



**ADDIS ABABA UNIVERSITY SCHOOL OF
COMMERCE
MA PROGRAM**

**THE IMPACT OF RELATIONSHIP MARKETING ON
CUSTOMER LOYALTY IN COMMERCIAL BANK OF ETHIOPIA,
ADDIS ABABA DISTRICT BRANCHES
BY: MESERET KEBEDE**

**May, 2015
ADDIS ABABA, ETHIOPIA**

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
MA PROGRAM
MARKETING MANAGEMENT POST GRADUATE PROGRAM**

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By MESERET KEBEDE**

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STATEMENT OF CERTIFICATION

This is to certify that MESERET KEBEDE BELAYNEH has carried out this thesis work title
**“THE IMPACT OF RELATIONSHIP MARKETING ON CUSTOMER LOYALTY IN
COMMERCIAL BANK OF ETHIOPIA, ADDIS ABABA DISTRICT BRANCHES”**

The work is original in nature and is suitable for submission for the award of the Master of Art
Degree in Marketing Management.

Signature: _____

Name of the Advisor: Temesgen Belayneh(PhD)

DECLARATION

Here I , Meseret Kebede , the student researcher, make a declaration that this research work title “**THE IMPACT OF RELATIONSHIP MARKETING ON CUSTOMER LOYALTY IN COMMERCIAL BANK OF ETHIOPIA, ADDIS ABABA DISTRICT BRANCHES**” is my original and genuine work and has not been presented neither in Addis ababa university nor elsewhere across the globe. Accordingly all sources of materials that have been utilized in the research work have been duly acknowledged

Meseret Kebede Belayneh (the student researcher) **I.D** No. GSR/1707/06

Signature.....

Date.....

Acknowledgements

First and foremost my deep gratitude would be to God, I am grateful for what I am and for everything I have and next my warmest gratitude and appreciation goes to my family, It is an honor for me to thank my advisor Dr. Temesgen Belayneh his support, great efforts, guidance and knowledge as well as his unending patience. Without such kind of support and supervision, the emergence of this thesis in this image would have been very difficult. A sincere appreciation and special thanks go to the respondents for their kind assistance and support throughout the data collection process of this research. I would like to thank also Branch managers, customer service managers and other staff members of commercial Bank of Ethiopia, for allowing me to conduct this research and for providing assistance in contacting the customers. a special thanks goes to Ato Henock ,who is customer service manager of CBE beshale branch for his willingness and sincere support. Great appreciation is also extended to selamawit kassa , who always gave a great support, care and concern during this research.

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Acronyms

4P's- Product, Price, Promotion, and Place or Distribution

ANOVA- Analysis of variance

CBE- Commercial Bank of Ethiopia

FMP- Frequency marketing programs

SPSS- Statistical Package for the Social Sciences

RM-relationship marketing

ATM- Automatic teller Machine

Abstract

The purpose of this study is to discuss the impact of relationship marketing on customer loyalty in Commercial Bank of Ethiopia. The customer loyalty in banking has seen a major concern due to severe competition and higher customer expectations. Further to that, one way to enhance customer loyalty in banking is by focusing on offering excellent services and meeting the needs of customer. The population of this study was customers of CBE who are banking with various branches of the bank found in various geographical locations of Addis Ababa specifically from the four, North, south, west and east districts of the bank, which have got 190 branches. , which was unknown numerically. To obtain representative samples, in selecting the research respondents, convenient method was applied, this sampling method helps for a population from which sample has been constitute a homogeneous group, therefore the study takes 384 respondents as target respondents from these customers .A quantitative method which was cross-sectional study with deductive approach was chosen in this research. The SPSS version 17.00 for windows was used to process the primary data which was collected through questionnaire; a theoretical framework was used as a guideline to test the relationships between relationship marketing dimensions and customer loyalty. Next, the research presents the research framework, methods, measures and findings and conclusion. By analyzing the relationship of every construct in the theoretical framework loyalty to provide the outcome measures for the hypotheses, thus, the study was reviewed the marketing literature on the experience of customer loyalty i.e., trust, commitment, empathy and conflict handling. Finally, the results were discussed in terms of its contribution to the upgrading of banking services and recommendations for future research. The findings show that relationship marketing dimensions have impact on customer loyalty. All the independent variables are positively and directly related to customer loyalty particularly in Commercial Bank of Ethiopia. The relationship between relationship marketing and customer loyalty is significant. Therefore, Commercial bank Ethiopia should make the whole system on work with customers, and also they are expected to invest more on attracting new customers and retaining the existed ones with regard to relationship marketing to increase customer loyalty

Keywords: *Customer commitment, Conflict handling ,customer loyalty, Customer trust ,Empathy.*

Appendix: A

ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCIAL MASTERS OF MARKETING MANAGEMENT
QUESTIONNAIRE TO BE FILED BY CUSTOMER

Researcher: MESERET KEBEDE

Contact Address: +251-0911-41 26 26

E-mail: messicool@yahoo.com

Research topic:

Dear respondents: I would like to express my earnest appreciation for your generous time, honest and prompt responses.

Objective: THE IMPACT OF RELATIONSHIP MARKETING ON CUSTOMER LOYALTY IN COMMERCIAL BANK OF ETHIOPIA, ADDIS ABABA DISTRICTS BRANCHES .

This questionnaire is designed to collect data about the impact of relationship marketing on customer loyalty in the case of commercial bank of Ethiopia. The information that you offer me with questionnaire will be used as a primary data in my case research which I am conducting as a partial fulfillment of the requirements for the degree of Master's of marketing management at Addis Ababa University under the school of commerce. Therefore, this research is to be evaluated in terms of its contribution to our understanding of relationship marketing and its impact on customers' loyalty and its contribution to improve the area.

I need your help and would appreciate your sparing 20 minute to complete the attached questionnaire and answer the questions related to RM practices in your bank that you are customer to. Results will be used to help and expand our knowledge and understanding of any major shift in relationship marketing practices. All answers will be kept strictly confidential and only aggregate results will be reported.

General Instructions

- There is no need of writing your name.
- In all cases where answer options are available please tick(✓)on the space provided or circle it on the five point scale accordingly.

Part I: Demographic or General information

Choose the suitable answer and tick (✓) in the box given for each question.

1. Gender Female Male
2. Age Below 18 years 18-39 years
 40-59 years 60 years and above
3. Education qualification Primary Secondary Diploma
 Degree Postgraduate Others
4. Occupation Government sector Private sector Own Business
 Student Others
5. Monthly income Below Birr 2350 Birr 2351-3550
 Birr 3551-4999 Birr 5000 and above
6. For how many times you have used the bank's services? Below 1 year 1- 3 years
 3- 5 years above 5 years

Part II

Please, indicate your opinion by marking the appropriate box on the five point scale where:

1=Strongly Disagree

2= Disagree

3=No Opinion

4=Agree

5=Strongly Agree

Trust

- | | | | | | |
|---|---|---|---|---|---|
| 1. The bank is very concern with security for my transactions | 1 | 2 | 3 | 4 | 5 |
| 2. Employees of the bank are trustworthy | 1 | 2 | 3 | 4 | 5 |
| 3. The bank is consistent in providing quality service | 1 | 2 | 3 | 4 | 5 |
| 4. You have confidence in the bank's service quality | 1 | 2 | 3 | 4 | 5 |
| 5. The bank fulfils its obligation to customers | 1 | 2 | 3 | 4 | 5 |
| 6. In your experience, the bank taken as reliable entity | 1 | 2 | 3 | 4 | 5 |
| 7 The bank is always honest to you | 1 | 2 | 3 | 4 | 5 |

8. The bank has the ability to meet its promises 1 2 3 4 5

Commitment

9. The bank promise always to provide good and fair banking

Practices 1 2 3 4 5

10. The bank offers personalized services to meet customers'

need 1 2 3 4 5

11. The bank makes certain that, the ethical principles are

based on integrity and transparency 1 2 3 4 5

12. The bank is flexible in serving my needs 1 2 3 4 5

13. My relationship with the bank is one that I am

very committed to continuing it 1 2 3 4 5

14. The Bank's commitment to its customers is

always focus on providing easy and speedy procedures 1 2 3 4 5

15. My relationship with the bank is one that I really

care about 1 2 3 4 5

16. My relationship with the bank is worth my effort

to continue 1 2 3 4 5

Empathy

17. The bank reacts quickly when things go wrong with

your transaction 1 2 3 4 5

18. Employees of the bank give individual attention

to you 1 2 3 4 5

19. The bank staffs always help you with any questions

you have about the bank services 1 2 3 4 5

20. Employees of the bank understand your specific

needs 1 2 3 4 5

21. Employees of the bank have the customer's best

interest of spirit 1 2 3 4 5

22. The bank has convenient operating hours to you 1 2 3 4 5

Conflict Handling

- | | | | | | |
|---|---|---|---|---|---|
| 23. The bank tries to avoid potential conflict | 1 | 2 | 3 | 4 | 5 |
| 24. The bank tries to solve obvious conflicts before
the customers create problems | 1 | 2 | 3 | 4 | 5 |
| 25. The bank shows a sincere interest in solving customers'
problems rapidly | 1 | 2 | 3 | 4 | 5 |
| 26. The bank clearly communicates to you about how and
where to complain in case of problems happens | 1 | 2 | 3 | 4 | 5 |
| 27. The bank tells you how to take your complaint forward, if
You are still not satisfied | 1 | 2 | 3 | 4 | 5 |
| 28. The bank asks you about your feeling toward their
responses for your complaints | 1 | 2 | 3 | 4 | 5 |

Customer Loyalty

- | | | | | | |
|---|---|---|---|---|---|
| 29. The Bank is your first bank choice among other banks in
the area when you need bank services | 1 | 2 | 3 | 4 | 5 |
| 30. I do not like to change to another bank because I value
the bank | 1 | 2 | 3 | 4 | 5 |
| 31. I would always recommend the bank to someone
who seeks my advise | 1 | 2 | 3 | 4 | 5 |
| 32. It would difficult to change my beliefs about the bank | 1 | 2 | 3 | 4 | 5 |
| 33. I would not change this bank, even close friends
Suggests to switch to another bank | 1 | 2 | 3 | 4 | 5 |
| 34. I am satisfied with the banks services provided | 1 | 2 | 3 | 4 | 5 |
| 35. I am a loyal customer to the bank | 1 | 2 | 3 | 4 | 5 |

1. 〇〇〇 〇〇〇〇〇〇 2.〇〇〇〇〇〇 3.〇〇〇〇〇〇 〇〇〇〇 4. 〇〇〇〇〇〇 5. 〇〇〇 〇〇〇〇〇〇

〇〇〇〇

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|---|---|---|---|---|---|---|
| 1. 〇〇〇 〇〇 〇〇 〇〇〇〇 〇〇〇〇〇 〇〇〇〇〇 〇〇〇〇〇 | 1 | 2 | 3 | 4 | 5 | |
| 2. 〇〇〇〇 〇〇〇〇〇 〇〇〇〇 〇〇〇 | | 1 | 2 | 3 | 4 | 5 |
| 3. 〇〇〇〇 〇〇〇 〇〇〇〇 〇〇〇〇〇〇〇 〇〇〇〇〇 〇〇〇〇 〇〇〇 | 1 | 2 | 3 | 4 | 5 | |
| 4. 〇〇〇〇 〇〇〇〇〇 〇〇〇 〇〇〇〇〇〇〇 | 1 | 2 | 3 | 4 | 5 | |
| 5. 〇〇〇 〇〇〇〇〇〇 〇〇〇〇〇〇 〇〇〇〇 | 1 | 2 | 3 | 4 | 5 | |
| 6. 〇〇〇〇 〇〇〇〇〇 〇〇〇 〇〇〇〇 〇〇〇〇〇〇 〇〇〇 〇〇 | 1 | 2 | 3 | 4 | 5 | |
| 7. 〇〇〇 〇〇〇〇 〇〇〇 〇〇 | | 1 | 2 | 3 | 4 | 5 |
| 8. 〇〇〇 〇〇〇 〇〇〇〇〇 〇〇〇 〇〇〇 | 1 | 2 | 3 | 4 | 5 | |

〇〇〇〇〇〇

- | | | | | | | |
|--|---|---|---|---|---|---|
| 9. 〇〇〇 〇〇〇〇 〇〇 〇〇 〇〇〇〇 〇〇〇〇〇〇〇〇 〇〇〇〇〇
〇〇 〇〇〇〇 | | | | 1 | 2 | 3 |
| 4 5 | | | | | | |
| 10. 〇〇〇 〇〇〇〇〇〇 〇〇〇〇 〇〇〇〇〇 〇〇〇 〇〇〇〇〇〇 〇〇〇〇〇 | 1 | 2 | 3 | 4 | | |
| 5 | | | | | | |
| 11. 〇〇〇〇 〇〇〇〇〇〇〇 〇〇〇〇 〇〇〇〇〇 〇〇 〇〇〇〇〇 〇〇〇〇〇〇 | 1 | 2 | 3 | 4 | | |
| 5 | | | | | | |
| 12. 〇〇〇〇 〇〇〇〇〇〇 〇〇〇 〇〇〇〇 〇〇〇〇〇 〇〇 | 1 | 2 | 3 | 4 | | |
| 5 | | | | | | |
| 13. 〇〇〇〇 〇〇 〇〇〇 〇〇〇〇〇 〇〇〇〇 〇〇〇〇〇〇 〇〇 〇〇〇〇〇〇〇 | | | | | | |
| 〇〇 | | 1 | 2 | 3 | | |
| 4 5 | | | | | | |
| 14. 〇〇〇〇 〇〇〇〇 〇〇 〇〇〇〇〇〇 〇〇〇〇 〇〇〇〇〇 〇〇〇 〇〇 | | | | | | |
| 〇〇〇 〇〇〇〇 〇〇 | | 1 | 2 | 3 | 4 | |
| 5 | | | | | | |
| 15. 〇〇〇〇 〇〇 〇〇〇 〇〇〇〇〇 〇〇〇〇〇〇〇〇〇 | 1 | 2 | 3 | 4 | | |
| 5 | | | | | | |
| 16. 〇〇〇〇 〇〇 〇〇〇 〇〇〇〇〇 〇〇〇〇 〇〇〇〇〇 | 1 | 2 | 3 | 4 | | |
| 5 | | | | | | |

〇〇〇〇 〇〇〇〇

- | | | | | | |
|---|---|---|---|---|---|
| 17. 〇〇〇 〇〇〇〇〇 〇〇 〇〇〇 〇〇〇〇 〇〇 〇〇〇 〇〇〇 〇〇〇〇 1 | 2 | 3 | 4 | 5 | |
| 18. 〇〇〇〇 〇〇〇〇〇 〇〇〇〇〇〇 〇〇〇〇〇 〇〇〇〇 〇〇〇〇 | 1 | 2 | 3 | 4 | 5 |
| 5 | | | | | |
| 19. 〇〇〇〇 〇〇〇〇〇 〇〇〇〇 〇〇〇〇 〇〇〇〇〇〇 〇〇〇〇〇〇 | | | | | |
| 〇〇〇〇〇〇〇 〇〇〇〇〇〇 〇〇〇 〇〇〇〇 | 1 | 2 | 3 | 4 | 5 |
| 20. 〇〇〇〇 〇〇〇〇〇 〇〇〇〇〇 〇〇〇〇 〇〇〇〇 〇〇〇〇 | 1 | 2 | 3 | 4 | 5 |

Appendix .B
Correlation and regression analysis

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.918 ^a	.843	.843	.197	2.195

a. Predictors: (Constant), Customer Trust b. Dependent Variable: Customer loyalty

ANOVA

Sum of Squares	df	Mean Square	F	Sig.
79.547	1	79.547	2050.567	.000 ^a
14.819	382	.039		
94.366	383			

a. Predictors: (Constant), Customer Trust b. Dependent Variable: Customer Loyalty

Coefficients

Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
1 (Constant)	.240	.083		2.890	.004	.077	.403			
Customer Trust	.938	.021	.918	45.283	.000	.897	.979	.918	.918	.918

a. Dependent Variable: Customer loyalty

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.773 ^a	.597	.596	.315

a. Predictors: (Constant), Commitment

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	56.368	1	56.368	566.694	.000 ^a
Residual	37.997	382	.099		
Total	94.366	383			

Coefficients

Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
(Constant)	1.122	.121		9.300	.000	.885	1.360			
Commitment	.717	.030	.773	23.805	.000	.658	.776	.773	.773	.773

a. Dependent Variable: Customer loyalty

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.794 ^a	.631	.630	.302

a. Predictors: (Constant), Empathy

ANOVA

Model	Sum of Squares	df	Mean Square	F
Regression	59.529	1	59.529	652.765
Residual	34.837	382	.091	
Total	94.366	383		

a. Predictors: (Constant), Empathy

b. Dependent Variable: Customer loyalty

Coefficients

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations		
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
1	(Constant)	1.109	.113		9.809	.000	.887	1.331			
	Empathy	.721	.028	.794	25.549	.000	.666	.777	.794	.794	.794

a. Dependent Variable: Customer loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.923 ^a	.852	.852	.191

Predictors: (Constant), Conflict Handling

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	80.401	1	80.401	2199.328	.000 ^a
	Residual	13.965	382	.037		
	Total	94.366	383			

a. Predictors: (Constant), Conflict Handling b. Dependent Variable :Customer loyalty

Coefficients

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations		
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
1	(Constant)	.231	.080		2.876	.004	.073	.389			
	Conflict Handling	.937	.020	.923	46.897	.000	.898	.977	.923	.923	.923

a. Dependent Variable: Customer loyalty

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.949 ^a	.900	.899	.158	2.232

a. Predictors: (Constant), Conflict Handling, Commitment, Empathy, Customer Trust

b. Dependent Variable: Customer loyalty

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.923	4	21.231	852.138	.000 ^a
	Residual	9.443	379	.025		
	Total	94.366	383			

a. Predictors: (Constant), Conflict Handling, Commitment, Empathy, Customer Trust

Statistics

	Customer Trust	Commitment	Empathy	Conflict Handling	Customer loyalty
N Valid	384	384	384	384	384
Missing	0	0	0	0	0
Mean	3.98	3.97	3.97	3.99	3.97
Std. Error of Mean	.025	.027	.028	.025	.025
Median	4.00	4.00	4.00	4.00	4.00
Mode	4	4	4	4	4
Std. Deviation	.486	.535	.547	.489	.496
Variance	.236	.286	.299	.239	.246
Range	3	3	3	3	3
Minimum	2	2	2	3	2
Maximum	5	5	5	5	5

Appendix: C

Descriptive statistics for scale typed questionnaires

Trust questions

The bank is very concern with security for my transactions

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	9	2.3	2.3	2.3
No opinion	62	16.1	16.1	18.5
Agree	242	63.0	63.0	81.5
Strongly agree	71	18.5	18.5	100.0
Total	384	100.0	100.0	

Employees of the bank are trustworthy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	.8	.8	.8
	No opinion	49	12.8	12.8	13.5
	Agree	293	76.3	76.3	89.8
	Strongly agree	39	10.2	10.2	100.0
	Total	384	100.0	100.0	

The bank is consistent in providing quality service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	2.9	2.9	2.9
	no opinion	57	14.8	14.8	17.7
	Agree	258	67.2	67.2	84.9
	Strongly agree	58	15.1	15.1	100.0
	Total	384	100.0	100.0	

You have confidence in the bank's service quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	1.6	1.6	1.6
	No opinion	54	14.1	14.1	15.6
	Agree	270	70.3	70.3	85.9
	Strongly agree	54	14.1	14.1	100.0
	Total	384	100.0	100.0	

The bank fulfils its obligation to customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	1.8	1.8	1.8
	no opinion	53	13.8	13.8	15.6
	Agree	271	70.6	70.6	86.2
	Strongly agree	53	13.8	13.8	100.0
	Total	384	100.0	100.0	

In your experience, the bank taken as reliable entity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	1.0	1.0	1.0
	no opinion	68	17.7	17.7	18.8
	Agree	223	58.1	58.1	76.8
	Strongly agree	89	23.2	23.2	100.0
	Total	384	100.0	100.0	

The bank is always honest to you

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	13	3.4	3.4	3.4
	no opinion	71	18.5	18.5	21.9
	Agree	228	59.4	59.4	81.3
	Strongly agree	72	18.8	18.8	100.0
	Total	384	100.0	100.0	

The bank has the ability to meet its promises

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	17	4.4	4.4	4.4
	no opinion	47	12.2	12.2	16.7
	Agree	228	59.4	59.4	76.0
	Strongly agree	92	24.0	24.0	100.0
	Total	384	100.0	100.0	

The bank promise always to provide good and fair banking Practices

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	2.9	2.9	2.9
	no opinion	62	16.1	16.1	19.0
	Agree	238	62.0	62.0	81.0
	Strongly agree	73	19.0	19.0	100.0
	Total	384	100.0	100.0	

The bank offers personalized services to meet customers' need

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	14	3.6	3.6	3.6
	no opinion	51	13.3	13.3	16.9
	Agree	267	69.5	69.5	86.5
	Strongly agree	52	13.5	13.5	100.0
	Total	384	100.0	100.0	

The bank makes certain that, the ethical principles are based on integrity and transparency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	16	4.2	4.2	4.2
	no opinion	40	10.4	10.4	14.6
	Agree	255	66.4	66.4	81.0
	Strongly agree	73	19.0	19.0	100.0
	Total	384	100.0	100.0	

The bank is flexible in serving my needs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	15	3.9	3.9	3.9
	no opinion	45	11.7	11.7	15.6
	Agree	255	66.4	66.4	82.0
	Strongly agree	69	18.0	18.0	100.0
	Total	384	100.0	100.0	

My relationship with the bank is one that I am very committed to continuing it

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	16	4.2	4.2	4.2
	no opinion	49	12.8	12.8	16.9
	Agree	254	66.1	66.1	83.1
	Strongly agree	65	16.9	16.9	100.0
	Total	384	100.0	100.0	

The Bank's commitment to its customers is always focus on providing easy and speedy procedures

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	13	3.4	3.4	3.4
no opinion	65	16.9	16.9	20.3
Agree	215	56.0	56.0	76.3
Strongly agree	91	23.7	23.7	100.0
Total	384	100.0	100.0	

My relationship with the bank is one that I really care about

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	12	3.1	3.1	3.1
no opinion	57	14.8	14.8	18.0
Agree	258	67.2	67.2	85.2
Strongly agree	57	14.8	14.8	100.0
Total	384	100.0	100.0	

My relationship with the bank is worth my effort to continue

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	15	3.9	3.9	3.9
no opinion	45	11.7	11.7	15.6
Agree	255	66.4	66.4	82.0
Strongly agree	69	18.0	18.0	100.0
Total	384	100.0	100.0	

The bank reacts quickly when things go wrong with your transaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	15	3.9	3.9	3.9
	no opinion	58	15.1	15.1	19.0
	Agree	240	62.5	62.5	81.5
	Strongly agree	71	18.5	18.5	100.0
	Total	384	100.0	100.0	

Employees of the bank give individual attention to you

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	2.9	2.9	2.9
	no opinion	49	12.8	12.8	15.6
	Agree	280	72.9	72.9	88.5
	Strongly agree	44	11.5	11.5	100.0
	Total	384	100.0	100.0	

The bank staffs always help you with any questions you have about the bank services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	8	2.1	2.1	2.1
	no opinion	51	13.3	13.3	15.4
	Agree	254	66.1	66.1	81.5
	Strongly agree	71	18.5	18.5	100.0
	Total	384	100.0	100.0	

Employees of the bank understand your specific needs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	12	3.1	3.1	3.1
	no opinion	57	14.8	14.8	18.0
	Agree	258	67.2	67.2	85.2
	Strongly agree	57	14.8	14.8	100.0
	Total	384	100.0	100.0	

Employees of the bank have the customer's best interest of spirit

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	12	3.1	3.1	3.1
	no opinion	54	14.1	14.1	17.2
	Agree	260	67.7	67.7	84.9
	Strongly agree	58	15.1	15.1	100.0
	Total	384	100.0	100.0	

The bank has convenient operating hours to you

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	8	2.1	2.1	2.1
	no opinion	65	16.9	16.9	19.0
	Agree	220	57.3	57.3	76.3
	Strongly agree	91	23.7	23.7	100.0
	Total	384	100.0	100.0	

The bank tries to avoid potential conflict

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	9	2.3	2.3	2.3
	no opinion	62	16.1	16.1	18.5
	Agree	242	63.0	63.0	81.5
	Strongly agree	71	18.5	18.5	100.0
	Total	384	100.0	100.0	

The bank tries to solve obvious conflicts before the customers create problems

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	.8	.8	.8
	no opinion	49	12.8	12.8	13.5
	Agree	293	76.3	76.3	89.8
	Strongly agree	39	10.2	10.2	100.0
	Total	384	100.0	100.0	

The bank shows a sincere interest in solving customers' problems rapidly

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	1.0	1.0	1.0
	no opinion	49	12.8	12.8	13.8
	Agree	262	68.2	68.2	82.0
	Strongly agree	69	18.0	18.0	100.0
	Total	384	100.0	100.0	

The bank clearly communicates to you about how and where to complain in case of problems happens

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	6	1.6	1.6	1.6
no opinion	53	13.8	13.8	15.4
Agree	271	70.6	70.6	85.9
Strongly agree	54	14.1	14.1	100.0
Total	384	100.0	100.0	

The bank tells you how to take your complaint forward, if you are still not satisfied

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	7	1.8	1.8	1.8
no opinion	53	13.8	13.8	15.6
Agree	272	70.8	70.8	86.5
Strongly agree	52	13.5	13.5	100.0
Total	384	100.0	100.0	

The bank asks you about your feeling toward their responses for your complaints

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	4	1.0	1.0	1.0
no opinion	69	18.0	18.0	19.0
Agree	221	57.6	57.6	76.6
Strongly agree	90	23.4	23.4	100.0
Total	384	100.0	100.0	

The Bank is your first bank choice among other banks in the area when you need bank services

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	10	2.6	2.6	2.6
no opinion	62	16.1	16.1	18.8
Agree	242	63.0	63.0	81.8
Strongly agree	70	18.2	18.2	100.0
Total	384	100.0	100.0	

I do not like to change to another bank because I value the bank

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	5	1.3	1.3	1.3
no opinion	52	13.5	13.5	14.8
Agree	286	74.5	74.5	89.3
Strongly agree	41	10.7	10.7	100.0
Total	384	100.0	100.0	

I would always recommend the bank to someone who seeks my advice

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	6	1.6	1.6	1.6
no opinion	50	13.0	13.0	14.6
Agree	260	67.7	67.7	82.3
Strongly agree	68	17.7	17.7	100.0
Total	384	100.0	100.0	

It would difficult to change my beliefs about the bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	9	2.3	2.3	2.3
	no opinion	53	13.8	13.8	16.1
	Agree	265	69.0	69.0	85.2
	Strongly agree	57	14.8	14.8	100.0
	Total	384	100.0	100.0	

I would not change this bank, even close friends suggests to switch to another bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	8	2.1	2.1	2.1
	no opinion	56	14.6	14.6	16.7
	Agree	266	69.3	69.3	85.9
	Strongly agree	54	14.1	14.1	100.0
	Total	384	100.0	100.0	

I am satisfied with the banks services provided

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	1.8	1.8	1.8
	no opinion	69	18.0	18.0	19.8
	Agree	223	58.1	58.1	77.9
	Strongly agree	85	22.1	22.1	100.0
	Total	384	100.0	100.0	

I am a loyal customer to the bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	12	3.1	3.1	3.1
	no opinion	57	14.8	14.8	18.0
	Agree	258	67.2	67.2	85.2
	Strongly agree	57	14.8	14.8	100.0
	Total	384	100.0	100.0	

CHAPTER I

INTRODUCTION

Introduction

In this introductory chapter, background of the study, back ground of the organization, statement of the problem, hypothesis, significance of the study, scope and limitation, ethical consideration and organization of the study are discussed

1.1 Background of the study

The marketplace today is very dynamic, vibrant and competitive. The customers are smarter, more informed, and have an access to many channels and choices which they take little time to exercise. Customer can easily defect to competitors who promise better offerings at lower prices (Bhardwaj, 2007).

Present day business environments are characterized by increasingly saturated markets, caused by changes in the nature of competition and an ever-growing imperative to attain a comprehensive appreciation of customer needs. Matching the growing complexity of the business environment has led to an ever-more diversified and demanding customer base. (Barnes et al., 2004)The survival of organizations depends on its customers. Customers are the source of profits to be earned by a profit making organization and the primary reason for being in the operation for profit organizations. Thus, customers are the strength of character and lifeline of organizations. Often it is said that without customers there is no business.

Worthington & Horne (1998) conducted research on a new relationship marketing model and its application and concluded that relationship marketing is being put forward as a new paradigm for marketing and is particularly relevant for the marketing of financial services, with their potential for long term and wide relationships between financial institution and customer. Ferguson & Hlavinka (2007), their deeper look into relationship marketing reveals that banks are customizing their relationship-building strategies to create value propositions as unique as the institutions and customers they serve. They also indicated that when banks use loyalty programs to bring about trust and build confidence in the brand, the customer relationship will develop organically, and so will profits. It is argued that building enduring customer relationships is the secret to furthering growth and should be an unquestioned saying by bankers.

Relationship marketing gives a company new opportunities to gain a competitive edge by moving customers up a loyalty hierarchy from new customers to regular purchasers, then to loyal supporters of the firm's goods and services, and finally to advocates who not only buy its products but recommend them to others (Smith, 2003). By converting indifferent customers into loyal ones, companies generate repeat sales. The cost of maintaining existing customers is far below the cost of finding new ones, and these loyal customers are profitable ones. Lacey and Morgan (2009) findings suggest that customers with stronger levels of commitment are indeed more willing to contribute as customer advocates. They also pointed out that relationship marketing represents a dramatic change in buyer-seller interactions from the previous transaction-based marketing that focused on a single transaction. Effective relationship marketing heavily relies on developing strategic partnerships with customers (Boone & Kurtz, 2005).

Researches about the impact of relationship marketing on customer loyalty results incline to approach the means customers come upon a problem with regard to the services provided by the banks. Some few groups of studies treat that customer loyalty is a function of trust, commitment and conflict handling. The evidence is almost uniformly consistent in indicating that customers are loyal when the banks relationship marketing is good. A relative handful study of Ndubisi (2006) has specifically examined that relationship marketing such as trust; commitment and conflict handling have a direct effect on customer loyalty. This study shows the impact of relationship marketing including other reinforcement such as empathy on customer loyalty in Commercial bank of Ethiopia

1.2. Background of the company

Commercial bank of Ethiopia is the leading bank in Ethiopia, established in 1942, the Pioneer to introduce modern banking to the country. It has more than 900 branches stretched across the country moreover the bank is now one of the leading African bank with assets of 242.72 billion Birr as on June 30th 2014 plays a catalytic role in the economic progress & development of the country the bank is also the first bank in Ethiopia to introduce ATM service for local users Currently CBE has more than 8.5 million account holders. It has strong correspondent relationship with more than 50 renowned foreign banks like Commerz Bank A.G., Royal Bank of Canada, City Bank, HSBC Bank,...CBE has a SWIFT bilateral arrangement with more than 700 others banks across the world.CBE combines a wide capital base with more than 20,000

talented and committed employees. Pioneer to introduce Western Union Money Transfer Services in Ethiopia early 1990s and currently working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money,...CBE has opened four branches in South Sudan and has been in the business since June 2009.CBE has reliable and long-standing relationships with many internationally acclaimed banks throughout the world

VISION : To become a world-class commercial bank, by the year 2025.

MISSION

We are committed to best realize stakeholders' needs through enhanced financial intermediation globally and supporting national development priorities, by deploying highly motivated, skilled and disciplined employees as well as state-of-the-art technology. We strongly believe that winning the public confidence is the basis of our success.

VALUE

Corporate Citizenship

- We value the importance of our role in national development endeavor and step-up for commitment.
- We abide by the law of Ethiopia and other countries in which we do business.
- We care about society's welfare and the environment.

Customer Satisfaction

- We strive to excel in our business and satisfy our customers.

Quality Service

- We are committed to offer quality service to our customers' and aspire to be branded with quality in the minds of our customers and the general public.

Innovation

- We encourage new ideas that can improve customers' experience and the Bank's performance.

Teamwork

- We recognize the importance of teamwork for our success.
- We respect diversity of viewpoints.

Integrity

- We are committed to the highest ideal of honor and integrity.

Employees

- We recognize our employees as valuable organizational resources.

Public Confidence

- We understand that the sustainability of our business depends on our ability to maintain and build up the public's confidence

1.3. Statement of the problem

As the time the researcher discussed with some of the highly officials of CBE about the current significant problems of the bank, it has come to his understanding that currently the bank's higher officials thinks that the existing customers of the bank are loyal but they don't know what makes them loyal, if so and how loyal they are, In the banking industry, offering quality services is very important to create closer relationship with the entire customers. Quality of services has the power to create customer satisfaction. On the other hand poor quality of services results in customer dissatisfaction and customer defection by going to other competitors. Sustainable and continuous survival of an organization mainly depends on its business relation with its customers. When business firms direct their resources and all their efforts for better accomplishment of their intended purposes, growth and profitability is entirely influenced by the quality and reliability of their service. These could be done through delivering a service that could increase the acceptance of the organization in the face of the customers.

To do the above mentioned issues, organizations need some mechanisms that could increase customer loyalty in a coordinate and change oriented bases. One of the mechanisms that can give such benefit is relationship marketing. Relationship marketing is the process that organizations has to understand the customers like or/and dislike and serve the customers according to their Desire to anchor them for continuous relationship (Kotler & Armstrong, 2010).

Relationship marketing should be directed towards all customers of the bank. Most banks are characterized by having both profitable and unprofitable customers, where the former subsidizes the latter. Retaining the profitable customers has become increasingly difficult in a competitive environment where other financial institutions specialize in offering attractive services and prices to this rewarding segment. Relationship marketing is often directed only at the most profitable segments defined by, for example, income and wealth (Leverin and Liljander, 2006).

Given all the above thoughts associated with the relationship marketing, it was interesting to analyze this particular bank i.e. Commercial Bank of Ethiopia and to see the bank understanding

of relationship marketing and its impact on the customer loyalty ,thus the researcher initiated to conduct this research to investigate and to look in to what magnitude the relationship marketing is being applied in CBE across four dimensions i.e. trust, commitment, conflict handling, and empathy, in order to discover whether these dimensions has had the intended strengthening effect on customer loyalty ,The following hypothesis were derived and tested.

1.4. HYPOTHESIS

H1: There is significant positive relationship between trust and customer loyalty.

H2: There is significant positive relationship between commitment and customer loyalty.

H3: There is significant positive relationship between conflict handling and customer loyalty.

H4: There is significant positive relationship between empathy and customer loyalty.

1.5. Objectives of the study

1.5.1. General objective:

The objective of this study is to examine the impact of relationship marketing on customer loyalty within the commercial bank of Ethiopia.

1.5.2 Specific objectives

In assuring that the above general objectives can be achieved, there are few specific objectives that need to be accomplished in the case of Commercial Bank of Ethiopia. These specific objectives were the following.

- To determine whether trust influence the extent to which customers' loyalty towards their bank.
- To find out whether commitment influence the extent to which customers' loyalty towards their bank.
- To identify whether conflict handlings influence the extent to which customers' loyalty towards bank.
- To determine whether empathy influence the extent to which customers' loyalty towards their bank.

1.6. Significance of the study

This study will provide current information on relationship marketing and its impact on customer loyalty in Commercial bank of Ethiopia's context. It is also in the assumption that the study will provide basic data about relationship marketing and customer loyalty. Besides, the findings of the study will be used for other similar studies in the future. So, it is expected that this research can contribute a lot to the efforts made by commercial Bank of Ethiopia for the improvement of customer loyalty through provision of appropriate service to the respected customers. The study

is also being believed to benefit both academicians and other practitioners as a documented study in this area. Therefore, the findings of this research will contribute a lot to banking service providers on how to implement strategies that will meet their customers' needs and ultimately win their loyalty.

1.7. Scope

Due to time and financial constraints in taking large sample size, it is difficult and unmanageable to include all branches of commercial bank of Ethiopia, therefore the scope of this research geographically was customers of any of the bank branches which are found in the four districts of Addis ababa ,namely North , South , West and East, though the bank has country wide coverage For the applicability of the results all over the country needs further study. The study is conducted only from the consumer point of view; furthermore, the study did not include also the analysis of demographic correlation and regression with customer loyalty. In terms of the constructs showing in the research framework, only four ways of relationship marketing underpinnings (trust, commitment, conflict handling, and empathy) are focused and their impact on customer loyalty. Other elements or underpinnings measurements of relationship marketing are beyond this study. This study only focuses on Banking sector, CBE; other banks and sectors are not involved.

1.8. Limitation

The foregoing recommendations should be considered in the light of some limitations of this study clearly cross-sectional research design does not offer nearly the same insight into the dynamics of customer relationships with a firm as a longitudinal design. As such a longitudinal design would afford greater insight into this in the future. The study's focus on cross-sectional study design may also limit the extent to which the findings can be generalized. On retaining customers, there are others important elements of relationship marketing such as values, communication and cooperation, which could influence customer loyalty, has not been discussed in this study. Thus further research needs to contain more desirable dimensions, in order to gain better insight. During filling the questionnaire, there might be hesitations from the respondents. The research samples were taken from the customers of Commercial Bank of Ethiopia. Inevitably, the survey findings will not be generalized across other group of population. It will bring limitation to complete a deeper research about the impact of customer relationship

marketing on customer loyalty. Further research could expand the survey in order to reduce the sample errors

1.9. Ethical Consideration

The study considered some ethical issues. This was the respondent had the right to respond or not, the respondent had the right to participate or not, the study was informed respondents the purpose of the questioner and the study considers the confidentiality of the response by not asking to state name. While conducting the study, emerging ethical issues was considered and given attention.

1.10. Organization of the paper

The paper is organized into five chapters. The first chapter deals with the introduction of the topic and the second chapter presents review of related literature which is about relationship marketing and customer loyalty. The third chapter deals with the methodology of the research and the fourth chapter presents data analysis, findings and discussion of the data gathered. The fifth chapter presents the conclusion and recommendations of the research. Finally, references, analysis results of SPSS 17 and questionnaires are annexed.

CHAPTER II

LITERATURE REVIEW

Introduction

In this chapter, the researcher aimed to provide an overview of the literature regarding relationship marketing Dimensions namely (Trust, commitment, conflict handling, and empathy) and the impact of these antecedents on customer's loyalty in Commercial bank of Ethiopia.

2.1. Historical Perspective

The emergence of RM as a separate academic domain of marketing in the 1980s and 1990s becomes more comprehensible from a historical perspective. Researchers argue that RM represents a “paradigm shift in marketing” from its previous focus on “transactions,” in which firms use the “4P model” to manage marketing-mix variables (Gronroos 1994, Sheth and Parvatiyar 2000), but is RM really a new phenomenon? What underlying trends or factors drive such a change? To answer these questions, this text offers a historical perspective of marketing thought and practice. Researchers have made the compelling case that relational-based exchange was the norm for most of recorded history; the anomaly of transaction-based marketing emerged only in the early 1900s. thus, relationship marketing “is really a re-birth of marketing practices of the pre-industrial age” (Sheth and Parvatiyar 1995,).

Prior to the industrial age, most exchange occurred in local markets, where farmers and craftspeople (producers) sold their products directly to end users. Producers represented both manufacturers and retailers, and embedded relationships between producers and consumers provided the trust and business norms necessary to conduct the transaction because few institutionalized protections existed. Similarly, relationships led to confidence among traders in the transactions of goods not locally produced. Sheth and Parvatiyar (1995) offer numerous examples of trade, which would only occur among groups with ongoing relationships—such as among traders along the historical “silk route”—that built trust over time and examples of the use of family names in specific industries that branded relational trust. Thus, though the terminology and specific academic focus on RM are relatively new, the underlying importance of relationships for understanding exchange performance absolutely is not.

2.2. Conceptualization of Relationship Marketing

Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relationship exchanges (Mishra & Liy, 2008). After a comprehensive review of 26 definitions of relationship marketing, Harker (1999) proposes the following description: An organization engaged in proactively creating, developing, and maintaining committed, interactive, and profitable exchanges with selected customers (partners) over time is engaged in relationship marketing” (Sin et al,2005).

Gronroos (1990), states that the purpose of relationship marketing is to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met” and that this is done by a mutual exchange and fulfillment of promises” Relationship marketing theory suggests that successful relationship marketing results from certain aspects of cooperative relationships that characterize successful relational exchanges (Hunt, Arnett, and Madhavaram 2005).Arnett and Badrinarayanan(2005) conceptualize a relationship marketing competence as a firm’s ability to identify, develop, and manage cooperative relationships with key customers characterized by trust, relationship commitment, ,conflict handling and empathy .

2.3. Relationship marketing dimensions

2.3.1. Trust

Relationship marketing is built on the foundation of trust, as research demonstrates (Morgan and Hunt, 1994). They define trust as a willingness to rely on an exchange partner in whom one has confidence. Trust ensures that the relational exchange is mutually beneficial, as the good intentions of partners are not in doubt. Customers buying services are specially benefited by the existence and development of trust (Berry, 1983).

Morgan and Hunt (1994) conceptualize trust as existing when one party has confidence in an exchange partner's reliability and integrity. They indicated that trust is a generalized expectancy held by an individual that the word of another can be relied on. Their definition highlights the importance of confidence. The literature on trust suggests that confidence on the part of the trusting party results from the firm belief that the trustworthy party is reliable and has high integrity, which is associated with such qualities as consistent, competent, honest, fair, and responsible. Trust in relationship marketing is very important. This is the main focus in service organizations. It needs to go along with commitment. If deliverable is good then trust increases.

Ndubisi (2007) emphasized that an integral element of the relationship marketing approach is the promise concept. He argued that the responsibilities of marketing do not only, or predominantly, include giving promises and thus persuading customers as passive counterparts in the marketplace to act in a given way, but also in keeping promises, which maintains and enhances evolving relationship. He also pointed out that fulfilling promises that have been given is equally important as a means of achieving customer satisfaction, retaining the customer base, and securing long-term profitability.

In practical business activities, therefore, the development of trust is considered to be a critical result of establishing a long-term successful relationship between all the parties involved. In face of complicated service markets, customers tend to behave and make purchasing decision depending on their previous consuming experiences. Investing in long-term relationship with customers helps to develop customer trusts and improve the effective quality of a relationship in order to obtain mutual interests. Customers with trusts in service providers' capability would probably be willing to commit to a service relationship for meeting their expectations (Morgan and Hunt, 1994). They argued that even when the environment is changing, the customers would believe that the service provider will take customers interests into account instead of doing anything harmful to the development of relationship. They conceptualized organizational trust by proposing three core elements as: trustee's ability, trustee's kindness and trustee's integrity. Cumulative process in a relationship was considered to construct trust on the basis of a party's capability of implementing its obligations continuously. Trust is considered so important to long-term relationships and enhancing customer loyalty.

Many authors have suggested that customers' trust has a significant role in building long-term relationship and achieving customer loyalty (Berry, 1983; Kotler & Armstrong, 2010). According to Clow & Kurtz (2003), the key to developing a customer relationship competitive advantage is not merely obtaining a contractual agreement, it is developing mutual trust. They argued that the customers must be able to trust the seller and know that he or she will provide the service when needed at the service quality level desired and the seller must be able to trust and work with the customer in a mutually beneficial relationship. This relationship involves both parties sharing information and working together to solve problems. The primary action in gaining customer acceptance of service process modification is to develop customer trust (Clow & Kurtz, 2003). They pointed out that service modifications are much easier to accomplish if

customers trust the service providers. Service providers must understand customer habits and know how, when, and why customers purchase the service. The more the services providers know about the customer's use of services the easier the change will be to implement. The results of Taylor, Celuch and Goodwin (2004) suggest that trust is consistently the most important antecedents to customer loyalty.

2.3.2 Commitment

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

In the services relationship marketing area, Berry (1983) maintains that relationships are built on the foundation of mutual commitment. He also argued that a common theme emerges from the literatures on relationship that parties identify commitment among exchange partners as key to achieving valuable outcomes for themselves, and they endeavor to develop and maintain this precious attribute in their relationships. Therefore, commitment is central to all the relational exchanges between the firm and its various partners. As for commitment as a critical factor in building customer loyalty, consisting in the study of accommodating to customers' needs, tailoring products to requirements, and being generally flexible in their customer relationships is needed Ndubisi (2007). He also indicated that banks should recognize the influence of service commitment in keeping loyal customers, and act accordingly. They must also show genuine commitment to customer relations.

Morgan and Hunt (1994) viewed that a committed partner wants the relationship to endure indefinitely and is willing to work at maintaining it. Lacey (2009) research's suggested that committed customers are not just expected to maintain current purchasing activities, but to increase both the level and proportion of their purchasing activities over time. He argued that customers who remain within a firm are more likely to increase business volume in the future.

Based on this study through the level of customer participation the highest spending customers receive the greatest rewards. Committed customers are positive in both attitude and behavior and they are described as delighted with the brand. They can be depended upon to make continuing purchases and to engage in positive and delighted word-of-mouth exchanges with other potential customers. In a number of service settings, they can also make a positive contribution to the environment of the service experience for other customers; this contribution is particularly important in service settings in which customer-to-customer interaction is an important element of the service experience (Rowley, 2005).

Committed customers are resistant to competitors' attempts to persuade them and likely to be willing to extend their business with the brand, and to evolve their relationship with the brand over a period of time (Rowley, 2005). More specifically, they hardly consider other brands. Information search and the decision-making associated with switching is regarded as too labor intensive, and switching, in general, is regarded as too risky. Such loyal customers are very susceptible to marketing communications from brands to which they are loyal, and can even communicate the messages surrounded in those marketing communications to other actual or potential customers.

Clearly, every business would wish to convert as large a proportion as possible of their customers into committed loyal. They are the true loyal, add value to the brand, and are almost as enthusiastic to continue the relationship with the seller, as the seller might be to continue the relationship with them. Both sides recognize the mutual benefits of the relationship, in minimizing risk.

2.3.3 Conflict handling

In interpersonal communication, conflict occurs when an individual perceives incompatibility between his or her own personal goals, needs, or desires and those of the other party. In dealing with conflict, people use different strategies to accomplish their goals. Dwyer (1987) defined conflict handling as the ability of each supplier's to minimize the negative consequences of manifest and potential conflicts. Conflict handling reflects the supplier to avoid any potential conflict, solve that particular conflict before they create problems and the ability to discuss the solution openly when the problem arises. Conflict handling requires cooperative behavior from exchange partners. According to Evans & Beltramini (1987), in a negotiation setting, cooperative versus competitive intentions have been found to be linked to satisfactory problem solution. In

short, good conflict resolution will result relationship quality positively. Conflict handling is an important relationship builder. Even though it is difficult to service industries especially in banking sector to achieve zero service failure all a time, but it is so important that the particular banks put in place effective conflict resolution or problem solving mechanism. As mentioned earlier, the ability of the product or service provider to handle conflict well will also directly influence customer loyalty. Clow & Kurtz (2003) identified and explained the four types of conflict faced by customers.

1. Employee-Customer conflict

Conflict can occur between employees and customers when either party does not follow the expected role. To reduce employee-customer conflict, both customers and service providers must understand their roles. Company personnel should instruct new customers about their roles and may need to remind current customers occasionally. Teaching employees how to deal with different types of customers and their behaviors can also be beneficial.

2. Customer-Role conflict

Occasionally there is a conflict between the customers and their expected roles. In these situations, the service provider must provide instructions to the client on his or her role without insulting the customer. The service provider should also attempt to give the client a sense of cognitive control through providing information about the service to be provided.

3. Customer-Organization conflict

Conflict between the customer and the organization is common. Most of these situations occur as a result of policies of the service organization. In most cases, the individual's conflict is with the organization and not with the service personnel. Dealing with customer-organization conflict is difficult to alleviate because most organizations do not want to change policies. When conflict occurs, service providers should analyze their policies and decide if it is time to modify or eliminate the policy.

4. Customer-Customer conflict

Conflicts sometimes arise among customers when they are served simultaneously or when one customer is served in the presence of other customers. Conflicts also sometimes occur among customers who have different expectations. A customer who wants quick, speedy service may be aggravated at the customer in front of him who wants to talk and wants personalized service.

Handling conflict among customers is difficult. Employees of all types of services should be trained to handle conflicts among customers and how to minimize such conflict.

2.4.4 Empathy

According to Ndubisi (2004) Empathy is the capacity to share and understand another's state of mind or emotion. This author also pointed out that the basic idea of empathy should be characterized is that by looking expressions of the people facial or body movement, or by hearing their tone of voice, which will have immediate sense on how they feel. Empathy often characterized as the ability to put oneself into another, or in some way experience the outlook or emotions of another being within oneself. Empathy has the added value of reducing reliance on legal governance, since exchange partners who are governed by the principle of empathy are more likely to treat others in the manner they would like to be treated.

Clow and Kurtz (2003) define empathy as the ability of a person to identify with the feelings or thoughts of another person. This skill is necessary because customer contact personnel serve as the interface between customers and the organization. If customers have special requests or problems, they want employees to understand the problem from their point of view. Zeithaml and Bitner (2003) argued that it is difficult to imagine an organization would deliver caring, individualized attention to customers independent of its employees. According to these authors empathy implies that employees will pay attention, listen, adapt, and be flexible in delivering what individual customers need.

As mentioned by Parasuraman *et al.*, (1988) empathy is one of the important elements to measure the service quality in service industries area. It is so important to each banks manager to recruit staff with social skills that will assist the development of long-standing relationship with customers. And the most important thing is that banks should provide reliable services in order to achieve high level of customer satisfaction, an antecedent of sustainable competitive advantage. They argued that Service organizations are expected to provide care and individualized attention to its customers, as well as having convenient operating hours.

2.4. Customer loyalty

Customer loyalty is the most important goal of implementing relationship marketing activities. Oliver (1997) defined customer loyalty as a deeply held commitment to re-buy a preferred Product/service consistently in the future, thereby causing repetitive same-brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause

Switching behavior. It is assumed that customers who are behaviorally loyal to a firm display more favorable attitudes towards the firm, in comparison to competitors. Customer satisfaction and loyalty are highly correlated. Customer satisfaction with a bank relationship is a good basis for loyalty (Leverin and Liljander, 2006).

Lacey (2009) undertaken research and concluded customers are vital sources for future revenue Streams and marketing intelligence to the firm and loyal customers are willingly share insight about their needs and provide the opportunity for firms to tailor products, pricing, distribution Channels and marketing communications. This author also indicated that relational outcomes Reflect the combination of marketing resources that contribute to a more efficient and effective marketing enterprise, including personal referrals, sharing personal information, engaging in firm-sponsored marketing research activities, providing complaint feedback, being more open to firm promotions and increasing purchasing activities. Oliver (1997) describes four levels of loyalty based on these components:

1. **Cognitive**: one brand is preferable based on superior brand attributes.
2. **Affective**: liking towards brand has developed over the course of multiple purchase situations that were satisfying.
3. **Co native**: affective stage with the express intention to re-buy.
4. **Action**: Co native stage plus the active desire to overcome situational influences and marketing efforts that may have the potential to cause switching behavior. On reaching the action phase, the customer possesses a deep commitment to repurchase but also is active in blocking the influence of alternative brands. Action level loyalty will be created when consumers intentionally immerse themselves in a social system that rewards brand patronage. As Oliver (1997) lists the requirements for this state to occur are the following.
 1. The product must be perceived as superior by a large enough segments of the firm's customers in order to be profitable.
 2. The product must be subject to respect (or focused commitment).
 3. The product must have the ability to be embedded in a social network

2.4.1. Customer loyalty in the service provider organizations

Customers remain loyal, not because of promotions and marketing programs, but because of the value they receive (Payne *et al.*, 1995). Key findings of Gee *et al* (2008) indicates that organizations must understand what drives both value and delight for their customers and adopting a customer centric vision enables an organization understand their customers, deliver customer delight and drive for loyalty. They also pointed out different customers have different requirements and will be delighted in different ways and appropriate monitoring of customers is important to ensure that customer defections are not masked by customer acquisitions. This is essential for the sustainable growth of an organization. Analysis of defecting customers allows an organization to profile at risk customers where appropriate preventive measures can be put in place to reduce customer defection (Gee *et al.*, 2008).

According to Huseyin *et al* (2005) findings, it is more expensive to find and attract a new customer than it is to retain an existing one and banks need to redefine their corporate image to one that emphasizes service quality by introduction standards for service excellence to make loyal. The study conducted by Huseyin *et al* (2005) has shown that customers are looking for banks that keep their promises, instill confidence in the customer about the way they handle transactions, provide prompt service and have employees that are competent and always willing to help the customer. They also argued that due to the highly interactive nature of the employee-customer relationship, including input from employees on what constitutes service excellence will be beneficial for banks and need to reassess what customers expect from them in terms of products and services and thus, provide client specific services is very important.

As Balakrishnan and Els (2008) states service initiatives aimed at customer relationship management often look at four areas such as satisfaction, retention, loyalty and lifetime profitability. They also suggest a fundamental criterion for the success of customer initiative schemes is making sure that customer perceived value is met or better still, whether it is exceeded and organizations should evaluate future service schemes with respect to cost and results. They also pointed out that in a competitive environment where the customer has myriad choices and few switching costs, loyalty could from the organization point of view decrease costs and increase revenues.

According to Gee *et al.*, (2008) the need for businesses to retain customers is an important issue in today's global marketplace. They also suggested that to retain customers, a business must build long-term relationships with profitable customers. Good communication in service organizations should affect all aspects of the relationship, but largely trust, satisfaction, and loyalty (Ball *et al.*, 2004). Interactions between the customer and the service organization lie at the heart of service delivery and people who deliver the service are of key importance to both the customer they serve and the employer they represent (Huseyin *et al.*, 2005). They also indicated that bank customers want a high degree of interaction with bank staff that are sensitive to their needs and expect personalized service.

The findings of Ndubisi (2007) suggested that the greater the trust in the bank, the higher the level of the bank's commitment, the more reliable and timely its communications and the more satisfactorily it handles conflicts, the more loyal its customers will tend to be. Effective communication affects customers to stay with a provider of banking services. Loyalty can be nurtured by providing timely and reliable information, for example about the uses and benefits of new banking services or about the status of transactions. It can also be reinforced by the provision of honest information on what the bank is doing about existing problems and what it does to anticipate potential ones.

2.4.2. Customer loyalty and customer retention

Today companies are target on developing stronger bonds and loyalty with their ultimate customers. In the past, many companies took their customers for granted. Their customers either did not have many alternative suppliers, or the market was growing so fast that the company did not worry about fully satisfying its customers. These companies need to pay closer attention to their customer defection rate and undertake measure to reduce it. Today's companies are going all out to retain their customers. They are struck by the fact that the cost of attracting new customer may be five times the cost of keeping a current customer happy (Kotler & Armstrong, 2010).

Good customer relationship management creates customer delight. In turn, delighted customers remain loyal and talk favorably to others about the company and its products. Studies show big differences in the loyalty of customers who are less satisfied, somewhat satisfied, and completely satisfied (Kotler & Armstrong, 2010). Even a slight drop from complete satisfaction can create an enormous drop in loyalty. Thus, the aim of customer relationship marketing is to create not

just customer satisfaction, but customer delight and customer loyalty. Companies are now realizing that losing a customer means losing more than a single sale. It means losing the entire stream of purchases that the customer would make over a lifetime of patronage. As companies move from a transaction-oriented view of their customers to a relationship building view, they will create and sponsor programs to keep their customers coming back, buying more, and staying loyal.

The challenge is to develop a special relationship with the companies best customers in which they experience good two-way communication and see themselves as receiving special privileges and awards. Among the most promising programs are frequency marketing programs and club marketing programs (Kotler, 1994). Frequency marketing programs (FMP) are designed to provide rewards to customers who buy frequently and/or in substantial amounts. Kotler (1994) defined frequency marketing as the effort to identify, maintain, and increase the yield from best customers, through long-term, interactive, and value added relationships. Frequency marketing is an acknowledgement of the Pareto principle which 20% of a company's customers might account for 80% of its business. In club marketing programs- many companies have created club concepts around their product (Kotler, 1994).

Club membership can be offered automatically upon purchase or promised purchase of a certain amount. According to Huseyin *et al* (2005) findings, it is more expensive to find and attract a new customer than it is to retain an existing one and banks need to redefine their corporate image to one that emphasizes service quality by introducing standards for service excellence to make loyal.

2.5. Previous studies

The following studies were reviewed to familiarize the topic of relationship marketing to demonstrate the originality of this study and to reveal the gap it will fill in the customer's loyalty research.

2.5.1. Yang & Capel (2011)

(The antecedents of relationship quality in Malaysia and New Zealand)

The purpose of this study is to examine the relationship between the relational dynamics, namely trust, personalization, communication, conflict handling and empathy, and relationship quality in the banking industry of two culturally dissimilar nations – Malaysia and New Zealand. Bank customers in Kuala Lumpur, Malaysia and Dunedin, New Zealand were surveyed using a

questionnaire. Bank intercept technique was used in administering the instrument. A total of 358 customers (comprising 150 from Malaysia and 208 from New Zealand) provided the data for the study.

The results of the study show that the five relational dynamics explain 84 percent and 76 percent of variations in relationship quality in Malaysia and New Zealand respectively. Communication (0.82), trust (0.80), and empathy (0.79) are significantly related with relationship quality in both countries, whereas personalization (0.78) has a significant impact on relationship quality in New Zealand but not in Malaysia. The results also reveal that conflict handling (0.75) is significantly and marginally associated with relationship quality in New Zealand and Malaysia respectively.

2.5.2. Kantsperger, Kunz (2010)

(Consumer trust in service companies: mediating analysis in United Kingdom banks)

The concept of “trust” has gained considerable importance in the field of marketing during the last decades and is seen as a key mediator of customer relationship marketing. But upon a closer look at the literature, the construct “trust” is conceptualized and measured very differently. Based on a literature review and theoretical work, the purpose of this study is to develop a conceptual model of consumer trust in a service company, which may help in detecting different mediating effects of trust in the customer relationship to the service company. Antecedents and consequences of trust are studied in a business-to-consumer services context in the banking industry.

Empirical data are collected from a sample of 232 retail bank customers with checking accounts in London. By means of a LISREL (Linear structural relation) approach, trust is measured and showed various mediating effects. The empirical data support that trust plays a major role in achieving customer Loyalty (CL). In particular, it is shown that “trust” dimension has a significantly greater influence on customer loyalty (0.78) than “credibility.” (0.64) the study concluded that banks can create customer loyalty by exhibiting trustworthy behavior, showing credibility in the transactions and enhancing the overall level of performance.

2.5.3. Chung, Shin (2010)

(The antecedents and consequents of relationship quality in internet shopping)

The purpose of this study is to highlight the significance of relationship quality factors (customer satisfaction, trust, and commitment) on positive word of mouth (WOM) in online retailing. The relative importance of site characteristics in online retailing on customer satisfaction was examined and the relationship among customer satisfaction, trust, and commitment in offline was identified. This study then proposes a conceptual model of the relationship among site characteristics, relationship quality, and WOM in online retailing.

All of site characteristics in online retailing have a positive influence on customer satisfaction. Communication of site characteristics has a positive effect on customer satisfaction more than the other factors (shopping convenience, site design, informativeness, and security). Customer satisfaction affects positively commitment more than it does trust. Commitment affects positively WOM (0.61) more than it does trust (0.57). This study identifies the importance of customer commitment and trust in achieving high quality relationships.

2.5.4. Jones, Ramsay, Wagner (2010)

(Trading interactions: supplier empathy, consensus and bias)

The purpose of this study is to explore the nature of buyers' attitudes towards supplier empathy, Partial consensus and bias. The extent to which buyers display an awareness of and willingness to respond positively to, supplier needs, wants and preferences – termed supplier empathy – and how this influences their attitude towards buyer-supplier cooperation and support of relational exchange is empirically assessed. In addition, factors that may influence the level of empathy on customer relationship with the suppliers.

Finally, the extent to which social acceptability bias may mask attitudes in areas where consensus exists is considered. An empirical study utilizing survey data from members of the Chartered Institute of Purchasing and Supply in the UK was completed. A total of 421 useable responses were received and analyzed to evaluate hypotheses. The design also included efforts to identify the presence, and minimize the effects, of social acceptability bias. The analysis indicates that empathy surrounding the relational exchange approach is not shared by all practitioners. In addition, it is found that the level of supplier empathy exhibited by respondents (0.89) is significantly influenced by supplier-dependence aversion, innovation focus, and support

for long-term trading relationships. The paper recommends that companies can improve their performance as buyers by increasing the level of empathy when dealing with customers and suppliers.

2.5.5. Varca (2009)

(Emotional empathy and front line employees: does it make sense to care about the customer?)

This study aims to examine the relationship between empathy and role stress among front line employees (FLEs). The goal was to test the hypothesis that emotionally critical aspects of the service encounter are central to role conflict. A total of 226 FLEs completed a survey that measured role conflict.

The instrument also included measures of empathy – the degree to which FLEs engaged in emotional labor during service encounters. FLEs who spent time engaged in empathetic behavior or saw empathetic behavior as critical to service quality is more related to the customers, where the more front line employees are empathic, the more customers are appreciating that. The level of empathy was about (0.71); also the study reported a significantly high conflict role (0.89) this study recommends that developing flexible policy and procedure for responding to customer demands; and giving FLEs greater decision making authority to interpret policy and make discretionary decisions during the service Encounter.

2.5.6. Musa (2009)

(The impact of relationship marketing on customer's loyalty in the banking sector in Malaysia)

This study explores the impact of relationship marketing on customer loyalty in the banking context. A survey of student of University Utara Malaysia and employees of Permintex industries was conducted to determine the significance and influence of the underpinnings of the relationship marketing such as trust, commitment, conflict handling, and empathy on customers' loyalty in the banking sector. A total of 138 usable questionnaires were obtained from a total of 150 questionnaires distributed. The findings show that the four variables namely trust (0.85), commitment (0.83), conflict handling (0.80), and empathy (0.62) were important in determining and influencing customers' loyalty. 79

Since the results of the research showed that customers' loyalty is related to trust, commitment, conflict handling, and empathy factors, therefore banks need to consider these factors and provide the right tenant mixes, services and other facilities that are essentials for attracting customers.

2.5.7. Ndubisi (2007)

(Relationship marketing and customer Loyalty)

This study aims to examine the impact of relationship marketing strategy on customer loyalty. A questionnaire derived from previous studies and the relevant Literature was completed by 220 bank customers in Malaysia. Multiple regression analysis assessed the impact on customer loyalty of four key constructs of relationship marketing (trust, commitment, communication and conflict handling).

The four variables have a significant effect and predict a good proportion of the variance in customer loyalty. Moreover, they are significantly related to one another. where the four variables are having different percentages relating to customer loyalty , commitment (0.73) , conflict handling (0.64) , communication (0.62) , Trust (0.53), and customers were about (0.74) loyal. This study recommended that customer loyalty can be created, reinforced and retained by marketing plans aimed at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and proactive fashion, and handling conflict efficiently.

2.5.8. Ndubisi (2007)

(Relationship quality antecedents: the Malaysian retail banking perspective)

The purpose of this study is to examine the impact of relationship marketing (RM) underpinnings namely, trust, commitment, communication and conflict handling on the quality of firm-customer relationship as well as the levels of contribution of these underpinnings. The model of relationship quality based on literature was developed and tested empirically among customers of retail banks in Malaysia.

A structured questionnaire was used in the study. Sample selection was based on a systematic random sampling technique, 321 questionnaires has been distributed. Factor and multivariate analyses techniques were used to process the data. The findings of the study support most of the hypothesized relationships. There is a significant positive relationship between commitment (0.88), conflict handling (0.81) and trust (0.69) on relationship quality. The independent

variables contribute differentially to relationship quality. The relationship marketing underpinnings can predict relationship quality well. Banks can build and maintain quality customer relationship through trust, commitment and conflict resolution. The outcome of the study can help banks in developing effective strategies for enhancing the quality of firm-customer relationships and in designing and delivering banking service strategies, tactics, and training programmes that would enable bank employees and managers to function effectively as relationship builders, nurturers, managers, and custodians in service settings.

2.5.9. Leverin, Liljander (2006)

(Does relationship marketing improve customer relationship satisfaction and loyalty in Australia?)

The purpose of this study is to investigate the relationship marketing (RM) strategy of a retail bank and examine whether – after its implementation – customer relationships orientations (trust, conflict handling and values) were strengthened through perceived improvements in the banking relationship and consequent loyalty towards the bank.

A survey was conducted on two profitability segments, of which the more profitable segment had been directly exposed to a customer oriented RM strategy, whereas the less profitable segment had been subjected to more sales oriented marketing communications.

No significant differences were found between the segments on customers' evaluations of the service relationship orientation or their loyalty toward the bank. Where the relationship orientations have contributed differently in creating loyal customers, in which conflict handling forms about (0.55), values (0.43) and trust (0.23) from the total improvements. Furthermore, regression analysis revealed that relationship satisfaction was less important as a determinant of loyalty in the more profitable segment. The study recommended that customer satisfaction and loyalty can be created, reinforced and retained by marketing plans aimed at building trust, demonstrating values to the services and handling conflict in a reliable efficient way.

2.5.10. Mukherjee, Nath (2007)

(Role of trust in online retailing: A re-examination of the commitment-trust theory)

Trust and commitment are the central tenets in building successful long-term relationships in the online retailing context. In the absence of physical interaction between the buyer and the seller, how websites can gain the trust of the buyers and deliver on the promises made have become central issues in online customer relationship management. This study aims to re-examine the commitment-trust theory (CTT) of relationship marketing in the online retailing context. It seeks to theorize the antecedents and consequences of commitment and trust in the online context and identify how CTT can be adapted in a digitized business environment. Modified constructs and their measures are developed to understand the antecedents and the outcomes of commitment and trust. Survey data from British online customers (n=651) are used to test CTT hypotheses with structural equation modeling.

The study suggests a significant modification to the traditional CTT model in the online environment. Privacy and security features of the website along with shared values are the key antecedents of trust (0.68), which in turn positively influences relationship commitment (0.74). Behavioral intentions of customers are consequences of both trust and commitment. The relationship termination cost has a negative impact on customer commitment. This study proposes a modified model to understand the role of consumer trust and commitment in a digitized environment. The modified constructs and measures truly reflect the dynamism of online business. The extended CTT model can provide better insight into managing customer relationships in online retailing.

2.5.11. Caceres, Papparoidamis (2007)

(Service quality, relationship satisfaction, trust, commitment and business-to-business loyalty)

The purpose of this study is to establish a theoretical basis for evaluating a strategic increase in customers' perceptions of service/product quality – specifically in terms of an increase in relationship quality and customer loyalty through trust and commitment in a B2B environment – and to test this theoretical basis empirically. Drawing on the relationship-marketing literature, the authors empirically test a model of business loyalty in a sample of 234 advertising agencies'

clients. Using the Grönroos conceptualization, a clear pattern of service-quality dimensions is established and several important findings are reported – including empirical verification of the mediating role of overall relationship satisfaction in the formation of loyalty attributes. The effects of trust and commitment are also verified. Reliability estimates (Cronbach's alpha) for the constructs' dimensions are as follows: trust (0.88), commitment (0.80), commercial services (0.72), Administrative service (0.70), communication (0.68) and loyalty (0.65) the study recommends that, in this service continuum, managers need to clearly define relationship development strategies, service provision policies and develop homogeneous service provision. Towards this direction, it is essential that firms communicate the service and product quality standards to partners so that differences in service provision can be avoided.

2.5.12. Dawes, Massey (2005)

(Antecedents of conflict in marketing's cross-functional relationship with sales)

The purpose of this study is to develop and test a model of the factors that explain the level of interpersonal conflict between marketing managers and sales managers in which this conflict will affect the cross functional relationship.

The paper aims to establish the overall level of interpersonal conflict in the full sample and in the two sampled countries (UK and Australia). The study draws on two theoretical frameworks to develop the model, namely structural contingency theory and the interaction approach. More specifically, the conceptual framework uses three groups of variables to explain interpersonal conflict: structural, individual, and communication. Importantly, the study developed and tested nine hypotheses. Confirmatory factor analysis was used to test the validity of the measures while OLS regression was used in testing the hypotheses. The data were collected from 200 sales managers in the UK and Australia. Overall, the study finds that there was a surprisingly low level of interpersonal conflict (0.12) between marketing managers and sales managers and that there were no differences across the two countries that result from the speed of solving conflicts as soon as they rise.

This study recommends using a large empirical survey to examine the marketing and sales dyad. Also, it is one of the few studies to test the effects of behaviors of managers in solving conflicts where the speed of solving any conflict is the main reason for effective long lasting relationship

between the sales managers and the marketing ones from a side and customers from the other side.

2.5.13. Ndubisi (2004)

(Understanding the salience of cultural dimensions on relationship marketing, its underpinnings and aftermaths)

The current study demonstrates how relationship marketing (RM) application in Cultures of low power distance, collectivism, femininity, high uncertainty avoidance, and long-term orientation, can bring about customers' repeat purchase, customer retention and sustained loyalty via superior customer value delivery. The study also shows the moderation and mediation effects of trust, equity, empathy, and commitment, which are the underpinnings of a relationship as well as important values in the above cultures.

A questionnaire derived from previous studies and the relevant literature was completed by 150 University students in Malaysia. The results show that, the relationship marketing underpinnings in itself cannot yield repeat purchase, customer retention, and loyalty as some scholars have erroneously theorized. There is only an indirect association (via superior customer value) between RM and repeat purchase, customer retention and sustained loyalty. Where values show (0.66), empathy (0.55), trust (0.44), commitment (0.45) and equity (0.22).

The study recommended that concentrating more on understanding relationship marketing underpinnings will help in creating the sustained loyalty. By and large, cultural perspectives are useful in understanding relationship marketing, its underpinnings and aftermaths.

2.6. Theoretical framework of the research

Although relationship marketing is a relatively young field of inquiry, relationship marketing theory is an extremely rich area of research (Hunt *et al.*, 2006). They indicated that relationship marketing can take many forms and, as a result, relationship marketing theory has the potential to increase the understanding of many aspects of business strategy. They also argued that in the development of the explanatory foundations of relationship marketing theory, it provides answers to three "why" questions:

- Why is relationship marketing so prominent now?
- Why do firms and consumers enter into relationships with other firms and consumers?
- Why are some efforts at relationship marketing more successful than others?

The answers to these questions provide a broad base from which to view relationship marketing theory. First, it is suggested that the prominence of relationship marketing is due not just to the rise of services, technology, and information-oriented firms, but also to the rise of strategic network competition. Strategic network competition, which involves independent owned and managed firms agreeing to become partners within a network, emphasizes the importance of inter-firm cooperation as a means to compete successfully with other networks. To be successful (both individually and as a network), the firms in a strategic network must become proficient at relationship marketing. Second, relationship marketing theory implies that consumers enter into relational exchanges with firms when they believe that the benefits derived from such relational exchanges exceed the costs. The benefits to include:

- The belief that a particular partner can be trusted to reliably and competently provide quality market offerings;
- The belief that the partnering firm shares values with the consumer;
- The customer experiences decreases in search costs;
- The customer perceives that the risk associated with the market offering is lessened;

The exchange allows for customization that results in better satisfying the customer's needs, wants, tastes, and preferences. Based on relationship marketing theory firms engage in relationship marketing because it increases their competitiveness. It is noted that customers do so when relationships contribute to the firm's ability to efficiently/effectively produce market offerings that have value for some market segment(s). That is, they do so when relationships become resources. Relational resources have the potential to improve a firm's marketplace position and, in turn, its financial performance. Based on relationship marketing theory there are relational factors such as trust, commitment, conflict handling, and empathy) that influence customer loyalty. Relationship marketing theory concerned on relational factors and their influence on relationship marketing outcomes like customer loyalty and relational contracting (Hunt et al., 2006). The researcher used the framework as it is without modification. The theoretical framework of the research looks like the following.

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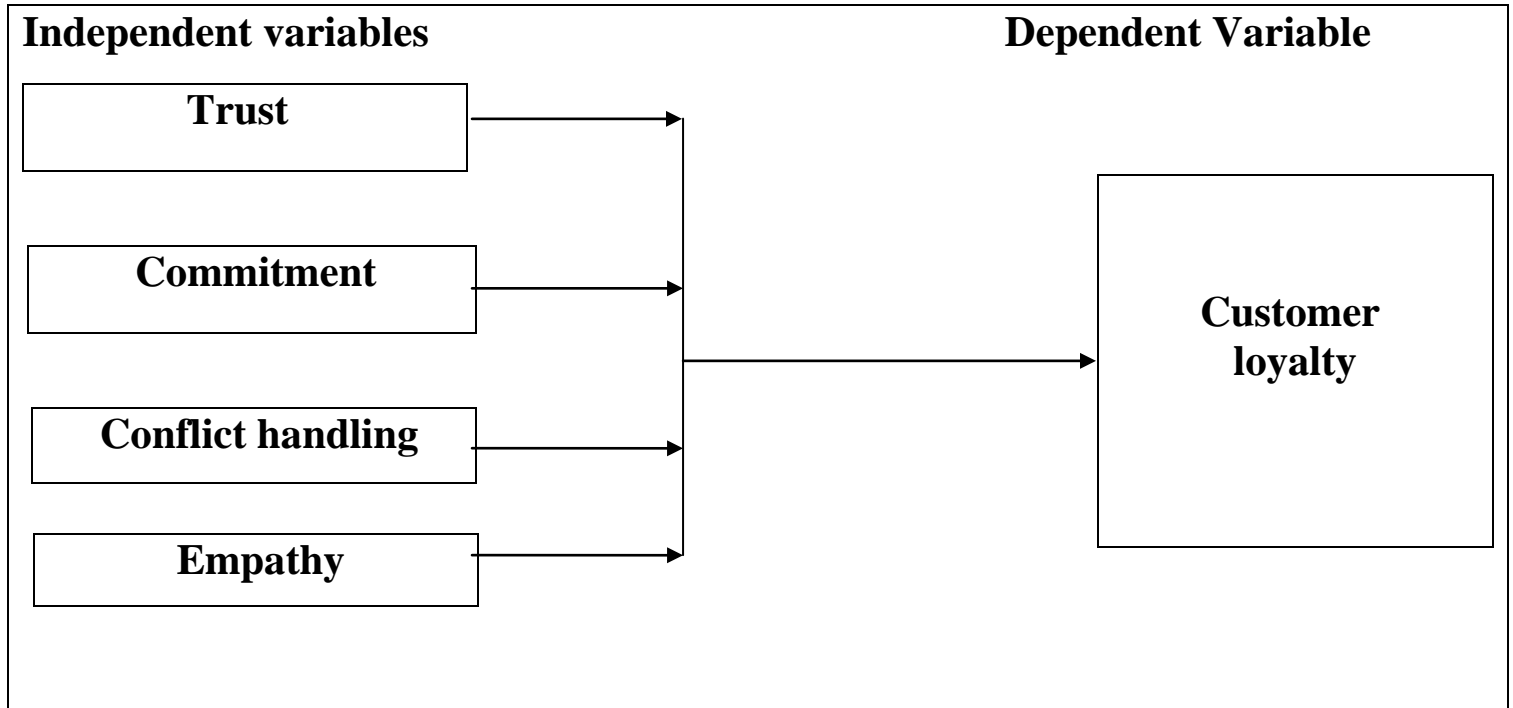


Figure 2.1: Theoretical framework of the research
Source (Hunt *et al.*, 2006)

CHAPTER III RESEARCH METHODOLOGY

Introduction

This Chapter of the study deals with the research design and methodology of the study. It includes the research approach and design, target population, sample and sampling design, data collection instruments, methods of data quality assurance of the study.

3.1. Research approach and design.

The study was explanatory and quantitative in nature; the method explanatory research has been quantitative in nature and has typically tested prior hypotheses by measuring relationships between dependent and independent variables, aimed to develop a better understanding of the bank marketing philosophy of relationship marketing, based on banks relationship marketing orientation and customer loyalty from the customer point of view.

Since Quantitative research approach is usually associated with the collecting and converting data into numerical form as a result of which statistical calculation can be made and conclusions are drawn. The research was relay on the results which were found with the numeric values and magnitude of the relationship marketing dimensions measured using questionnaires, thus in order to investigate the objective of the study and test the hypothesis explanatory method is the best suited.

3.2. Population of the study

The study was undertaken to examine the impact of relationship marketing on customer loyalty by the customers of Commercial Bank of Ethiopia. The bank has more than 900 branches, excluding those branches currently under formation; the branches are clustered in 16 districts in all over Ethiopia with total population of over 9 million and nearly 2.5million account holders in four districts of Addis ababa respectively. Due to the time and money constraint , for this research the population was customers of CBE who are banking with various branches of the bank found in various geographical locations of Addis Ababa specifically from the four, North, south, west and east districts of the bank, which have got 190 branches. , which was unknown numerically (www.cbekombaketh.com)

3.3. Sampling size and techniques

There are several approaches to determining the sample size. These include using a census for small populations, imitating a sample size of similar studies, using published tables, and applying formulas to calculate a sample size. According to Krejcie and Morgan (1970), Chon (1969) for the population that is more than 100,000 at the confidence level of 95% and precision level of + or - 5% the number of sample size that should be obtained shall be counted, greater than or equal to 384 to represent to the population. Using the same analogy, 384 questionnaires were distributed to meet up to the required level of number of responses from customers of CBE of the four districts. Branches were selected by using simple random sampling method from the districts expecting that the researcher will get the necessary data. To obtain representative samples, in selecting the research respondents, convenient method was applied, this sampling method helps for a population from which sample has been constitute a homogeneous group, therefore the study takes 384 respondents as target respondents from these customers who have account with balance and/or regular customer for money transfer or any banks services

3.4. Data collection instruments and variables

The study was used both primary and secondary data as its source of information. Primary data were collected based on structured questionnaires. Based on the research objective, the questionnaire was adopted to extract customers' experience regarding the relationship marketing dimensions namely Trust, Commitment, Empathy and conflict handling towards their loyalty to the CBE. The English version of the questionnaire is carefully and accurately translated in to Amharic. The questionnaires consist of two parts. Part one was prepared to gather general information about the respondents' gender, age, education, occupation, monthly income and for how many time the customer using the bank's services.

Part two was prepared to ask respondents to answer relationship marketing and customer loyalty questions. This part consists of 35 questions and measures the impact of relationship marketing on customer loyalty which is divided in five dimensions. The first dimension, trust consists of Eight questions and was adopted from Ndubisi & Wah (2005) and (Dimitriadis *et al.*, 2011). The second dimension which consists Eight questions that measure commitments were adopted from Ndubisi & Wah (2005) and (Lacey & Morgan, 2009).

The third dimension, empathy, contained six questions which were adopted from Huseyin et al., (2005). The fourth and fifth dimensions that measure conflict handling and customer loyalty contained six and seven questions respectively which were adopted from Ndubisi and Wah (2005). The researcher developed some questions and include in the questionnaire. Questions in part two were assessed by using a five point Lickert scale. Each question of the questionnaire is assigned a number indicating strongly disagree measured as 1, disagree measured as 2, no opinion measured as 3, agree measured as 4, and strongly agree measured as 5. The independent variable is relationship marketing and will be measured by four dimensions such as trust, commitment, conflict handling, and empathy. The dependent variable is customer loyalty and measured by the feelings of customers' loyalty towards their bank.

3.5. Data analysis

After collecting the data through questionnaire, the process of analysis was done using statistical tools like regression and correlation models. Regression analysis was used to know by how much the independent variable i.e. relationship marketing (the four dimensions) explains or influences the dependent variable which is customer loyalty. Correlation analysis also conducted to measure the strength of the association between relationship marketing dimensions and customer loyalty. And also descriptive analysis was used for the demographic factors such as gender, age, education, occupation, monthly income and for how many times the customers are using the bank's services. Tools like tables and percentage were also used. Data analysis was performed by using SPSS software version 17. In order to reduce the possibility of getting wrong answers, different actions were taken to ensure the soundness of this study.

1. Data were collected from reliable sources, from respondents who are customers of the bank.
2. The questionnaire was based on literature review to ensure the soundness of the results.
3. SPSS software version 17.0 was employed to analyze the data and special emphasis was given during data coding.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

Introduction

The general objective of this study was to investigate the impact of relationship marketing on customers' loyalty in commercial bank of Ethiopia in the case of Addis ababa branches. Therefore, data was collected from the relevant sources through questionnaire were classified, organized and analyzed. The trends, and patterns and relationship among data were identified, grouped and interpreted. The data classification has been carried out on the basis of customers of the bank. The hypotheses formulated for this study actually guided the arrangement of the tables. Each hypothesis focuses on the variables identified a summary of the main findings follow each hypothesis.

The researcher has used the software called SPSS 17.00 to analyze the collected data statistical procedures in this part for the problems concerning customer relationship marketing and customers' loyalty, to indentify the major issues and to present feasible recommendations the researcher has collected data through self administered questionnaire. In this chapter the findings of the study are presented. During the survey a total of 384 questionnaires were distributed to customers. All 384 distributed questionnaires were returned. So the analysis was made based on 384 responded questionnaires. All questionnaires were filled by the customers of commercial bank of Ethiopia. Customers were selected based on random sampling and efforts have been made to have representative sample and the results are considered as representative of the population. Descriptive statistics were used for demographic factors and correlation and regression analysis were conducted for scale typed questionnaires. The entire questionnaires used are attached at the back. You can refer from (Appendix A.)

4.1. Reliability and validity test

4.1.1. Validity

Instrument Validity to ensure the instrument validity, since most of the questionnaires were adopted from Ndubisi & Wah (2005), Huseyin et al., (2005) it is believed to be valid, besides to this some 10 questionnaires were tested and refereed by scholars, professionals and some bank experts. They were asked to check the quality of the questionnaires, if they measure the intended variables, and if they serve the purposes of the research. Their comments were taken in

consideration for developing the final version of the instrument and finally approved by the research advisor.

4.1.2. Reliability test

Reliability test was conducted on the dependent and independent variables, internationalization factors and entrepreneurial orientation. The Cronbach's alpha is used in this study to assess the internal consistency of the research instrument, the developed α (Alpha) is a coefficient of reliability used to measure the internal consistency of a test or scale, and it resulted as a number between 0 and 1. As the result approaches to 1 the more is the internal consistency of the items, which means all the items measure the same variable. The result of the coefficient alpha for this study's instrument was found to be 0.973, which is much higher than the threshold value of 0.65. Therefore, the scale is considered to be reliable (Nunnally, 1978) (table 4.1.2.) as indication of acceptability of the scale for further analysis since all the items of beliefs dimensions. .

Table 4.1.2.: Reliability Statistics

Item	Number of Item	Cronbach's Alpha
Trust	8	0.893
Commitment	8	0.914
Empathy	6	0.913
Conflict Handling	6	0.894
Customer Loyalty	7	0.895

4.2. Description Analysis

Descriptive analysis was used to present demographical data collected in relation to the demographic factors clarification.

Table 4.2.1. Demographic Analysis

Variables	Categories	Number of respondents	Percentages
Gender	Female	215	56.%
	Male	169	44. %
Age	Below 18 years	15	3.9
	19-39 years	183	47.7
	40-59years	182	47.4
	60 years and above	4	1.0
Educational Qualification	Primary	19	4.9
	Secondary	52	13.5
	Diploma	161	41.9
	First Degree	124	32.3
	Postgraduate	25	6.5
	Others	3	0.8
Occupation of the respondents	Government sector	187	48.7
	Private sector	89	23.2
	Own business	101	26.3
	Student	0	0.0
	Others	7	1.8
Monthly income of respondents	Below Birr 2350	30	7.8
	2351-3550 Birr	105	27.3
	3551-4999 Birr	138	35.9
	Over Birr 5000	111	28.9
Length of time the respondents uses the banks services	Below 1 year	18	4.7
	From 1-3 years	87	22.7
	From 3-5 years	85	22.1
	Over 5 years	194	50.5

The total respondents as presented in the above table revealed a total of 215 males in the distribution representing 56 % and 169 females representing 44 % this indicates higher number of male in the distribution. The disparity between the number of male and female respondents is not too wide. This close representation signifies that whatever information obtained from these two categories of respondents will be highly representative of people. In terms of age of the respondents as presented in table revealed that those below the ages of 18 years were 15 respondents, which represent 3.9%, a total of 183 participants were between 19-39 years, and this represents 47.7%. Also, 182 respondents were between 40-59 years which is 47.4% of the total respondents, while 4 respondents were for 60 years and above representing 1% of the respondents, looking at this table at a glance one would realize that adults dominated the participants of this study and this has indeed contributed to the quality of opinions gathered. As regards of educational qualification 19 respondents have achieved primary education which is 4.9% of the total, 52 respondents were also accomplished secondary education, which is 13.5% of the total respondents, on the other hand 161 (41.9%) respondents were diploma holder which is the highest number in a significant number 124 (32.3%) of the respondents hold a first degree. In the other way, while 25 (6.5%) respondents were hold a postgraduate degree and 3(0.8%) respondents show that they had other qualification which was not stated. the educational background of the participants revealed that first degree and diploma holders were nearly three quarter of the participants as presented in table. The high literacy level of respondents helped the researcher in getting good, well-informed and quality responses from respondents. The table also shows almost half of the respondents' occupations is government sector which is 48.7% on the other hand 23.2 % and 26.3% of the respondents are working in private sectors and having their own business respectively, one can say almost equal, while none of the respondents were students and last but not least 1.8% work in other occupation which were not mentioned by the respondents. The results of monthly income of respondents are also shown in table 7.8 % of the respondents had income of below 2350 birr, and 27.3% had income of between birr 2351-3550 monthly. On the other hand, 35.9% had income of between birr 3551-4999 and the remaining respondents 28.9 % had income of birr 5000 and above. Finally the results of length of time the customers uses the banks services are also indicated in the table. As it is shown in the table, 4.7% of the respondents have used the bank for below 1 year, 22.7% have used the bank for 1-3 years, and 22.1% have used the banks services for 3-5 years. On the other hand half of the respondents

i.e.50.5 % have been used the bank for over 5 years, thus one can say that most of the respondents have enough knowledge to wetness about the bank’s services.

4.3 Statistical analysis

Table 4.2.2. Statistics

	Customer Trust	Commitment	Empathy	Conflict Handling	Customer loyalty
N Valid	384	384	384	384	384
Missing	0	0	0	0	0
Mean	3.98	3.97	3.97	3.99	3.97
Std. Error of Mean	.025	.027	.028	.025	.025
Median	4.00	4.00	4.00	4.00	4.00
Mode	4	4	4	4	4
Std. Deviation	.486	.535	.547	.489	.496
Variance	.236	.286	.299	.239	.246
Range	3	3	3	3	3
Minimum	2	2	2	3	2
Maximum	5	5	5	5	5

Table4.2.2. Shows that customer trust, has a mean value of 3.98 and standard deviation of .486, commitment has a mean value of 3.97 and standard deviation of .535, Empathy has a mean value of 3.97 and standard deviation of .547, Conflict handling has a mean value of 3.99 and standard deviation of .489, finally Customer loyalty has 3.97 and standard deviation of .496. It has been observed in the above table that almost all the Mean are similar. High Standard Deviation means that the data are wide spread, which means that customers give variety of opinion and the low standard deviation means that customers express close opinion.

4.3. Correlation analysis

Correlation analysis is used when independent variables are correlated with one another and with the dependent variable.

Hypotheses 1: There is significant positive relationship between trust and customer loyalty.

Since both variables are interval, Pearson Correlation test was conducted and the results are shown in Table 4.3.1. There is a significant positive correlation between trust dimension and customers' loyalty with a significant value of 0.000 lower than 0.05. Hence we accept the Hypothesis1. In other words trust dimension and customers' loyalty are related with high relationship ($r = 0.918^{**}$). Which means the more the bank enhances the level of trust provided, the more customer are loyal. In the other researches context, this finding is supported by Chung and Shin (2010) in which there exists a significant relationship between customers' trust and customers' satisfaction in the online retailing. The study of Ndubisi (2007) showed that the more customers trust the banks, the more they are loyal to the services provided. While Mukherjee and Nath (2007) found that there exists a significant relationship between customers' trust as a central tenet in building long lasting relationship and customers' loyalty.

Table4.3.1 - Correlation between Trust Dimensions and Customers' Loyalty

	Trust	Customer Loyalty
Trust	1	.918**
Pearson Correlation		.000
Sig. (2-tailed)		384
N	384	384
Loyalty	.918**	1
Pearson Correlation	.000	
Sig.(2-tailed)	384	384
N		

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

Hypotheses 2: There is a significant positive relationship between commitment and customer loyalty.

Since both variables are interval, Pearson Correlation test was conducted and the results are shown in Table 4.3.2. There is a significant positive correlation between Commitment dimension and customers' loyalty with a significant value of 0.000 lower than 0.05. Hence we accept the

Hypothesis 2. In other words commitment dimension and customers' loyalty are related with high relationship ($r = 0.773^{**}$). Which means the more the bank reinforces the commitment level, the more customers are loyal. In the other researches context, this finding is supported by Cacerers & Paparoidamis (2007) found that there exists a strong relationship between customer commitment and business to business loyalty, add to this Ndubisi (2004) found that commitment is an important underpinning which will lead to create a sustained loyalty.

Table4.3.2 - Correlation between Commitment Dimensions and Customers' Loyalty

		Commitment	Customer loyalty
Commitment	Pearson Correlation	1	.773 ^{**}
	Sig. (2-tailed)		.000
	N	384	384
Customer loyalty	Pearson Correlation	.773 ^{**}	1
	Sig. (2-tailed)	.000	
	N	384	384

^{**}. Correlation is significant at the 0.01 level (2-tailed).

Hypotheses 3: There is a significant positive relationship between Empathy and customer loyalty.

Table 4.3.3. - Correlation between Empathy Dimensions and Customers' Loyalty

		Empathy	Customer loyalty
Empathy	Pearson Correlation	1	.794 ^{**}
	Sig. (2-tailed)		.000
	N	384	384
Customer loyalty	Pearson Correlation	.794 ^{**}	1
	Sig. (2-tailed)	.000	
	N	384	384

^{**}. Correlation is significant at the 0.01 level (2-tailed).

Since both variables are interval, Pearson Correlation test was conducted and the results are shown in Table 4.3.3. There is significant positive correlation between Empathy dimension and customers' loyalty at 0.000 lower than 0.005. Hence we accept the Hypothesis. In other words Empathy dimension and customers' loyalty are related with high relationship ($r = 0.794^{**}$). This means the more the bank reinforces the level of empathy, the more customers are loyal. In the foreign

context, these findings are consistent with Varca (2009) study which shows that there exists a significant relationship between employees' empathic behavior and customers' loyalty; add to this Jones, Ramsay & Wagner (2010) found that there is strong link between empathy and creating relationship quality.

Hypotheses 4: There is a significant positive relationship between Conflict Handling and customer loyalty.

Since both variables are interval, Pearson Correlation test was conducted and the results are shown in Table 4.3.4.. There is a significant positive correlation between Empathy dimension and customers' loyalty with a significant value at 0.000 lower than 0.05. Hence I accept the hypothesis 4. In other words Conflict handling dimension and customers' loyalty are related with a strong relationship ($r = 0.923^{**}$). This means the more the bank handling conflicts effectively, the more customers are loyal. Whereas, in the context of Yang and Capel (2011) showed that there is a strong relationship between conflict handlings and relationship quality. In Dawes and Massey (2005) study showed there is a significant relationship between the speed of handling conflicts and achieving customers' loyalty.

Table – 4.3.4.: Correlation between Conflict Handling Dimensions and Customers' Loyalty

		Conflict Handling	Customer loyalty
Conflict Handling	Pearson Correlation	1	.923**
	Sig. (2-tailed)		.000
	N	384	384
Customer loyalty	Pearson Correlation	.923**	1
	Sig. (2-tailed)	.000	
	N	384	384

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

4.4. Regression analysis

This regression analysis was conducted to know and understand by how much each independent variable (trust, commitment, conflict handling and empathy) explains the dependent variable that is customers' loyalty. The results of the regression analysis are the following.

4.4.1. Multicollinearity test

The researcher uses Variance Inflation factor (VIF) to check the Multicollinearity among the independent variables. Multicollinearity exists if VIF is greater than 10. (Freund and Littell 2000: 98). Table 4.4.1 shows that the value of VIF for each independent variable is smaller than 10, so the problem of Multicollinearity does not exist.

Table 4.4.1. Multicollinearity test

Independent Variables	Collinarity statistics VIF
Trust	9.043
Commitment	2.296
Empathy	3.206
Conflict Handling	6.974

4.4.2 Regression analysis of relationship marketing and customers' loyalty

The regression model was used to determine how the four RM dimensions and mediating variables impact on customers' decision to remain loyal to their banks (Table 4.4.2.1). The results showed that there is a significant relationship between RM and customer loyalty ($p < 0.05$). This means Trust, commitment, empathy, conflict handling, determine customer loyalty. An R-Square of 0.899 was obtained indicating that all four relationship marketing practices jointly determine 89.9 % of customer loyalty. An attempt made to estimate how the individual variables contribute to customer loyalty revealed that amongst the four dimensions of RM, Table 4.4.2.3. Titled as coefficients of relationship marketing dimensions, helps us to understand which variables among the four independent variables is the most important in explaining the variance in customers' loyalty. If we can see the Beta column under standardized coefficients below, we can understand that the highest number in the beta is conflict handling, as it indicated in the table; high beta value shows that it is significant in explaining. 0.852 for conflict handling is the

leader driver of customer loyalty, followed by Trust, with 0.843 Commitment and empathy respectively.

The findings also revealed that all the dimensions have significant relationship with customer loyalty with ($p < 0.05$) hence they constitute the major determinants of customer loyalty in Commercial Bank of Ethiopia. Relationship marketing as used for prediction was found to be significantly related to customers' loyalty as the p-value is less than 0.01.

Table 4.4.2.1. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.949 ^a	.900	.899	.158	2.232

a. Predictors: (Constant), Conflict Handling, Commitment, Empathy, Customer Trust

b. Dependent Variable: Customer loyalty

Table 4.4.2.2. ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.923	4	21.231	852.138	.000 ^a
	Residual	9.443	379	.025		
	Total	94.366	383			

a. Predictors: (Constant), Conflict Handling, Commitment, Empathy, Customer Trust

b. Dependent Variable: Customer loyalty

Table 4.4.2.3. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.054	.070		-.770	.442
	Customer Trust	.918 ^a	.050	.843	45.283	.000
	Commitment	.717	.023	.596	23.805	.000
	Empathy	.794 ^a	.026	.630	25.549	.000
	Conflict Handling	.923 ^a	.044	.852	46.897	.000

4.4.3 Regression analysis of trust and customers' loyalty

As it is indicated in the model summary of table 4.4.3.1., trust explains customers' loyalty. In this case, the results of correlation of relationship marketing, customers' loyalty and R Square (0.843) are taken into consideration. This R square is the explained variance and it is actually the square of the multiple R (0.918)² which is 0.843. Therefore, it is pointed out that 84.30% of customers; loyalty is explained by trust. As it is indicated in table 4.4.3.3., trust was considered as predictors of customers' loyalty and reported high level of significance $p < 0.01$. And also the R square value of 0.843 confirming that, 84.3% of the variation in customer loyalty is explained by trust. Trust as used for prediction was found to be significantly related to customers' loyalty as the p-value is less than 0.01.

Table 4.4.3.1: Regression analysis result for trust and customers' loyalty

Table 4.4.3.1. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.918 ^a	.843	.843	.197	2.195

a. Predictors: (Constant), Customer Trust

b. Dependent Variable: Customer loyalty

Table 4.4.3.2. ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79.547	1	79.547	2050.567	.000 ^a
	Residual	14.819	382	.039		
	Total	94.366	383			

a. Predictors: (Constant), Customer Trust

b. Dependent Variable: Customer Loyalty

Table 4.4.3.3. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.240	.083		2.890	.004
	Customer Trust	.938	.021	.918	45.283	.000

a. Dependent Variable: Customer loyalty

4.4.4 Regression analysis of commitment and customers' loyalty

Table 4.4.4.1. Shows the result of regression analysis for commitment and customers' loyalty. In this case, the results of correlation of these two variables and R Square (0.596) are taken into consideration. Here the R square is the explained variance and it is actually the square of the multiple R (0.773)² which is 0.597. Therefore, it is possible to state that 59.7% of customers' loyalty is explained by commitment. As it is indicated in table 4.4.3.3., commitment was considered as predictors of customers' loyalty and reported high level of significance $p < 0.01$. and also the R square value of 0.596 confirming that, 59.6% of the variation in customer loyalty is explained by commitment. Commitment as used for prediction was found to be significantly related to customers' loyalty as p-value is less than 0.01.

Table 4.4.4.1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.773 ^a	.597	.596	.315

a. Predictors: (Constant), Commitment

Table 4.4.4.2.ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	56.368	1	56.368	566.694	.000 ^a
	Residual	37.997	382	.099		
	Total	94.366	383			

a. Predictors: (Constant), Commitment

b. Dependent Variable: Customer loyalty

Table 4.4.4.3.Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.122	.121		9.300	.000
	Commitment	.717	.030	.773	23.805	.000

a. Dependent Variable: Customer loyalty

4.4.5 Regression analysis of empathy and customers' loyalty

As the result of regression analysis of empathy and customers' loyalty indicates, empathy can explain customers' loyalty in relatively moderate extent . In this case again, the correlation result of these variables and the R square are taken. The R square is the explained variance and it is actually the square of the multiple R (0.794)² which is 0.630. Therefore, it is possible to conclude that 63 % of customers' loyalty is explained by empathy. As it is indicated in table 4.4.5.1, empathy was considered as predictors of customers' loyalty and reported high level of significance $p < 0.01$ and also the R square value of 0.630 confirming that, Empathy as used for prediction was found to be significantly related to customers' loyalty as p-value is less than 0.01.

Table 4.4.5.1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.794 ^a	.631	.630	.302

a. Predictors: (Constant), Empathy

Table 4.4.5.2. ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	59.529	1	59.529	652.765	.000 ^a
	Residual	34.837	382	.091		
	Total	94.366	383			

a. Predictors: (Constant), Empathy

b. Dependent Variable: Customer loyalty

Table 4.4.5.3. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.109	.113		9.809	.000
	Empathy	.721	.028	.794	25.549	.000

a. Dependent Variable: Customer loyalty

4.4.6 Regression analysis of conflict handling and customers' loyalty

We can also look the regression analysis result of conflict handling and customers' loyalty in table 4.4.6.1 as it is clearly indicated in the table, conflict handling can explain customer loyalty in Commercial Bank of Ethiopia by high level. The correlation result of these variables and the R Square are considered. In this case the R square is the explained variance and it is actually the square of the multiple R (0.923)² which is 0.852 Therefore, it is possible to state that 85.2% of customers' loyalty is significantly and highly explained by conflict handling. Conflict handling was considered as predictors of customers' loyalty and reported high level of significance $p < 0.01$ as it is indicated in table 4.4.6.2. And also the R square value of 0.852 confirming that, 85.2% of the variation in customer loyalty is explained by conflict handling. Conflict handling as used for prediction was found to be significantly related to customers' loyalty as p-value is less than 0.01. it is the highest of all the independent variables in explaining customers' loyalty.

Table 4.4.5.1: Regression analysis result for conflict handling and customers' loyalty

Table 4.4.5.1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.923 ^a	.852	.852	.191

a. Predictors: (Constant), Conflict Handling

Table 4.4.5.2. ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	80.401	1	80.401	2199.328	.000 ^a
	Residual	13.965	382	.037		
	Total	94.366	383			

a. Predictors: (Constant), Conflict Handling b. Dependent Variable :Customer loyalty

Table 4.4.5.3. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.231	.080		2.876	.004
	Conflict Handling	.937	.020	.923	46.897	.000

In general, appropriate measures were identified based on the empirical research to test the hypothesized relationships. Quantitative data obtained and gathered were being treated by using the statistical software program namely statistically package for social science research (SPSS) which were proposed earlier were answered by using a sample of version 17.0 for analysis and for summarization purpose, several techniques of analysis were used including ANOVA test, Correlation and linear regression, therefore from the analysis it is clearly indicated that relationship marketing and customer loyalty are related and the measure of correlation between these variables as it is indicated in the correlation analysis is positive. And also it is noticed that the independent variables which are included in the elements of relationship marketing have the power to explain the dependent variable as it is indicated in the regression analysis. Therefore, all the research questions are answered based on the test conducted and relationship marketing has the power to explain customer loyalty in Commercial Bank of Ethiopia.

4.5. Discussion of the result

The issue of customer loyalty is close to the heart of all companies, especially relationship marketing operators in the Bank sector of Ethiopia. The study operationalized and tested 4 constructs (Trust, Commitment, Empathy and conflict handling) that determine customer loyalty in the relationship market in Commercial Bank of Ethiopia. All of the four dimensions of the relationship marketing show positive correlations with customer loyalty. Therefore the discussion is very vital in providing the clarification the above results. Since the research is explanatory and quantitative in nature, it has typically tested prior hypotheses by measuring relationships between variables; the data are analyzed using statistical techniques. .

The findings show that relationship marketing activities can explain 89.9 % of customers' loyalty in commercial bank of Ethiopia. Relationship marketing dimensions particularly conflict handling and trust have greater impact on customers' loyalty and it is more important in shaping what customers prefer about the bank.

In today's competitive environment, banks should build and maintain good relationship with the target customers in order to succeed and survive. To maintain good relationship with customers, relationship marketing is an important tool. In this case, the bank must prepare invaluable information to build strong relationship with the customers for the purpose of gaining their loyalty and preventing customers from switching to other banks.

Customers can be remaining loyal towards a bank for a number of reasons. This research have identified four elements of relationship marketing that will have impact on customers loyalty in banking industry particularly in Commercial bank of Ethiopia namely, trust, commitment, conflict handling and empathy. The findings of Ndubisi (2007) suggested that the greater the trust in the bank, the higher the level of the bank's commitment, the more reliable and timely its communications and the more satisfactorily it handles conflicts, the more loyal its customers will tend to be. Therefore, the result of this research is consistent with the findings of Ndubisi (2007). The findings of Foster & Cadogan (2000) showed that the quality of the relationship customers have built with their organization positively influences their assessment of their relationship with the organization. Again the result of this research is also similar with the findings of Foster & Cadogan (2000). Another study which is conducted by Gee *et al.*, (2008) suggested that the need for businesses to retain customers is an important issue in today's global marketplace.

Based on the Pearson correlation test of correlation results, trust dimension positively correlated with customers' loyalty ($r=0.918$). In other words if customers trust the bank, they will be loyal to their banks otherwise they will not be loyal to their banks. Because of this result the bank should be able to promise and deliver what it promised is important to encourage repeat purchase by the customers and to establish strong relationship. In addition, trust only will exist if customers have confidence in a bank's ability to perform satisfactorily. Therefore, trust has ability to determine the loyalty of customers. With regard to trust dimension, a bank can be perceived by its customers as honest in its performance if the bank has strong and lasting relationship with customers. Customer trust has a significant role in building long-term relationship and achieving customer loyalty (Berry, 1983). So, the finding of Berry (1983) is similar with the results of this research.

When customers trust the bank, they will leave all the activities to be performed by the bank and they will talk freely about the banks strengths and weaknesses. Because of this reason, all customers feel that they are responsible for the banks operation. So, it is best for the banks to be trusted by the entire customers. The regression analysis of trust dimension and customer loyalty indicates that 84.3% of the variance R square in customers loyalty has been significantly explained by trust. The finding of Ndubisi (2007) showed that trust is an important ingredient in firm-customer relationships and ultimately in the development of loyalty. And also the finding of Morgan and Hunt (1994) concluded that customers with trusts in service providers' capability

would probably be willing to commit to a service relationship for meeting their expectations. Therefore, the result of this study on trust dimension is similar with the above findings that trust has the power to increase customers' loyalty.

A thesis conducted by Xuan Zhang and Yuanyuan Feng (2009) on the Impact of Customer Relationship Marketing Tactics on Customer Loyalty in Sweden, Halmstad University suggested that relationship quality like trust is positively related to loyalty. This result also provides empirical evidence supporting previous theories that higher level of trust perceived by customers, the higher level of customer loyalty achieved by service providers.

Commitment is another element of relationship marketing that is taken into account to explain customer's loyalty. Based on the correlation result as it is shown by Pearson correlation test, commitment dimension is positively and moderately correlated with customers' loyalty. The correlation coefficient between commitment and customers' loyalty is the least of all correlation results of relationship marketing dimensions which is 0.773. This shows that commitment dimension is a minor determinant of customers' loyalty and customers will critically evaluate the commitment of the bank employees towards the services gained from the bank.

The commitment of the bank will help to retain customers by improving the services of the bank. By having committed employees, banks can continue retaining existed customers and attracting new customers to generate more profit. To this extent the commitment dimension of relationship marketing plays great role. Therefore, banks are expected to have committed employees to offer appropriate services and treat the customers as they want. This result is supported by the study of Fullerton (2003). According to this researcher, commitment has a strong positive effect on the softer aspects of customer loyalty such as advocacy and willingness to pay more for the service.

With regard to the regression analysis of commitment dimension and customers' loyalty, 59.6 % of the variance R square in customers loyalty is significantly explained by commitment. It is the least of all the independent variables in explaining customers' loyalty. But the result of Morgan and Hunt (1994) viewed that a committed partner wants the relationship to endure indefinitely and is willing to work at maintaining it. Lacey (2009) research's also suggested that committed customers are not just expected to maintain current purchasing activities, but to increase both the

level and proportion of their purchasing activities over time. Therefore, unlike the result of this research on commitment dimension was not high with the above findings, that commitment has the power to increase customers' loyalty.

The other factor that is included in the dimensions of relationship marketing is empathy. It has positive and moderate relationship with customer's loyalty. The correlation coefficient between these variables is 0.794 %. Empathy is one of the important tools to create long term relationship with customers in service provider organizations.

Nearly high number of customers wanted to be treated as they want to be treated by the banks employees. If this is the case, banks have the responsibility to treat customers as they want to be treated to have loyal customers. When the customers are treated in a good way they become satisfied and loyal to their banks. As a result, empathy has power to create lasting relationship with customers and shaping the minds of the existed customers to talk favorably about the banks to other customers. Therefore, banks need to understand their customers' needs and wants and continuously evaluate their services to satisfy and attract customers in the better way. With regard to the regression analysis of empathy and customers' loyalty, 63 % of the variance R square in customers loyalty is significantly explained by empathy.

The finding of Zeithaml and Bitner (2003) showed that it is difficult to imagine an organization would deliver caring, individualized attention to customers independent of its employees. As it is mentioned by Parasuraman *et al.*, (1988) empathy is one of the important elements to measure the service quality in service industries area. So, the result of this research on empathy dimension of relationship marketing supports the above findings that empathy has power to make customers' loyal.

The last but not the least factor included in the relationship marketing underpinnings is conflict handling. As it is indicated in the correlation analysis, conflict handling dimension has positive and high relationship with customers' loyalty.

The correlation coefficient between conflict handling and customers' loyalty is 0.923% it is the highest of all correlation results of relationship marketing elements. When banks have good conflict handling procedures and solving the manifested problems successfully, the customers express their complaints or any feelings they have freely and will become loyal customers.

In order to encourage customers to complain when there is problem, banks are responsible to aware and inform in advance how and where to complain. Generally, appropriate and acceptable

conflict handling procedure will create strong relationship with customers'. The results indicate that investments in complaint handling can improve evaluations of service quality, strengthen customer relationships, and build customer commitment.

The regression analysis result for conflict handling and customers' loyalty shows that 85.2 % of the variance R square in customers loyalty has been significantly explained by conflict handling. It is the highest of all the independent variables in explaining customers' loyalty. The result of Ndubusi (2007) indicated that customers tend to be loyal to banks that handle customer complaints which will always happen and other conflicts satisfactorily. Ndubisi and Wah (2005) found a significant relationship between conflict handling and customer loyalty. And also the result of Therefore, the result of this research on conflict handling dimension is similar with the above results in indicating that proper conflict handling can increase customers' loyalty.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0. Introduction

This chapter reviews the summary , conclusions , of the findings that have been obtained, where it presents the results of the analyses and the classification of the dimensions of relationship marketing which it have impacts on customers' loyalty of commercial Bank of Ethiopia, recommendations for it, accordingly .

5.1 Summary of the findings

The purpose of this study was to examine the impact of relationship marketing on customer loyalty in the commercial bank of Ethiopia; it was also explanatory and quantitative in nature, which was conducted from November 2014 to May 2015. the sample size was taken from the population of customers of CBE, who were banking in various geographical locations of Addis Ababa, specifically from the four, north, south, west and east districts of the bank, which have got 190 branches. since there is little understanding about the extent of customer loyalty in this particular bank higher officials , that the researcher discuss with, he initiated to conduct this research to investigate the relationship marketing dimensions such as trust, commitment, conflict handling, and empathy of commercial Bank of Ethiopia, in order to discover whether these dimensions has had the intended strengthening effect on customer loyalty, by analyzing the relationship of every construct in the theoretical framework loyalty to provide the outcome measures for the hypotheses .The following hypothesis was derived and tested.

H1: There is significant positive relationship between trust and customer loyalty.

H2: There is significant positive relationship between commitment and customer loyalty.

H3: There is significant positive relationship between conflict handling and customer loyalty.

H4: There is significant positive relationship between empathy and customer loyalty.

The previous chapter presented in detail the extent of relationship marketing dimensions impact on customer loyalty in CBE as it perceived by customers of the sample of the respondents. In this section of the chapter the findings of the respondents is presented in summarized and informative manner. The respondents were asked to answer the impact of the four dimensions of relationship marketing in their loyalty to the bank. the researcher have tested the questionnaires before he goes to the analysis by using the reliability test and the result showed that, the coefficient alpha for this study's instrument was found to be 0.973% . Since all the dimensions are greater than

0.65%, it is acceptable for further analysis. The assessments made on the dimensions was made by analyzing the independent variables i.e. trust, commitment, empathy and conflict handling and dependent variable i.e. customer loyalty by using correlation and regression analysis there in. Accordingly, as it is depicted in table 4.3.1., 4.3.2., 4.3.3 and 4.3.4 and the correlation analysis results stated below all relationship marketing dimensions have high relationship magnitude with customer loyalty

➤ **correlation analysis**

- **Trust and customer loyalty**

Trust dimension and customers' loyalty are related with high relationship ($r = 0.918^{**}$).

- **Commitment and customer loyalty**

Commitment dimension and customers' loyalty are related with relatively high relationship ($r = 0.773^{**}$).

- **Empathy and customer loyalty**

Empathy dimension and customers' loyalty are related with high relationship ($r = 0.794^{**}$).

- **Conflict handling and customer loyalty**

Conflict handling dimension and customers' loyalty are related with a Very strong relationship ($r = 0.923^{**}$).

Eventually the four dimensions of relationship marketing were also assessed their extent of explanation to customer loyalty jointly and independently using multiple regression analysis, but before the researcher has made the regression analysis, the independent variables were tested multicollinearity .as it indicted in the table 4.4.1 it is in a safe position because the VIF results showed that all independent variables are not more than 9 point, then after as the multiple regression analysis shows below and depicted in the tables of the previous chapter all independent variables explain the dependent variable with different extent

➤ **Multiple regression analysis**

- **The Joint result of regression relationship marketing dimensions and customer loyalty**

All four relationship marketing dimensions jointly determine 89.9 % of customer loyalty.

- **Trust and customer loyalty**
It is pointed out that 84.30% of customers' loyalty is explained by trust
- **Commitment and customer loyalty**
It is possible to state that 59.7% of customers' loyalty is explained by commitment.
- **Empathy and customer loyalty**
It is possible to conclude that 63 % of customers' loyalty is explained by empathy.
- **Conflict handling and customer loyalty**
It is possible to state that 85.2% of customers' loyalty is significantly and highly explained by conflict handling

5.2 Conclusion

The main objective of this study is to examine the concept of four dimensions of the relationship marketing such as trust, commitment, empathy, conflict handling towards customers' loyalty in commercial Bank of Ethiopia. Based on previous theories and researches regarding relationship marketing and its outcomes, this study shows that there is a clear association between relationship marketing and customer loyalty, which helps to deeply understand the relationship and interaction between relationship marketing and customers' loyalty.

Banking services are an important part of services industry. Usually satisfied customers will also complain about the services provided by the particular bank. Now, banks managers knew that delivering quality service to customers is very important for success and survival in today's global competitive banking environment. In this relation, the bank must prepare valuable information to build strong relationship with the customers for the purpose of gaining their loyalty and hence preventing them from switching to other banks. Relationship marketing is viewed as a strategy to attract, maintain and enhance customer relationships.

The findings support the examination points that relationship marketing dimensions can enhance the quality of a buyer-seller relationship and in turn increase customer loyalty. Customer trust, commitment, conflict handling and empathy are not the only the desired outcomes of relationship marketing but also the background of customer loyalty. According to the Pearson correlation analysis, it can be evidently seen as that the four relationship marketing dimensions namely trust,

commitment, conflict handling, and empathy are positively related to customer loyalty in Commercial Bank of Ethiopia. The relationship looks like the following.

5.2.2 Relationship marketing and customer's loyalty

1. Trust:

The level of trust is high from the perception customers of Commercial bank of Ethiopia in the four districts of Addis ababa with proportional Correlation level of trust high (91.8%). Employees of the bank are trustworthy, the bank is consistent in providing quality service ,the customers have confidence in the bank's service quality, the bank fulfils its obligation to customers in the customers experience, the bank taken as reliable entity ,the bank is always honest to the customer, the bank has the ability to meet its promises, where the bank is very concern with security for the customer's transactions, the bank promises are reliable, employees of the bank show respect to customers, the bank has an accurate records for the transactions and the bank has a competent staff who deliver the services well, all these causes enhance the trust underpinning in the customer's eye .

2. Commitment

The level of commitment is high from the perception customers of Commercial Bank of Ethiopia in the four districts of Addis ababa with proportional high Correlations level of (77.3%), The bank promise always to provide good and fair banking practices, the bank offers personalized services to meet customers' need , makes certain that, the ethical principles are based on integrity and transparency , flexible in serving customer' needs, and the relationship with the bank is based on mutual commitment ,The Bank's commitment to its customers is always focus on providing easy and speedy procedures ,the relationship with the bank is one that the customer is very committed to continuing it ,the relationship with the bank is worth the customers' effort, all these reasons increase the commitment level in the customer's behavior.

3. Empathy

The level of empathy is relatively moderate from the perception of customers Commercial bank of Ethiopia in the four districts of Addis ababa , where the level of empathy is highly correlated in (79.4 %). Where the customers of the bank believes that the bank reacts quickly when things go wrong with the customers transaction , employees of the bank gives individual attention to the customers, the bank staffs always help the customers with any questions the customers have

about the bank services, Employees of the bank understand the customers' specific need, Employees of the bank have the customer's best interest of spirit, the bank has convenient operating hours to the customers , all of these things enhance empathy in the mind of banks' customers.

4. Conflict Handling

The level of conflict handling is highly related from the perception of customers of commercial Bank of Ethiopia, where the level of proportional highly correlated in conflict handling (92.3%), the bank tries to avoid potential conflict, the bank tries to solve obvious conflicts before the customers create problems ,the bank shows a sincere interest in solving customers' problems rapidly, the bank clearly communicates to you about how and where to complain in case of problems happens ,the bank tells the customers how to take your complaint forward if the customers' are still not satisfied ,the bank asks the customers about feeling toward their responses for their complaints, all these reasons increase the Conflict handling underpinnings in the eye's of customers.

On the regression analysis part, it is clearly shown that relationship marketing explains customer loyalty. The results showed that there is a significant relationship between RM and customer loyalty ($p < 0.05$). This means Trust, commitment, empathy, conflict handling, determine customer loyalty. An R-Square of 0.899 was obtained indicating that all four relationship marketing practices jointly determine 89.9 % of customer loyalty. An attempt made to estimate how the individual variables contribute to customer loyalty revealed that amongst the four dimensions of RM, The regression analysis indicated that 65% customer loyalty is explained by relationship marketing. Each independent variable is also regressed against customers' loyalty and the result shows that all the independent variables can explain the dependent variable i.e. customer loyalty.

5.2 Recommendations

The findings of this research also important evidence for managers who take charge of relationship marketing. It is helpful for marketers to understand the effectiveness of relationship marketing from consumer's perspective. In light of the findings and conclusions made above, the following possible recommendations are suggested as being valuable to the commercial bank of Ethiopia for improving relationship marketing activities to assure customer loyalty. Here are some of the 169 proposed recommendations for managers to be considered in order to improve and reinforce customer's loyalty in Commercial Bank of Ethiopia .In CBE the four relationship marketing underpinnings namely (trust, commitment, empathy and conflict handlings,) need to be enhanced and reinforced in order to keep and increase the loyal customers Through the following:

Generally speaking Commercial Bank of Ethiopia should actively and continuously implement the foundation of relationship marketing, as this will have a direct impact on increasing the loyalty level of customers by developing trust, improving commitment, handling conflicts effectively, and enhancing the empathic behavior to be more specific the following recommendations are suggested.

- When hiring employees, Commercial bank of Ethiopia should look at the ability and interest of an employee to establish and maintain strong relationship with the customers and other employees of the organization. Potential candidates who are strong in trusting behavior, conflict resolution ability, strong commitment to the assigned tasks and adding with empathy should be considered.
- Although the Bank is owned by the Government, CBE should consider offering some shares with small amounts to the loyal customers, which is vary according to their level of participation, experience, loyalty and other factors to develop belongings on the mind of customers. This is eventually helpful in developing strong trust, commitment, empathy with the Bank and resolve and protect potential and actual conflicts.
- More efforts are needed to improve the level of trust by the continuous development of the services and benefits, training of employees to perform the service effectively, being consistent in providing quality services; fulfill the obligations to the customers, keeping a a closed eye to the customer transaction. To motivate employees and get their commitment, the bank should offer them a challenging work, attractive salary that

recognizes the contribution of their effort towards the overall success of the business. Besides these, actions to make them participate in decision making activities, to provide an opportunity to learn and advance, and reward for their contribution have a lot to play in employees' motivation. Especially in the frontline and knowing how much each customer is worth to the business. The more employees work together to keep existing customers satisfied, the lesser customer slow destruction will be.

- More efforts are needed to improve the level of commitment, where customers must be the core of the marketing process, must be given a special attention, the bank is flexible in serving the customers' needs, offers price reduction for existing customers, provide consultancy for them, and offering personalized services to satisfy the customers. Once they are satisfied with the services that were provided by the banks, they will communicate about the bank or services to the other customers.
- Developing empathy through dealing with customers in a caring fashion, giving individualized attention to the customers, understand their specific needs and having the customers' best interest at heart. the bank should has also operating hours which are convenient to all customers. In other words bank employees must treat their customers, in the way they would like to be treated.
- Eliminating the problems by solving conflicts as soon as possible in order to assure that bank system is well managed, has the ability to openly discuss solutions when problem arise, service providers show a sincere interest in solving customer complaints and making regular meetings to revise the conflicts and find solutions establish more efficient and effective ways of complaint handling procedures and communicate those procedures to customers'.
- It is also advisable to management to keep customers informed about changes that take place in the company well in advance instead of leaving them to know by chance. It's therefore important that effective conflict resolution mechanisms aren't only in placing but proactive, so as to pre-empt potential sources of conflict and address them before problems become manifest
- Commercial Bank of Ethiopia should give greater attention to both getting new customers and retaining the existing ones in the advertisement and other promotional activities by using relationship marketing as strategy.

It is also recommended that the bank should have the system to ask customers to comment about the service either verbally or on phone or in writing about their satisfaction. Collecting feedback is not an end by itself; the bank should analyze the feedback periodically and must use them as a means of problem identification.

- Commercial Bank of Ethiopia should invest in its employees, especially on the frontline, to motivate them to serve customers best. Frontline employees should be trained to act in a manner that recognizes customers as a valuable asset.

To motivate employees and get their commitment, the bank should offer them a challenging work, attractive salary that recognizes the contribution of their effort towards the overall success of the business. Besides these, actions to make them participate in decision making activities, to provide an opportunity to learn and advance, and reward for their contribution have a lot to play in employees' motivation.

In general, Commercial Bank of Ethiopia should make the whole system on work with customers' preferential. As it is known, customers are the reason for the survival of the bank. So, the bank is expected to invest more on attracting new customers and retaining the existed ones. The bank should recognize the importance of relationship marketing in creating loyal customers and implement properly.

5.4. Future studies:

This study can be applied on another bank. It's useful to adopt longitudinal study in order to study the actual behavior of customers, the study is directly focuses on relationship marketing dimensions and its impact on customer loyalty in Commercial Bank of Ethiopia, it can be further explored by adding more relationship marketing dimensions like value, communication, cooperation, and others which could influence customer loyalty. The research reported here has not look into the possible influences of socio-demographic factors on the relationship between relationship marketing dimensions and customer loyalty. Future research studies might fruitfully investigate such moderating influences. Future researches also can survey by applying longitudinal design and increasing the sample size. Here are some of the proposed studies

- The impact of socio-demographic factors on customer behavior
- The impact the seven dimensions of relationship marketing on customer loyalty
- The financial impact of relationship marketing underpinnings

- Relationship Marketing and market performance.
- The roles of the relationship marketing keystones, overall relationship quality and customer satisfaction in creating customer loyalty.

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