme. The goal of loyalty programs is to establish a high level of customer retention by providing satisfaction and value to certain customers. The programs also can increase brand loyalty by creating switching costs and profits by avoiding competition. As stated by Butscher (2002), loyalty programs primarily aim to build up emotional relationships that generate benefits. The benefits need to be valuable and capable of creating an emotional connection between the customers and the organization so that customers select an entity's brand based on their desire.

The other approach of maintaining customer loyalty according to Aaker (1996), is to develop or strength customer relationship with the company's brand through brand awareness, perceived quality and a clear brand identity.

Brand awareness reflects the presence of the brand in the mind of the consumer, perceived quality is the brands associations and brand identity provides direction, purpose and meaning of the brand. Programs that can build this type of loyalty are frequent buyer programs and customer club members. Frequent buyer programs provide direct and tangible reinforcement for a customer's loyal behavior. The programs enhance the value proposition of the

brand, the brands differentiation and affirm the commitment between the companies and their loyal customers.

Gustavsson and Lunfgren (2005) point out that the more intense loyalty program is the customer clubs were the members receive discounts, news of upcoming events and special offers. The clubs also provides evidence that the company really cares for their loyal customers. According to Kumar, et al., (2010), the main goal of every company is profitability and one method to achieve this for a company is to gain and maintain loyal customers.

Customer loyalty is one of the highly studied area almost for half a century (Jacoby 1971 ). It can be said that, most marketing approaches are centered towards customer satisfaction. Yi (2003) defines customer satisfaction as a collective outcome that emanates from perception, evaluation and psychological reactions resulting from consumers using a product.

Customer satisfaction can be regarded as a measurement between the benefits derived from consuming one product and the cost associated with it (Liu and Yen, (2003). Kotler (2001) spotlighted on the importance of customer satisfaction for Total Quality Management (TQM) and in relation to other performance measures, customer satisfaction is less sensitive to seasonal fluctuation, changes to costs and changes in accounting principles and practices.

Satisfaction is the result of perceived service quality. Two approaches namely transaction specific and cumulative approach are used are widely used among other measures to measure customer satisfaction. Parasuraman, et al., 1988; Cronin and Taylor, 1992)

The transaction- specific approach considers emotional response as a major determinant of transactional experience with a company. (Oliver, 1999). The associated response occurs within the time frame of consumption, after the choice process has been completed. The affective response on the other hand

varies in intensity depending upon the situational variables that are present. Compared to transactional-specific satisfaction, overall satisfaction reflects customers' cumulative impression of a firm's service performance

On the other hand, the overall satisfaction perspective views customer satisfaction in a cumulative evaluation fashion that requires summing the satisfaction associated with specific products and various facets of the firm. Satisfied customers tend to have a higher usage level of a service than those who are not satisfied (Ram and Jung, 1991; Bolton 1991). They are more likely to possess a stronger repurchase intention and to recommend the product/service to their acquaintances (Zeithaml et al., 1996). Numerous studies have also revealed that customer satisfaction positively affects loyalty (Zeithaml et al., 1996; Bloemer, et al., 1999; Oliver, 1999).

As identified by the researchers that customer loyalty as a construct is comprised of both customers' attitudes and behaviors. Customers' attitudinal component represents notions like: repurchase intention or purchasing additional products or services from the same company, willingness of recommending the company to others, demonstration of such commitment to the company by exhibiting a resistance to switching to another competitor (Cronin and Taylor, 1992; Prus and Brandt, 1995; Narayandas, 1996), and willingness to pay a price premium (Zeithaml, et al., 1996). On the other hand, the behavioral aspect of customer loyalty represents- actual repeat purchase of products or services that includes purchasing more and different products or services from the same company, recommending the company to others, and reflecting a long-term choice probability for the brand (Feick, et al., 2001).

The behavioral typology to customer loyalty is primarily concerned with measures of repeat purchase, proportion of purchases etc. Although, this is considered to be a relevant measure, the main criticism of this typology is that it does not include the customer's motives for their behavior. Therefore

attitudinal approaches to loyalty have been developed. While a behavioral approach to loyalty is still valid as a component of loyalty, it is argued that attitudinal approaches to loyalty should supplement the behavioral approach (Samuelson and Sandvik, 1997). The attitudinal typology includes, for example, measures of commitment and trust.

### **2.3. Internal Branding and Customer Loyalty**

It widely covered that both internal branding and customer loyalty are vital for the success of the products and services of a company in the current business environment that can be characterized as dynamic, turbulent and ever competitive. As observed by Gustavsson and Lunfgren (2005), internal branding and customer loyalty is a core theme of marketing theory and practice in that can be instrumental in developing competitive advantage. The triumph of an organization largely depends on its ability to attract consumers towards its brands. In order to get the most out of their purchase, consumers try different strategies, among which, internal branding and loyalty is considered by many business as a mechanism to address sizable number of customers and position the brand in the minds of customers

Parasuraman et al., (1985), state that the one-size-fits-all internal branding and customer loyalty marketing strategies often does not work for all industries/institutions. Understanding what motivates customers and cause them to choose the selected branded services or products over other competitors" brand plays a pivotal role in developing appropriate internal branding and customer loyalty strategies. Thus, carefully selecting a brand position can provide an entity such as the bank with marketplace advantages help in translating the existing position to a strong and consistent brand identity. Including the intuitive internal brand architecture backed up other branding variables like strong name, icon, and tagline that concisely reinforces brand promise. Banks also have to indulge in activities such as developing strong brand messages by including a well framed and focused speech,

educating its employees about the brand promise and giving them the incentives, helping customers identify itself easily with its core identity standards for services delivered. Similarly, the tools and training methods to become effective brand and customer loyalty champions should be periodically assessed at all levels by using the most effective and efficient means. Banks also should develop an integrated launch and ongoing marketing plan, and should emphasize the banks promise at each point of customer contact.

## **2.4 Dimensions of Internal branding and loyalty**

### **2.4.1 Perceived quality and loyalty**

Quality is sought by all organizations especially in the Banking sector. According to Parasuraman et.al (1988) five dimension constructs of perceived service quality are developed. These are

1. Tangibles
2. Reliability
3. Responsiveness
4. Assurance
5. Empathy

Perception of internal brand quality is determined by individual customers (Cole, Robert and Flynn 2009). Customer Individual customer is the ultimate determinate of quality. However, there is a parameter than can be used to establish internal brand quality as a reference. Bruks & Naylar (2000) and (Pappu, Quester, & Cooksey, 2006) state that the common method to assess the quality of product/service is establishing quality dimension.

The quality construct as mentioned in literature centers of perceived quality. Hence, in this research, the perceived quality of service is known as the judgment of the consumer of the overall superiority or excellence of an entity that is opposite from objective quality.

Perceived quality generally proves the ability of a company to deliver services in accordance to customer's level of expectation Parasuraman et al., (1985). The expectation is can be characterised by customers' desires or wants, firms offerings, and customer's post-purchase feelings (Parasuraman et al., 1988). Service qualities can be measured as the degree of difference between one customer's expectations toward the service offered for each quality dimension or items. Research studies have indicated a significant positive relationship between service quality and perceived value. Value or perceived quality can be defined as the assessment of the difference in perception between actual service performed and customers' expectations (Cronin and Taylor 1992; Zeithaml, 1988).

A form of attitude is called perceived quality which is relevant but not similar to satisfaction and outcomes from a comparison for the performance perceptions and expectations (Parasuraman et al., 1988).

The service quality dimensions are the aspects that are related to consumer expectation and also service quality perceptions so acting as a consumer quality determinant evaluation (Rowley, 1998). The most famous and common employed service quality scale is called SERVQUAL which is a general device for assessing quality of service provided by Parasuraman et al. (1988).

It contains five dimensions for the service quality which are (1) tangibles which are physical facilities properties, personnel, equipment and communication tools, (2) the reliability or ability to do the promised services correctly and dependently. (3) the responsiveness that is the eagerness to assist customers and bring them good services, (4) the assurance which is the courtesy and knowledge of staff and their capability to provide trust as well as confidence and (5) the empathy that means individualized attention and caring that a company brings for the customers.

Many researchers have studied about the SERVQUAL validity because it is an original work (Orwig et al., 1997). Some of them offered that it should be done by a reliability test and the factor analysis or the validity of construct must be analyzed in industry by industry basis (Carman, 1990; Babakus and Boller, 1992; Finn and Lamb, 1991). This paper is not about repeating the validity of SERVQUAL but rather is about the usage of its dimensions for developing the service quality measurements and fitting it with the banking nature. Easy to use refers a customer's ability to start and operate the product with the help of instruction available with a product. The instructions to start and operate the product are clear and understandable to meet quality criteria. Serviceability refers to the customer's access to obtain services from manufacturers.

Bruks & Naylar (2000) argue that internal brand quality is a cumulative evaluation of brand excellence. They further argue that customers might not understand brand quality the way manufacturers do. According to them, it is common method customers use intangible brand attributes when their assess brand quality for durable goods. (Carman, 1990) state that "Perceived quality can affect a willingness to buy, and the price that customers will pay. "

Brand loyalty expected to occur when perceived quality has been judged favorably Gurbuz (2008). According to him when the customer perceived the brand has high quality, they will develop brand loyalty. He also states that perceived quality is the main driver of brand loyalty and a positive quality evaluation as a construct that maintains behavioral intentions. Boulding et al. (1993) states that the positive relationship between perceived quality and repurchase intention and willing to recommend.

#### **2.4.2. Brand equity (value) and loyalty**

Brand equity is one of the indicators of internal branding that can be defined as the value that consumers associate with a brand (Aaker 1991). It is the consumers' perception of the overall superiority of a product as compared to

other brands. Brand equity refers to consumers' perception rather than any objective indicators (Lassar et al.1995).

Brand equity is defined as customers' perspective towards brands' reputation (Hawkins & Mothersbaugh, 2013, p. 339). When a brand has a good reputation, it means that particular brand has potential to have high brand equity (Hawkins & Mothersbaugh, 2013). Brand equity was also defined as the customer's thought about certain brand and its economic value that can give added value to the products or services offered by those certain brand (Kotler & Keller, 2012, p. 265). Aaker (1991) described brand equity as "a set of brand assets and liabilities linked to a brand, its name and symbol; that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers".

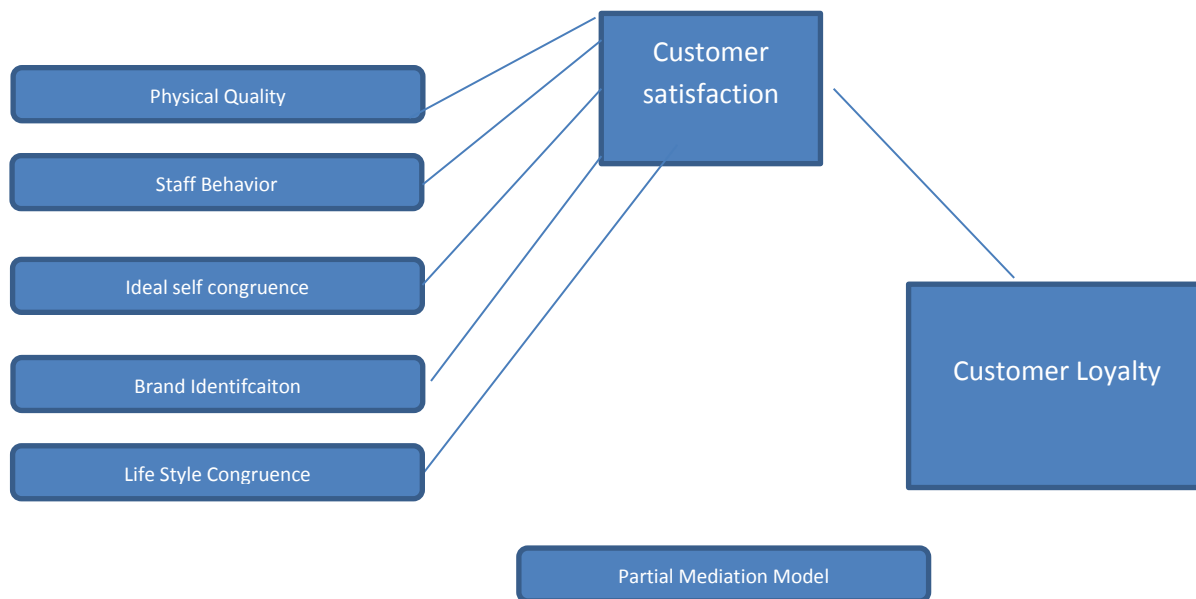
By adopting the latter insight and also from a psychology method based on cognition the brand equity is the value added by brand for the product (Farquhar, 1989). Aaker (1991) develops the most comprehensive and accepted brand equity definitions: a group of internal brand properties and also liabilities connected to the brand, its symbol or the name that can subtract or add value from the value developed by a service or product for a company or the customers of the company. Keller (1993) defines a similar explanation. The differential brand knowledge effect on response of consumer to the brand's marketing.

The brand equity based on consumer measures can evaluate the attitudes, awareness, attachments, associations and also the consumer loyalty into the brand (Keller and Lehmann, 2006). These measures will suggest many advantages for example source of brand assessment. For this objective, joining the new and traditional technologies has revealed successful experiences for instance printed advertisement, online highlight of the brand equity image and the consequences, television and also the

capability to diagnose (Ailawadi et al., 2003; Gupta and Zeithaml et.al., 1996).

According to the consumer based brand equity model developed by Brady, et.al., (2008) also known as partial mediation model the drivers of brand equity described in the table have a positive effect on customer satisfaction which in turn has a positive effect on customer loyalty.

**Figure 2.1:- consumer based brand equity model**



In this regard these measures are working as early signals of evaluation for the performance in the future (Srinivasan et al., 2010). According to this insight, there are two main developed frameworks that can conceptualize the equity of brand and they are of Aaker (1991) and Keller (1993).

In 1991 Aaker stated that equity of brand has many different dimensions and the first four dimensions of brand equity are perceived quality, brand awareness, brand loyalty and brand associations. The research of brand equity will remove the fifth dimension of Aaker and other brand assets priority, because this aspect is not relevant for consumers. Keller's (1993) conceptualization concentrates on knowledge of brand and has two aspects which are brand image and brand awareness.

### **2.4.3. Trust and Loyalty**

The banking industry can be regarded as a dynamic service industry with a prevalence of intense competition with huge growth potential. Nonetheless, the sector continues to grow amid intense competition. As competition strengthens, the relationship between loyalty and competition deepens, especially in service industries (Stevens, 2000).

Trust is the confidence and belief which customer attach with an organization having a profound belief that the brand promises will be delivered (Deutsch, 1958). If companies' service meets or surpasses the expectation of the buyer, then the buyer will develop confidence, which in turn develops trust in the companies. Furthermore, trust influences loyalty positively (Doney et al., 2007).

Trust defined as a generalized expectancy that an individual holds that the promises of another can be relied on (Rotter, 1967). Patrick (2002) further explains that customer trust as thoughts, feelings, emotions, or behaviours manifested when customers feel that a provider can be relied upon to act in their best interest when they give up direct control. According to Morgan and Hunt (1994) trust is a confidence that one party has on another because of honesty and reliability of the other partner.

Liang and Wang (2006) states in this context that trust is “the perceived level of confidence in transaction partners’ reliability and honesty”. Trust is a strong conviction that a partner’s will carry out his/her promises and is dependable in fulfilling his/her obligations (Schurr and Ozanne, 1985). Trust is an important construct in relational exchange because relationships characterized by trust are so highly valued that parties will desire to commit themselves to such relationships (Hreinian, 1974). To support this notion, trust has been posited as a major determinant of relationship commitment (Morgan and Hunt, 1994). Furthermore, Moorman et al., (1993) found that trust by marketing research users in their research providers significantly affected user commitment to the

research relationship. Creating trust in customer mind set importance for companies because from the previous studies Trust along with commitment is an important antecedent of loyalty (Ball et al., 2004). In order to increase the levels of trust, companies must focus on keeping promises to their customers and consistently carry their best interest at heart (Hocutt, 1998).As cited by, Mukhiddin, Deleep and Jalal (2012).

Customers have more expectations, which makes it more difficult for a company to develop a satisfactory relationship. Hence, companies have to keep customers by developing trust and relationship by developing products and services (Wilson, 1995).

#### **2.4.4. Commitment and Loyalty**

Crosby and Taylor (1983) suggest that the tendency to resist changing preference provides the principle evidence of commitment. Beatty et al., (1988) define consumer commitment as the psychological attachment to a service that develops. A customer would be able to determine that their purchase behaviour was derived from a sense of loyalty. A substantial research highlights that commitment is an affective nature (Garbarino& Johnson, 1991; Morgan & Hunt, 1994; Sheth&Parvatiyar, 2002). As cited by Mukhiddin, Deleep and Jalal (2012).

Commitment plays a role as a driver to loyalty (Sheth and Parvatiyar, 2002). Mummalaneni (1987) explains commitment as the critical variable to decide to stay or leave from the relationship; in other words, commitment as a driver of loyalty.

Different studies came up with two types of commitments (Mathieu and Zajac, 1990). These both types of commitment have a consistent belief in the relationship but with a different approach. These commitments are affective commitment and calculative commitments.

Affective commitment: Buchanan (1974) describes an affective commitment as one in which the company desires to continue the relationship because he or she enjoys the relationship. Other researchers depict it with a positive experience and a sense of loyalty and belonging (Jaros et al., 1993).

Affective commitment reflects a customer's sense of belonging and involvement with a service provider a kin to emotional bonding (Fullerton, 2005), while calculative commitment is the way that the customer is forced to remain loyal against his or her desire (De Ruyter et al., 1998). In calculative commitment, customer can be committed to a selling organization because they feel that ending the relationship involves an economic to social sacrifice (Fullerton, 2005). However, although affective and continuance commitments are distinct components of commitment, there are not necessary mutually exclusive conditions (Allen & Meyer, 1990).As cited by Mukhiddin, Deleep and Jalal (2012).

From an attitudinal aspect, affective commitment involves the desire to maintain a relationship that customer perceives to be of value (Morgan & Hunt, 1994). On the other hand, continuance commitment is the consumer's desire to remain in the relationship when the switching costs are high or when to consumer perceives that other viable alternatives are scarce.

Calculative commitment: This commitment drives to the relationship that refers on a cost-benefit basis, and structural constraints that bind both parties relationships. In essence, this calculative commitment has a negative motivation; on the other hand affective commitment has a positive motivation (Geyskens et al., 1996).

As Day (1969) showed, repurchasing goods can be derived from spurious loyalty. it was suggested that loyalty should be conceived as the commitment to the producer stimulated by certain positive attitudes because commitment indicates the motivation to maintain a relationship, while customer turnover among committed customers decreases (Gounaris, 2005). Research of Ulaga

and Eggert (2006) showed a significant and positive association between commitment and customer loyalty.

According to Shabbir et al. (2007), Commitment was shown as an antecedent to loyalty. Commitment has been considered as one of the key factors affecting customer loyalty that played as a central role in B2B environment (Rauyrueen et al., 2007). In addition, commitment plays as a mediating role with antecedents in order that leads to customer loyalty in relationship marketing (Morgan and Hunt, 1994). Positive intentions to maintain and strengthen a business relationship are created by commitment, thus customer loyalty is positively influenced by commitment (Cater, 2010).

Luarn and Lin (2003) establish significant relationship between commitment and loyalty. Various studies in the internal branding and relationship marketing area have shown that these two factors seem to be crucial in influencing one another (Anderson and Narus, 1990; Anderson and Weitz, 1992; Kumar et al., 1995; Morgan and Hunt, 1994; Pritchard et al., 1999; Fullerton, 2003; Evanschitzky et al., 2006). For example, Pritchard, Havitz and Howard (1999) found commitment to be strongly correlated with customer loyalty. Fullerton (2003) reveals that when customer commitment is based on shared values and identification, it has a uniformly positive effect on customer loyalty. Several other studies confirm a significant interaction of affective commitment and continuance commitment on loyalty (Fullerton, 2003; Evanschitzky et al., 2006).

## **2.5. Empirical review of the literature**

It is discussed in detail about the major dimension of internal branding (Brand Equity, perceived quality, trust and commitment) on customer loyalty. The researcher has reviewed empirical studies conducted on the four dimension of internal branding.

Customer loyalty is an important factor that can bring about competitive advantage over other firms under a highly competitive and dynamic

environment. It is a multi-dimensional construct that is primarily built on two major components dubbed attitude and behaviour. Oliver (1999)

Partial mediation model crafted by Brandy et al., (2008) reveals that five dimensions of consumer based brand equity that includes physical quality, staff behavior, ideal self-congruence, brand identification, and lifestyle congruence have positive effect on brand loyalty via consumer satisfaction. A study conducted in a developing country context of Enat Bank in Ethiopia, indicates a strong relationship between Brand Equity and Loyalty. Muse Mekonnen, (2017). The finding from the study conducted in Pakistan, a developing nation has revealed that brand equity is positively linked with brand loyalty. Muhammad (2012)

Previous studies indicated that trust has a positive effect on customer loyalty (Gul, 2014; Bibb and Kourdi, 2007; Hsu, 2008; Liang and Wong, 2004; Chaudhuri and Holbrook, 2001). A customer loyalty to an organization is enhanced by the trust created between the customer and the service provider (Kishada and Wahab, 2013). According to Gul (2014) when the customer is loyal towards a product or service he is basically trusting in it. Since trust establishes an important bond between the brand and customers, it is one of the determinants of brand loyalty (Morgan and Hunt, 1994). Further, Ranaweera and Prabhu (2003) affirms that trust is a stronger emotion than satisfaction and can better predict customer loyalty. Trust in brand is a variable that creates consumer commitment especially in circumstances of high involvement of brand and customers; the effect of brand trust is stronger as compared to overall satisfaction in Brand loyalty (selnes, 1993). A study conducted in a developing country context in zimbabwe on the Assessment of Reliability and Validity of the Attitudinal and Behavioural Typology of Customer Loyalty has unleashed positive relationship between customer loyalty and trust. Charles Makanyeza (2015)

According to study conducted by Holbrook (2001) shows that the customer trust has significant association with customer loyalty. Similarly the study conducted by Sivanandamoorthy, S., & Achchuthan, S. (2012). showed that trust is highly correlated with customer loyalty. Chaudhuri and Holbrook (2001) has found that brand trust has a strong positive effect on the loyalty of customer regarding the brand by inspecting two facets of brand loyalty; purchasing loyalty and attitudinal loyalty. The study conducted by ShiferawBekele (2011), on the effect of relationship marketing on customer loyalty in the case Abyssinia Bank, also found that trust dimension has a significant positive relationship with the dependent variable customer loyalty. According to study conducted by; Bloemer and Ruyter, 1998; Zeithaml et al., 1996) reported that satisfied consumers demonstrate more loyal behaviour. Brand satisfaction on the intrinsic value of the brand is one factor that influences brand and customer loyalty (Youl & John 2010; Bennett, Härtel, & McColl-Kennedy 2005 and Jones & Suh 2000). A study by Cole, Robert, Flynn, 2009, p. 68) state that “Perceived quality can affect a willingness to buy, and the price that customers will pay again influencing customer loyalty. Research conducted by (Yi and Jeon, 2003) revealed that perceived quality of a Brand (internal Brand) is positively associated with customer loyalty. A study conducted on developing country in Ghana on the telecom sector on the antecedent of customer loyalty has revealed a strong relationship between perceived quality and customer loyalty. Rosemond Boohene (2011)

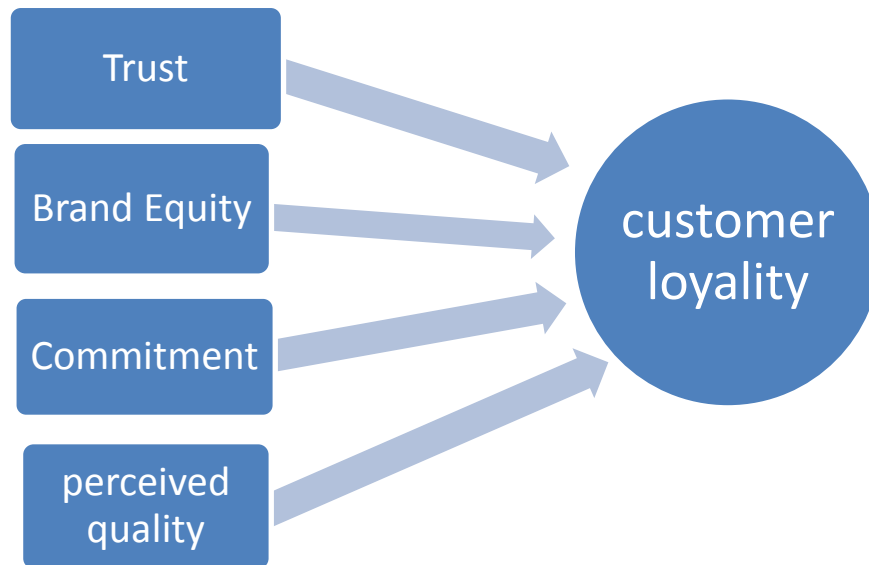
Overall, many researchers conducted such as (Bowen and Chen, 2001; Fornell 1992; Lam, et.al.,; Wallin Andreassen and Lindestad, 1998) reveal that brand loyalty is positively related with perceived quality of internal branding. The study conducted on Ethiopian context in the banking sector has revealed strong relationship between brand equity and customer loyalty. Muse Mekonnen, (2017)

Awareness of customers increase when marketing campaigns back product offers As a result of the marketing campaigns customers perceive specific features and quality aspects regarding that brand (Jacoby et.al., 1971). When

the perception is realized customers are more inclined to buy the product from the same brand that leads to customer loyalty (Lam et al., 2004). According to Bilgihan (2016), the very important factor of brand image and perceived quality is the existence of strong brand trust from customers, the more consumers trust service providers, the more likely they are to be loyal to the brand or continue the relationship with service providers. Furthermore, Ahmad et al., (2016), affirms that a strong positive correlation is prevalent between perceived quality and brand loyalty. This finding is also supported by the findings of Ercis et al., (2012), who described the results of his research on the effect of perceived quality on brand trust, which in the study revealed that quality perception has a positive effect on brand trust. The results of this study provide enough evidence that there is an influence of quality perception on brand trust in a company.

The study conducted by Sivanandamoorthy, S., & Achchuthan, S. (2012) showed that, commitment is highly correlated with customer loyalty. Gil-Saura et al. (2009) affirms that commitment can be considered as an antecedent of loyalty. The research reveals that commitment influences loyalty positively. Some researchers have studied empirically about commitment; they find that commitment influences loyalty positively, as Sheth and Parvartiyar (2002), Mummalaneni (1987), Berry and Parasuraman (1991), Ulaga and Eggert (2006), Caceres and Paparoidamis (2007), and Chenet et al. (2010). Commitment is the closest antecedent of loyalty. According to Gundlach et al. (1995) Commitment influences behavioral intentions positively in terms of investment and relationship sustainability which are indicators of loyalty. He re affirms that commitment is related to loyalty, and it is the primary variable of the relationship model.

Figure 2.2. Conceptual Framework



Source : Developed by the researcher based on the literature review

1. **Perceived quality** – is the customer’s overall judgement about the general benefits (advantages of an object).(Mosavi,1386)
2. **Brand equity (value)** -is defined as the value that consumers associate with a brand (Aaker 1991). It is the consumers’ perception of the overall superiority of a product carrying that brand name when compared to other brands. Brand equity refers to consumers’ perception rather than any objective indicators. (Lassar et al.1995).
3. **Trust**- can be described as strong reliance and confidence on partner with whom transaction will be carried. Moorman et al. (1993) Orth&reen (2009).
4. **Commitment**-The desire for continuity manifested by the willingness to invest resources into a relationship. Gounaris (2005).

## **2.6. Hypothesis**

In relation to the problem stated in the statement of the problem, this research will try to prove the following research hypothesis

### **2.6.1. Main hypothesis**

Positive relationship exists between internal branding and customer loyalty.

### **2.6.2. Subsidiary hypothesis**

**H1:** positive relationship exists between perceived quality and customer loyalty.

**H2:** positive relationship exists between brand equity (brand value) and customer loyalty.

**H3:** positive relationship exists between trust and customer loyalty.

**H4:** positive relationship exists between commitment and customer loyalty

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This part of the research fosters on the methods employed in carrying out the research. Moreover, it specifies the type and how the research work is designed.

#### **3.1. Research Design and Approach**

A research design can be regarded as a master plan that clearly put forth the methods and procedure for collecting, organizing and analyzing information. It can also be regarded as a framework or action plan for research (Zikmund, et al., 2009).

For this particular research the researcher adopted an explanatory research method by scrutinizing the problem and determine the relationship among variables. This assisted the researcher to thoroughly determine the relationship between the independent variable of internal branding such as perceived quality, brand equity (value), commitment, trust, and the dependent variable customer loyalty.

The study focused on quantitative research approaches. According to Creswell (1994), quantitative research is a type of research that explains certain phenomena by collecting numerical data that are analyzed using mathematical based method such as statistics. Since quantitative data are useful to measure certain characteristics such as opinion, attitude, behaviors, and tendencies, the research focused on quantitative data that help the researcher to identify the effect of internal branding on customers loyalty and furthermore test the hypothesis that the researcher has set.

#### **3.2. Data types, sources and methods of data collection**

##### **3.2.1. Data Types Source and Instruments of Data Collection**

Both primary and secondary sources of data were deployed to conduct the study. The primary data was collected from customers of Dashen Bank through questionnaires developed to solicit their perceptions regarding the various

dimensions of internal branding and internal branding strategies so as to unleash the effect on brand loyalty.

Secondary data such as websites, journal articles and other internal and external data pertaining to the termination of customer relationship through closing accounts and customer profiles was obtained from IT infrastructure department.

### **3.2.2.Methods and Procedure of Data Collection**

As stated above, the researcher has deployed questionnaire to collect data from customers.

To this end the researcher has followed the following serious steps in order to smoothen the data collection process.

- Customer service agents were assigned from each branch to collect the data from customers taking heed their direct contact with customers outside the counter.
- short briefing was conducted virtually to customer service agents or through internal communication channels about how the data collection shall be conducted
- The questionnaire were distributed to customer service agents to collect the data.
- Once the customer service agents finalized collecting the data from respondents, the researcher collected the questionnaires for further analysis.

### **3.3. Target Population and Sampling Design**

#### **3.3.1.Population of the Study**

Dashen Bank has around 376 branches that spread across the country. Out of 376 branches, 166 Branches are situated in capital city Addis Ababa and the remaining are upcountry branches. To this end, 4 branches from Addis Ababa dubbed Dashen Beklo Bet Branch, Dashen Bole Branch, Dashen Africa

Andenet Branch and Dashen Goffa Branch were selected to determine the population of the study where sample was drawn. The total number of customers from the five branches amounts to be 29,836 that can be considered as the population of the study.

### **3.3.2. Sample size and sampling technique**

The size of sample should neither be too large, nor too small. It should be optimum. A sample should be representative, efficient, flexible and reliable.

To get a representative sample for the population under this study the following sampling technique were used which is developed by (Kothari,2004).

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N - 1) + z^2 \cdot p \cdot q}$$

Where,

P = sample proportion,

q = 1-p;

z = 1.96 as per the table of area under normal curve for the given confidence level of 95%

e = acceptable error (the precision) in which the researcher takes 10% for this study

N = number of total population;

n = sample size required;

The resulting sample size in this study was determined as follows:

A 95% confidence level was sought to select the appropriate sample size and the value of Z is 1.96.

e = 0.05 which is acceptable sample error;

p = 0.5, where q is 1-p;

N = 29,836

$$n = \frac{1.96^2 (0.5) (0.5) (29,836)}{0.1^2(29,836 - 1) + 1.96^2 (0.5) (0.5)}$$

$$n = 96$$

Sampling Technique deployed for this study would be proportionate stratified simple random sampling technique where by Branches have received questionnaires based on the number of account closed from those branches.

### 3.3.3. Proportional distribution of questionnaire

**Table 3.1. distribution of questionnaire**

| S/N | Name of Branches        | Total number of customers | Percentage proportion (number account closed from each Branches/total closed) | No of questionnaire that was distributed for each Branch (96*percentage) |
|-----|-------------------------|---------------------------|---|--|
| 1   | Dashen Beklo Bet Branch | 10,102                    | 33.9%   | 33   |
| 2   | Dahen Bole Branch       | 7,001                     | 23.4%   | 22   |
| 3   | Dashen Africa Andinet   | 6,413                     | 21.5%   | 21   |
| 4   | DashenGoffa Branch      | 6,320                     | 21.2%   | 20   |
|     | TOTAL                   | 29,836                    | 100%  | 96   |

**Source- Statistical Report of Dashen Bank SC and subsequent analysis**

### 3.4. Data Analysis and Presentation

Inferential statistics were collected from customers of the Bank, in order to analyze data collected from customers. Accordingly, Statistical Package for the

Social Science (SPSS) version 20 was used for analysis purpose. Furthermore, multiple regression and correlation analysis were used to predict the relationship between internal branding and customer loyalty. The data obtained was classified and presented in tabular form.

### **3.5. Reliability and Validity**

#### **3.5.1. Validity**

Validity involves the degree to which one is measuring what it is supposed to. In other words it is ensuring that the instruments measures what it purported to measure or ensuring the accuracy of the measurement (John et al 2010). Content validity of the study was checked and verified by the advisor of this research, who was looking into the appropriateness of questions and the scales of measurement. Discussion was also conducted with peer groups to check the appropriateness of the questions. Furthermore, prior to the actual data collection, pilot test was conducted with the aim of obtaining constructive comments.

#### **3.5.2. Reliability**

Reliability determines consistency of the measurement or more simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. Reliability is essentially about consistency. That is, if we measure something many times and the result is always similar then we can say that our measurement instrument is reliable (John et al 2010).

Cronbach's alpha coefficient was employed to test and estimate the internal consistency of variables. Cronbach-alpha is widely used in educational research when instrument for gathering data have items that are scored on a range of values, i.e. different items have different scoring points or attitude scales in which the item responses are in continuum (Oluwatayo, 2012).

Cronbach's alpha coefficient ranges from 0 to 1. A coefficient value of 0.6 or less indicates unsatisfactory level of internal consistency (Malhotra & Birks,

2007). Table below shows the reliability of the variables tested using Cronbach's alpha.

**Table 3.2:-Reliability Test**

| NO | Categories        | Number of Items | Cronbach alpha |
|----|-------------------|-----------------|----------------|
| 1  | Perceived Quality | 10              | .937           |
| 2  | Brand Equity      | 7               | .876           |
| 3  | Trust             | 6               | .889           |
| 4  | Commitment        | 4               | .784           |
| 5  | Customer Loyalty  | 5               | .949           |

Accordingly, the Cronbach's Alpha all variables show higher level of internal consistency which is closer to 1.0.

### **3.6. Ethical Considerations**

The study has been conducted after securing permission from Dashen Bank S.C. Respondents of this research were informed about the very reason of conducting this research which is determining the effect of internal branding on customer loyalty in Dashen Bank S.C and serve for academic purposes only. Anonymity was strictly maintained by requesting respondents not to include their personal profile in any way in the questionnaire so as to maintain the privacy of respondents. Apart from that, the questionnaire was filled by those respondents that show keen interest.

## **CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

### **4.1. Introduction**

In this chapter, data collected from 4 branches of Dashen Bank S.C are summarized and analyzed with Statistical Package for Social Science (IBM SPSS version 20).

A total of 96 questionnaires were distributed to customers of DB in selected 4 branches dubbed Dashen Beklo-bet, Bole, Africa Andenet, and Goffa Branches. The researcher managed to attain 96% response rate by collecting 93 questionnaires out of the 96 questionnaires that were distributed to customers. Data editing on the collected questionnaires were conducted to sift out errors. To this end, 2 incomplete questionnaires were spotted and discarded. Hence, 91 questionnaires are found to be valid and taken for further analysis.

### **4.2. Demographic Profile**

**Table 4.1. Demographic profile**

| NO | Demographic Profile |             | Frequency | Percentage | Valid Percentage | Cumulative Percentage |
|----|---------------------|-------------|-----------|------------|------------------|-----------------------|
| 1  | Gender              |             |           |            |                  |                       |
|    |                     | Male        | 47        | 51.6       | 51.6             | 51.6                  |
|    |                     | Female      | 44        | 48.4       | 48.4             | 100.0                 |
|    |                     | Total       | 91        | 100.0      | 100.0            |                       |
| 2  | Age                 |             |           |            |                  |                       |
|    |                     | 18-25 years | 10        | 11.0       | 11.0             | 11.0                  |
|    |                     | 26-35 Years | 28        | 30.8       | 30.8             | 41.8                  |

|   |                               |                          |    |       |       |       |
|---|-------------------------------|--------------------------|----|-------|-------|-------|
|   |                               | 36-45 years              | 25 | 27.5  | 27.5  | 69.2  |
|   |                               | Above 45                 | 28 | 30.8  | 30.8  | 100.0 |
|   |                               | Total                    | 91 | 100.0 | 100.0 |       |
| 3 | Education                     |                          |    |       |       |       |
|   |                               | secondary school         | 9  | 9.9   | 9.9   | 9.9   |
|   |                               | Diploma                  | 32 | 35.2  | 35.2  | 45.1  |
|   |                               | Degree                   | 40 | 44.0  | 44.0  | 89.0  |
|   |                               | Masters degree and above | 10 | 11.0  | 11.0  | 100.0 |
|   |                               | Total                    | 91 | 100.0 | 100.0 |       |
| 4 | Occupation                    |                          |    |       |       |       |
|   |                               | Student                  | 6  | 6.6   | 6.6   | 6.6   |
|   |                               | Employee                 | 34 | 37.4  | 37.4  | 44.0  |
|   |                               | self employed            | 25 | 27.5  | 27.5  | 71.4  |
|   |                               | Unemployed               | 17 | 18.7  | 18.7  | 90.1  |
|   |                               | Retired                  | 9  | 9.9   | 9.9   | 100.0 |
|   |                               | Total                    | 91 | 100.0 | 100.0 |       |
| 5 | Relationship with Dashen Bank |                          |    |       |       |       |
|   |                               | <1 year                  | 16 | 17.6  | 17.6  | 17.6  |
|   |                               | 1-3 years                | 12 | 13.2  | 13.2  | 30.8  |
|   |                               | 3-5 years                | 30 | 33.0  | 33.0  | 63.7  |
|   |                               | 5-7 years                | 23 | 25.3  | 25.3  | 89.0  |
|   |                               | Above 7 years            | 10 | 11.0  | 11.0  | 100.0 |
|   |                               | Total                    | 91 | 100.0 | 100.0 |       |

The gender composition between the male and female can be said proportional. Among the 91 respondents included in this study 51.6% are male and the rest 48.4 are female. The gender composition is approximately 1:1

As depicted in the underneath table, the majority of the respondents fall under the age bracket of 26-35 and above 45 years of age that constitute about 30.8% and 28% respectively. 25 of the respondents are between the age bracket of 36-45 and the remaining fall between the age bracket of 18-25.

Most respondents have acquired BA degree that accounts for 44%, followed by respondents that have acquired Diploma which constitute 35.2% of the total respondents. 11.0% of respondents have acquired Masters degree and above. Few employees that constitute 9.9% have completed secondary school. As can be seen from the data the almost all of the respondents are literate.

Most of the respondents are employees that constitute about 37.4% followed by self-employed respondents that account for 27.5%. 35.2% of respondents don't have an active job among which 6.6% are students, 9.9% have retired from their jobs and 18.7% are unemployed.

As can be seen in the table, most of the respondents have long standing relationship. 69.3% of the respondents have used the bank services for more than 3 years. Among which, 36.3% have used the bank service for more than 5 years. 17.6% of the respondents have used the bank's service for less than a year whereas 13.2% used the service of the Bank from 1-3 years.

### **4.3. Descriptive Analysis**

In order to carefully analyze the effect of internal branding on customers loyalty descriptive statistics, mean and standard deviation is deployed. Mean value portrays the average of all customers' responses on each dimension. Higher mean portrays that most of the respondents agree with the statement, whereas lower mean reveals that most of the respondents disagree with the statement.

While standard deviation is a measure of how the amount of variation or dispersion of a set of values and shows how diverse the responses of customers are and how spread out number are for a given construct.

According to Dawes, (2009) to determine the minimum and the maximum length of the 5-point Likert type scale, the range is calculated by  $(5 - 1 = 4)$  then divided by five as it is the greatest value of the scale  $(4 \div 5 = 0.80)$ . Afterwards, number one which is the least value in the scale was added in order to identify the maximum of this cell. The length of the cells is determined below.

- From 1 to 1.80 represents (strongly disagree).
- From 1.81 until 2.60 represents (do not agree).
- From 2.61 until 3.40 represents (true to some extent).
- From 3.41 until 4.20 represents (agree).
- From 4.21 until 5.00 represents (strongly agree).

**Table 4.2. Descriptive Analysis**

| <b>NO.</b> | <b>Description</b>  | <b>Mean</b> | <b>Std. Deviation</b> |
|------------|---|-------------|-----------------------|
|            | <b>Perceived Quality</b>  |             |                       |
| 1          | The Bank knows and understands my needs   | 3.67        | 1.28                  |
| 2          | I feel secure when I transact with Dashen Bank  | 3.75        | 1.24                  |
| 3          | The bank is responsive to my requests   | 3.80        | 1.25                  |
| 4          | Dashen Bank surpasses other banks in meeting my needs   | 3.73        | 1.14                  |
| 5          | I usually compare Dashen bank's products with other banks.  | 3.80        | 1.19                  |
| 6          | The Bank employees are well acquainted with the Bank's product  | 2.87        | 1.39                  |
| 7          | The Bank employees embraces good behavior   | 3.11        | 1.41                  |
| 8          | Dashen Bank Provides prompt service to my needs   | 3.77        | 1.11                  |
| 9          | The service provision is delivered in a good way and I am willing to pay higher price to get the service    | 3.07        | 1.38                  |
| 10         | Overall I am satisfied with the financial services rendered by Dashen Bank                                  | 3.82        | 1.12                  |
|            | <b>Brand Equity</b>   |             |                       |
| 1          | I believe that the bank is unique as compared to other banks  | 3.11        | 1.40                  |
| 2          | Positive thoughts come to my mind when I think of Dashen Bank   | 3.81        | 1.13                  |
| 3          | I belief that customers will continue having relationship with companies that have strong internal branding | 4.23        | 0.93                  |
| 4          | Customers can cease to consume products of companies with weak internal branding                            | 4.10        | 0.87                  |
| 5          | I have a general belief that internal branding can lead to customer loyalty                                 | 4.12        | 0.88                  |

|   |   |      |      |
|---|---|------|------|
| 6 | I have a strong association with Dashen Bank  | 3.32 | 1.09 |
| 7 | My choice is based on my previous experience with other banks                               | 3.84 | 1.05 |
|   | <b>Trust</b>  |      |      |
| 1 | The bank fulfills its obligations to customers  | 3.99 | 1.23 |
| 2 | The bank shows concerns on the security of my transaction                                   | 4.18 | 1.11 |
| 3 | I rely on the promises of the Bank  | 4.03 | 1.29 |
| 4 | The Bank employees shows respect to customers   | 3.23 | 1.28 |
| 5 | I confide in the Bank's products  | 4.07 | 1.26 |
| 6 | consistency in service provision is maintained in the Bank                                  | 3.15 | 1.40 |
|   | <b>Commitment</b>   |      |      |
| 1 | The bank introduces flexible new services   | 3.92 | 1.13 |
| 2 | The Bank offers personalized services to meet customers need                                | 3.70 | 1.38 |
| 3 | The Bank provides flexible service to all its customers                                     | 3.60 | 1.27 |
| 4 | Employees of the Bank are always willing to help me   | 3.19 | 1.32 |
|   | <b>Customer loyalty</b>   |      |      |
| 1 | I endorse the service of Dashen Bank to others  | 3.81 | 1.17 |
| 2 | whenever I think of using bank service, the first bank that comes to my mind is Dashen Bank | 3.98 | 1.22 |
| 3 | Dashen Bank encourages me to use the product frequently                                     | 3.81 | 1.21 |
| 4 | I expect my relationship with the Bank will continue for a longer period                    | 3.95 | 1.24 |
| 5 | I want to stay as a customer of Dashen Bank because I cherish my relationship with the Bank | 4.03 | 1.29 |

Most of the perceived quality metrics falls between 3.41 and 4.20. Hence, we can infer that the service quality is perceived as good. This implies that the

bank adopts customer centric view towards its customers by knowing and understanding the needs of customers. Sizable no of respondents revealed that transacting with the bank is safe and secure. Moreover, significant number of respondents found the Bank to be responsive to their request. Most respondents compared the service among different banks and revealed that the bank surpasses other banks in its service provision. Sizable respondents that account for 78% regarded the bank's service as prompt.

To the contrary, Respondents have moderate outlook on how well employees are acquainted with the bank's product. Moreover, significant number of respondents have revealed their concerns regarding the behavior of employees. 59.4% of respondents don't agree that the service provision is conducted in a proper way and are not willing to pay higher price for the service. On these counts mentioned above lower mean is accounted and the bank should be concerned about. Overall the majority of the respondents revealed that they are satisfied with the service rendered in Dashen Bank.

Out of the 91 respondents 35 respondents that account for 57.2% doesn't regard the banks service as unique as compared from other banks. However most reveal that their choice is based on their experience with other banks. The majority of the respondents have established positive thoughts towards the bank and have developed a strong association with the brand. Majority Respondents have a profound belief that customers will continue to have relationship with companies with strong internal branding and cease to consume products of companies with weak internal branding and have a general belief that internal branding and customer loyalty are associated.

The majority of respondents believe that the bank carried out its obligations to its customers accounting for a mean value of 3.98. The majority of the respondents have a strong conviction that the bank shows concerns about the security of the their transaction. The data portrays that Respondents rely on the promises of the Bank and confide on the banks product.

Sizable number of respondents that constitute believe that consistency in service provision is maintained across the bank. Though the slight majority of respondents think otherwise, significant number of respondents that account for 37.4% don't believe that employees of the Bank shows respect to customers.

According to the responses obtained from respondent, the majority of the respondents believe that the bank introduces flexible new services and provides personalized services to meet its customers need. Moreover, they believe that the bank provides flexible service to all its customers. Despite majority of the respondents believe otherwise, fairly significant number of respondents that constitute about 50.6% of respondents believe that employees of the bank are not willing to help them.

Majority of the respondents are willing to endorse the service of Dashen Bank to others accounting for a mean value of 3.81. According to the data, Dashen Bank has successfully managed to position its brand in the minds of customers. Majority of the respondents also believe that they are incentivized to use the service rendered by Dashen Bank. Sizable amount of respondents that account for 81.4% wants to stay as a customer and expect their relationship to continue in the near future.

**Table 4.3. Aggregate mean of independent variables**

| <b>NO.</b> | <b>Description</b>       | <b>Aggregate Mean</b> |
|------------|--------------------------|-----------------------|
| 1          | <b>Perceived Quality</b> | <b>3.54</b>           |
| 2          | <b>Brand Equity</b>      | <b>3.79</b>           |
| 3          | <b>Trust</b>             | <b>3.78</b>           |
| 4          | <b>Commitment</b>        | <b>3.60</b>           |

According to the data obtained from the respondents all the mean values of the independent variables fall between 3.41-4.20 which can be considered as good. Since most of the variables exhibit higher mean value, it indicates higher customer satisfaction. As compared to other variables, perceived quality has the lowest mean.

#### **4.4. Correlation between variables**

Correlation analysis, which investigates the strength of relationships between the studied variables, is employed in the study. It is used to measure the strength of a linear association between variables. Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (-1.0 to +1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk et.al, 2005).

As per Zikmund et.al, (2003) the value of “r” ranges from +1.0 to -1.0, where a positive “r” value indicates a direct relationship and a negative ‘r” value represents an inverse relationship between two variables. When “r=0” it implies that there is no relationship between the two variables. When “r=+1” it implies that there is a perfect direct relationship between the variables. When “r=-1” it implies that there is a perfect negative/inverse relationship between the variables. When “r” is in between 0.10-0.29, it implies that variables have weak relationships and when “r” value is in between 0.3-0.49, it implies that the variables have moderate relationship. When “r” value becomes greater or

equals to 0.5 it indicates the relationship is strong. Depending on this assumption, after all major constructs are incorporated into the correlation analysis. The project work has extracted a bivariate two tailed correlation.

**Table 4.4. Correlation among variables**

|                   |                     | <b>Correlations</b> |              |        |            |                  |
|-------------------|---------------------|---------------------|--------------|--------|------------|------------------|
|                   |                     | Perceived Quality   | Brand Equity | Trust  | Commitment | customer loyalty |
| Perceived Quality | Pearson Correlation | 1                   | .775**       | .758** | .847**     | .850**           |
|                   | Sig. (2-tailed)     |                     | .000         | .000   | .000       | .000             |
|                   | N                   | 91                  | 91           | 91     | 91         | 91               |
| Brand Equity      | Pearson Correlation | .775**              | 1            | .623** | .731**     | .739**           |
|                   | Sig. (2-tailed)     | .000                |              | .000   | .000       | .000             |
|                   | N                   | 91                  | 91           | 91     | 91         | 91               |
| Trust             | Pearson Correlation | .758**              | .623**       | 1      | .725**     | .790**           |
|                   | Sig. (2-tailed)     | .000                | .000         |        | .000       | .000             |
|                   | N                   | 91                  | 91           | 91     | 91         | 91               |
| Commitment        | Pearson Correlation | .847**              | .731**       | .725** | 1          | .855**           |
|                   | Sig. (2-tailed)     | .000                | .000         | .000   |            | .000             |
|                   | N                   | 91                  | 91           | 91     | 91         | 91               |
| customer loyalty  | Pearson Correlation | .850**              | .739**       | .790** | .855**     | 1                |
|                   | Sig. (2-tailed)     | .000                | .000         | .000   | .000       |                  |
|                   | N                   | 91                  | 91           | 91     | 91         | 91               |

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

As can be indicated in the above table, all variables are highly correlated with customer loyalty. However, as compared to other independent variables brand equity indicate the least correlation with the dependent variable.

## 4.5. Multi-Collinearity

Multi-collinearity can be expressed as a correlation or multiple correlations of sufficient magnitude to have the potential to adversely affect regression estimates.

Hence, before conducting regression analysis, the prevalence of multi collinearity problem shall be investigated to check whether there is a high correlations between some of the independent variables. Variance Inflation Factor (VIF) can be used to calculate the impact of correlations among independent variables in determining the accuracy of regression assessments. To this end, the VIF factor shall not be above 10. If it exceeds 10, it implies that multi-collinearity issue certainly exists. If it exceeds 5, multi-collinearity problem might also exist. Tolerance can be defined as how much of the unevenness of the independent variable remains unexplained by the other independent variable. It can be examined using the formula  $1-R^2$ . Tolerance should be higher than 0.1 (Greene, 2000). Accordingly, as can be seen in the below tables one of the variables which is commitment is turned to dependent variables to determine the prevalence of multi-collinearity problem.

Table 4.5. Multi-Collinearity among independent variables

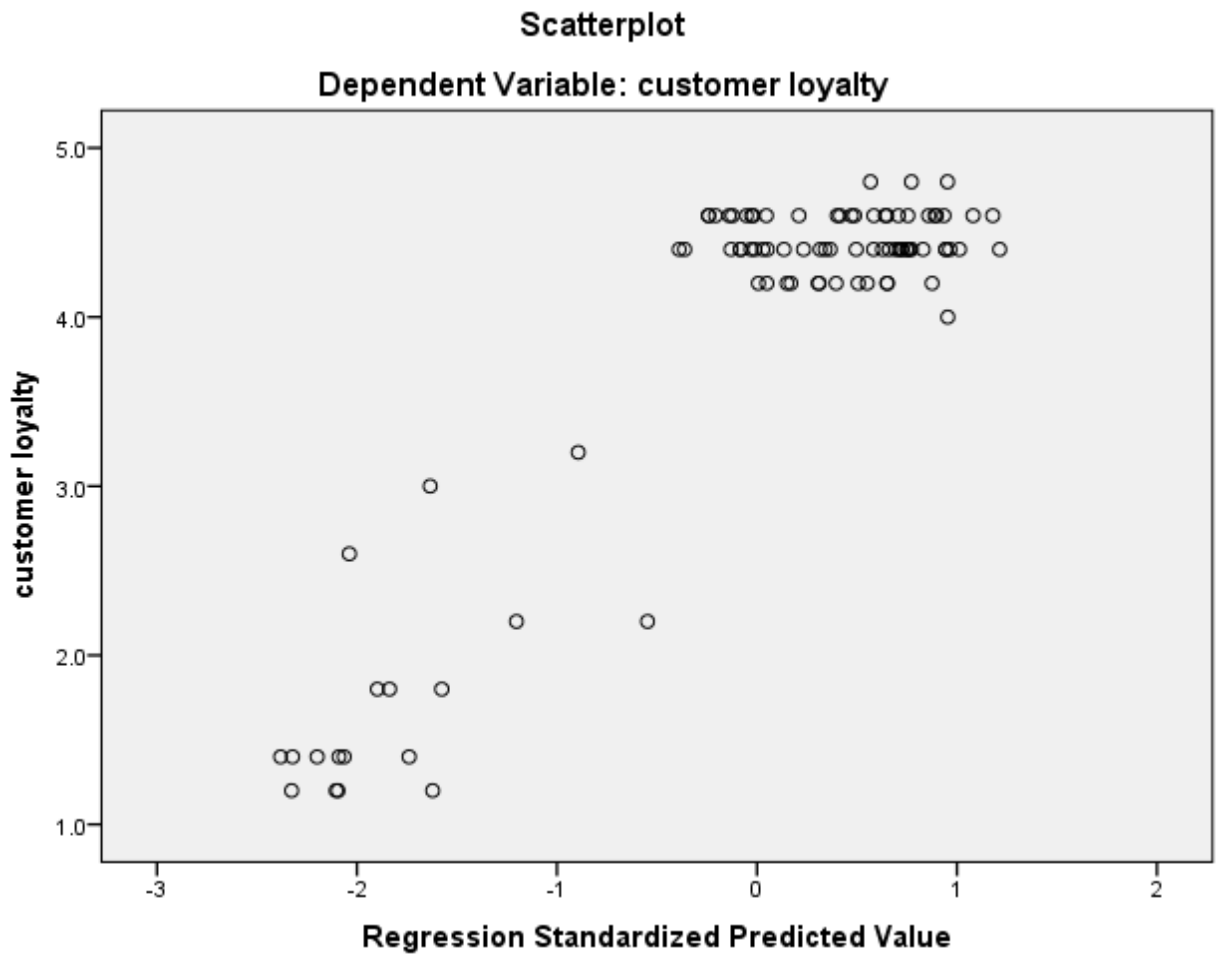
| Model  |                   | Collinearity Statistics |       |
|--|-------------------|-------------------------|-------|
|  |                   | Tolerance               | VIF   |
|  | Perceived Quality | .276                    | 3.629 |
|  | Brand Equity      | .396                    | 2.525 |
|  | Trust             | .423                    | 2.364 |
| N.b Commitment is considered as dependent variable |                   |                         |       |

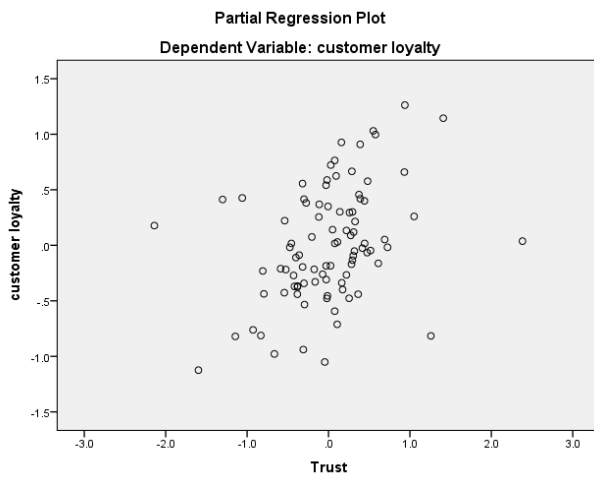
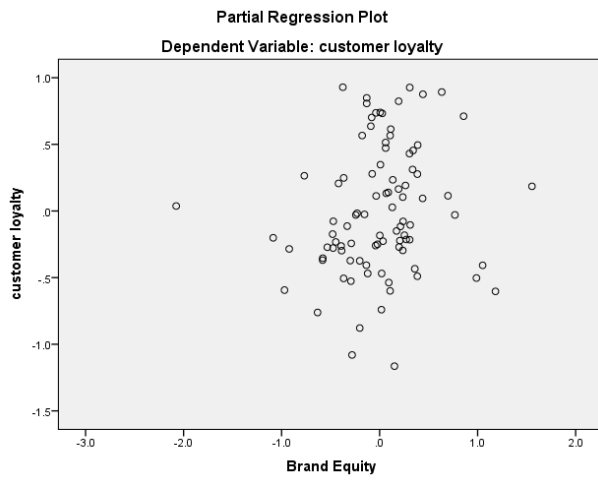
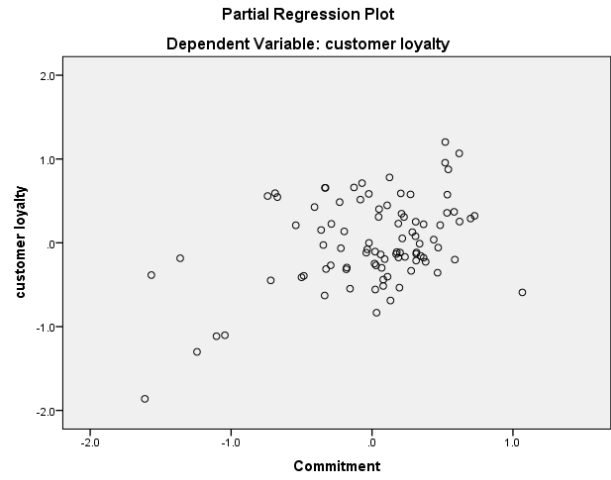
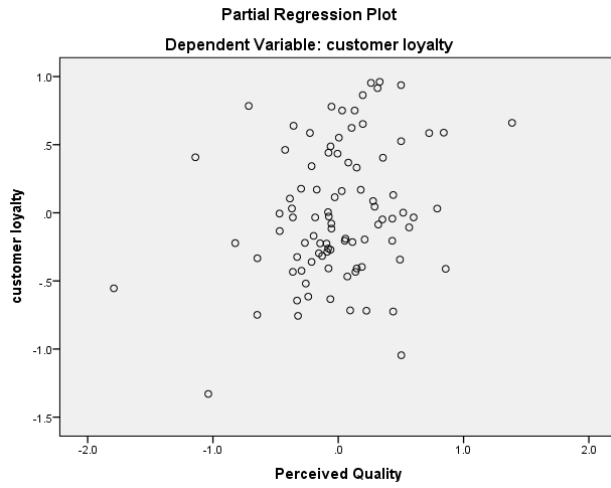
As it can be seen from the tables above the lowest tolerance is .276 which is  $>1$  and the highest VIF is 3.629 which is less than 10 or 5. Hence it can be noted that there is no multi-collinearity problem with in the model.

#### 4.6. Linearity

As cited by Helen 2014, the relationship between the variables should be linear and it is a problem if the dispersion of points indicates otherwise (Burns & Burns 2008). The study investigates for patterns in scatter plots of independent variables against customer loyalty to determine whether they have linear relation.

**Figure 4.1. Linearity Test (Scatterplot)**



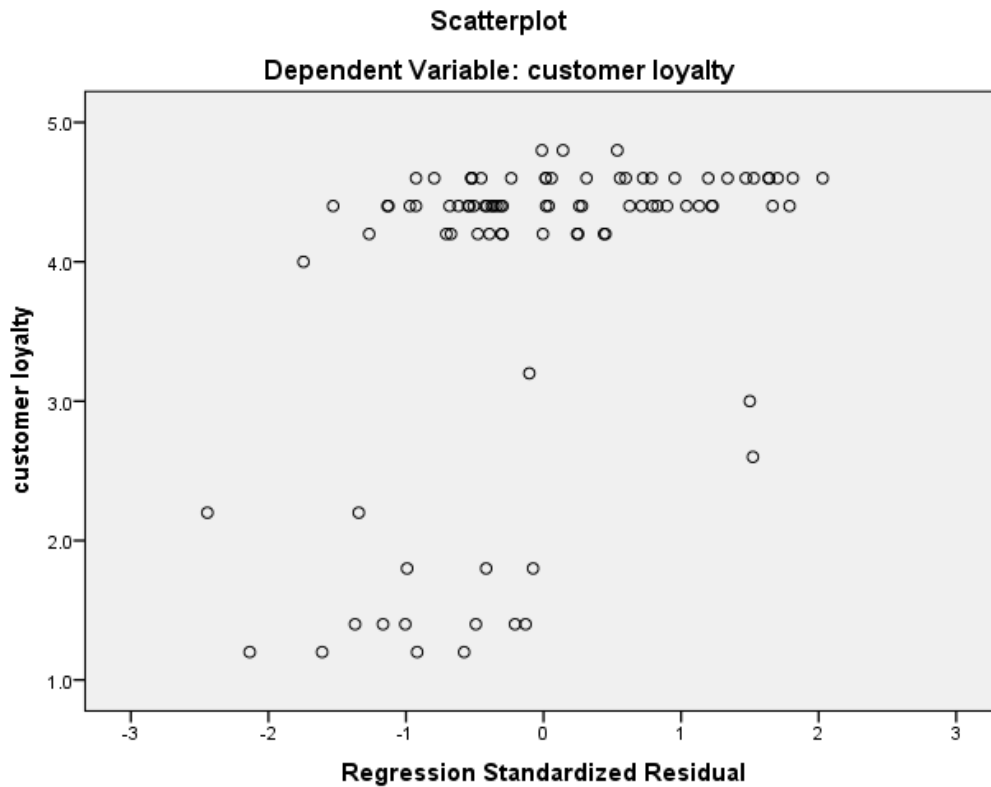


As a result the graph above shows that customer loyalty and the underlying variables have linear relation.

#### 4.7. Homoscedasticity

There should be homoscedasticity before running multiple regression analysis. The term describes a situation in which the noise or random disturbance in the relationship between the dependent and the independent variable is the same across all values of the independent variables. This means that the residuals (the differences between the values of the observed and predicted dependent variable) are normally distributed, and that the residuals have constant variance (Burns & Burns 2008). The graph has demonstrated homoscedasticity of the study. The major indicator is when the graph has something that looks like a bird nest around the center that indicates homoscedasticity.

**Figure 4.2. Homoscedasticity**



#### 4.8. Normality Test with skeweness and Kurtosis

skewness and kurtosis is a measure of symmetry or lack of symmetry. It is deployed to check the normality of a given data set to measure whether a data set is modeled for normal distribution. Skewness can be conducted using statistical and graphics method.

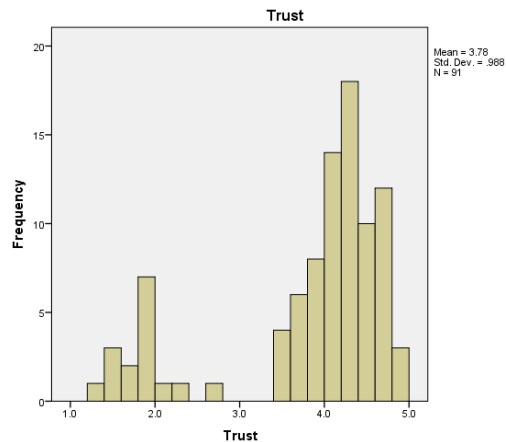
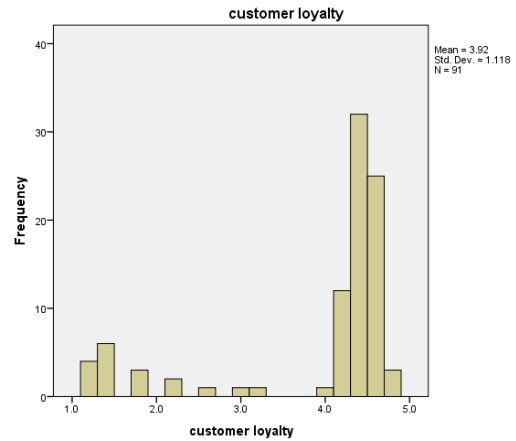
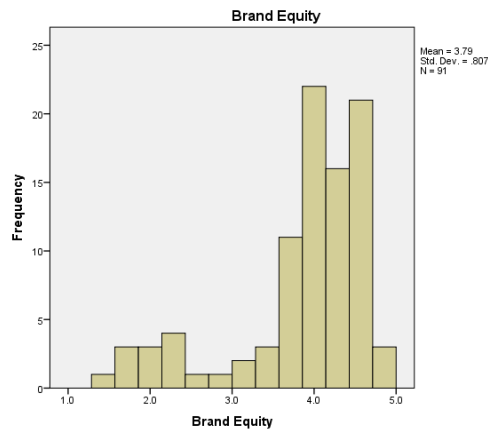
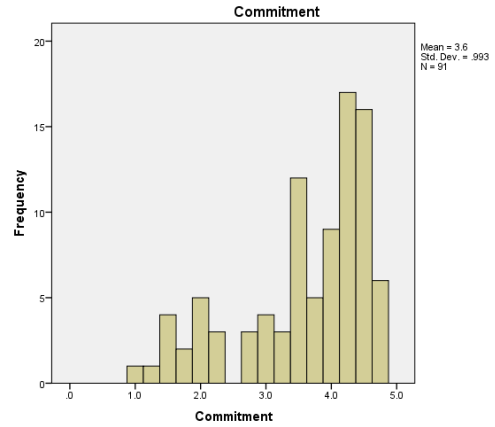
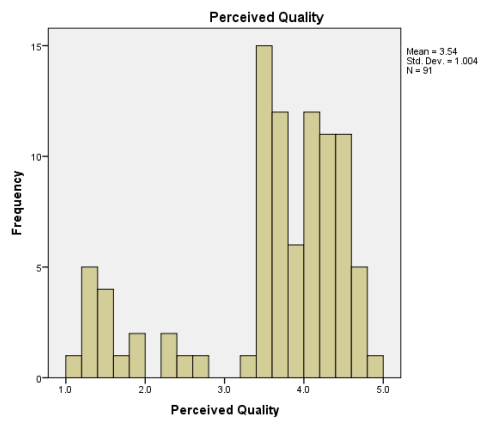
Skewness measures of the asymmetry of the probability distribution of a random variable about its mean. skewness provides information regarding the amount and direction of skew (departure from horizontal symmetry). The value of skewness can be positive or negative, or even undefined. If the value of skewness is 0, the data are perfectly symmetrical, although it is quite unlikely for real-world data. As a general rule of thumb:

- If skewness  $< -1$  or  $> 1$ , the distribution can be regarded as being highly skewed.
- If skewness falls within  $-1$  and  $-0.5$  or between  $0.5$  and  $1$ , it can be regarded as moderately skewed.
- If skewness falls within  $-0.5$  and  $0.5$ , it can be regarded as symmetric.

**Table 4.6. Normality Test with skeweness and Kurtosis**

|                             |         | <b>Statistics</b> |              |        |            |                  |
|-----------------------------|---------|-------------------|--------------|--------|------------|------------------|
|                             |         | Perceived Quality | Brand Equity | Trust  | Commitment | customer loyalty |
| N                           | Valid   | 91                | 91           | 91     | 91         | 91               |
|                             | Missing | 0                 | 0            | 0      | 0          | 0                |
| Skewnesss                   |         | -1.246            | -1.445       | -1.344 | -.999      | -1.659           |
| Standard Error of Skewnesss |         | .253              | .253         | .253   | .253       | .253             |
| Kurtosiss                   |         | .515              | 1.341        | .564   | -.074      | 1.078            |
| Std. Error of Kurtosiss     |         | .500              | .500         | .500   | .500       | .500             |

**Figure 4.3 Skewness and Kurtosis Histogram**



Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to the normal distribution. The height and sharpness of the peak relative to the rest of the data are measured by a number called kurtosis. Higher values indicate

a higher, sharper peak; lower values indicate a lower, less distinct peak. A normal distribution has kurtosis -2 and 2 (George & Mallery, 2010).

With the exception of brand equity and commitment, the data can be regarded as skewed to the right, since the majority of the respondents choose agree and strongly agree to the questions provided. However, for brand equity and commitment, the data can be said to be moderately skewed since it has value is between -1 and -0.5.

As shown in the above table, skewness and kurtosis for this study are within the range of -2&2 or -3&3 respectively. Hence the data for this study is normally distributed.

#### **4.9. Multiple Regression Analysis (hypothesis testing)**

Multiple regression analysis describes how a single response variable Y depends linearly on a number of predictor variables. Thus, it is defined as “a statistical technique which analyzes the linear relationships between a dependent variable and multiple independent variables by estimating coefficients for the equation for a straight line” (Field, 2005)

since correlation table portrays the relationship between the independent and dependent variables and does not reveal the exact percentage changes between variables as well as the strength and degree of the relationship between variables, The four hypotheses were tested using multiple regression analysis,.

**Table 4.7 Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .803 <sup>a</sup> | .715     | .706              | .3918                      |

The result of regression analysis on independent variables indicates existence of positive and statistically significant effect on customer loyalty. The model summary table R-Square value is .715 which means that 71.5% of the customer

loyalty can be explained by the variation of the independent variables. It can be said overall that the regression model is significant.

**Table 4.8 ANOVA test**

| ANOVA <sup>a</sup>  |            |                |    |             |        |                   |
|---|------------|----------------|----|-------------|--------|-------------------|
| Model   |            | Sum of Squares | df | Mean Square | F      | Sig.              |
| 1   | Regression | 92.115         | 4  | 23.029      | 97.606 | .000 <sup>b</sup> |
|   | Residual   | 20.291         | 86 | .236        |        |                   |
|   | Total      | 112.405        | 90 |             |        |                   |
| a. Dependent Variable: customer loyalty                                       |            |                |    |             |        |                   |
| b. Predictors: (Constant), Commitment, Trust, Brand Equity, Perceived Quality |            |                |    |             |        |                   |

The ANOVA tells us whether the model, overall, results in a significantly good degree of prediction of the outcome variable (Field, 2005). The above table depicts that the independent variables significantly predict the dependent variable with  $F=97.606$  and  $sig=0.000$ . F-test is used to find out overall probability of the relationship between the dependent variable and all the independent variables occurring by chance (Field, 2005). The F-test result of the study is 97.606 with a significance of 0.000 meaning that the probability of these results occurring by chance is less than 0.05 i.e. the variation that is explained by the model is not simply by chance.

While the ANOVA table is a useful test of the model's ability to explain any variation in the dependent variable, it does not directly address the strength of that relationship (Greene, 2000).. The table below shows the coefficients of the regression line. The sign of the coefficient indicates whether the predicted response increases or decreases when the predictor increases, all other predictors being constant (Greene, 2000).

**Table 4.9:- Effect of independent variables on customer loyalty**

| <b>Coefficients<sup>a</sup></b>         |                   |                             |            |                           |        |      |
|---|-------------------|-----------------------------|------------|---------------------------|--------|------|
| Model                                   |                   | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|   |                   | B                           | Std. Error | Beta                      |        |      |
| 1                                       | (Constant)        | -.276                       | .258       |                           | -1.068 | .288 |
|   | Perceived Quality | .281                        | .113       | .253                      | 2.481  | .015 |
|   | Brand Equity      | .151                        | .103       | .109                      | 1.470  | .145 |
|   | Trust             | .295                        | .082       | .261                      | 3.606  | .001 |
|   | Commitment        | .418                        | .102       | .372                      | 4.092  | .000 |
| a. Dependent Variable: customer loyalty |                   |                             |            |                           |        |      |

From the above multiple regression equation it can be noted that all the independent variables are significant predictors of customer loyalty revealing significant level below 0.05 ( $p < 0.05$ ). Also Standardized coefficient (Beta value) indicates the degree of importance of each variable towards customer loyalty. To the contrary brand equity with beta value of .109 shall be considered as a moderate predictor of customer loyalty.

The result indicated that commitment has the strongest influence on customer loyalty with the highest beta value 0.372. The beta value on the coefficient table indicates level of effect each variable has on the dependent variable. This means that for every additional point or value in commitment one could predict a gain of 0.372 points on the customer loyalty provided that other variables being constant. Therefore, the study concluded that commitment factor positively and significantly affected customer loyalty of Dashen Bank S.C. trust and Perceived quality have positive and significant influence on customers loyalty, with beta value 0.261 and 0.253 respectively, with a significant level at 0.001 and 0.001 respectively. Therefore it can be noted that with the exception of brand equity, all the three variables can positively and significantly affect Dashen Bank customer loyalty.

**Table 4.1:- Hypothesis Testing**

| <b>Hypothesis</b>  | Beta | T     | P<0.05 | Result    |
|--|------|-------|--------|-----------|
| <b>H1: positive relationship exists between perceived quality and customer loyalty.</b>          | .253 | 2.481 | .015   | Supported |
| <b>H2: positive relationship exists between brand equity (brand value) and customer loyalty.</b> | .109 | 1.470 | .145   | supported |
| <b>H3: positive relationship exists between trust and customer loyalty.</b>                      | .261 | 3.606 | .001   | supported |
| <b>H4: positive relationship exists between commitment and customer loyalty</b>                  | .372 | 4.092 | .000   | Supported |

As presented in the above hypothesis testing table for all independent variables coefficients of the predictor variables are statistically positive and significant at less than five percent indicating that there is a significant positive relationship of these variables to the dependent variable. Therefore, all of the alternative hypotheses are accepted.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1. Introduction**

This Chapter revolves around summary of major findings, concluding remarks and recommendations that might be instrumental for Dashen Bank and other researchers

#### **5.2. Summary of finding**

- Pearson correlation test conducted portrays a strong relationship between the dependent variable customer loyalty and the predictor variable perceived quality.
- Pearson correlation test conducted reveals a strong relationship between the dependent variable customer loyalty and the predictor variables dubbed trust, commitment, brand equity and perceived quality.
- Normality test that was conducted to measure symmetry of data. Accordingly, brand equity and commitment are moderately skewed. Whereas, perceived quality and trust are skewed to the right.
- Multi-collinearity test was conducted in order to identify the correlation or multiple correlations among variables that might have sufficient magnitude that adversely affect regression estimates. According to the result there is no multi-collinearity problem with in the model.
- The study investigates for patterns in scatter plots of independent variables against customer loyalty to determine whether they have linear relation.
- homoscedasticity was conducted before running multiple regression analysis to identify random disturbance in the relationship between the dependent and the independent variable is the same across all values of the independent variables. The result shows that no issue is encountered and reveals moderate variance across the population.

- The result of regression analysis on independent variables indicates existence of positive and statistically significant effect on customer loyalty. It can be said overall that the regression model is significant
- The ANOVA results shows that the independent variables significantly predicts the dependent variable. F-test is used to find out overall probability of the relationship between the dependent variable and all the independent variables occurring by chance.
- According to multiple regression equation it can be noted that all the independent variables with the exception of brand equity are significant predictors of customer loyalty.
- Therefore, the study concluded that commitment factor positively and significantly affected customer loyalty of Dashen Bank S.C as compared to other constructs. Perceived quality and trust also have positive and significant influence on customer loyalty. Therefore it can be noted that with the exception of brand equity, all the three variables can positively and significantly affects Dashen Bank customer loyalty
- Based on the regression test the hypothesis has been tasted.
- Multiple regression test between the dependent variable customer loyalty and the predictor variable perceived quality showed, a beta value of .312 where ( $P < 0.05$ ), where H1 was accepted.
- Multiple regression test between the dependent variable customer loyalty and the predictor variable brand equity showed, a beta value of -.006 where ( $P < 0.05$ ), where H2 was accepted.
- Multiple regression test between the dependent variable customer loyalty and the predictor variable trust showed, a beta value of .267 where ( $P < 0.05$ ), where H2 was accepted.
- Multiple regression test between the dependent variable customer loyalty and the predictor variable commitment showed, a beta value of .399 where ( $P < 0.05$ ), where H2 was accepted.

### **5.3. Conclusion**

In the ever-changing and highly volatile business environment, banks are striving proactively to satisfy the demands of customer by delivering values and promises in order to keep customers loyal. Among other marketing strategies, developing and maintaining a strong and favourable internal brand and effectively positioning it in the minds of customer is highly imperative to bring about customer loyalty, long term profitability and competitiveness.

The study has sifted out the effect of internal branding on customer loyalty. To this end, the effect of internal branding variables dubbed perceived quality, brand equity, commitment and trust variables on customer loyalty is carefully studied. The regression and correlation analysis that were conducted reveals a strong association between independent variables dubbed perceived quality, commitment and trust and dependent variable customer loyalty. The study also reveals a moderate relationship between brand equity and customer loyalty.

Most of the parameters employed to evaluate perceived quality, brand equity, trust and commitment variables show a mean value 3.41-5.00, which can be regarded as satisfactory score for the Bank. However, employee's behavior and willingness to help customers is a major concern expressed in the study. Lack of knowhow of employees with regard to the banks product was also expressed in the study. Furthermore, significant numbers of respondents believe that employees of the bank do not respect customers. The study unlashd that the bank service is somehow difficult to distinguish from competitors.

The study also revealed that most customers are willing to continue their relationship with the bank and are also willing to endorse the service of Dashen Bank to others.

### **5.4. Recommendation**

In a world changing with a blink of an eye, tuning to the changing demands of customer and building strong brand plays a pivotal role to stay in the game and earn the loyalty of customers. Ethiopian banking sectors whereby 18 players in the industry and several conventional and Islamic Banks are under formation;

customers are very sensitive and can easily shift brands with minimal switching cost. Furthermore, the financial sector is expected to open up for foreign banks, which further exacerbates the competition further shape customer's demand. Hence, the following suggestions are forwarded to Dashen Bank to ensure customer loyalty in the long term and stay competitive in the industry.

- The study reveals that employees are not well acquainted with the products of the bank. Hence, creating well informed and knowledgeable employees through induction, acquaintance program, training and development is highly imperative. The bank should structure and use effective internal communication platforms such as outlook, portals in order to provide updated information about the product. Furthermore, marketing collaterals such as brochures, leaflets, posters should be readily available to all branches.
- The study also reveals behavioral gap in employees with respect to lack of willingness to assist and respect customers. To alleviate the problem, intensive customer service and emotional intelligence training shall be conducted to staff members with a particular emphasis to front line employees. Incentivizing and rewarding employees with good behaviors through promotions, salary adjustment, recognitions, and other mechanisms will also assist in reinforce the behavior and help to create a positive culture. Since dissatisfied employees will unleash their dissatisfaction on customers, the bank should spot when dissatisfaction occurs and through consultation the bank should strive to reduce the dissatisfaction. The bank should also strive to bring about customer centric culture where customers are valued and all efforts are channelled towards their needs
- The study also pointed out a problem in the service provision particularly in maintaining consistency in service provision. Hence, the bank should strive to bring about consistency in the service provision. This requires effectively deploying "Know your customers (KYC) strategy, standardizing

processes, structuring effective internal communication among branches, investing on training and development of employees, unifying customers experiences through identifying customers touch points and successfully deploying customer journey mapping and ensuring flexible policies when deemed necessary,

- Since, the study revealed that the bank service is somehow difficult to distinguish from competitors; the bank should try to differentiate its brand from the rest of the competition. This can be realized by frequently introducing compelling products with strong features and performance tailored to the needs of customers and that are difficult to be imitated by competitors. Deploying state of the art technology to provide prompt service and bring about consistency in service provision can also help the bank to differentiate from the rest of the competition. For service industries like banks, relationship differentiation also plays a pivotal role to stand out from the crowd. Hence, developing intimate relationship and interface with customers to the extent of providing personalized service is highly important. To this end, demonstrating competence, courtesy, credibility, reliability and responsiveness is important to differentiate the brand. The bank should also focus on bringing about image/reputation differentiation and price differentiation (such as reducing interest rate and service charge etc).
- Aggressively above the line (ATL) and below the line (BTL) campaigns shall be conducted to promote existing as well as new products, to create awareness about the brand
- The researcher has observed that under marketing and customer experience department, quality assurance and branding division is structured. However, the task of each division is not clearly set out and task redundancy and overlap is noticed between the two divisions. The primary focus of quality assurance department is to ensure quality of service which has something to do with internal branding. On the other hand, branding division also focus on internal branding. Since branding is

a huge task with paramount importance that requires significant resource, the researcher suggests branding to be structured as a department and quality assurance should be under branding department.

### **5.5. Directions for future research**

This study primarily focuses on a single private commercial bank situated in Addis Ababa. Other researchers can use this research as a stepping stone and conduct a study on all private commercial banks, all governmental commercial banks or on industry level. Furthermore, researchers can also consider other industries apart from the financial sector.

This research takes into account four variables that affect customer loyalty future researchers can investigate other variables that might influence customer loyalty.

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**Appendix 1**  
**Structured questionnaire**  
**Research questionnaires**

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

MASTERS IN BUSINESS LEADERSHIP (MBL)

Dear respondents,

I am currently enrolling in a postgraduate program at Addis Ababa University, department of Business leadership. In order to partially fulfill the requirement for acquiring Master's Degree in Business Leadership, I am conducting a research study on "The effect of Internal Branding on Customer Loyalty: in the case of Dashen Bank S.C".

The primary objective of this questionnaire is to gather information on variables mentioned in the title. I would like to extend my assurances that the information you are providing: will be kept strictly confidential, will not be transferred to any third party and will be used for the stated purpose only. Furthermore, strict anonymity will be maintained. The researcher sincerely requests you to answer each and every question carefully so that your responses will be valuable input for the findings to meet the purpose of the study that is being undertaken.

If you are confronted with any ambiguity, concern or question please contact me through my address mentioned here below

Paulos Aberra

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Email [paulosaberra123@gmail.com](mailto:paulosaberra123@gmail.com)

General instruction:

- The researcher kindly requests you to **refrain from** writing your name to ensure anonymity
- While answering part I questions circle letter that indicate your choice
- While answering part II questions Please put ( ) Mark to indicate your best choice

Thank You Indeed for taking part in this research!!!

**Part I General information**

1. Gender

A. Female

B. Male

2. Age

A. 18 – 25 years

C. 36 – 45 years

B. 26 – 35 years

D. above 45

3. Educational background

- A. Secondary school
- B. Diploma

- C. Degree
- D. Master's Degree and above

4. Occupation

- A. Student
- B. Employee
- C. Self employed

- D. Unemployed
- E. Retired

5. For how long have you used Dashen Bank service?

- A. Below 1 Year
- B. 1-3 Years
- E. Above 7 Years

- C. 3-5 Years
- D. 5-7 Years

**Part II Determinant factors**

This part of the questionnaire collects information to assess the effect of internal branding on customer's loyalty

| <b>Effect of internal branding on customer loyalty</b>              | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|-------------------|----------|---------|-------|----------------|
| <b>Perceived Quality</b>  |                   |          |         |       |                |
| 1.1. The Bank knows and understands my needs                        |                   |          |         |       |                |
| 1.2. I feel secure when I transact with Dashen Bank                 |                   |          |         |       |                |
| 1.3. The bank is responsive to my requests                          |                   |          |         |       |                |
| 1.4. Dashen Bank surpasses other banks in meeting my needs          |                   |          |         |       |                |
| 1.5. I usually compare Dashen bank's products with other banks.     |                   |          |         |       |                |
| 1.6. The Bank employees are well acquainted with the Bank's product |                   |          |         |       |                |
| 1.7. The Bank employees embraces good behavior                      |                   |          |         |       |                |
| 1.8. Dashen Bank Provides prompt service to my needs                |                   |          |         |       |                |

|   |                          |                 |                |              |                       |
|---|--------------------------|-----------------|----------------|--------------|-----------------------|
| 1.9. The service provision is delivered in a good way and I am willing to pay higher price to get the service     |                          |                 |                |              |                       |
| 1.10. Overall I am satisfied with the financial services rendered by Dashen Bank                                  |                          |                 |                |              |                       |
|   | <b>Strongly Disagree</b> | <b>Disagree</b> | <b>Neutral</b> | <b>Agree</b> | <b>Strongly Agree</b> |
| <b>Brand Equity</b>   |                          |                 |                |              |                       |
| 2.1. I believe that the bank is unique as compared to other banks   |                          |                 |                |              |                       |
| 2.2. Positive thoughts come to my mind when I think of Dashen Bank  |                          |                 |                |              |                       |
| 2.3. I believe that customers will continue having relationship with companies that have strong internal branding |                          |                 |                |              |                       |
| 2.4. Customers can cease to consume products of companies with weak internal branding                             |                          |                 |                |              |                       |
| 2.5. I have a general belief that internal branding can lead to customer loyalty                                  |                          |                 |                |              |                       |
| 2.6. I have a strong association with Dashen Bank   |                          |                 |                |              |                       |
| 2.7. My choice is based on my previous experience with other banks  |                          |                 |                |              |                       |
| <b>Trust</b>  |                          |                 |                |              |                       |
| 3.1. The bank fulfills its obligations to customers   |                          |                 |                |              |                       |
| 3.2. The bank shows concerns on the security of my transaction  |                          |                 |                |              |                       |
| 3.3. I rely on the promises of the Bank   |                          |                 |                |              |                       |
| 3.4. the Bank's employees shows respect to customers  |                          |                 |                |              |                       |
| 3.5. I confide in the Bank's products   |                          |                 |                |              |                       |

|   |  |  |  |  |  |
|---|--|--|--|--|--|
| 3.6. consistency in service provision is maintained in the Bank |  |  |  |  |  |
|---|--|--|--|--|--|

|  | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|--|-------------------|----------|---------|-------|----------------|
| <b>Commitment</b>  |                   |          |         |       |                |
| 4.1. The bank introduces flexible new services   |                   |          |         |       |                |
| 4.2. The Bank offers personalized services to meet customers need                                |                   |          |         |       |                |
| 4.3. The Bank provides flexible service to all its customers                                     |                   |          |         |       |                |
| 4.4. Employees of the Bank are always willing to help me   |                   |          |         |       |                |
| <b>Customer Loyalty</b>  |                   |          |         |       |                |
| 5.1. I endorse the service of Dashen Bank to others  |                   |          |         |       |                |
| 5.2. whenever I think of using bank service, the first bank that comes to my mind is Dashen Bank |                   |          |         |       |                |
| 5.3. Dashen Bank encourages me to use the product frequently                                     |                   |          |         |       |                |
| 5.4. I expect my relationship with the Bank will continue for a longer period                    |                   |          |         |       |                |
| 5.5. I want to stay as a customer of Dashen Bank because I cherish my relationship with the Bank |                   |          |         |       |                |

Kamila Bahla and Jacques Nantel (2001), Aidin D,Ozer, M (2005), Garbarino, E. and Johnson, M.S. (1999), Keller, Lane Kevin (1993), Muse Mekonnen (2017)

## Appendix 2 Statistical output

### The Bank knows and understands my needs

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 14        | 15.4    | 15.4          | 15.4               |
|       | Disagree          | 1         | 1.1     | 1.1           | 16.5               |
|       | Neutral           | 7         | 7.7     | 7.7           | 24.2               |
|       | Agree             | 48        | 52.7    | 52.7          | 76.9               |
|       | Strongly Agree    | 21        | 23.1    | 23.1          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

### I feel secure when I transact with Dashen Bank

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 10        | 11.0    | 11.0          | 11.0               |
|       | Disagree          | 6         | 6.6     | 6.6           | 17.6               |
|       | Neutral           | 6         | 6.6     | 6.6           | 24.2               |
|       | Agree             | 44        | 48.4    | 48.4          | 72.5               |
|       | Strongly Agree    | 25        | 27.5    | 27.5          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

### The bank is responsive to my requests

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 11        | 12.1    | 12.1          | 12.1               |
|       | Disagree          | 3         | 3.3     | 3.3           | 15.4               |
|       | Neutral           | 6         | 6.6     | 6.6           | 22.0               |
|       | Agree             | 44        | 48.4    | 48.4          | 70.3               |
|       | Strongly Agree    | 27        | 29.7    | 29.7          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**Dashen Bank surpasses other banks in meeting my needs**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 9         | 9.9     | 9.9           | 9.9                |
|       | Disagree          | 4         | 4.4     | 4.4           | 14.3               |
|       | Neutral           | 8         | 8.8     | 8.8           | 23.1               |
|       | Agree             | 52        | 57.1    | 57.1          | 80.2               |
|       | Strongly Agree    | 18        | 19.8    | 19.8          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**I usually compare Dashen bank's products with other banks.**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 8         | 8.8     | 8.8           | 8.8                |
|       | Disagree          | 6         | 6.6     | 6.6           | 15.4               |
|       | Neutral           | 8         | 8.8     | 8.8           | 24.2               |
|       | Agree             | 43        | 47.3    | 47.3          | 71.4               |
|       | Strongly Agree    | 26        | 28.6    | 28.6          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**The Bank employees are well acquainted with the Bank's product**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 17        | 18.7    | 18.7          | 18.7               |
|       | Disagree          | 29        | 31.9    | 31.9          | 50.5               |
|       | Neutral           | 8         | 8.8     | 8.8           | 59.3               |
|       | Agree             | 23        | 25.3    | 25.3          | 84.6               |
|       | Strongly Agree    | 14        | 15.4    | 15.4          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**The Bank employees embraces good behavior**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 16        | 17.6    | 17.6          | 17.6               |
|       | Disagree          | 21        | 23.1    | 23.1          | 40.7               |
|       | Neutral           | 7         | 7.7     | 7.7           | 48.4               |
|       | Agree             | 31        | 34.1    | 34.1          | 82.4               |
|       | Strongly Agree    | 16        | 17.6    | 17.6          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**Dashen Bank Provides prompt service to my needs**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 8         | 8.8     | 8.8           | 8.8                |
|       | Disagree          | 4         | 4.4     | 4.4           | 13.2               |
|       | Neutral           | 8         | 8.8     | 8.8           | 22.0               |
|       | Agree             | 52        | 57.1    | 57.1          | 79.1               |
|       | Strongly Agree    | 19        | 20.9    | 20.9          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**The service provision is delivered in a good way and I am willing to pay higher price to get the service**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 16        | 17.6    | 17.6          | 17.6               |
|       | Disagree          | 22        | 24.2    | 24.2          | 41.8               |
|       | Neutral           | 6         | 6.6     | 6.6           | 48.4               |
|       | Agree             | 34        | 37.4    | 37.4          | 85.7               |
|       | Strongly Agree    | 13        | 14.3    | 14.3          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**Overall I am satisfied with the financial services rendered by Dashen Bank**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 9         | 9.9     | 9.9           | 9.9                |
|       | Disagree          | 5         | 5.5     | 5.5           | 15.4               |
|       | Neutral           | 6         | 6.6     | 6.6           | 22.0               |
|       | Agree             | 48        | 52.7    | 52.7          | 74.7               |
|       | Strongly Agree    | 23        | 25.3    | 25.3          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**I believe that the bank is unique as compared to other banks**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 17        | 18.7    | 18.7          | 18.7               |
|       | Disagree          | 18        | 19.8    | 19.8          | 38.5               |
|       | Neutral           | 9         | 9.9     | 9.9           | 48.4               |
|       | Agree             | 32        | 35.2    | 35.2          | 83.5               |
|       | Strongly Agree    | 15        | 16.5    | 16.5          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**Positive thoughts come to my mind when I think of Dashen Bank**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 8         | 8.8     | 8.8           | 8.8                |
|       | Disagree          | 4         | 4.4     | 4.4           | 13.2               |
|       | Neutral           | 8         | 8.8     | 8.8           | 22.0               |
|       | Agree             | 48        | 52.7    | 52.7          | 74.7               |
|       | Strongly Agree    | 23        | 25.3    | 25.3          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**I believe that customers will continue having relationship with companies that have strong internal branding**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|--|--|-----------|---------|---------------|--------------------|
|--|--|-----------|---------|---------------|--------------------|

|       |                |    |       |       |       |
|-------|----------------|----|-------|-------|-------|
| Valid | Disagree       | 6  | 6.6   | 6.6   | 6.6   |
|       | Neutral        | 13 | 14.3  | 14.3  | 20.9  |
|       | Agree          | 26 | 28.6  | 28.6  | 49.5  |
|       | Strongly Agree | 46 | 50.5  | 50.5  | 100.0 |
|       | Total          | 91 | 100.0 | 100.0 |       |

**Customers can cease to consume products of companies with weak internal branding**

|       |                | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------------|-----------|---------|---------------|--------------------|
| Valid | Disagree       | 5         | 5.5     | 5.5           | 5.5                |
|       | Neutral        | 15        | 16.5    | 16.5          | 22.0               |
|       | Agree          | 37        | 40.7    | 40.7          | 62.6               |
|       | Strongly Agree | 34        | 37.4    | 37.4          | 100.0              |
|       | Total          | 91        | 100.0   | 100.0         |                    |

**I have a general belief that internal branding can lead to customer loyalty**

|       |                | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------------|-----------|---------|---------------|--------------------|
| Valid | Disagree       | 5         | 5.5     | 5.5           | 5.5                |
|       | Neutral        | 15        | 16.5    | 16.5          | 22.0               |
|       | Agree          | 35        | 38.5    | 38.5          | 60.4               |
|       | Strongly Agree | 36        | 39.6    | 39.6          | 100.0              |
|       | Total          | 91        | 100.0   | 100.0         |                    |

**I have a strong association with Dashen Bank**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 11        | 12.1    | 12.1          | 12.1               |
|       | Disagree          | 6         | 6.6     | 6.6           | 18.7               |
|       | Neutral           | 22        | 24.2    | 24.2          | 42.9               |
|       | Agree             | 47        | 51.6    | 51.6          | 94.5               |
|       | Strongly Agree    | 5         | 5.5     | 5.5           | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**My choice is based on my previous experience with other banks**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 5         | 5.5     | 5.5           | 5.5                |
|       | Disagree          | 4         | 4.4     | 4.4           | 9.9                |
|       | Neutral           | 16        | 17.6    | 17.6          | 27.5               |
|       | Agree             | 42        | 46.2    | 46.2          | 73.6               |
|       | Strongly Agree    | 24        | 26.4    | 26.4          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**The bank fulfills its obligations to customers**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 5         | 5.5     | 5.5           | 5.5                |
|       | Disagree          | 12        | 13.2    | 13.2          | 18.7               |
|       | Neutral           | 3         | 3.3     | 3.3           | 22.0               |
|       | Agree             | 31        | 34.1    | 34.1          | 56.0               |
|       | Strongly Agree    | 40        | 44.0    | 44.0          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**The bank shows concerns on the security of my transaction**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 2         | 2.2     | 2.2           | 2.2                |
|       | Disagree          | 12        | 13.2    | 13.2          | 15.4               |

|                |    |       |       |       |
|----------------|----|-------|-------|-------|
| Neutral        | 1  | 1.1   | 1.1   | 16.5  |
| Agree          | 29 | 31.9  | 31.9  | 48.4  |
| Strongly Agree | 47 | 51.6  | 51.6  | 100.0 |
| Total          | 91 | 100.0 | 100.0 |       |

### I rely on the promises of the Bank

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 7         | 7.7     | 7.7           | 7.7                |
|       | Disagree          | 10        | 11.0    | 11.0          | 18.7               |
|       | Neutral           | 1         | 1.1     | 1.1           | 19.8               |
|       | Agree             | 28        | 30.8    | 30.8          | 50.5               |
|       | Strongly Agree    | 45        | 49.5    | 49.5          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

### The Bank employees shows respect to customers

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 8         | 8.8     | 8.8           | 8.8                |
|       | Disagree          | 26        | 28.6    | 28.6          | 37.4               |
|       | Neutral           | 10        | 11.0    | 11.0          | 48.4               |
|       | Agree             | 31        | 34.1    | 34.1          | 82.4               |
|       | Strongly Agree    | 16        | 17.6    | 17.6          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

### I confide in the Bank's products

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 7         | 7.7     | 7.7           | 7.7                |
|       | Disagree          | 8         | 8.8     | 8.8           | 16.5               |
|       | Neutral           | 3         | 3.3     | 3.3           | 19.8               |
|       | Agree             | 27        | 29.7    | 29.7          | 49.5               |
|       | Strongly Agree    | 46        | 50.5    | 50.5          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**consistency in service provision is maintained in the Bank**

|       |                   | Frequency | Percent | Valid Percent | Cumulative<br>Percent |
|-------|-------------------|-----------|---------|---------------|-----------------------|
| Valid | Strongly Disagree | 12        | 13.2    | 13.2          | 13.2                  |
|       | Disagree          | 1         | 1.1     | 1.1           | 14.3                  |
|       | Agree             | 47        | 51.6    | 51.6          | 65.9                  |
|       | Strongly Agree    | 31        | 34.1    | 34.1          | 100.0                 |
|       | Total             | 91        | 100.0   | 100.0         |                       |

**The bank introduces flexible new services**

|       |                   | Frequency | Percent | Valid Percent | Cumulative<br>Percent |
|-------|-------------------|-----------|---------|---------------|-----------------------|
| Valid | Strongly Disagree | 6         | 6.6     | 6.6           | 6.6                   |
|       | Disagree          | 6         | 6.6     | 6.6           | 13.2                  |
|       | Neutral           | 7         | 7.7     | 7.7           | 20.9                  |
|       | Agree             | 42        | 46.2    | 46.2          | 67.0                  |
|       | Strongly Agree    | 30        | 33.0    | 33.0          | 100.0                 |
|       | Total             | 91        | 100.0   | 100.0         |                       |

**The Bank offers personalized services to meet customers need**

|       |                   | Frequency | Percent | Valid Percent | Cumulative<br>Percent |
|-------|-------------------|-----------|---------|---------------|-----------------------|
| Valid | Strongly Disagree | 9         | 9.9     | 9.9           | 9.9                   |
|       | Disagree          | 14        | 15.4    | 15.4          | 25.3                  |
|       | Neutral           | 7         | 7.7     | 7.7           | 33.0                  |
|       | Agree             | 26        | 28.6    | 28.6          | 61.5                  |
|       | Strongly Agree    | 35        | 38.5    | 38.5          | 100.0                 |
|       | Total             | 91        | 100.0   | 100.0         |                       |

**The Bank provides flexible service to all its customers**

|       |                   | Frequency | Percent | Valid Percent | Cumulative<br>Percent |
|-------|-------------------|-----------|---------|---------------|-----------------------|
| Valid | Strongly Disagree | 8         | 8.8     | 8.8           | 8.8                   |

|                |    |       |       |       |
|----------------|----|-------|-------|-------|
| Disagree       | 14 | 15.4  | 15.4  | 24.2  |
| Neutral        | 7  | 7.7   | 7.7   | 31.9  |
| Agree          | 39 | 42.9  | 42.9  | 74.7  |
| Strongly Agree | 23 | 25.3  | 25.3  | 100.0 |
| Total          | 91 | 100.0 | 100.0 |       |

**Employees of the Bank are always willing to help me**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 9         | 9.9     | 9.9           | 9.9                |
|       | Disagree          | 28        | 30.8    | 30.8          | 40.7               |
|       | Neutral           | 7         | 7.7     | 7.7           | 48.4               |
|       | Agree             | 31        | 34.1    | 34.1          | 82.4               |
|       | Strongly Agree    | 16        | 17.6    | 17.6          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**I endorse the service of Dashen Bank to others**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 9         | 9.9     | 9.9           | 9.9                |
|       | Disagree          | 4         | 4.4     | 4.4           | 14.3               |
|       | Neutral           | 6         | 6.6     | 6.6           | 20.9               |
|       | Agree             | 48        | 52.7    | 52.7          | 73.6               |
|       | Strongly Agree    | 24        | 26.4    | 26.4          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**whenever I think of using bank service, the first bank that comes to my mind is Dashen Bank**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 6         | 6.6     | 6.6           | 6.6                |
|       | Disagree          | 10        | 11.0    | 11.0          | 17.6               |
|       | Neutral           | 2         | 2.2     | 2.2           | 19.8               |
|       | Agree             | 35        | 38.5    | 38.5          | 58.2               |

|                |    |       |       |       |
|----------------|----|-------|-------|-------|
| Strongly Agree | 38 | 41.8  | 41.8  | 100.0 |
| Total          | 91 | 100.0 | 100.0 |       |

**Dashen Bank encourages me to use the product frequently**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 8         | 8.8     | 8.8           | 8.8                |
|       | Disagree          | 9         | 9.9     | 9.9           | 18.7               |
|       | Neutral           | 1         | 1.1     | 1.1           | 19.8               |
|       | Agree             | 47        | 51.6    | 51.6          | 71.4               |
|       | Strongly Agree    | 26        | 28.6    | 28.6          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**I expect my relationship with the Bank will continue for a longer period**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 8         | 8.8     | 8.8           | 8.8                |
|       | Disagree          | 8         | 8.8     | 8.8           | 17.6               |
|       | Agree             | 40        | 44.0    | 44.0          | 61.5               |
|       | Strongly Agree    | 35        | 38.5    | 38.5          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |

**I want to stay as a customer of Dashen Bank because I cherish my relationship with the Bank**

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 8         | 8.8     | 8.8           | 8.8                |
|       | Disagree          | 8         | 8.8     | 8.8           | 17.6               |
|       | Neutral           | 1         | 1.1     | 1.1           | 18.7               |
|       | Agree             | 30        | 33.0    | 33.0          | 51.6               |
|       | Strongly Agree    | 44        | 48.4    | 48.4          | 100.0              |
|       | Total             | 91        | 100.0   | 100.0         |                    |