



**ADDIS ABABA UNIVERSITY**  
**FACULTY OF BUSINESS AND ECONOMICS**  
**SCHOOL OF COMMERCE**  
**MA PROGRAM**

**EFFECT OF AFTER SALE SERVICES QUALITY ON CUSTOMER  
LOYALTY THE CASE OF TECNO MOBILE ETHIOPIA**

**BY:**  
**NEBYU TESHOME**

**MAY, 2019**

**ADDIS ABABA, ETHIOPIA**

**EFFECT OF AFTER SALE SERVICES QUALITY ON CUSTOMER  
LOYALTY THE CASE OF TECNO MOBILE ETHIOPIA**

**BY:**

**NEBYU TESHOME**

**A THESIS PREPARED IN PARTIAL FULFILLMENT TO THE  
REQUIREMENTS OF MASTERS OF ART IN MARKETING  
MANAGEMENT**

**ADVISOR**

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**MAY, 2019**

**ADDIS ABABA, ETHIOPIA**

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## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr MesfinWorkineh. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

\_\_\_\_\_  
**Name**

\_\_\_\_\_  
**Signature**

**Addis Ababa University, Addis Ababa May, 2019**

## **ENDORSEMENT**

This is to certify that Nebyu Teshome carried out his thesis on “Effect of after sale services quality on customer loyalty the case of Tecno mobile Ethiopia” and submitted in partial fulfillment of the requirements for the award of the degree of Masters of Art in Marketing Management at Addis Ababa University with my approval as university advisor.

Signature: \_\_\_\_\_

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

Mesfin Workineh (PhD), Advisor

**Addis Ababa University, Addis Ababa May, 2019**

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## **Acronyms**

SERVQUAL \_\_\_\_\_ Service Quality

SPSS \_\_\_\_\_ Statistical Package for Social Science

ERCA \_\_\_\_\_ Ethiopian revenues and customs authority

ERIS \_\_\_\_\_ Equipment identity registration system

GC \_\_\_\_\_ Gregorian calendar

R&D \_\_\_\_\_ Research and Development

## **Abstract**

*The aim of this study was to investigate the effect of after sale service provide by Tecno mobile company on its customer loyalty. Data were collected using questionnaire from 384 questionnaire copies distributed 338 copies were completed and returned making a response percent of 88. The researcher use casual (explanatory) research method. The study considered five after sale service quality constructs such as, Tangibility, Reliability, Responsiveness, Assurance and Empathy as independent variables and witnessed their impact on the response variable customer loyalty which is the dependent variable. After thorough analysis of the collected data the present study showed that, after sale service quality constructs have a significant positive relationship with customer loyalty.*

**Keywords: after sale service Quality, SERVQUAL, customer loyalty**

# CHAPTR ONE

## 1. INTRODUCTION

This chapter will cover the whole introduction of the research. Background of the study, the practical and theoretical justification for the need of the research, and the objective of the study are included. Likewise scope, limitation and significant of the study are fully disused.

### 1.1. Background of the Study

The role of customers to profitability and sustainability of any profit oriented business is unquestionable. Today businesses are delivering bundle of product rather than just closing the sale. And One of the important service delivered by business is the after sale services. As the name indicated after sale service is a service delivered by a business to its customers after the sale is closed.

As Kotler (2002) stated, selling process should go beyond the delivery of goods and services and there should be “follow – up” step that a company should apply to ensure customer satisfaction and repeat business to make sure that there was proper installation, instruction and service. Customer satisfaction is the positive result gained when the actual performance of a product or service exceed customer expectation about the product or service which is delivered. And As Smith (2007) shows customer satisfaction is critical to any product or service, because it is a strong predictor of customer retention, customer loyalty and product repurchase.

Pre sales, post sales and on sale actives are important. Customer that is satisfied by the product which is purchased and by the service delivered is so close to repeat purchase. Keeping other pre sale and on sale activates, after sale is very important for retention of a customer and attracting a prospect customer to the business entity. According to Goofin and price (1996), after sale service are important because they

end in increasing product quality, gaining competitive advantage, gaining profitable opportunities, and as a result increase sales and income.

Nevertheless in our country the concept of after sales is not that much tangible. Phrases like “sold items could not be returned”, “count on the window or we will not accept any complain” and others with the same message are common to see in our city. Therefore, this research try to examine the effect of after sale service quality on customer loyalty on Tecno mobile customers.

Tecno mobile is one of the few companies in our country which has been install the after sale service to its customers by using service centers, call center and Carl care mobile application. Tecno mobile was founded in 2006 as Tecno telecom limited in chain. Five years after its establishment Tecno entered in to Ethiopian market in 2011 G.C. As of August 2018, TRANSSION has 4 manufacturing facilities around the world, which based in Shenzhen China, Addis Ababa Ethiopia, Noida India and Gazipur Bangladesh.

From R&D, design, and manufacturing to sales and after-sales service, TRANSSION controls a comprehensive global industry ecosystem, and focuses on emerging markets around the world. Meanwhile, Carlcare, TRANSSION’s after-sales service brand has 2,000+ service contact points (including third-party cooperation partners) plus 7 large after-sales repair centers globally to provide unequalled support to customers. Furthermore, with Google, Facebook, Intel, Sony, Microsoft, MediaTek, Orange, Qualcomm, and other world-renowned enterprises as strong partners.

Carlcare is a professional after-sales service brand for mobile phones, tablets, home appliances, and lighting devices application. The brand currently has over 2,000 service contact points (including third party cooperation partners) in multiple

countries and regions in Africa, the Middle East, Southeast Asia, South Asia, and Latin America.

## **1.2. Statement of the Problem**

As Addis fortune Magazine released on February 7, 2017, mobile service began in Ethiopia in 1999 with a capacity of 36,000 lines in Addis Ababa and in 2017 over 47 million subscribers are registered for mobile service and there are 14.7 million data and internet users in Ethiopia. This show high level of demand for mobile phone devices, which is supplied by both imported and locally assembled mobile phone. And reports compiled by the assemblers association indicate that almost 65 percent of the mobile market is supplied by contraband phones smuggled in from neighboring countries. The remaining 31 percent of the market is commanded by ten assemblers working in the mobile industry.

According to Ethiopian revenues and customs authority (ERCA) there were over 83 million Br worth of electronics contraband in the country which has an adverse effect on hard currency shortage. In the past year the government also launches equipment identity registration system (ERIS) to minimize this problem. And the role of local assemblers is also highly important regarding this issue.

So keeping in mind those burning issue regarding foreign currency shortage and high level of contraband flow toward the country, using affordable price and quality of the phones assembled locally could not win the market share over the contraband supplying. For this reason, keeping the price and quality, other marketing activities Like after sale service may help to build loyal customer for locally assembled phones. This in return may solve the intended problem showed above.

Indirectly to address the economic problem arose from inappropriate foreign currency usage to contraband mobile phone and to contribute research study in the mobile phone industry and also to update the findings of previous researches the researcher wishes to examine the effect of after sale service quality on customer loyalty the case of Tecno mobile Ethiopia.

### **1.3. Basic Research Question**

Mainly the researcher wants to examine the effect of after sale services quality on customer loyalty on TECNO mobile company.

To achieve the intended purpose as well as the research problem stated above, the researcher has designed the following research questions.

- ✓ Is there a significant positive relationship between Tangibility and customer loyalty?
- ✓ Is there a significant positive relationship between Reliability and customer loyalty?
- ✓ Is there a significant positive relationship between Responsiveness and customer loyalty?
- ✓ Is there a significant positive relationship between Assurance and customer loyalty?
- ✓ Is there a significant positive relationship between Empathy and customer loyalty?

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

### **1.4.1 General objective of the study**

The main objective of this study is to investigate the effect of after sale service provide by Tecno mobile company on its customer loyalty.

### **1.4.2 Specific objectives of this study are:**

- ✓ To examine if there is a significant positive relationship between Tangibility and customer loyalty.
- ✓ To examine if there is a significant positive relationship between Reliability and customer loyalty.
- ✓ To examine if there is a significant positive relationship between Responsiveness and customer loyalty.
- ✓ To examine if there is a significant positive relationship between Assurance and customer loyalty.
- ✓ To examine if there is a significant positive relationship between Empathy and customer loyalty.

## **1.5. Hypothesis of the Study**

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

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

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

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

H5: There is a significant positive relationship between Empathy and customer loyalty

### **1.6. Significance of the Study**

This study will give the researcher the opportunity to gain deep knowledge toward the practice of after sales. And the Company, in which this study bases and other interested stakeholders, might use the study or the recommendations included in this paper as a base to improve its operation after carefully evaluating its impact. And finally other researchers can use it for their future research.

### **1.7. Scope of the Study**

In our country Ethiopia Tecno mobile is the leading local mobile phone assembly company on its industry with high market share value. as some of the after sale service like maintenance, online support, spear part supply and others after sale services are delivered by the company The researcher chose the target for conducting the paper. Holding this, to intend the proposed goal both qualitative and quantitative data were gathered to examine if there is a correlational relationship between the independent variable after sale service quality and the dependent variables customer loyalty. To support this, explanatory research method used, as this method gives the advantage to examine the correlational relation between the independent and dependent variables.

### **1.8. Limitation of the Study**

The possible limitation of the explanatory research method is that it is difficult to reach on appropriate conclusion while there are various factors and variable that may affect the dependent variables directly or indirectly. As Customer loyalty is not affected by only after sale service quality provided by Tecno mobile. Other factors also affect the level of customer loyalty. Considering this the researcher used a

questioner that could highly focus on the dependent and independent variables correlational relation.

### **1.9. Organization of the Paper**

The study was divided into five chapters in order to provide clarity and coherence on the discussion of the study. The first part of the dissertation was discussing the background, problem statement, questions and objectives and the significance and limitations.

The second chapter was discussing the relevance of the study in the existing literature. After the presentation of the existing related literature, the researcher was provided a synthesis of the whole chapter in relation to the study.

The third part of the study was discussing the methods and procedures use in the study. The chapter was comprised the presentation of the utilized techniques for data collection and research methodology. Similarly, it was also contained a discussion on the using techniques in data analysis as well as the tools used to acquire the said data.

The fourth chapter was discussion of the results of the study. Data to be presented was statistically treated in order to uncover the relationship of the variable involved in the study. With the said data, the chapter seeks to address the statement of the problem noted in the first chapter.

The last chapter was comprised three sections: the conclusions of the study, and the recommendations and limitation. With the three portions, the chapter shall be able to address the problem stated in the initial chapters of the study.

Reference and annex also provided in the final part of the paper.

## **1.10. Operational Definitions**

**After sale service:** - is all the service offered by Tecno mobile Ethiopia after the customer had bought the mobile phone and started using it.

**Customer loyalty:** - is the behavioral response of customers as a result of their satisfaction on the after sale service offered by Tecno mobile Ethiopia , which leads to repeat purchase (buy another mobile phone and being referral to other potential customers) from Tecno mobile Ethiopia .

**SERVQUAL:-** Service Quality

## **CHAPTER TWO**

### **REVIEW OF THE RELATED LITERATURE**

#### **2. Introduction**

This chapter will discuss theoretical review related to after sale, customer loyalty and SERVQUAL method. Also, past empirical studies and the conceptual frame work for the study will be discussed.

##### **2.1. Theoretical Review**

###### **2.1.1. After Sale Service**

After-sales service is commonly acknowledged as a potential source of revenue, profit and competitive advantage in most manufacturing industries (Bundschuh & Dezvane, 2003; Gaiardelli, Saccani & Songini, 2007). During the product life-cycle, after-sales services and spare parts may generate more than three times the turnover of the original purchase (Wise and Baumgartner, 1999). Earl and Khan (1994) classify after-sales as a business network process, since it has a direct impact on business performance and on the creation of competitive advantage, and since it is carried out by different organizations. Activities may be carried out through alternative channels and actors or through multiple channels and actors simultaneously. They might provide complementary services (e.g. field assistance and customer care) as well as competing ones (e.g. field assistance provided by sale points and repair centers, or by authorized and unofficial assistance networks).

After sale service is an increasing concept in many industries and organizations are very dependent on customer, satisfaction as their customer are satisfied their productivity increases otherwise they have to lose the market share. The after sale value line includes timely delivery, installation of the product to customer, good

warranty terms and time, enhanced service quality, proper feedback from consumer about the whole service, product and work according to majority recommendations of the consumer. All these after sale value line are considered vital part of after sale service, and through proper usage of this value line organization can increase customer satisfaction and enhance the productivity of the organization (Shaharudin et. al., 2009).

According to Muhammad et al. (2011) after sales service is defined as customer support following the purchase of a product or service. It is usually formalized by a warranty or service agreement between the service provider and the customer. By providing after sales services, the company facilitates the customer's attainment of the initially perceived value of the product (during purchase). Gaiardelli, et al. (2007) defined after sales service as those activities taking place after the purchase of the product and devoted to supporting customers in the usage and disposal of the goods to make them loyal. While according to Rigopoulou, et al. (2008) after-sales services are often referred to as "product support activities", meaning all activities that support the product-centric transaction. Furthermore, as stated in Potluri and Hawariat (2010) the term "after-sales services" has been approached in the literature under two broad perspectives. When referring to service providing companies, after-sales services are being treated as one among several supplementary service elements provided. On the other hand, when referring to tangible goods, they are mostly seen as operative activities of some or all members of the distribution chain. According to Kotler (2002), attracting a new customer is five times greater than the cost to keep a current customer happy. According to Adrian, et al. (1995) in today's marketing environment, an increasingly important source of competitive advantage is the way we serve

customers. In recent years, more and more organizations focus their attention on retaining existing customers rather than attracting new ones.

### **2.1.1.1. Objectives of After Sale Service**

According to Loomba (1998), the main objective of the after-sales is to keep the customer satisfied through trust, credibility and sense of security conveyed by the organization, and building lasting relationships that contribute to increased performance for sustainable results.

Forooz and Rostami (2006) as cited by Kindye E. (2011) have shown after sale service advantages like:-

- Competitive advantage
- Customer satisfaction
- Long- term customer relationship, customer retention and loyalty
- New product success and development
- High profit
- Differentiation
- Branding

Gaiardelli, et al. (2007) said an effective after-sales service protocol is essential to streamline service management and meet customer's expectations, it can let you experience customer delight, while also saving on your bottom-line and it generates profit. Henley center headlight vision (Anon., 2007) shows more than 1,800 customers who had purchased all the automotive brands sold in the U.S, Excellent service not only reinforces relationships with customers who already feel loyal to a brand. It can also defuse ill will that causes disaffected customers to bad-mouth the brand. According to Potluri and Hawariat (2010), delivery of after-sales service is becoming increasingly critical as businesses do everything in their power to be more

cost-effective, boost profit margins, and meet customer demand for a product or service. However, most of the business organizations are not aware about the after-sales service factors and its impact towards the customer satisfaction. Failing to realize the importance of the factors can lead to a disastrous and threatening business relationship. This may lead dissatisfied customers switch to a competitor or the company lose potential for new customers due to negative word-of-mouth effect. Hence, every business should know the objective and importance of having after sale service and implement it to satisfy customers and make them loyal.

### **2.1.1.2 Service Quality**

Service quality is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Gronroos, 1984; Parasuraman et al., 1985, 1988). Service quality has been defined as the degree and direction between customer service expectations and perceptions. Ms.R.Suriya et al. (2015)

According to Rajnish K. et al. (2010) there are several reasons why customers must be given quality service. Most important of them are:

- Industry has become so competitive that customers now have variety of alternatives, if the customer is lost, it can be extremely difficult to win back the individual and
- Most customers do not complain when they experience problems. These customers simply opt out and take their business elsewhere.

### **2.1.2. Brand Loyalty**

Brand loyalty is a sort of commitment towards the brand that induces a re-buy behavior into the customer in spite of the potential marketing attempts by competitors to break up the coalition between the brand and the consumer (Oliver, 1999). Brand

loyalty is considered to provide greater leverage to trade, condensed marketing costs (Aaker, 1991) and building an augmented market share (Jarvis and Mayo, 1986).

### **2.1.3. After-Sales Services and Customer Satisfaction**

Service quality and customer satisfaction are very important concepts that companies must understand if they want to remain competitive and grow. The quality of services provided and customer satisfaction are critical success factors in any business. (Biljana Angelova and Jusuf Zekiri 2011). Quality and customer service have been identified as critical strategic issues for the organizations (Donnelly *et al.*, 1995).

It is well known that the margin from after-sales service is much larger than that from the product. That is, aftersales service is considered a key revenue generator in certain categories (Cohen *et al.*, 2006; Cohen and Whang, 1997). Hence, on one hand, offering a large number of extra after-sales service plans to consumers, leads to higher profitability. Recent marketing management focuses on lifetime value of a customer and maintaining long-term relationships with customers (Gupta and Lehmann, 2007).

From this customer-relationship viewpoint, after-sales service is regarded as an important factor that has an impact on establishing good relationships with customers. On the other hand, a default and free basic after-sales service, also plays an important role in attracting more customer attention in a market with severe brand competition (Chien, 2005). Offering adequate after-sales service to customers has become a major generator of revenue, profit, and competency in modern industries (Cohen *et al.*, 2006; Cohen and Kunreuther, 2007). Accepting the claim that returning customers are the most profitable ones, as they require less marketing effort and relationship

building, after-sales service acquires a critical role as a means to achieve customer satisfaction and retention (Alexander et al., 2002).

Quality in services provides a competitive factor for continued consumption, especially when intangibility relations are tightened between quality and services. Service quality plays a notable role as a source of sustainable competitive advantage for the companies Alireza F. et al. (2011).

After sales service quality has major influence on customer satisfaction as customers buy products or services and on whether they continue to do so. Preserving their long term customer relationships requires that these businesses both measure and appropriately adjust the quality of their customer's service. As a result measurement and improvement in the current service quality level are of interest to companies whose revenues in whole or part from service delivery Rajnish K (2010).

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Offering adequate after-sales service to customers has become a major generator of revenue, profit, and competency in modern industries Cohen et al., (2006).

Alireza F. et al. (2011) conducted a study with a purpose of investigating the effect of after-sales services on customers' satisfaction as well as on their behavioral intentions, namely "repurchase intention" and "word-of mouth" (WOM). The research conducted followed a quantitative methodology. The selected research tool was a questionnaire. The study conducted was targeted at customers of a large retail chain marketing home appliances in Iran and 302 usable responses were utilized. A path analysis was performed using the "Amos 18" software. Findings show that after-sales service quality, affect satisfaction, which in turn affects behavioral intentions. Hence, after-sales services affect the overall offering and thus, the quality of the relationship with customers.

Fen & Lian, (2005, p.59-60) as cited by Kindye E.(2011) found that both service quality and customer satisfaction have a positive effect on customer's re-patronage intentions showing that both service quality and customer satisfaction have a crucial role to play in the success and survival of any business in the competitive market. This study proved a close link between service quality and customer satisfaction.

#### **2.1.4. Customer Satisfaction and Customer Loyalty**

(Prof.Dr.Abdul Ghafoor Awan, December, 2014) Satisfaction is often used as a predictor of future consumer purchases (Newman and Werbel, 1973; Kasper, 1988). Satisfied customers have a higher likelihood of repeating purchases in time (Zeithaml et al., 1996), of recommending that others try the source of satisfaction (Reynolds and Arnold, 2000; Reynolds and Beatty, 1999), and of becoming less receptive to the competitor's offerings (Fitzell, 1998). More specifically, satisfaction is found to be a

necessary precursor of customer loyalty (Fitzell, 1998; Fornell, 1992; Reynolds and Beatty, 1999; Sivadas and Baker-Prewitt, 2000; Zeithaml et al., 1996). Whereas satisfaction and loyalty are recognized as strongly related by most studies (Anderson and Sullivan, 1993; Fornell, 1992; Rust and Zahorik, 1993; Taylor and Baker, 1994), some consider the relationship to be interchangeable (Hallowell, 1996; Oliver, 1999), and some to be unidirectional, that is, progressing from satisfaction to loyalty only (Strauss and Neuhaus, 1997). Satisfied customers tend to be loyal customers with (Rowley, 2005) or without the mediation of other variables (Coyne, 1989; Fornell, 1992; Oliva et al., 1992). Glad shoppers are likely to have an increased utilization degree of an item than those who are not satisfied (Bolton & Lemon, 1999; Ram & Jung, 1991). They usually tend to possess a much better repurchase intention and to advocate the brand name for their acquaintances (Zeithaml et al., 1996).

### **2.1.5. After Sale Service, Customer Satisfaction and Customer Loyalty**

As many researches showed the effect of after sale service on customer satisfaction and loyalty is highly correlated. And satisfied customers are exposed for repeat purchase and positive word of mouth about the brand. In which both resulted with profitability and sustainability in the business for long period of time. For this reason after sale service is considered as competitive advantage in today's dynamic market.

### **2.1.6. SERVQUAL Model**

Clearly, from a Best Value perspective the measurement of service quality in the service sector should take into account customer expectations of service as well as perceptions of service. However, as Robinson (1999) concludes: "It is apparent that there is little consensus of opinion and much disagreement about how to measure service quality". One service quality measurement model that has been extensively applied is the SERVQUAL model developed by Parasuraman *et al.* (1985, 1986, 1988, 1991, 1993, 1994; Zeithaml *et al.*, 1990). SERVQUAL as the most often used approach for measuring service quality has been to compare customers' expectations before a service encounter and their perceptions of the actual service delivered (Gronroos, 1982; Lewis and Booms, 1983; Parasuraman *et al.*, 1985). The SERVQUAL instrument has been the predominant method used to measure consumers' perceptions of service quality. It has five generic dimensions or factors and are stated as follows (van Iwaarden *et al.*, 2003):

- (1) Tangibles. Physical facilities, equipment and appearance of personnel.
- (2) Reliability. Ability to perform the promised service dependably and accurately.
- (3) Responsiveness. Willingness to help customers and provide prompt service.
- (4) Assurance (including competence, courtesy, credibility and security). Knowledge and courtesy of employees and their ability to inspire trust and confidence.
- (5) Empathy (including access, communication, understanding the customer). Caring and individualized attention that the firm provides to its customers.

Even the SERVQUAL model has many limitations; its framework has guided numerous studies in the service sector, which focuses on banks, repair and

maintenance services, telephone companies, physicians, hospitals, hotels, academic institutions and retail stores (Parasuraman Zeithaml & Berry 1988, Carman 1990, Boulding, Kalra, Staelin & Zeithaml 1993, Kouthouris & Alexandris 2005). In fact, Siddiqi (2010) concluded in his recent study that the SERVQUAL model is still suitable as an assessment tool to measure the service quality perceptions.

So as to measure customer satisfaction with respect to different aspects of service quality and to overcome problems that are created as a result of the gap between management and customers, a survey instrument was developed by Parasuraman et al. (1988). The instrument is called SERVQUAL. The basic assumption of the measurement was that customers can evaluate a firm's service quality by comparing their perceptions with their experience. Normally, it is designed to measure service quality as perceived by the customer.

Based on their study Parasuraman et al (1985) identified ten key determinants of service quality. In 1988, Parasuraman et al. discovered an instrument for measuring consumers' perception of service quality, after that it became known as SERVQUAL. The SERVQUAL model measures the discrepancies between customers' expectations and perceptions. The SERVQUAL instrument consists of 22 items (Table 1) and comprises two parts: expectations and perceptions.

#### Service Quality Dimensions

##### Tangibles

- Modern equipment.
- Visually appealing facilities.
- Employees who have a neat, professional appearance.
- Visually appealing materials associated with the service.

## Reliability

- Providing services as promised.
- Dependability on handling customer's service problems.
- Performing services correctly the first time.
- Providing services at the promised time.
- Maintaining an error - free records.

## Responsiveness

- Keeping customers informed about when services will be performed
- Prompt service to customers.
- Willingness to help customers.
- Readiness to respond to customer's requests.

## Assurance

- Employees who instill confidence in customers.
- Making customers feel safe in their transactions.
- Employees who are consistently courteous.
- Employees who have the knowledge to answer customer's questions.

## Empathy

- Giving customers individual attention.
- Employees who deal with customers in a caring fashion.
- Having the customer's best interest at heart.
- Employees who understand the need of their customers.
- Convenient business hours.

A number of researchers have reported different dimensions for expectations, perceptions and gap scores. Thus, the universality of SERVQUAL's five dimensions has been questioned (Buttle, 1996; Carman, 1990; Cronin and Taylor, 1994).

Shortcomings concerning convergent and discriminant validity have also been noted (Buttle, 1996) as cited by Mohd et al. (2013). Nevertheless, despite the criticism, SERVQUAL has been widely used in various contexts throughout other studies. The SERVQUAL instrument has been widely used because it provides a basic skeleton, which can be adapted or supplemented to fit the characteristics or specific research needs of a particular organization. (Parasuraman, Zeithaml and Berry, 1988). Although many studies have used the SERVQUAL model as a framework in measuring service quality, there has also been theoretical and operational criticisms directed towards this model exist in the literature of services marketing. These criticisms have mainly revolved around right from its dimensional structure to the interpretation and implementation of the instrument (Buttle, 1996; Babakus and Boller, 1992; Lam Wong and Yeung, 1997; Smith, 1995; Newman, 2001) as cited by Mohd et al. (2013).

## **2.2. Empirical review**

Potluri and Hawariat (2010) conducted a study on assessment of after-sales service behaviors of Ethiopia Telecom customers to assess and review fixed-line telecom customers' perception of the quality of after-sales services provided by Ethiopian Telecom. It was conducted on 450 telecom customers who are in Addis Ababa using self-administered questionnaires. They use SERVQUAL measures in order to asses after sale service behavior Ethiopia telecom customers. Finally they get service provider is the most determinant for customer satisfaction and on an average 61.86 percent of customers responded positively to the after-sales service offered by the Ethiopian Telecom employees' on the dimensions of on responsiveness, reliability, assurance, empathy, and tangibility or appearance.

The research done by Zeinab Maghsoudlou, Hormoz Mehraniet et.al (2014) titled the Role of After-Sales Service in Customer Satisfaction: Case Study (Samsung House Appliances) concluded as result that there is a significant correlation between after-sales service and customer satisfaction.

Prof.Dr.Abdul Ghafoor Awan, Dean, Faculty of Management and Social Sciences Institute of Southern Punjab-Pakistan published a findings suggest that brand loyalty can be generated through improving customer satisfaction and offering high brand value. Brand performance has significant positive relation with customer satisfactions in home appliances sector of Pakistan. With research title impact of customer satisfaction on brand loyalty- an empirical analysis of home appliances in Pakistan.

### **2.3. Conceptual Framework**

On the literature part the researcher tried to show some relation about after sale service quality with customer loyalty. To develop and support the conceptual frame work the research explore past related articles.

Didik Wahjudi and Timoticin Kwanda et al (2018), excellent quality service is argued to improve customer retention and increase new customer growth (Ahn and Sohn [16]). In addition, firms can obtain useful information about customer needs through after-sales service, which in turn will result in higher customer satisfaction. Links between after-sales service quality and customer satisfaction are identified by several authors through empirical studies (Ahn and Sohn [16], Gorondutse and Hilman, [10], Rigopoulou *et al.* [1]). Customer satisfaction is identified to be one key factor that affects customer loyalty (Gorondutse and Hilman [10], Khan [12], Lin and Wang [13], Rauyrueen *et al.* [14] Aktepe *et al.* [17]). Loyalty level can be measured through the length of the relationship between producer and customer. The more satisfied is the customer, the longer the relationship will be. Aktepe *et al.* [17] identify

very satisfied customers are the best customer group and a targeted customer group because they share their satisfaction with other customers. After-sales service quality is reported to have a strong influence on customer loyalty, either directly or indirectly through customer satisfaction. Zeithaml *et al.* [17] identify the direct and indirect links between service quality and customer loyalty, while Gorondutse and Hilman and Parasuraman *et al.* It is very important to note that after sale is a key to support marketing performance and to increase customer loyalty, productivity in long run (Saccani, 2006). [8] Only find the indirect impact of service quality on customer loyalty through customer satisfaction. They do not find a significant direct link between service quality and customer loyalty.

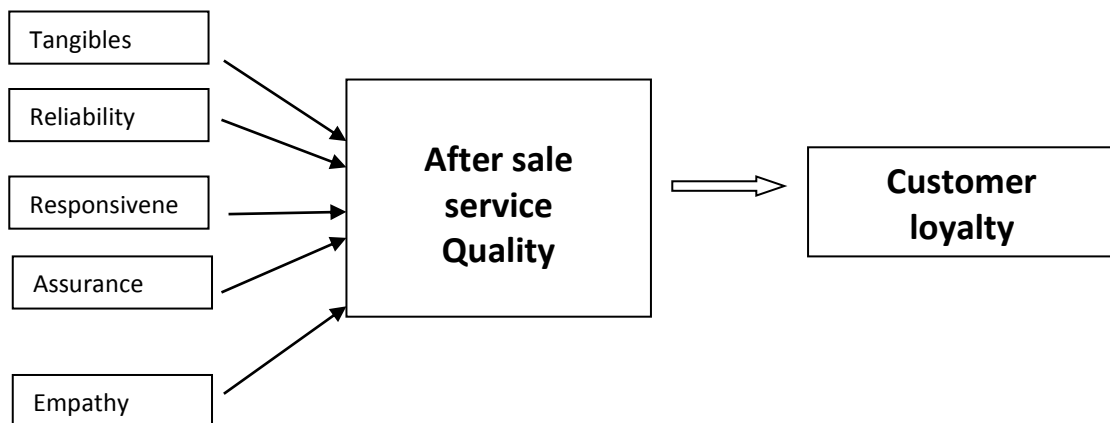


Figure 1. Conceptual Framework for the effect of after sale service quality on customer loyalty

As on the diagram showed after sale service is the independent variable which will affect customer loyalty. And most importantly tangibles, reliability, responsiveness, assurance and empathy which are dimension of service quality will affect the customer loyalty of Tecno mobile.

**Reliability:** This refers to the extent to which the service provider (the dealership) delivers on the promises made to the customer (O’Neill and Palmer, 2003; Buttle,

1996). Dealerships are known to contact the customer, promising that the vehicle will be ready for collection at a specific time. Upon arrival at the dealership, the customer is told that the vehicle is “nearly ready”, much to their frustration. Reliability is regarded as the most important dimension of service quality (Chowdhary and Prakash, 2007; Zeithaml et al., 2006).

H1 After sales service reliability has a significant positive impact on customer loyalty.

**Assurance:** this refers to the degree of confidence and trust that the dealership is able to engender in the customer, based on the interactions between the parties (Zeithaml et al., 2006; O’Neill and Palmer, 2003; Buttle, 1996). In the case of the dealership, the main source of assurance is with the service adviser. Their knowledge and manner of interaction with the customer inspires trust in the organization.

H2 After sales service assurance has a significant positive impact on customer loyalty.

**Tangibles:** This refers to the physical cues that are part of the service delivery process (Zeithaml et al., 2006; O’Neill and Palmer, 2003). They are used to communicate to the customer about the service that can be expected. Tangible cues that form part of this dimension include the signage, parking and layout of the dealership itself.

H3 After sales service tangibility has a significant positive impact on customer loyalty.

**Empathy:** Here, the customer is treated in such a way that they feel important to the organization, and that their needs are important to the organization, such as that they receive caring, individualized attention (Zeithaml et al., 2006; O’Neill and Palmer, 2003). In the case of the motor dealership, this can be seen in the interactions between the organization and the customer, and the nature of this interaction. Commenting on this Parasuraman et al (1988), said that customers want to feel understood and important to the service providers’ firm.

H4 After sales service empathy has a significant positive impact on customer loyalty.

**Responsiveness:** this refers to the willingness on the part of the service provider to deliver assistance to the customer (Zeithaml et al., 2006; O'Neill and Palmer, 2003).

In the case of the motor dealership, this refers to the changes that have been observed in service hours from just being weekdays to include weekend and night services, due to the changes in the needs of customers.

H5 After sales service responsiveness has a significant positive impact on customer loyalty.

# **CHAPTER THREE**

## **RESEARCH METHODOLOGY**

### **3. Introduction**

This chapter will discuss the research methodology which is designed in assumption to be valuable by the researcher to conduct the research. This includes research design, data type and source, population of the study and sampling procedure, data gathering instrument, data analysis methods and ethical consideration.

#### **3.1. Research Design**

According to Ghauri and Gironhaug, (2005), the basic three main research designs are exploratory, descriptive and explanatory. The research can be exploratory when it deals with an unknown problem, Descriptive when there an awareness of the problem and Explanatory when the problem is clearly defined. In addition to this According to Yin (1994), exploratory research is designed to allow the researcher to look around with respect to some phenomenon, with an aim to develop suggestive ideas. Casual research, also known as explanatory research is conducted in order to identify the extent and nature of cause and effect relationships. For this reason and the objective of the research, the researcher use casual (explanatory) research method. As casual research method tried to determine the cause and effect relationship between variables. And its help the researcher to determine how the dependent variables customer loyalty affected by the independent variable after sale service delivered by Tecno mobile. In order to support the main objective of the research, the researcher will also use both qualitative and quantitative data.

### **3.2. Data Type and Data Sources**

The researcher collected Qualitative and Quantitative data by using structured questioners and preliminary unstructured interview. The questionnaires were used to collect quantitative data from Tecno mobile after sales user customers found in Addis Ababa Tecno service centers. With this the questionnaires collected from the customers were used to examine the effect of after sale service quality on customer loyalty. And also preliminary unstructured interview were used to gather information about how many after sale service user customer reach their office and research related information about Tecno mobile Ethiopia.

### **3.3. Population of the Study**

To examine the effect of after sale service quality on customer loyalty. The researcher used Tecno mobile smart phone users that are in need of any after sales service and found at Addis Ababa city as a total population.

### **3.4. Sampling Procedure**

The researcher used convenience non probability sampling technique for data collection from the total population under surveying. And also the researchers physically contact the potential respondents for collecting data. To do so the researcher chose Tecno mobile service centers as data distribution location.

### **3.5. Sample Size**

According to the researcher preliminary and unstructured interview with the service center manager there are millions of Tecno mobile users in Ethiopia including smart phone and other models. Even Existence of useless and out dated model of Tecno mobile phones make it difficult to draw the exact number of Tecno mobile users

found in Addis Ababa, On average over ten thousand customers per month contact the carl care center found in bole Betwoded bldg.

As the number of population which visits the service center is found larger than 10,000 the researcher used Cochran, W. G. (1977) formula to calculate a representative sample for proportions as the size of the population is higher.

$$n = \frac{z^2 PQ}{e^2}$$

When there is a large population but that we do not know the variability in the proportion that will adopt the practice; then, we take  $p=.5$  (maximum variability).

Where,  $n$  is the sample size,  $z$  is the selected critical value of desired confidence Level /1, 96/,  $p$  is the estimated proportion of an attribute that is present in the population /50%/,

$q = 1 - p$  /50%/ and  $e$  is the desired level of precision/95%/.

Hence, the sample size for this research was

$$n = \frac{1.96^2 * 0.5 * 0.5}{0.05^2} = 384$$

### **3.6. Data Gathering Instruments**

To collect all primary data questioners were used. Also to collect secondary data the company profile documents and the company's official web site were used. And also previous related literatures were included.

### **3.7. Data Analysis**

The analysis of quantitative data collected from sample customers were computed using the result of Statistical Package for Social Sciences (SPSS) software. To understand the relationship between the dependent variable (customer loyalty) and independent variable (after sale services offered by Tecno mobile Ethiopia) inferential

analysis (regression and correlation analysis) was used. And finally the researcher used SERVQUAL as measurement of the after sale service quality by Tecno mobile.

### **3.8. Ethical Considerations**

In this research study, issues relating to the ethical conduct of research such as informed consent,

Confidentiality and privacy was upheld. Ethics is the norms or standards of behavior that guide moral choices about our behavior and our relationships with others, (Blumberg, et al, (2005). In addition, the goal of ethics in research is to insure that no one is harmed or suffers adverse consequence from research activity. Participants and respondents were given full information on the purpose and objectives of the study in order for them to make informed decisions. They were get full confirmation from the Researcher that all data to be collected was solely used for the academic purpose. Finding and results obtained from the study was presented without any biases. The works of scholar cited in the study are properly acknowledged.

## CHAPTER FOUR

### DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4. Introduction

This area is a presentation of results and disclosures obtained from field responses and data broken into two segments. The essential region deals with the establishment information, while the other section presents revelations of the examination, in light of the objectives of the study as researched by the surveys where both drawing in and inferential have been used.

#### 4.1. Response Rate

From the data assembled, out of the 384 questionnaires distributed, 338 copies were completed and returned making a response percent of 88. This rate concurs with Mugenda and Mugenda (2003) who explains that for hypothesis a response rate of half is palatable for examination and reporting, 60% is extraordinary and a response rate of 70% and over is awesome, thus 88% was surprising for an examination. This high response rate can be credited to the data gathering systems, where the researcher pre-told the potential individuals and associated the drop and pick technique where the surveys were picked at a later date to allow the respondents rich time to fill the reviews.

#### Table 4.1: Response Rate

The table illustrates the breakdown of the questionnaires sent out. It indicates the ones returned and those that were not returned.

Response	Frequency	Percentage
Filled-in Questionnaires	338	88
Unreturned Questionnaires	46	14

Source: Research Data

## 4.2. Reliability Analysis

Reliability of the poll was assessed through Cronbach's Alpha which measures the inside consistency. Cronbach's alpha was registered by utilization of SPSS frame 20 for unwavering quality investigation. The estimation of the alpha coefficient ranges from 0-1 and may be used to portray the steadfastness of parts removed at 0.5 importance level from dichotomous and also multi-point organized polls or scales. With a higher value of the result, the more dependable the coefficient. Cooper and Schindler (2008) have demonstrated 0.7 to be a satisfactory unwavering quality coefficient.

Table 4.3 demonstrates that administration quality had the most astounding for both variables ( $\alpha=0.958$ ). This outlines all scales were dependable as their unwavering qualities surpassed the recommended limit of 0.7 (Mugenda and Mugenda, 2008).

**Table 4.2: Reliability Coefficients**

Cronbach's Alpha	N of Items
.958	30

*Source; Own Survey, (2019)*

## 4.3. The Demographic Data of the Respondents

The study looked to discover the demographic data of the respondents which included sexual orientation, age and level of training. This was vital since it shapes establishment under which the study can reasonably embrace in thinking of conclusions. The examination depended on this data of the respondents to sort the distinctive results as per their associate and reactions.

**Table 4.3: The Demographic Data of the Respondents**

Item	Alternatives	Percentage
1. Gender	Male	53.77%
	Female	46.23%
	Total	100.00%
2. Age	21- 30 years	23.30%
	31- 40 years	27.10%
	41- 50 years	37.30%
	51- 60 years	8.60%
	60 years and above	3.70%
	Total	100.00%
3.Educational Background	Master's Degree	35.95%
	Bachelor's Degree	54.45%
	Diploma	7.20%
	Secondary Education	2.40%
	Total	100%

**Source; Own Survey, (2019)**

As it can be seen on the item 1 of table 4.2 regarding gender distribution of the respondents 53.77% of the respondents were male while the rest (46.23%) were female. This confirmed that the gender distribution was fair.

On the item 2 the respondent's age distribution categorized in a certain range to determine how age relates to customer loyalty based on experience. The respondents study discoveries showed that lion's share (37.3%) showed that their age section was somewhere around 41 and 50 years. Further, 64.4% of the respondents were between

the ages of 31-50 years. This suggests the greater part of the clients were sufficiently experienced to give genuine answers concerning the study.

On the item 3 of the same table sought to determine the respondents' education level. They were supposed to pick the highest level, based on four options provided. The majority (54.45%) of the respondents had bachelor's degree, with 90.4% of the respondents having a bachelors' degree and above. The discoveries along these lines show that the respondents have the ability to answer the inquiries effectively.

#### 4.4. Correlation analysis and Hypothesis Testing

Pearson correlation test was conducted to check the magnitude of correlation between the dependent variable, *Customer loyalty* and the various independent variables of after sale service quality such as, *Tangibility*, *Reliability*, *Responsiveness*, *Assurance* and *Empathy*. The researcher also used the same test to prove or disprove the alternative hypothesis. The following measure of association developed by MacEachron (1982) was used as a reference to check the magnitude of correlation.

**Table-4.4. the measures of associations and descriptive adjectives**

Measure of Association	Descriptive Adjective
> 0.00 to 0.20 ; < -0.00 to -0.20	Very weak or very low
> 0.20 to 0.40; < -0.20 to -0.40	Weak or low
> 0.40 to 0.60; < -0.40 to -0.60	Moderate
> 0.60 to 0.80; < -0.60 to -0.80	Strong or high
> 0.80 to 1.0; < -0.80 to -1.0	Very high or very strong

Source: This table is from MacEachron, (1982) *Basic Statistics in the Human Services: an Applied Approach*, page 132.

**Table –4.5. Correlation Matrix between Customer loyalty and After sale service Quality construct**

	Customer loyalty	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Customer loyalty	1					
Tangibility	<b>.666**</b>	1				
Reliability	<b>.470**</b>	.421**	1			
Responsiveness	<b>.573**</b>	.549**	.399**	1		
Assurance	<b>.626**</b>	.618**	.368**	.531**	1	
Empathy	<b>.457**</b>	.463**	.308**	.434**	.404**	1

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

*Source: Own Survey, (2019)*

From the above correlation matrix, the researcher found the following results under each constructs, supported with their related empirical evidences:

#### **4.4.1. Correlation analysis between the customer loyalty and Tangibility**

The result of Pearson correlation test between the dependent variable *Customer loyalty* and the independent variable *Tangibility* showed that, there is a positive relationship between the two variables at the significance level of (**R=0.666\*\***), (**P<0.01**). According to the measure of association, the magnitudes of relationship between the two variables are strong. Compared to other relationship dimensions considered in this study, Tangibility is ranked first in its magnitude of correlation.

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

Based on the result obtained from Pearson correlation, there is a positive association between the dependent variable *Customer loyalty* and independent variable *Tangibility*. Hence, we accept the first alternative hypothesis H1.

In general, the result of this study was also in line the empirical evidences of the aforementioned scholars.

#### **4.4.2. Correlation Analysis between the Customer Loyalty and Reliability**

Pearson correlation test was conducted to know the degree of association between the dependent variable *customer loyalty* and the independent variable *Reliability*. Hence, the result of the study showed that, both variables are positively correlated to one another at a significant level of ( $R=0.470^{**}$ ), ( $P<0.01$ ). Based on MacEachron, (1982), measure of association, the magnitudes of relationship between the two variables are moderate.

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

The result of the study showed that, customer loyalty and the independent variable Reliability has a positive association and hence we accept the second alternative hypothesis H2.

#### **4.4.3. Correlation analysis between the customer loyalty and Responsiveness**

The result of Pearson correlation test between the dependent variable *customer loyalty* and the independent variable *Responsiveness* showed that, there is a statistically significant positive relationship between the two variable at the level of ( $R=0.573^{**}$ ), ( $P<0.01$ ). MacEachron, (1982) classified this magnitude of relationship as a moderate one.

**H3: There is significant positive relationship between Responsiveness and customer loyalty.**

The researcher beforehand hypothesized that, there a significant positive relationship between the predicted variable customer loyalty and the predictor Responsiveness. Hence the result of the study confirmed same and we accept the third hypothesis, **H3**. Hence, the result of this study also supported the findings of the above researchers.

#### **4.4.4. Correlation analysis between the customer loyalty and Assurance**

The Pearson correlation result of the study, between the predicted variable of *customer loyalty* and the predictor variable of Assurance showed that, there is significant positive relationship between the two variable at a statistical level of ( $R=0.626^{**}$ ), ( $P<0.01$ ). From the after sale service quality constructs observed so far, Assurance is the second highly correlated variable with customer loyalty next to Tangibility dimension in this study.

From the MacEachron, (1982), tables of correlation magnitude we can infer that, the degree of association between these two variables (i.e. customer loyalty and Assurance) was strong.

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

Based on the positive association result obtained from the Pearson correlation test so far, between the two variables, (i.e. Customer loyalty and Assurance) the fourth hypothesis was proven to be valid and hence, H4 is accepted. The result of positive association between the construct dimensions of after sale service quality Assurance and the dependent variable customer loyalty was also proved in this particular study.

#### **4.4.5. Correlation analysis between the customer loyalty and Empathy**

As usual, Pearson correlation test was conducted to check the degree of association between the dependent variable *customer loyalty* and the independent variable *Empathy*, which the fifth construct dimension of after sale service quality considered under this study.

Accordingly, the test result of the study showed that, there is a significant positive relationship between the two variables at a level of ( $R=0.457^{**}$ ), ( $P<0.01$ ). Based on MacEachron, (1982) correlation table, the magnitude of relationship between the two variables was moderate.

Compared to the rest of the after sale service quality construct considered under this study, Empathy is proved to be the last in terms of its degree of correlativity with the dependent variable customer loyalty.

H5: There is a significant positive relationship between Empathy and customer loyalty

Armed with correlation result obtained, between the predicted variable of customer loyalty and the predictor variable of Empathy, we proved that there is positive relationship between them and hence we accepted the fifth hypothesis, H5. The result of this particular study was also, in line with the above empirical evidences.

## **4.5. Multiple Regressions**

Depending on the number of variables, one can run either simple linear regression with one dependent or one independent variable or otherwise, run multiple regression to see the linear relationship between one dependent and two or more independent variables. This particular study put in place, linear multiple regressions to study, the impact of after sale service quality components' (i.e. Tangibility, Reliability, Responsiveness, Assurance and Empathy) on the dependent variable customer loyalty. Hence, to be able to develop the regression line formula, the dependent and the independent variables are denoted as, (**X1=Tangibility, X2=Reliability, X3=Responsiveness, X4=Assurance and X5=Empathy**) and the dependent variable, **Y=customer loyalty.**

Before running a multiple regression on the SPSS, the researcher conducted a test of basic assumptions that are required to be fulfilled while conducting multiple regression, which otherwise be impossible to do. The tests for the five assumptions of multiple regressions are presented hereunder:

### **4.5.1. Assumption 1- Normality of the Distribution**

This assumption formally applies to the distribution of the errors (or, equivalently, the conditional distribution of the response variable) for any given combination of values on the predictor variables, Matt N, Carlos A, and Deson K (2013). One way of measuring the normality of distribution is through checking the level of skewness and kurtosis. Usually the value of skewness and kurtosis for normal distribution is varied from 1 to -1.

**Table 4.6. Normality of the data Descriptive Statistics**

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Customer Loyalty	338	-.353	.154	-.619	.307
Tangibility	338	-.027	.154	-.913	.307
Reliability	338	.027	.154	-.324	.307
Responsiveness	338	-.532	.154	-.497	.307
Assurance	338	-.528	.154	.241	.307
Empathy	338	-.215	.154	-.230	.307
Valid N (list wise)	338				

*Source: Own Survey, (2019)*

As it is showed in table 4.5, the result of skewness and kurtosis of the five construct dimensions of after sale service quality, against the predicted variable of customer loyalty was within the acceptable range of  $\pm 1$  and hence, we concluded that the data are normally distributed.

#### **4.5.2. Assumption 2- Linear relationship**

The model that relates the response  $Y$  to the predictors  $X_1, X_2, X_3... X_n$ , is assumed to be linear in the regression parameters (Chatterjee&Hadi, 2012). This means that the response variable is assumed to be a linear function of the parameters  $(\beta_1, \beta_2, \beta_3.....\beta_n)$  but not necessarily a linear function of the predictor variables  $X_1, X_2, X_3... X_n$ , as cited by, Matt N, Carlos A, and Deson K (2013).

The result of this study also showed that, there is a linear relationship between the independent variables of after sale service quality components and the response variable customer loyalty. This means that, for every increase in the independent

variable of Tangibility, Reliability, Responsiveness, Assurance and Empathy, the dependent variable customer loyalty will increase.

#### **4.5.3. Assumption 3- Homoscedasticity (equal variance)**

The model errors are generally assumed to have an unknown but finite variance that is constant across all levels of the predictor variables. This assumption is also known as the homogeneity of variance assumption. (Weisberg, 2005), as cited by, Matt N, Carlos A, and Deson K (2013).

It means simply that, the variance of Y for each value of X is constant in the population. This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regressions standardized predicted value. From the average results of the dependent variable customer loyalty and the independent variables of after sale service quality constructs to see whether homoscedasticity is really a pressing problem of this particular study.

When we see that the variance between the dependent variable customer loyalty and the independent variables of Tangibility, Reliability, Responsiveness, Assurance and Empathy is very minimal and hence we concluded that the assumption of homoscedasticity was proved in this particular study.

#### **4.5.4. Assumption 4- Independent of residuals**

The errors are assumed to be independent (Chatterjee&Hadi, 2012; Fox, 1997; Weisberg, 2005). Breach of this assumption leads to, biased estimate of standard errors and significance, even if the estimate of the regression coefficient remain unbiased but yet inefficient. (Chatterjee&Hadi, 2012), as cited by, Matt N, Carlos A, and Deson K (2013).

The Durbin-Watson statistic is used to test for independent of residuals. This particular test was obtained from the model summary part of the regression output.

The table below showed the Durbin-Watson test of this study.

**Table –4.7. Durbin-Watson test result Model**

**Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
1	.758 <sup>a</sup>	.575	.566	.57450	<b>1.866</b>

a. Predictors: (Constant), Empathy, Reliability, Assurance, Responsiveness, Tangibility

b. Dependent Variable: Customer Loyalty

**Source: Own Survey, (2019)**

The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50. Babatunde O.S, Oguntunde P.E, Ogunmola A. O and Balogun O.S, (2014).

In this case, Durbin-Watson is 1.866, close to 2 and within the acceptable range and hence, we assumed independence of residuals assumption.

**4.5.5. Assumption 5- Multicollinearity**

The last of the assumptions of the classical linear regression model is that the independent variables,  $X_i$ , are linearly independent of each other. If this assumption is not satisfied and the independent variables are thus multicollinear, the result is that the individual regression Coefficients for each variable are not identifiable. Because multicollinearity makes the regression coefficients quite unidentifiable, it is

important, if the aim is to estimate the regression equation, to reduce it as much as possible. Michael A and Patrick N, (1970).

Pair-wise correlation among the independent variables and the value of tolerance and variance inflation factor, (VIF) is considered to check multicollinearity. Accordingly, the following result was obtained from this study.

**Table –4.8. Pair-wise correlation among the independent variables**

	Customer loyalty	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Customer loyalty						
Tangibility	.666					
Reliability	.470	.421				
Responsiveness	.573	.549	.399			
Assurance	.626	.618	.368	.531		
Empathy	.457	.463	.308	.434	.404	

*Source: Own Survey, (2019)*

According to (Hair et al., 2006) the pair-wise correlation among the independent variable should not exceed **0.80**. As it is portrayed in the above table, the bold values showed the pair-wise correlation result and hence none of them exceeded the tolerable range of 0.80 to the maximum. Armed with this, we can say that multicollinearity was not a problem in this particular study.

#### **4.5.6. Regression Analysis Results**

Once all the multiple regression assumption was met, the researcher decided on the data and further processed it. Under this part, the researcher was mainly focused on the three most important elements of regression output, i.e. the Model summary, the

ANOVA test and the Beta coefficient. The average response obtained from the customer of Tecno Mobile under the dependent variable, *customer loyalty* and each of the predictor variables, *Tangibility, Reliability, Responsiveness, Assurance and Empathy* was used.

**Table –4.9. Model summary of the regression result Model**

**Summary<sup>b</sup>**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>	<b>Durbin-Watson</b>
1	.758 <sup>a</sup>	.575	.566	.57450	1.866

a. Predictors: (Constant), Empathy, Reliability, Assurance, Responsiveness, Tangibility

b. Dependent Variable: Customer Loyalty

*Source: Own Survey, (2019)*

The regression model considered customer loyalty as dependent variable and the after sale service quality score for the individual dimensions as the independent variables. A multiple regression analysis is conducted to evaluate how well the five dimensions predict customer loyalty. As it is depicted under the model summary table, the linear combination of the five dimensions is significantly related to customer loyalty (**R<sup>2</sup> =0.575, F=65.913 and P<0.001**). This means that, **57.5** percent of the positive variance of customer loyalty in the sample can be accounted for by the linear combination of the five construct dimensions of after sale service quality (i.e. *Tangibility, Reliability, Responsiveness, Assurance and Empathy.*) in Tecno Mobile.

**Table –4.10. ANOVA on components of RM**

**ANOVA<sup>a</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig
Regression	108.774	5	21.755	65.913	.000 <sup>b</sup>
<sub>1</sub> Residual	80.532	244	.330		
Total	189.306	249			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Empathy, Reliability, Assurance, Responsiveness, Tangibility

*Source: Own Survey, (2019)*

ANOVA (Analysis of variance), Used to compare whether the mean of one dependent variable differ significantly across the categories of another independent variables. ANOVA provides, the result of test of significance for **R** and **R<sup>2</sup>** using an F-statistic. According to Cohen, J (2010), if the result of the test is significant, with P-value below 0.05, then we reject the null hypothesis that **R<sup>2</sup>** is equal to zero and accept the research hypothesis that **R<sup>2</sup>** is significantly different from zero and there is a relationship between the independent and dependent variable in the population.

As it is depicted on the ANOVA table above, the **P-value** of the dependent variable customer loyalty and the independent variables of after sale service quality constructs of Tangibility, Reliability, Responsiveness, Assurance and Empathy is well below **.05(P<0.001)**.

Therefore, we concluded that the **R** and **R<sup>2</sup>** between the dependent variable customer loyalty and the independent variables of after sale service quality constructs are statistically significant (different from zero), based on the opinion collected from customer of Tecno Mobile.

**Table 4.11– Beta coefficient of regression result**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-.174	.227		-.764	.446
Tangibility	.31	.057	.314	5.354	.000
Reliability	.16	.050	.151	3.168	.002
Responsiveness	.17	.054	.168	3.103	.002
Assurance	.28	.063	.250	4.466	.000
Empathy	.12	.067	.091	1.865	.063

**a. Dependent Variable: Customer\_Loyalty**

*Source: Own Survey, (2019)*

Under the Beta Coefficient table, the researcher was highly emphasized on the values of the *standardized Beta coefficient* in order to figure out the relative importance of each independent variable, in predicting the dependent variable and on the *unstandardized Beta coefficient* in order to formulate the linear regression equation.

### **A. Standardized Beta Coefficient**

Standardized beta coefficient is sometimes called relative importance weight. More specifically, RIWs are the proportionate contribution from each predictor to  $R^2$ , (i.e. in our case to the  $R^2=0.575$ ), after correcting for the effects of the inter-correlations among predictors. This method is recommended when the researcher is examining the relative contribution each predictor variable to the dependent variable Johnson, (2000, and 2004).

From table 4.10 we can infer that, *Tangibility* is found to be the most important dimension of after sale service quality construct in Tecno Mobile in determining the variation in customer loyalty which accounted for 31.4% of the beta coefficient. The second most important element of after sale service quality that contributed most, to the positive variation in the dependent variable customer loyalty is *Assurance*, accounted for 25% of the beta coefficient, followed by, *Responsiveness* and *Reliability*, which had a beta coefficient share of 16.8% and 15.1% respectively.

In the case of Tecno Mobile, *Empathy* dimension of after sale service quality contributed least to the variance in the response variable among the others, accounted for only 9.1% and it is statistically insignificant at p-value greater than Alpha,  $(0.063 > 0.05)$ .

**Note that:** This doesn't mean that Empathy dimension has no contribution; rather its contribution was insignificant.

### **B. Unstandardized Beta Coefficient**

This is sometimes called, the Beta Weights. According to Pedhazur, (1997), a  $\beta$  weight coefficient informs us, as to how much change in the criterion variable (i.e. *customer loyalty* in our case) we might expect with a one-unit change in the predictor

variables, (i.e. *Tangibility, Reliability, Responsiveness, Assurance and Empathy* in our case) holding all other predictor variables constant.

The linear multiple regression formula for on dependent variable, customer loyalty and more than one independent variable of after sale service quality constructs, *Tangibility, Reliability, Responsiveness, Assurance and Empathy*, took the form of:

$$Y' = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Where,  $Y'$  = the dependent variable customer loyalty  $a$  = y axis intercept (the constant beta value)

$b_1, b_2, b_3, b_4, b_5$  = beta weight for each independent variables

$X_1, X_2, X_3, X_4, X_5$  = representing, *Tangibility, Reliability, Responsiveness, Assurance and Empathy* respectively.

$e$  = the error term (0.05 in our case)

Taking in to consideration the unstandardized beta value in the table above, the regression equation of this particular study to the nearest decimal was written as:

$$Y' = -0.174 + 0.31X_1 + 0.16X_2 + 0.17X_3 + 0.28X_4 + 0.12X_5 + 0.05$$

The negative value for the constant intercept should not be a cause for concern here. This simply means that, the expected value of the dependent variable *customer loyalty* was less than zero when all independent variables are set to zero.

#### ***Findings from the equation***

- For every unit increase in the value of *Tangibility* in Tecno Mobile, setting all other predictor variable to zero, the value of response variable *customer loyalty* will increase by 31%.

- For every unit increase in the value of **Reliability** in Tecno Mobile, setting all other predictor variable to zero, the value of response variable **customer loyalty** will increase by 16%.
- For every unit increase in the value of **Responsiveness** in Tecno Mobile, setting all other predictor variable to zero, the value of response variable **customer loyalty** will increase by 17%.
- For every unit increase in the value of **Assurance** in Tecno Mobile, setting all other predictor variable to zero, the value of response variable **customer loyalty** will increase by 28%.
- For every unit increase in the value of **Empathy** in Tecno Mobile, setting all other predictor variable to zero, the value of response variable **customer loyalty** will increase by 12%.

#### **4.6. Discussion**

The discussion part is important to give a clearer understanding on the subject under study. The present research was conducted in order to see, the impact of after sale service quality on customer loyalty in Tecno Mobile. The study included five after sale service quality dimensions such as Tangibility, Reliability, Responsiveness, Assurance and Empathy, to see their effect on customer loyalty.

The present study showed that, after sale service quality has a significant positive relationship with customer loyalty at a significance level of  **$R^2=0.575$  (F=65.913, P<0.001)**. Thus the finding is in line with the hypothesis number six; (**H6**) stated in the paper that the after sale service quality had a high influence on customer loyalty. Thus the major hypothesis stated is well accepted.

The correlation between the dependent variable customer loyalty and each of the independent variables, together with their relative importance was identified.

Tangibility is the first after sale service quality construct that was considered under this particular study.

The results of the present study also showed that, Tangibility is the most important after sale service quality dimension that contributed significantly towards maintaining customer loyalty in Tecno Mobile, (**RIW=31.4%**). The same dimension was also positively correlated with the dependent variable customer loyalty at a statistically significant level of (**R=0.666**), (**P<0.01**).

Even if the result of the regression analysis showed that, Tangibility is one of the major contributor factors to the positive variance in customer loyalty, few of the customers of Tecno Mobile was not agreed on two of the questions brought forward regarding the Tangibility dimension. According to the researcher, the dissatisfaction of customers on the above two facts, limited the contribution of Tangibility variable to the positive variance on customer loyalty than what it deserved now, (i.e. RIW=31.4%).

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1. Summary

Based on the data collected from customers of Tecno Mobile and the analysis made so far, the following important summary of the finding was obtained.

- The reliability test conducted to check the dependability and consistency of the instrument showed, a Cronbach Alpha of **0.958**.
- Pearson correlation test between the dependent variable *customer loyalty* and the predictor variable *Tangibility* showed, an (**R=0.666**), (**P<0.01**), where **H1** was accepted.
- Pearson correlation test between the dependent variable *customer loyalty* and the predictor variable *Reliability* showed, an (**R=0.470**), (**P<0.01**), where **H2** was accepted.
- Pearson correlation test between the dependent variable *customer loyalty* and the predictor variable *Responsiveness* showed, an (**R=0.573**), (**P<0.01**), where **H3** was accepted.
- Pearson correlation test between the dependent variable *customer loyalty* and the predictor variable *Assurance* showed, an (**R=0.626**), (**P<0.01**), where **H4** was accepted.
- Pearson correlation test between the dependent variable *customer loyalty* and the predictor variable *Empathy* showed, an (**R=0.457**), (**P<0.01**), where **H5** was accepted.
- The normality test conducted so far showed skewness and kurtosis value of the entire dependent and the independent variables are within the acceptable ranges of plus or minus 1.

- The linearity test conducted so far which considered customer loyalty as a dependent variable denoted as **Y** and Tangibility, Reliability, Responsiveness, Assurance and Empathy as an independent variables denoted as **X1, X2, X3, X4, X5** showed, a positively sloped least square regression line.
- The homoscedasticity test conducted so far showed relatively there an equal variance across the population.
- The independence of residual test result showed a Durbin Watson of **1.866**.
- The multicollinearity assumption test result showed that, the inter correlations between all the independent variables are well below the acceptable range of **0.80**, the tolerance values of all greater than the acceptable range of **0.10** and the VIF value of all less than the acceptable range of **2.5**.
- The model summary results showed that, a linear combination of all the independent variables considered under the study predicts (**R<sup>2</sup>=0.575**), of the variance in the dependent variable customer loyalty.
- The ANOVA test result showed that, the value of **R** and **R<sup>2</sup>** obtained under the model summary part was statistically significant at (**F=65.913**), (**P<0.001**).
- The standardized beta coefficient (RIW), of each independent variable showed, (Tangibility=**0.314**, Reliability=**0.151**, Responsiveness=**0.168**, Assurance=**0.25** and Empathy=**0.091**).
- The unstandardized beta coefficient values for each independent variables showed, (**β<sub>x1</sub>=0.306**, **β<sub>x2</sub>=0.158** **β<sub>x3</sub>=0.168** **β<sub>x4</sub>=0.28** and **β<sub>x5</sub>=0.124**).

## 5.2. Conclusion

This study has pointed out the impact of after sale service quality activities on the customer loyalty in Tecno Mobile. The study considered five after sale service quality

constructs such as, Tangibility, Reliability, Responsiveness, Assurance and Empathy as independent variables and witnessed their impact on the response variable customer loyalty.

After sale service quality is the heart of all successful Financial Service Institutions. It can help to develop a satisfied customer base and improve customer loyalty. To succeed, every business needs to take a customer centric approach and build long lasting relationship with customers. The need to understand the customer perception about the after sale service quality activities of Tecno Mobile proved through this study. It is evident from the study that, building Tangibility, showing Reliability to customers, developing Empathy, proper customer Responsiveness and Assurance activities would help Tecno Mobile to serve customers according to their expectations and thereby to build customer loyalty.

Therefore, from the findings the present study, the researcher concluded that:

- All the after sale service quality constructs considered under the present study was positively correlated with the response variable customer loyalty using Pearson correlation test and hence, we concluded that, for every unit increase in the independent variables, the dependent variable customer loyalty will increase in Tecno Mobile SC.
- Since there was a significant positive association between components of after sale service quality and the response variable customer loyalty, the researcher concluded that, all the hypothesis presumed were well accepted.
- All the multiple regression assumptions of normality, linearity, independence of residuals, homoscedasticity and multicollinearity were proven to valid under the present study.

- From the model summary part of multiple regressions we concluded that after sale service quality has significant impact in explaining the variance in the dependent variable customer loyalty in Tecno Mobile.
- From the ANOVA test result, we concluded that, the **R** and **R<sup>2</sup>** of the linear combinations of after sale service quality components were statistically significant in explaining the variance in the response variable customer loyalty in Tecno Mobile.
- From the standardized Beta coefficient we concluded that, Tangibility dimension of after sale service quality was the most important predictor of the response variable customer loyalty in Tecno Mobile, followed by Assurance, Responsiveness, and Reliability according to their order of importance. Whereas, Empathy was the least contributor to the positive variance in the response variable customer loyalty.

Finally, considering the paramount importance of after sale service quality, especially in service providing company like Tecno Mobile in securing the loyalty its customers, much attention has to be paid on the dimensions discussed so far, so that it will be useful in formulating customer relationship management strategies for the company as well as, to be able to lay the ground for future researchers.

### 5.3. Recommendations

In today's volatile and dynamic business environment where, customers are very sensitive in changing their preference across many service providers, after sale service quality plays a rampant role in maintaining the loyalty of customers. So, in order for Tecno Mobile, to be benefited the most out of its relationship with customers, the following constructive suggestion was forwarded by the researcher, armed the response obtained from customers of the Insurance:

- It is obvious that, today's customers were very demanding than ever. So, Tecno Mobile has to work hard towards providing consistent and quality services than players in the industry, in order to further develop Tangibility in the minds of its customers, which otherwise costs the company in losing its loyal customers.
- Tecno Mobile should focus on its recruitment and selection policy, especially on those who are bringing the front image of the company and on promoting customer oriented culture, as today's customers are highly demanding of being honored.
- Tecno Mobile should conduct a regular training session for all members of staff on proper customer relation, so that customers are well treated and respected at any point in time and hence develop a sense of Tangibility on the company.
- Tecno Mobile should consider offering personalized services to its customers, where they are served based on their will and interest. In doing so, Tecno Mobile needs to consider knowing who is the customers and at the same time identify what is important to them than, simply offering a mass services.

- Tecno Mobile should consider avoiding the highest level of rigidity, while it ponders to change its services and at the same time while striving to fulfill customer's needs. Meaning that, the company has to exercise tolerable range of flexibility in offering its services to customers.
- Tecno Mobile should aggressively communicate its existing as well as new products and services, so that the largest majority of its customers are aware of what is going on.
- The company should strive to integrate customer feedback as much as possible in order to improve its products and services.
- Finally, for Tecno Mobile to make its customers not only like it, but also love it, it should have to consistently go out of its ways to let them know how much it valued them, in order to develop a strong relationship and maintain their loyalty.
- As the result shows if there is Reliable, Responsive, Assurance, Tangibility and Empathy on after sales service there would be customer loyalty on locally assembled mobile phones. And the customers can pay using local currencies. Hence the countries can save or increase their foreign currency reservation and use it to import the most important commodities like medicine and petroleum.

### **5.3. Limitations and Future Research Directions**

This study has offered some valuable insight into studies on effect of after sales service quality on customer loyalty, which involves a number of limitations that need to be acknowledged.

- First, the main limitation of the research relates to the small sample sizes, studies required with larger sample sizes to deal with any issues in terms of making inferences or generalizations regarding the population as a whole.
- Second, the explanatory research method is that it is difficult to reach on appropriate conclusion while there are various factors and variable that may affect the dependent variables directly or indirectly
- Third, data collected for the study focused on one particular type of industry domain, which is mobile phone. Generalization of the result to other industries should be taken with care and would require further study.
- Forth As the sample is derived from one region of Ethiopia, generalizability of the results is limited. Replication in other settings is recommended.

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## Appendix-I

### SURVEY QUESTIONNAIRE

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE**

**DEPARTMENT OF MARKETING MANAGEMENT**

#### Dear Respondent

The purpose of this questionnaire is to collect primary data for a study on “**Effect of after sale services quality on customer loyalty the case of Tecno mobile Ethiopia**”. This is undertaken as a partial fulfillment for the degree of Masters of art in marketing management at Addis Ababa University School of commerce. In this regard the researcher kindly asks you to provide the reliable information to the best of your knowledge, so that the findings from the study would meet the intended purpose. the researcher strongly assure you of confidentiality of the information you give and would like to extend deepest gratitude in advance for being a volunteer to devote your valuable time in filling this questionnaire.

#### Directions

- 1.No need to write your name
- 2.Please tick (√) in the appropriate box

#### General Information

1.gender

Male

female

2.Age

15-19  20-28  29-37  above 37

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>I. Service quality</b>					
<b>Tangibles</b>					
1. The customer service branches of the company are located in convenient places.					
2. The physical facilities of the after sale service center are visually appealing					
3. The service provider has up-to-date after sale equipment.					
4. The employees are well dressed and neat in appearance					
<b>Reliability</b>					
1. When the service provider promises to do something, it does so.					
2. The service provider shows a sincere interest in solving customer problems					
3. The service provider provides services at the time it promises					
4. The after sale service charges are accurate					
<b>Responsiveness</b>					
1. Help line is easily accessible					
2. after sale employees give prompt service					
3. Employees are always willing to help					
4. The employees respond to customer requests even if busy					

<b>Assurance</b>					
1. The after sale employees work can be trusted					
2. Customers feel safe using any after sale service provided by Tecno mobile					
3. The service provider protects the confidentiality of customer information					
4. The employees are consistently courteous with customers					
<b>Empathy</b>					
1. The employees provide individual attention to each after sale service seeker					
2. The employees know the customer needs					
3. The after sale service provider has operating hours convenient to all					
4. The employee have the best interests of the customers					
<b>II. Customer loyalty</b>					
1. You will gladly recommend other Tecno mobile users to visit the company's service center					
2. You consider to buy Tecno mobile products as your first choice					
3. You are willing to buy Tecno mobile products even Tecno mobile price is higher than other competitors					
4. You feel proud of your Tecno mobile					
5. You want to build a long term relationship with Tecno mobile					
6. You will be happy to provide suggestions or feedback to your developer if requested					