THE EFFECT OF MARKETING MIX PROGRAM ON BRAND LOYALTY

(THE CASE OF ETHIOPIAN AIRLINES)

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MAY, 2016
ADDIS ABABA

Statement of Certification

This is to certify that **Tewodros Hunegnaw** has carried out his research work on the topic entitled "***The Effect of Marketing Mix Elements program on Brand Loyalty***: **the case of Ethiopian Airlines**" is his original work and is suitable for submission for the award of Master's Degree in Marketing Management.

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Advisor: Dr. R. Negi

May, 2016

Declaration

I certify that this research paper entitled "***The Effect of Marketing Mix Elements program on Brand Loyalty":* the case of Ethiopian Airlines**" has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree.

I also certify that the thesis/project has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

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Acronyms

CRM = Customer relationship management

EAL = Ethiopian Airlines

H = Hypothesis

ICAO = International Civil Aviation Organization

IFE = In-flight Entertainment

SPSS = Statistical Package for Social Science

MRO= Maintenance, Repair and Overhaul.

Abstract

This study was intended to examine the effects of marketing mix elements program on brand loyalty in context to Ethiopian Airlines S.c. as the leading Pan African air line and as its vision to be the world class airline in its 15 years strategic plan, the airline is facing a tough competition with the rivals in the industry. Its marketing activities can be examined in relation to brand loyalty of the organization because brand success has power to allow marketers to gain competitive advantage. The study used a quantitative research where a questionnaire was administered to international passengers of Ethiopian Airlines who used Addis Ababa Bole international airport during the data collection time by employing sample size determinants like: confidence level, confidence interval and population. A systematic sampling technique was used. The questionnaire consisted of factors like; brand loyalty, product, place, price and promotion. 420 questionnaires has distributed and out of 402 recollected respondents 379 are considered as valid respondents for further investigation. The study is quantitative research approach and the collected data are analyzed by scale reliability for questionnaire scaling validity, descriptive statistics, factor analysis, Pearson correlation analysis and multiple regression analysis with a view to know that at what level both marketing mix and brand loyalty are related with each others. The collected data revealed that there has been a positive effect and positive relationship among different dimensions of marketing mix elements and brand loyalty of Ethiopian Airlines S.C. This study indicates on selectivity of right marketing activities to suit the particular business at a particular time and then to use it at particular situation. Further research can be held with more samples by extending the area of research.

Keywords: Brand Loyalty, Product, Place, Price, Promotion

Chapter One

1. Introduction

1.1 Background of the study

Airlines are challenged by the increase in competition in addition to, the increasing cost of operation. These competitions are increasing the cost of attracting new customers. In these markets, it might cost five times as much as to attract new customers as to keep a current customer happy. This situation makes the airlines to engage in various customer loyalty programs.

Customer loyalty plays an important role in an organization's success. Loyal customers provide firms a consistent source of revenue (repeat and increased purchases) and for cost reduction (less promotional expenses), thus increasing profitability. (Reichheld and Sasser,1990) find that loyal customers are willing to (1) re-buy products despite the fact that there are attractive competitive alternatives to cause switching, (2) spend money on trying products across the firm's product line offerings, (3) recommend the firm's goods or services to other consumers, and (4) give the company sincere suggestions (feedback) as to their needs and expectations. The result of a successful customer loyalty strategy leads to customer retention.

In the market place, some businesses have been first movers and developed successful loyalty programs that initially gave them competitive advantages. However, they have become common in certain industries, e.g., airlines, hotels, in which such advantages have been lessened, or even lost. A recent airline marketer search study found wide disparity for available frequent flyer award seats–99 percent for South west to 11 percent for US Airways (Perkins, 2010). Hence, the value of participating in one loyalty program, e.g., south west, is greater than another, e.g., US Airways, to maintain an advantage in a highly competitive industry.

Customer brand loyalty is the result of successful marketing strategy that creates competitive value for consumers, as South west Airlines and Harley-Davidson have been able to achieve. Research (Bloemer & Odekerken-Schröder, 2002; Reichheld & Sasser, 1990; Zeithaml, 1988) as well as market place experiences (Elliott, 2010;

Perkins, 2010) have shown mixed or unique results as to what determine successful customer loyalty strategies. The concept of brand loyalty is comparatively more important for services sector, especially for those who provide services with little differentiations and compete in dynamic environment (Santouridis & Trivellas, 2010). Marketers working to influence customer perception towards their firm by implementing various controllable elements of marketing mix which known as 4Ps of marketing (product, price, place, promotion) (McCarthy, 1964). Due to the nature and inherent intangibility, three additional Ps i.e. people, process, and physical evidence was introduced for service sector. Marketers try to shape customer perception towards their firm to influence the purchasing decisions by implementing various controllable elements of marketing mix i.e. product, price, place, promotion, people, process, physical evidence (Bitner,1990). The problem of the study lies with the fact to investigate whether there is any relationship between 7Ps and brand loyalty. This study has conducted with the primary objective to investigate the effect of services marketing mixes on brand loyalty with reference to Ethiopian Airlines.

1.2 Background of the company

Ethiopian Airlines (Ethiopian) which established in 1945 is the fastest growing Airline in Africa. In its operations in the past close to seven decades, Ethiopian has become one of the continent's leading carriers, unrivalled in efficiency and operational success.

Ethiopian commands the lion share of the pan-African passenger and cargo network operating the youngest and most modern fleet to more than 79 international destinations across five continents. Ethiopian fleet includes ultra-modern and environmentally friendly aircraft such as the Boeing 787, Boeing 777-300ER, Boeing 777-200LR, and Boeing 777-200LR Freighter and Bombardier Q-400 with double cabin. In fact, Ethiopian is the first airline in Africa to own and operate these aircraft.

Ethiopian is currently implementing a 15-year strategic plan called Vision 2025 that will see it become the leading aviation group in Africa with seven business centers: Ethiopian Domestic and Regional Airline; Ethiopian International

Passenger Airline; Ethiopian Cargo; Ethiopian MRO; Ethiopian Aviation Academy; Ethiopian In-flight Catering Services; and Ethiopian Ground Service. Ethiopian is a multi-award winning airline registering an average growth of 25% in the past seven years.

1.3. Statement of the Problem

Retaining loyal customers is becoming a must for airlines to achieve sustainable profit objective set in their strategic plan. In such a highly competitive environment, customer loyalty has become an increasingly effective means for securing a firm's profitability. The stiff competition in an airline industry forced many airlines to have various loyalty program strategies which address customer satisfaction and retain their customers by providing efficient service which excel from their competitors. Due to the intensive marketing effort of competing airlines tendency of customers to switch carriers is increasing and customers are becoming less loyal than before (Reichheld and Sasser, 1990). Customer loyalty is one of the most important issues organizations face today. Creating loyal customers has become more important due to significant increase in competition and concentrated markets. Businesses are trying to attract and satisfy customers and to build long term relationship through building loyalty among customers. Developing a network of loyal and satisfied customers is critical for the survival of many corporations (Kotler, 2006). Branding is used to establish a competitive position by enhancing through loyalty (Cento, 2009). Managers have recognized the importance of brand loyalty and have discovered the benefits of retaining customers rather than seeking new ones (Reichheld and Sasser,1990).

The airline industry has fashioned itself in to competitive environment between and amongst the business in which a constantly falling air fare for the services rendered (Reichheld and Sasser, 1990). Airlines cope with the new market condition aiming for higher cost efficiency, implementing network strategy that confer revenue advantages, Pricing and yield management reducing the risk of perishable seats, building customer retention through their Customer Relationship Management (CRM) programs, and accessing new destinations through airline alliances (Cento,

,2009). The low cost carriers on the other hand continue to drain market share from full service carrier markets and charter carriers offering very low fares for scheduled services arising out of their lower cost advantage (Cento, 2009).

Ethiopian Airlines being one of the largest and leading airlines of Africa and the globe has its competitive landscape with other airlines: Egypt Air, Emirates Airlines, Gulf Air, Kenya Airways, Lufthansa Airlines, Qatar Airways and Saudi Arabian Airlines that have flights to Ethiopian Airlines Hub Addis Ababa; and are hub and spoke operators themselves using their hub in Cairo, Dubai, Bahrain, Nairobi, Frankfurt, Doha and Jeddah/Riyadh respectively offering convenient choice to destinations outside of Ethiopia for the customer base in Ethiopia. Similar to other airlines in the global market, these full service airlines also face challenges. The major battle ground for airlines is to invest in their loyal customers by attracting and retaining highly profitable business travelers. In order to attract new customers and to retain the existing customers the airline uses various strategies and using various elements of the marketing mixes is one part of these strategies. Hence Ethiopian Airlines is now engaged in various marketing activities in order to create loyal customers (Customer Loyalty Department Report, 2015).
Brand loyalty cannot be isolated from marketing mix in the service sector (Rundle-Theile, 2001). This study adds insight to understand and explaining the link between brand loyalties and the marketing mix. The dimension of brand loyalty are identified and evaluated through questionnaire. In such a situation, this study may be bridge for the knowledge gap on marketing mix effects on brand loyalty.

1.4. Main Research Questions

To what extent marketing mix programs which adopted and implemented by the airline influences brand loyalty of passengers.

Sub Research questions:

- What is the relationship between brand loyalty and service (product) quality of Ethiopian Airlines?
- Is there any significant relationship between brand loyalty and service

placement of Ethiopian Airlines?

- Is there any significant relationship between brand loyalty and pricing strategies of Ethiopian Airlines?
- Is there any significant relationship between brand loyalty and product/services promotional strategies of Ethiopian Airlines?

1.5. Objectives of the Study

General Objective

The basic objective of the study is to examine the effect of the marketing mix programs on brand loyal.

Specific Objectives

The specific objectives are:

- To examine the effect of the service quality on brand loyalty.
- To test the influence of service placement on brand loyalty.
- To examine the relationship between brand loyalty and the pricing strategy of the airline.
- To investigate the relationship between promotional strategy and brand loyalty.

1.6. Significance of the Study

This study examines various aspects of marketing mix effects on brand loyalty in context to Ethiopian Airlines. The study can be viewed as important in two ways. Theoretically the study can contribute to understand how marketing mix could be important for developing brand loyalty strategies. Practically the study can help the decision makers to identify the effects of their marketing mix in determining the brand loyalty of customers. Such information could help the management of the airline in formulating appropriate marketing mixes in the process. It is also important to have continual assessment on the marketing mix implementation as well as the customers' perception in terms of building long term relationship to assess their loyalty to a certain company. It also will help other researchers to conduct further studies on the subject.

1.7. Delimitation/ Scope of the Study

A complete evaluation and judgment on the impact of marketing mix on brand loyalty of airline's passengers by Ethiopian Airlines ideally demand a wider investigation that covers all international routes served by the airline. However, it is necessary to narrow this research into a manageable size due to research cost and time. Therefore, this research survey will conducted at Addis Ababa International Airport. And also in order to have a manageable size of the research and get better insight, the study will focus on international passengers.

1.8 Limitation of the study

The survey will conduct in English languages at Bole International Airport for a cross section of time. Sufficient sample data will obtain from the survey. The researcher has noted that more response can be been obtain if more language choices have been used and cover more destination airports since the selected respondents were from various alternatives.

1.9. Organization of the Thesis

The study will be organized in to five chapters:

Chapter one will contain background of the study, statement of the problem, basic research questions, objective of the study, definition of terms, significance of the study, and delimitation/scope of the study. Chapter two: Literature Review will contain the literature review in relation to relationship marketing, brand management, service marketing and Airline marketing. Articles and books will be also used. Chapter Three: Methods of the study will describe the type and design of the research; conceptual frame work adopted from previous studies will be stated; the subject and participants of the study will be mentioned; data source that will be used for the study will be specified and the data collection tools employed will be elaborated. Chapter Four: Results and discussion is the summarization of the results/findings of the study will be made. On the fifth chapter, summery of the findings will be made from chapter four and conclusion will be made as well. Finally the recommendation on its application to airline managers will be pin point.

1.10. Definitions of key words

Marketing Mix

According to (Kotler, 2000:74), “Marketing Mix is the set of controllable variables that the firm can use to influence the buyer’s response”. The controllable variables in this context refer to the 4P’s including Product, Price, Place and Promotion. In case of service organization, there are three extra P’s such as People, Physical evidence and Process.

Product

(Armstrong and Kotler, 2011:158) defined product as, “Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. The product in service industry is intangible in nature.

Price

According to (Kotler et al. 2008), “Price is the amount of money charged for a product or service, or the total values that consumers exchange for the benefits of having or using the product or service.

Place

(Hirankitti et al. 2009:261) described place as the ease of access which potential customer associates to a service such as location and distribution. Place in case of services determine where is the service product going to be performed.

Promotion

Marketing communication mix (Promotion mix) consists of the blend of advertising, personal selling, sales promotion, public relations and direct marketing tools. A communication program plays three vital roles such as provide information, persuade target customers, and encourage them to take action (Lovelock and Wright, 2002:111).

People

People refer to the employees who produce and deliver the service. Service encounter occurs when employees and consumers meet together and these encounters have strong influence on the customer's perception of service quality (Hartline and Ferrell, 1996:268).

Process

(Hirankitti et al., 2009:128) stated that the pace of the process as well as the skill of the service providers is clearly revealed to the customer. It also forms the basis of consumer satisfaction with the purchase.

Physical Evidence

Service cannot be displayed like goods. Due to intangible characteristics of service, customers often rely on tangible cues or physical evidence to evaluate the service before its purchase and to assess their satisfaction with the service during and after consumption. Physical Evidence is that which can be easily associated with the product. Therefore firms should create a suitable environment to highlight the fact to the customers (Rathmell, 1974:74).

Chapter Two

Review of Related Literature

2.1 Theoretical Frame work

2.1.1 Brand

The American Marketing Association defines brand as a name term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. Thus brand is a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. According to (Kotler and Keller, 2012:p241) these differences may be functional, rational, or tangible related to product performance of the brand. They may also be more symbolic, emotional, or intangible related to what the brand represents or means in a more abstract sense. A *brand* is an asset that has no physical existence and the value of which cannot be determined exactly unless it becomes the subject of a specific business transaction of sale or acquisition.

According to (Keller, 2003:3), the key to creating a brand is to be able to choose a name, logo, symbol, package design or other attributes that identify a product and distinguish it from others. The different elements of a brand that identify and differentiate it can be called brand elements.

Brands and *branding* are often used as interchangeable concepts. According to (Kotler and Keller 2006:p275), a *brand* is a perceptual entity that is rooted in reality but reflects perceptions of consumer .*Branding* is endowing products and services with brand equity and is about creating differences among other brands. *Branding* involves creating mental structures by helping consumers organize their knowledge about products in a way that clarifies their decision making and providing value to the organization.

2.1.2 Loyalty

Earlier, several researchers examined the drivers of customer loyalty, as loyal customers in both consumer and business markets are possible to engage in repeat purchases from a seller or increase their “share” of purchases from a specific seller. Furthermore, they may possibly provide referrals of business to sellers or engage in word of mouth promotion (Lam and Burton, 2006).The customer loyalty can lower costs or increase profitability, as the cost of recruiting a new customer is said to be five times more than the cost of retaining an existing customer.

(Shoemaker and Lewis, 1999 p. 349)) describe loyalty as it pertains specifically to the hospitality industry: loyalty takes place when “the customer feels so strongly that you can best meet his or her relevant needs that your competition is virtually excluded from the consideration set, the customer buys almost exclusively from the preferred service organization referring to you”. (Jacoby and Chestnut, 1978) have stated that loyalty is as a repeat purchase behavior and/or the expression of a favorable attitude toward such behavior. Likewise, loyalty is described as repeated purchasing or relative volume of same brand purchasing (Lee, Jeon and Kim (2011)). (Newman and Werbel, 1973) suggested that loyal customers who purchased a brand or service lots of times considered only the same brand and they made no efforts to search for related information of another brand.

Even though there are numerous definitions of loyalty, loyalty toward a company is defined as “a deeply held commitment to re buy or re-patronize 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**”**(Oliver, 1999, p. 34).

2.1.3 Brand Loyalty

The concept *brand loyalty* became one of the most researched topics, and extended towards the services industry that has rapidly grownsincethe1990s. With the increased interest in a more relational approach to marketing, the focus shifted towards building long term relationships with customers.

This approach was in contrast with the traditional view of transactional marketing, where the emphasis was on single transactions (Rao and Perry 2002).This new approach to marketing was met with enthusiasm, and represented, “a fundamental reshaping of the field”. It quickly became apparent that retaining a customer was far cheaper and convenient than creating a new one. (Aaker, 1996) already stated in 1996 that the most important effects of brand loyalty are reduced marketing costs, trade leverage, and the attraction of new customers through created brand awareness and reassurance to new customers, as well as the gained time to respond to threats by the competition.

Brand loyalty is built over time through a collection of positive experiences that requires consistent effort and attention to detail. Loyal customers are repeat customers who choose a brand or company without even considering other options. They buy more, and they buy more regularly, and they frequently recommend the brand to others. However, (Aaker, 1996) indicated that care should be taken in marketing mix decisions, because brand loyalty reflects the probability that a customer will switch to another brand, and this probability increases when the brand is subjected to a change in its marketing mix. (Aaker, 1991, 1996) has formerly noted that different methods of measuring brand loyalty exist, which are based upon either the actual purchasing behavior of the consumer, based upon the loyalty constructs, or based upon influences of switching costs, satisfaction and commitment. Based on Aaker's theory, measuring brand loyalty cannot be accomplished without considering the constructs or influences that have a direct bearing on it. Influences affect brand loyalty in several ways. Some influences work together to achieve loyalty, while others could work independently. The nature of this relationship of the influences, is unclear, which explains why there is wide spread activity in brand loyalty research among marketers.

Marketing managers must identify the influences of connection that is most relevant or could be made more relevant to consumers. For example, managers need to consider whether a product offers connection to, or disconnection from, others or one self. And they must decide whether a connection is physical, social, or mental. Once these levels of connection are understood, marketing managers can better show how a product or service attends to the consumer's basic human needs.

2.1.3.1 Importance of Brand Loyalty

Brand loyalty is of paramount importance for marketers and consumer researchers (Aaker, 1991; Reichheld, 1990). In services context, many scholars focused on importance and significance of brand loyalty (Asuncian etal., 2004; Bloamer etal., 2002). The organization that have pool of brand loyalists have greater market share and higher rates of return on investments, in turn. Many other researchers favored this (Buzzell etal., 1975). Such results persuade marketing officials to generate and up hold brand loyalists. To attain such targets, information about variables which causes brand loyalty becomes a core issue. (Anderson et al., 2004) argued a loyal and contented customer base helps to increase the organization relative bargaining power regarding suppliers, partners and channels. So, customer loyalty should affect shareholder value in a positive manner by reducing instability and associated risk with expected future cash flows.

(Dick and Basu, 1994) hold a view that customer loyalty creates positive WOM communication (word of mouth) and competitive strategies are resisted by loyal customers. Such findings appeal to strategists and marketers to build and hold strong customer loyalty. (Oliver, 1999) agreed with Dick and Basu that customer loyalty is engaged in affirmative word of mouth communication. (Kotler and Keller,2005) said that "based on a 20-80 principle, the top 20% of the customers may create 80% of profit for a company". Thus a favorable connection between a company and its customers is lucrative for the business.

2.1.3.2 Factors affecting Loyalty

Nambisan and Sawhney (2007) explain that there are lots of important factors within consumer behavior influence the degree of loyalty, which consumers show to a brand. For instance, the impact of brand awareness has been established by a study examining the airline industry. It has indicated that consumers were in the belief that the ones they did recognize, even after the consumers were given information about poor reputation poor safety records among the well-known airlines. (Kumar *et al.*, 2011) found that the development of good relationships with customers plays a vital role in creating customer loyalty. They also reported that marketing concerns have progressively shifted from developing, selling and providing products/services to increasing and preserving a satisfying long term relationship with customers (Zhaohua, Yaobin, Kwok, and Jinlong, 2010) explain that customer satisfaction is considered as an important determinant of repurchase intention and customer loyalty. (Keller, K.L., 2003), noted that customer satisfaction positively affects customer loyalty. They also noted that higher satisfaction increases customer loyalty.

However, perceived value significantly and directly influences customer satisfaction (Kuo, Chang,Cheng, and Lai,2013). Furthermore, (Forgas et *al.*, 2010) claimed that perceive value significantly and directly influences customer loyalty. Perceived value articulated as the ratio of perceived benefits to perceived costs, which is also considered as a determinant of customer loyalty as noted by (Zeithaml, 1988; Lam, Shankar, Erramilli, and Murthy, 2004). Customers enhance loyalty towards a specific company when there is a feeling that the customers accept greater value in comparison to competitor companies (Kumar *et al.*; 2011). (Lam *et al.* 2004) found that customer value positively correlates with customer satisfaction and customer loyalty.

(Kumar *et al.* 2011) mention that corporate and brand image have developed as factors of customer loyalty. A number of service marketing studies have identified corporate image as an important factor of brand loyalty (Zins, 2001). Higher levels of customer satisfaction help to enhance loyalty by building a positive corporate image as stated by (Anderson, Fornell, and Lehmann, 1994). Further, (Andreassen, 1999) found that a positive relationship between corporate image and customer satisfaction that leads to loyalty. (Aydin and Özer, 2005) also deal with that attitudes are linked functionally with behavioral intentions that predict behavior. Corporate image as an attitude must thus affect behavioral intentions such as customer loyalty. Moreover, (Kandampully and Suhartanto, 2003) express that company or brand image is the key factor in the value equation and it can assist or undermine the value that customers feel they get. Image can thus affect loyalty.

A study shows that trust directly increases customer loyalty (Deng,Lu, Wei, and Zhang,2010). Additionally, trust directly and positively influences customer satisfaction and customer loyalty according to (Kumar *et al.*; 2011). Trust also affects relationship commitment considerably and so customer loyalty (Haq, 2013). Trust is considered as the most important factor that leads to customer loyalty (Gommans, Krishnan, and Scheffold, 2001). Furthermore, (Lin and Wang, 2006) claimed that trusting beliefs leaded to positive attitudes (customer satisfaction), which, in turn, influence intention to engage in repeated purchases (customer loyalty).Customer involvement is an element in the type of rewards favored (Yi and Jeon, 2003).Further, it significantly influences the responses of customers linked with memory, attention, processing, search, brand commitment, and satisfaction (Laaksonen, 1994). Moreover, loyalty is indirectly influenced by consumer involvement. The degree of psychological identification and affective, emotional ties the consumer has with the stimulus such as a brand is used as a definition of involvement as suggested by (Liang and Wang, 2008).

Customer loyalty programs have been long used by the travel industry(e.g. Airlines) (Gable, Fiorito, and Topol, 2008).Loyalty programs can provide customers with a wide variety of “hard”(e.g. discounts, coupons or rebates for past purchases or produce savings) and “soft”(e.g. special invitations, exclusive “after-hours “shopping times)benefits, thus they tend to become frequent buyers, increase their purchases and become advocates of the store; recommending the store to family, friends and acquaintances (Gable *et al.*; 2008). Customers drawn by such benefits are expected to regularly return for additional purchases, resulting in a long-term relationship with the company (Dixon, et al 2005).

Switching cost has also considered as an emerging factor, which affect loyalty (Kumar *et al.*, 2011). A study by Lam *et al.* (2004) switching cost is positively interrelated to customer loyalty. Further, (Lam *et al*. 2004) have found that it also affects customers’ tendency to recommend others. Switching costs are also used as a corporate strategy to increase customer loyalty (Dick and Basu, 1994).

2.1.3.3 Different categories of Loyalty

Customer Loyalty has been defined in a variety of ways. The different definitions of loyalty can be categorized as behavioral approach, the attitudinal approach, and the contingency (good science) (Judd, 2001).

Behavioral approach

The behavioral approach of loyalty definition focuses on repeat purchase. The model is defined mainly with reference to pattern of past purchase with only regard to underlying consumer motivations or commitment to the brand. Empirical evidence from variety of industries shows that customers are polygamous. They are loyal to a portfolio of brands in a product category and few customers are monogamous (100%loyal). From this perspective, loyalty is defined as a non-going propensity to buy the brand, usually as one of several (Uncles, 2002).

These researches tend to adopt a market focus as opposed to an individual focus. The key performance measures are like brand shares, penetration, average purchase frequencies, repeat buying for a definite period. Loyalty to brand is the result of repeated satisfaction that in turn leads to weak commitment. The consumer repurchase the same brand again not because of any strong held prior or deeply held commitment, but because it is not worth the time and trouble to search for an alternate. The absence of the brand may cause the customer to substitute for another functionally similar brand from the portfolio. There is little effort to spend much effort weighing up alternatives when all are likely to be satisfactory (Mellens, 1996).

Attitudinal approach

The attitudinal approach focuses on strong attitudinal commitment to a brand for true loyalty to exist. The strength of these attitudes is the key predictor of a brand's purchase and repeat patronage. These attitudes are measured by asking how much people say they like the brand, feel committed to it, will recommend it to others and have positive feelings about it relative to competing brands (Uncles, 2002). Brand loyalty is a function of psychological (decision making evaluative) process. Brands are chosen according to internal criteria resulting in a commitment towards the brand which is an essential element of brand loyalty.

Consumers do not always seek information actively, but they do receive some information from certain sources that may be used to form certain beliefs about the brand. Based on these prior beliefs, brands are evaluated and some are preferred over others. In time, the consumer may develop a commitment towards a brand and become brand loyal. Hence, brand loyalty implies consistent repurchase of brand, resulting from positive affection of the consumer towards that brand (Mellens, 1996).

Contingency approach

The contingency model approach argue that the best conceptualization of loyalty is to allow the relationship between attitude and behavior to be moderated by contingency variable such as individual current circumstances, their characteristics and/or the purchase situation faced (Uncles, 2002).

Behavioral measures define the brand loyalty in terms of the actual purchase observed over a certain period time. The advantages of this approach is that measurements are based on actual purchases that are directly linked to performance and existence of the firm; second it is not likely incidental as they are usually based on behavior over a period of time; and thirdly it is relatively easier to collect that attitudinal data. The most important limitation, however, is that it makes no distinction between brand loyalty and repeat buying. The measures are sensitive to short run fluctuations and therefore are not good predictors of the future behavior. It is hard to select the right decision unit as no information is collected on the underlying reason for a particular behavior (Mellens, 1996).

The attitudinal measures are able to distinguish brand loyalty from repeat buying. They are based on stated preferences, commitment or purchase intentions of the consumer thus emphasizing the cognitive element of brand loyalty. Using attitudinal measures, it may be easier to choose the right decision unit. They are usually based on surveys, and it may be possible to get data from the decision maker rather than the purchaser by asking questions to the right individual. Finally, they give in sight in to the motivations for the consumer's choice behavior, and these motivations are less likely to be influenced by random short run fluctuations (Mellens, 1996). However, attitudinal measures may not be an accurate representation of reality as they are not based on actual purchase. A consumer may rationalize his choice when questioned by the researcher, and make up an evaluation of brand seven when no explicit valuation is made in real shopping situation; moreover, other variables than attitudes are known to influence actual purchases.

For example, a person may have favorable attitude towards Mercedes Benz Car but still not buy it due to budget constraints. Thus, the validity of attitudinal measures depends on the strength of the attitude-behavior relationship (Mellens, 1996).

2.1.4 Marketing Mix

According to (Kotler, 2000), Marketing Mix is the set of controllable variables that the firm can use to influence the buyer’s response. The controllable variables in this context refer to the 4P’s including Product, Price, Place and Promotion. In case of service organization, there are three extra P’s such as People, Physical evidence and Process. The concept of services marketing mix is proposed for measuring the quality because of the intangible nature of service (Yelkur, 2000). (Kotler, 2000) defined service as “An act of performance that one party can offer to another that is essentially intangible and does not result in the owner ship of anything. Service firms strive to make a composition of these 7P's by which they can change the consumers' perception towards their firms and build highest level of consumer satisfaction and at the same time meet their organizational objectives.

2.1.4.1 Elements of the Marketing Mix

(i). Product

A product as defined by (Armstrong and Kotler, 2006) is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. As for services, according to (Hirankitti et al 2009) the product offer in respect of services can be explained based in two components:

(1) The core service which represents the core benefit;

(2) The secondary services which represent both the tangible and augmented product levels. The latter can be best under stood in terms of the manner of delivery of the particular service. (Ferrell, 2005) opines that the product is the core of the marketing mix strategy where retailers can offer unique attributes that differentiates their product from their competitors. According to Borden (1984) product is characterized by quality, design, features, brand name and sizes.

(ii) Price

According to (Kottler, 2005), price is the amount of money charged for a product or service, or the total values that consumers exchange for the benefits of having or using the product or service. Due to the intangible nature of services, price becomes a crucial quality indicator where other information is not lacking or absent (Zeithaml, 1981). Price is considered as the most important measurement of repurchase intentions (Oh, 2000). In deciding to return to the service provider, the customers normally think whether or not they received their value for money (Zeithaml, 1988). It has been proven therefore, that customers usually buy products on the basis of price rather than other attributes (Peter & Donnely, 2007).

(iii) Place

This factor is defined by (Armstrong and Kotler, 2006) as a set of interdependent organizations that caters to the process of making a product available to the consumers. (Hirankitti etal. 2009) considers place as the ease of access which potential customer associates to a service such as location and distribution. The strategy of place needs effective distribution of the firm's products among the channels of marketing like whole sellers or retailers (Berman, 1996). An organization should pay attention to place decisions, because of the importance of the product and consumption occurring at the same time and at the same place; a place that provides all information of customer, competition, promotion action, and marketing task.

It should pay attention to how it can deliver the product at the right time and at the right place, and which channel should be used to deliver the product (Copley, 2004).

(iv) Promotion

It is defined as sales promotion, advertising, personal selling, public relations and direct marketing (Borden, 1984). It is a decision of how best to relate the product to the target market and how to persuade them to buy it. A communication program is important in marketing strategies because it plays three vital roles: providing needed information and advice, persuading target customers of the merits of a specific product, and encouraging them to take action at specific times (Lovelock and Wright, 2002).

Activities that cater to promotion are advertising, sales promotions, personal selling and publicity; they can all influence consumer's way of thinking, their emotions, their experience as well as their purchasing. Communications should be devised by marketers in such a way that it (1) offer consistent messages about their products and (2) are placed in media that consumers in the target market are likely to use (Munusamy and Hoo, 2008). Promotion is a selling technique; to succeed in any marketing program, it should be involved with communication (promotion). Promotion is very important as it provides information, advice, and it persuades the target market. It guides and teaches the customer to take action at a specific time and how they can use the product and get beneficial result from it. The product advertisement can be delivered by individual sales people, T.V, radio, internet, magazine, press, and all types of media.

(v) Personnel

This factor refers to the service employees who produce and deliver the service. It has long been a fact that many services involve personal interactions between customers and the site's employees, and they strongly influence the customer’s perception of service quality (Hartline and Ferrell, 1996: Rust, Zahorik and Keiningham, 1996). Personnel are keys to the delivery of service to customers. In addition, according to (Magrath, 1986) customers normally link the traits of service to the firm they work for. Personnel are also considered as the key element in a customer centered organization as well as a way to differentiate variables with product, services, channel, and image (Kotler, 2000). Achievement of a customer orientation is not possible if there is no cooperation coming from the personnel (Judd, 2001). The interaction is important because it influences customer perception.

In other words, the actions of all the personnel normally influence success of action and function of an organization and with more communication, training, skills, learning, and advice they will achieve to display the optimum value of the product and the company.

(vi). Process

Process is generally defined as the implementation of action and function that increases value for products with low cost and high advantage to customer and is more important for service than for goods. According to (Hirankitti et al. 2009) the pace of the process as well as the skill of the service providers are clearly revealed to the customer and it forms the basis of his or her satisfaction with the purchase. Therefore, process management ensures the availability and consistence of quality. In the face of simultaneous consumption and production of the process management, balancing services demand with service supply is extremely difficult (Magrath, 1986). The design and the implementation of product elements are crucial to the creation and delivering of product.

(vii). Physical Evidence

This factor refers to the environment in which the service and any tangible goods that facilitate the performance and communication of the service are delivered. This holds great importance because the customer normally judges the quality of the service provided through it (Rafiq & Ahmed, 1995). In addition, according to (Mittal and

Baker, 1998), this factor also refers to the environment in which the services production is in. Similarly, (Bitner, 1990) adds that other visible surroundings can affect the impressions perceived by the customers about service quality. The components of the service experience are called the "services-cape"-that is, the ambience, the back ground music, the comfort of the seating, and the physical layout of the service facility, the appearance of the staff can greatly affect a customer's satisfaction with a service experience (Rust, Zahorik and Keiningham, 1996). The environmental décor and design also significantly influence the customer's expectations of the service (Shostack, 1977). Services normally cannot be displayed; therefore firms should create a suitable environment to highlight the fact to the customers (Rathmell, 1974).

2.2 Empirical Evidence

2.2.1 Marketing mix and Perception

As (Mahmood 2014:169) mentioned about Impact of Service Marketing Mixes on Customer Perception: Marketers try to shape customer perception towards their firm by implementing various controllable elements of marketing mix which known as 4Ps of marketing (product, price, place, promotion)**.**

Due to the nature and inherent intangibility, three additional Ps i.e. people, process, and physical evidences were introduced for service sector. These new elements are essential to the definition and promotion of services in the consumers' eyes both prior to and during the service experience. He studied the practices of Banks in using the marketing mixes in order to shape the perception of their customers. Now days, Modern banks are blending all the7Ps of services marketing in their marketing activities (Mahmood, 2014:160). A large number of deposit and loan schemes are being developed in accordance with the requirements of different segments of the society. Innovation and renovation of products are not the solely way to retain customers in this competitive industry. Banks are trying to satisfy their customers through improved service quality. Launching new schemes with advertisements and other promotional activities help a lot to attract new depositors as well as to loan customers. State of art technology and up dated banking facilities like Internet banking, Mobile banking, Phone banking, 24/7ATMs, Bill pay machines etc. all have a positive impact on attracting and retaining customers. Most academics and practitioners agreed that customer perception varies individual to individual and have a major impact on purchasing decisions. Marketers try to shape customer perception towards their firm to influence the purchasing decisions by implementing various controllable elements of marketing mix i.e. product, price, place, promotion, people, process, physical evidence (Bitner,1990). Previously, many researchers measured the relationship between 7Ps and customer satisfaction, customer loyalty, competitive advantage, consumer behavior in different service sectors like tourism, hotel service, cooperatives etc. He attempted to identify the relationship between 7Ps of services marketing mix and customer perception and he found that four (price, promotion, people, and physical evidence) out of seven elements of services marketing mixes have statistically significant relationship with customer perception. That means these elements have positive impact on the customers to shape their perception. He also found no significant relationship between other 3Ps (product, place and process) and customer perception. It indicates increasing product basket is not the only way to attract more customers (Mahmood 2014:169). Customers must be able to stand out the products from those of competitors'. Place may not be a big concern while choosing due to ease of transportation system but convenient locations should be given priority while opening new branches in other cities. Faster process should be developed and one stop services in the branches must be ensured. The findings of the study would help them to focus on the elements needed to be developed to have a significant positive impact on customers' perception towards the bank (Mahmood 2014:169).

2.2.2 Perception and Brand Loyalty

On his study (Anantha, 2012:1) "The Effect of Perceived Value on Brand Loyalty"*: in case of Hand Phone users, implied* insignificant relationship between perceived value and brand loyalty in positive note, the finding identifies a significant relationship between perceived value and customer satisfaction. In other development, a significant relationship between customer satisfaction and brand loyalty found in the study. The study discovered a significant mediating effect of customer satisfaction on the relationship between perceived value and brand loyalty (Anantha, 2012:13).

The study proposed the importance of customer satisfaction in creating loyalty in mobile purchasing. Marketers should emphasis customer satisfaction by researching the elements that could fulfill their needs and wants. Organizing marketing programs that could increase customer satisfaction is essential. It could enhance loyalty and the most important note is marketing programs creating customer satisfaction could mediate the effect of other variables such as perceived value and etc. as proposed the findings.

Although the study did not found a significant role of perceived value in creating loyalty, as strongly suggested in the literatures**,** marketers should developed marketing programs enhancing perceived value (Anantha, 2012:14).Marketing efforts creating perceived value on the other hand could influence customer satisfaction as recommended by the current findings.

The study achieved the main objectives by discovering the full mediating effects of customer satisfaction on the relationship between perceived value and brand loyalty. The relationship between perceived value and customer satisfaction discovered in the present study strengthen the literatures. Similarly, this study successfully investigated the relationship between customer satisfaction and brand loyalty in which strengthen the literatures. Interestingly, the result did not show significant relationship between perceived value and brand loyalty indicate the present of a strong mediating effect other factors i.e. customer satisfaction.

2.2.3 Marketing Mix and Brand Loyalty

Companies are increasingly focused on managing customer relationships, to build customer retention and loyalty. CRM principles and systems help organizations to focus on the dual creation of value: the creation of value for shareholders (via long-term firm profitability) and the creation of value or utility for customers. Customer relationship management explicitly recognizes the long-run value of potential and current customer, and seeks to increase revenue, profits and shareholder value through targeted marketing activities directed towards developing, maintaining, and enhancing successful company-customer relationship. The customer base is a market-based asset that is measured, managed and tracked over time. Customer relationships must be carefully managed and customer loyalty must be earned.

Customer brand loyalty is defined (Oliver, 1997:392) as “A deeply held commitment to rebuy or patronize 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".

As per the article (Kumar. 2011) on Assessing the Relationship between Marketing Mix and Loyalty through Tourists Satisfaction in Jordan Curative Tourism: mentioned the feelings and perceptions have a pervasive influence on attracting new customers and retaining existing customers. One of the key goals in marketing is stimulating and enhancing brand loyalty.

The variables that have been considered in his study are marketing mix with 7ps seven dimensions namely product, price, place, promotion, personnel, physical evidence, and process. These factors make the best combination as tourism deals with services marketing.

The finding of his study indicates that the product, price, personnel, place has positive and significant impact on tourist satisfaction and loyalty. It means that tourists became satisfied by experiencing the quality, price and delivery of tourism products of Jordan and it increased their loyalty levels, but process was not significant.

This research measures the relationships between marketing mix strategy, as the determinate variable of tourist satisfaction as well as the relationship between tourist satisfaction and tourist loyalty. The result of this study shows that satisfaction will lead to loyalty too

In a similar study Impact of Services Mix Variables in building Customer Brand Loyalty: (Mellens, 1996). Services Mix comprising of Product, Place, Price, Promotion, People, Process and Physical Evidence plays an important role in building Customer Brand Loyalty. In the Service Industry, It is important to recognize that what the consumers are demanding are not products, or features of products but the benefits offered by the service companies/providers. Producing added benefits thus helps the marketer to distinguish one product from another. Good design or style of service can form the basis of differentiation (Mellens, 1996). This enables the company to create a personality for its service. The study indicates that: The Indigo Airlines is the Leader in the Services offered to the customers with to partings in the Services marketing mix variables, therefore the airlines is conforming to the Customer Satisfaction to an extent and hence the customers' loyalty to wards the company and brand and further the company is on the verge of turning the corner in to profits.

2.3. Conceptual Framework

One of the key goals in marketing is stimulating and enhancing brand loyalty. As the study by (Magrath, 1986), indicated the marketing mix strategy has a vital role in order to achieve this goal. The variables that have been considered in his study are marketing mix with 7ps seven dimensions namely product, price, place, promotion, personnel, physical evidence, and process.

According to (Kotler,2000), Service firms strive to make a composition of these 7P's by which they can change the consumers' perception towards their firms and build highest level of consumer satisfaction and at the same time meet their organizational objectives to retain and make their customers loyal. (Ferrell and Hartline, 2005) state the product as the core of the marketing mix strategy. Through unique features and attributes of products, marketers can differentiate their product from their competitors. (Peter and Donnelly, 2007) found in their study that price is the factor in which customers focus more than other attributes while making purchase decisions. Due to complexity of pricing structure in financial products, maintaining transparency without hidden charges is an essential prerequisite for differentiating. Firm should pay attention to how it can deliver the product at the right time and at the right place, and which channel should be used to deliver the product (Copley, 2004). Convenience of location plays very important role on customer perception. Customers with higher knowledge about a service are more likely to use self-service channels. A communication program plays three vital roles such as provide information, persuade target customers, and encourage them to take action (Lovelock and Wright, 2002). Without effective communications, prospects may never learn of a service firm's existence, what it has to offer them or how to use its products to best advantage. Personnel are also considered as the key element in a customer-centered organization as well as a way to differentiate variables with product, services, channel, and image (Kotler, 2000). Success of a customer-centered organization is not possible without the cooperation of the personnel of the organization. It is worthwhile to mention that employees' behavior plays an important role in differentiating services. Welcoming the customer with smiling face, friendliness, politeness, understanding customers' problems, etc. have positive impact on customer perception. (Judd, 2001) found that a smiling face has a valuable effect on customer behavior. (Hirankitti et al. 2009) stated that the pace of the process as well as the skill of the service providers is clearly revealed to the customer. It also forms the basis of consumer satisfaction with the purchase. Physical Evidence is that which can be easily associated with the product. Therefore firms should create a suitable environment to highlight the fact to the customers (Rathmell, 1974). Physical evidence is important for service organization as this is the environment in which the service is delivered and where the employees and customers interact. Furniture, equipment, staff members, book, information boards, etc. provide tangibility to the service giver. Customers use tangible cues to assess the quality of services provided.

With loyal customers, companies can maximize their profits. Loyal customers are willing to (1) purchase more frequently (price insensitivity), (2) try the firm’s new products or services (repurchase intention), (3) recommend products and services to others (word-of-mouth), and (4) give companies suggestions (complaint behavior) (Reichheld & Sasser,1990).Customer loyalty measured by purchase intention (Bloemer & Odekerken-Schröder,2002), positive word-of-mouth communication (Bloemer & Odekerken-Schröder,2002), price insensitivity (Bloemer & Odekerken-Schröder,2002).

This study proposes to measure loyalty based on the attitudinal and behavioral approach to loyalty under a formative model conceptual framework. The marketing mix variables can be computed from a combination of repurchase intentions and recommending the brand to others. These measures depend on the performance of the brand, which can be measured with the use of key attributes that attracts the customer especially in the case of the marketing mix elements. As a special nature of the service delivery in airlines industry the independent variables like process, physical evidence and people can be incorporated under the service/product quality due to the service/product quality of the airline industry is a combination of these variables. There for the number of independent variables under the study will be four instead of seven mentioned under the literature definition part.

Of particular interest to this study repurchasing intention as measured by continuing to doing business, repeat purchases, and purchase frequently in context of, price insensitivity which is measured by the willingness to pay a higher price, continue to purchase with a price increase, Product satisfaction, process and physical evidence in continue the relationship, Promotion in terms of its importance to remember the brand while needing the service to utilize.

Figure 2.1: Conceptual Framework as per (Mellens, 1996). Behavioral and attitudinal approaches

The hypotheses are formulated in the following manner for the purpose of examining association amongst factors considered for the study.

H01: There is a significant and positive effect of service quality on brand loyalty in Ethiopian Airlines.

H02: There is a significant and positive effect of pricing strategy on brand loyalty in Ethiopian Airlines.

H03: There is a significant and positive effect of product/service placement on brand loyalty in Ethiopian Airlines.

H04: There is a significant and positive effect of product/service promotional strategy on brand loyalty in Ethiopian Airlines.

Chapter Three

Research Design and Methodology

This chapter of the study deals with the research design and methodology of the study. It includes the research design, target population, sample and sampling designs, data collection instruments, and methods of data analysis of the study.

3.1. Research Approach

As (Sekran,2003) four potential research strategies have been considered for the research project: Logical theoretical research, Quantitative, experimental research Qualitative, observational research, Participatory action research. The various approaches can to some degree be combined in the same research project. However, the fundamental views on human inquiry and science underlying them differ in many respects and extensive combination is not common.

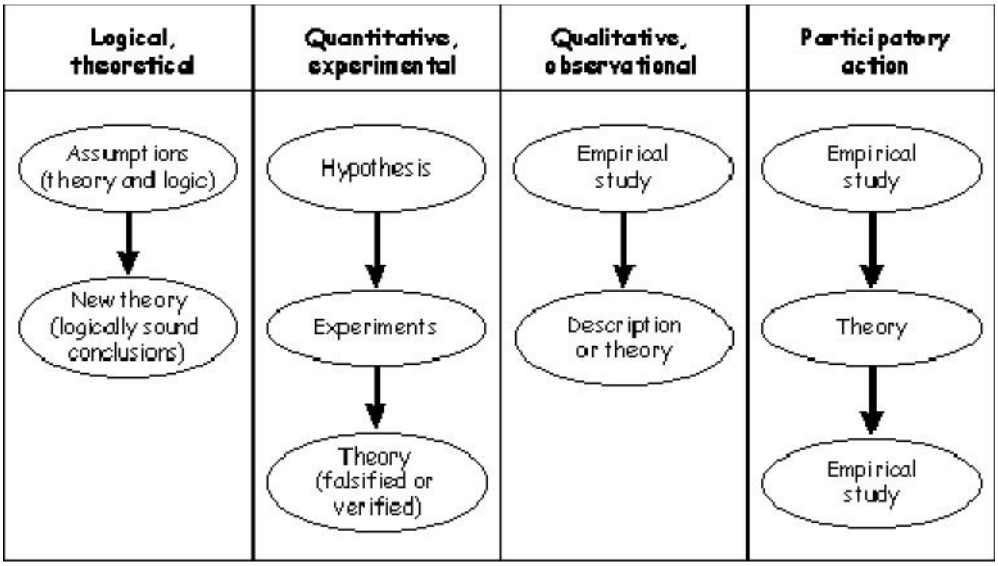


Fig.3.1:Four alternative research approaches

The purpose of this research is to identify the effect of the marketing mix on brand loyalty. A quantitative research approach using the survey method was used in the study. A quantitative approach has used as it is suitable to test relationships using hypothesis (Zikmund. 2003).The survey method also used because of it can easily facilitates the collection of data from large group of respondents, requires minimum investment to develop and administer and is relatively easy for making generalization (Zikmund . 2003).

3.2. Research Design

A research design is a procedural plan that is adopted by the researcher to answer the questions validly, objectively and accurately (Kumar, 2011). In this research descriptive and explanatory research design has used in order to clarify the relationship between the marketing mix elements and brand loyalty. Explanatory studies clarify the relationship between two aspects of a situation or phenomena (Kumar. 2011).The Explanatory research design has chosen to identify the relationship between the independent (the marketing mix elements) and dependent variable (brand loyalty) under the study.

3.3. Population And Sampling

Sampling is a procedure that uses a small number of units of a given population as a basis for drawing conclusions about the whole populations (Albaum, 1997). Population is all individuals of interest to the researcher are called population (Alan and Kaufman, 2005).International passengers of Ethiopian Airlines are the population of the study.

3.3.1 Sample Size

Determining sample size is very important issue because samples that are too lar ge may waste time, resourse and money. When samples are too small may lead to in accurate results.

According to (Saunders, 2007) researchers normally work to a 95% level of certainity. For the population that are large to yiels are presentative sample for proportion which is valid where N is a sample size, Z is Abscissa of the normal curve that cuts off an area “α” at the tail are (1- α) equals the desired confidence level i.e.95%. “E” denotes the desired level of precision, “p” is the population. ”q” is 1-p. The value for Z is found in the statistical tables, which contains the area under the normal curve. The resulting sample in the study will determined as follows:

$$N = Z^2 pq/E^2$$

$$= \frac{1.96^2 * 0.5*0.50}{0.05^2}$$

$$=385$$

3.3.2 Sampling Technique

In order to achieve representativeness, sampling procedures should follow certain standards and methodological principles Malhotra (2007) claimed that, theoretically, the sampling procedures conducted were mainly based on probability methods (random or probability samples) and non-probability methods (non-probability samples). A systematic sampling technique has been used in this study. This method of sampling, suppose that the N units in the population are numbered in 1 to N in some order. To select a sample of n units we take a unit at random from the first k units and every kth unit thereafter Zikmund (2003).

For this study the overall March international passengers who uses Addis Ababa Bole international Airport as a base to calculate the number of passengers who used the airport in three days of April when the time that the data collection was done.

The total March international passengers were 250,394 in 31 total days, gave us an average of 8077 passengers per day.

I had conducted the data collection for three days with an average of three hours each day (in the evening around two to six o'clock local time). I prefer this time due to as the information from the airlines around 65% of the international flights are departing during the night time and I took 65% of the 8077 daily passengers as a base equals 5250 and then 525 per hour between 2 to 12 o'clock in the evening.

Now I could get my population who are the passengers in nine hours of the three days. The three April day's passenger 9 x 525=4725 has taken as a total population.

Total population= 4725

Number of sample = 385 but distributed 420 questionnaires

Then 4725/420= 12th

During the data collection time I picked every 12th passenger who passed through the immigration gate to fill the questionnaire. I choose that gate due to every passenger of different routes should pass through that gate and I believed that helps me to get a different combination of passengers there.

3.4. Data Collection Instrument

According to (Catherine, 2007), data may be collected as either primary or secondary. In this study both primary and secondary sources of data is used to collect the needed information from the sources. According to (Malhotra et al. 2007), primary data are originated by the researcher for the specific purpose of addressing the problem at hand. The primary data was collected through administrating questionnaire from selected passengers to obtain the real feelings. This research will begin with searching for the secondary data from different books, journals, websites and e-books. Electronic journals and articles were obtained from Google Scholar, Emerald and other websites.

The questioner is a common instrument for observing data beyond the physical reach of the observer (Albaum, 1997). Structured questionnaire (fixed response type) has used to collect primary data from respondent. (Sekaran, 2003) noted that the main advantage of conducting a self-administered questionnaire was that researchers could collect all of the completed responses within a short time. Through the questionnaire conducted in this way, any doubts that respondents may have on any question can be immediately clarified (Sekaran, 2003). In addition, researchers could be provided with an opportunity to introduce the research topic and motivate the respondents to offer their true responses (Sekaran, 2003). Self-administering questionnaires to large numbers of individuals at the same time could be less expensive and save more time.

Section A was designed to gain descriptive information associated with the respondent's demographic factors. In this section, the researcher adopted a multiple-choice, single response format for the questions using a nominal scale and two open ended questions. In this section, respondents were required to tick an appropriate box for each question related to gender, age, and travel purpose and frequency.

All items in Sections B of the questionnaire used a five-point Likert-type scale ranging from Strongly Disagree (1) to Strongly Agree (5). A five point Likert type scale ranging from 1 (one being strongly disagree) to 5 (five being strongly agree) is a widely used rating scale which requires the respondents to indicate a degree of agreement or disagreement with each of a series of statements or questions (Albaum, 1997).This rating scale is easy to construct and administer and respondents readily understand how to use the scale (Malhotra et al., 2007). Five is an effective choice since the reliability decreases if the number of response options is greater than five (Hayes, 1992). Respondents have required putting 'X' mark to that most accurately reflected their overall experience. The questionnaire was designed in English language.

3.5. Reliability And Validity

Reliability: - According to (Cavana, Delahave, and Sekaran, 2000), reliability is the degree to which measure are free from error and therefore yield consistent results. All the constructs will test for the consistency reliability of the items within the constructs by using Cronbach‟s alpha reliability analysis. The reliability of a measure indicates the stability and consistency with which the instrument measures the concept and helps to assess the goodness of a measure (Zikmund, 2003). According to (Sekaran, 2003), the closer the reliability coefficient gets to 1.0, the better it is, and those values over .80 are considered as good. Those values in the .70 are considered as acceptable and that reliability value less than .60 is considered being poor (Sekaran, 2003).

Validity: Validity is concerned with whether the findings are really about what they appear to be about. (Kazi, 2010) defined the validity as "the degree to which a measure accurately represents what it is supposed to". Validity is concerned with how well the concept is defined by the measure(s). He also mentioned about three types of validity: content validity, Predictive validity, and Construct validity. (Kazi, 2010) defined the content validity as the assessment of the correspondence between the individual items and concept. Validity is the criteria for how effective the design is in employing methods of measurement that will capture the data to address the research questions (Kazi, 2010)).

In order to validity can be assured a pilot testing of the proposed survey instrumentation has done to assure that the instrument is clear and unambiguous. In addition to this in order to measure the validity of the instrument a factor analysis has done. Pilot testing of instruments is a procedure to enable the researcher to make modifications to an instrument based on results. Various relevant literatures have checked for the validity of the questionnaire. The questionnaires also has checked based on previous research work done in order to be sure they are good enough to find out the necessary information.

3.6. Data Analysis Techniques

Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study (Malhotra et al., 2007). The data collected was edited, coded, tabulated, and presented for analysis. In order to meet the research objectives of this study, all valid responses will assess using a variety of statistical techniques.
Reliability and validity tests: in order to be sure on the reliability and validity of the instrument factor analysis and crounbach alpha tests have done through the process.

Descriptive statistics has used to interpret data in general. According to (Hair et al. 1998), descriptive research sets out to describe and to interpret what is. It aims to depict the state of affairs as it exists and to describe some aspect of a phenomenon, i.e., the status of a given phenomenon.

Inferential method has used for testing hypothesis and investigating research objectives. According to (Hair et al. 1998), multiple regression analysis is a statistic technique used to investigate the relationships between a dependent variable and two or more independent variables (Kothari, 2007). *Multiple regression* analysis is a statistical technique that allows researchers to predict someone's score on one variable on the basis of their scores on several other variables (Julie, 2005). In addition, the statistical method of Pearson Correlation has used to determine the existence of any relationships between the independent variable and dependent variable. It helps to analyze relationship of Marketing mix elements to loyalty variable. The ANOVA test also used to evaluate and decide on the acceptance and rejection of the formulated null hypothesis. The data from the study would present in the form of tables, graphs and charts as desire so as to make all the data readable and understandable.

3.7. Model Specification

As multiple linear regression analysis is the instrument has used to analyzed the output of this study the model has put as the below.

$$Y = \beta_0 + \beta_1 x_1 + \beta 2\ x2 + \beta 3\ x3 + \beta 4 x4 + \varepsilon$$

Y is the dependent variable and X1, X2, X3 and X4 are the independent Variables

β_0 = Intercept

β_1, $\beta 2$, $\beta 3$ and $\beta 4$ = Coefficients of the line (defined as the ratio Rise/Run)

ε = Error variable

3.8. Ethical Considerations

The respondents will not be required to write their names and assured that their responses will be treated in strict confidentiality. The purpose of the study will be disclosed to them by the researcher. Furthermore attempts will be made to bring clarity in questionnaire to best fit with the industry context. Lastly the questionnaires will distributed only to voluntary participants.

Chapter Four

4. Data presentation, analysis and discussion

This chapter presents the results of the data analysis according to the research methodology discussed in chapter three.

4.1. Sample and Response Rates

After distributing 420 questionnaires for passengers, a total of 402 were collected back, which is 96% of the total distributed questionnaires. After checking the retrieved questionnaires, 23 questionnaires have more than two unanswered questions and the remaining 379 questionnaires found valid and used for analysis.

4.2. Demographic profile of Respondents

The male respondents constituted the largest share of the gender composition representing 208 or 54.9% or the respondents (208) while 171 (45.1%) were female respondents.

Table. 4.1: Gender

Gender Category	Frequency	Percent	Valid Percent	Cumulative Percent
Male	208	54.9	54.9	54.9
Female	171	45.1	45.1	100.0
Total	379	100.0	100.0	

(Source: own survey data 2016)

The age groups were distributed as shown in Table 4.2. As it can be seen from the figure, majority of the respondents (205, or 54.1%) were from 20-40 years age group.

Table. 4.2: Age Distribution

Age Groups	Frequency	Percent	Valid Percent	Cumulative Percent
Below 20	8	2.1	2.1	2.1
20-40	205	54.1	54.1	56.2
41-60	142	37.5	37.5	93.7
Above 61	24	6.3	6.3	100.0
Total	379	100.0	100.0	

(Source: own survey data 2016)

In addition as indicated on table-6 of the appendix the respondents represent 85 different countries as their nationalities.

4.3. Travel purpose and frequency

Table 4.3 shows that the main reason to use air transportation by the survey respondents. Almost equal number of respondents have categorized under each groups. 189 respondents give business as a reason for their travel purpose and the remaining 190 have replied leisure: vacation, visiting friends and families as their primary purpose to travel by air.

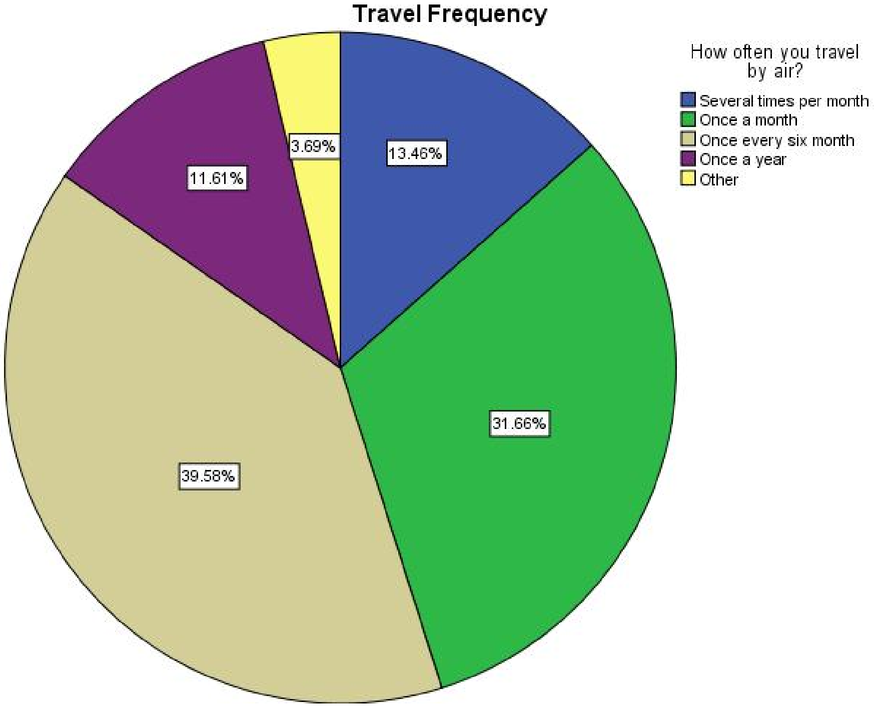
Table. 4.3: Reason for Air Travel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business	189	49.9	49.9	49.9
	Leisure (vacation, visiting friends and families etc.)	190	50.1	50.1	100.0
	Total	379	100.0	100.0	

(Source: own survey data 2016)

As figure 4-1 indicated the highest number of respondents (39.58%) are travels of at least once every six month and followed by 31.66% of respondents who are travelling once a month.

Figure 4-1 Travel frequency



(Source: own survey data 2016)

4.4. Descriptive Analysis of the Variables

The mean scores have been computed for all the four marketing mix elements product, price promotion and distribution. Respondents were asked to rate their perception on a five-point Likert type scale ranging from 1 being strongly disagree to 5 strongly agree. The result is presented in Table 4.4 below.

Table. 4.4: Descriptive statistics-Marketing mix and Loyalty

Marketing mix element	Mean	Std.Deviation
Product	3.82	.830
Price	3.17	1.209
Distribution	3.52	1.040
Promotion	3.71	.845
Loyalty	3.61	.962

(Source: own survey data 2016)

Table 4.4 indicates the mean scores of the variables. Product has a mean of 3.82 which is the highest among the marketing mix variables whereby price scored the lowest mean value of 3.17. Promotion and distribution also have a mean value of 3.71 and 3.61 respectively. In general all the variables have a mean value above three. Loyalty also has a mean value of 3.61 which is also above the average.

4.4.1. Product dimension

Table 4-5 the product dimensions

Dimensions	Mean
The seat comfort, great meal service, in-flight entertainment convenient flight schedule make me to use the airline again.	3.69
The reservation, the check-in of the service and ticketing is prompt and accurate and attract me to use the airline again.	3.89
The service giving facilities are attractive and make me to use this airline again.	3.79
The airline employees give me a sense of harmony and make me to use this airline again.	3.88

(Source: own survey data 2016)

As per the above table 4-5 and appendixes tables 9 to 12:

- 43.5% of the respondents reply agreed for the question “The seat comfort, great meal service, in-flight entertainment convenient flight schedule make me to use the airline again.” 9.5% reply strongly disagrees. The mean value of this dimension is 3.69.
- 49.3% of the respondents reply agreed for “The reservation, the check-in of the service and ticketing is prompt and accurate and attract me to use the airline again.” The least percentage respondents 1.1% replies strongly disagree for this product dimension question and the mean value of this dimension is 3.89.
- The third product dimension question is “The service giving facilities are attractive and make me to use this airline again.”36.4% of respondents reply agreed and 3.2% strongly disagreed with a mean value of the reply is 3.79.
- The fourth one is “The airline employees give me a sense of harmony and make me to use this airline again.” The mean result here is 3.88.The highest

result is 40.4% which is respondents reply agree and the least one is 2.6% reply strongly disagree.

-

4.4.2. Price dimension

Table 4-6 The Price dimension

Dimensions	Mean
The airline ticket price is attractive to me to use the airline	3.17
The air line price is fair.	3.17
The airline price is affordable	3.17

(Source: own survey data 2016)

As per the above table 4-6 and appendix tables 13 to 15:

- Among respondents the highest number 30.6% respondents reply neither agree nor disagree for question "The airline ticket price is attractive to me to use the airline". The least number of response reply strongly disagree which is 10.6%. The mean value of this price dimension is 3.17.
- Another price dimension question is "The airline price is fair." The mean value of the responses is 3.17. 30.6% of respondents which is the highest figure reply neither agree nor disagree and 10.6% reply strongly disagree.
- "The airline price is affordable" is affordable is the other question and it has got a similar output figures with the above two price dimensions.

4.4.3. Promotion dimension

Table 4-7 the promotion dimension

Dimensions	Mean
The airline promotion always attract me to use the airline again	3.52
The intensive advertising of the airline attract me to use the airline	3.52

Source: own survey data 2016

As per the above table 4-7 and appendix tables 16 and 17

- Among the two promotion questions the first one is “The airline promotions always attract me to use the airline again”.32.7% of the respondents reply agreed for this which is the highest and 1.3% reply strongly disagrees. The mean value for this question is 3.52.
- The other question here is “The intensive advertising of the airline attract me to use the airline” and it got 3.52 mean score like the previous one. The highest percentage of respondents is 32.7% who replied agreed and 1.3% replied strongly disagree similarly with the previous question.

4.4.4. Distribution dimension

Table 4-8 the Distribution Dimension

Dimensions	Mean
The airline ticket distribution system is easily reachable and that make me to use this airline again.	3.84
The airline ticket is easily accessible in time and place.	3.58

(Source: own survey data 2016)

As per the above table 4-8 and appendix tables 18 and 19:

- Distribution is the other independent variable and there were two questions under it. For the first one “The airline ticket distribution system is easily reachable and that make me to use this airline again.”47% replies agree and .8% of the respondents’ replies strongly disagree. The mean value is 3.84.
- For the second question “The airline ticket is easily accessible in time and place” the mean value became 3.58 with the highest percentage reply of 47% replied agreed and .8% replied strongly disagree.

4.4.5. Loyalty dimension

Loyalty is the dependent variable in this study and there were three loyalty dimension questions. As per the below table 4-9 and appendix tables 20 to 22 got the below replies.

- I will say positive things & recommend the airline to others. This question got the mean value of 3.52and 38.5% of respondents reply strongly agrees and 1.1% strongly disagrees.

Table 4-9 The Loyalty dimension

Dimensions	Mean
I will say positive things & recommend the airline to others	4.03
I will choose the airline even if it's price is higher than other airlines	3.01
I will consider myself to be loyal for the airline and come back again.	3.81

(Source: own survey data 2016)

- I will choose the airline even if its price is higher than other airlines is the other question and got a mean value of 3.52. the least reply percentage was 16.9% for strongly disagree and the highest for neither agree nor disagree with 28.5%
- I will consider myself to be loyal for the airline and come back again" was the last loyalty question and its mean value was 3.84. 3.7% respondents reply strongly disagree and 38% reply agree as the highest rate.
- As indicated on table 4.4 the overall mean value of loyalty was 3.61 which is above the average.

4.5. Reliability

One of the test which can ensure the stability and consistency of the measures and help to assess the 'goodness' of a measure is reliability test. Reliability in research relates to the consistency of results over a period of time. A scale is called reliable if it produces consistent results when repeated measurements are made (Hair, et al., 1998).

Cronbach's Alpha is used to measure how well a set of items (or variables) measure a single uni-dimensional latent construct. (Malhotra, 2007). Cronbach's Alpha is low when data have a multi-dimensional structure. (Malhotra, 2007) suggests that an alpha of 0.60 or greater should be considered adequate to develop a new questionnaire. Therefore, a low coefficient alpha indicates the sample of items perform poorly in capturing the construct motivating the measure. Conversely, a large coefficient alpha implies that the k-items test correlates with the true scores closely (Malhotra, 2007). A low alpha coefficient simply indicates that the factor is less likely to present itself if the study is to be repeated when subjected in a different application setting (Cavana et al. 2000). Brand loyalty was measured using the four marketing mix elements listed in the questionnaire, which were combined into a single scale (Cronbach's alpha = 0.914). (See Appendix, Table 24 to 29).

Table 4.10 Constructs Reliability

Constructs	Number of items	Cronbach's alpha
Product	4	.813
Price	3	1.000
Promotion	2	1.000
Distribution	2	.934
Overall	11	.914
Loyalty	3	.832

(Source: own survey data 2016)

The results from Table4.10 indicated that the Cronbach alpha for all the four constructs and loyalty were well above 0.7 as recommended by (Cavana et al. 2000). Cronbach's alpha for the four constructs ranged from the lowest of 0.813 (product) to highest 1.000 (price and promotion). In conclusion, it can clearly seen that the scores of the Cronbach's alpha for all the constructs used in this research are well more than 0.70 and this confirmed that the measurement scales used to measure the constructs were stable and consistent, therefore the reliability of the constructs were confirmed.

4.6 Validity

Validity of a scale is defined as the extent to which differences in observed scale scores reflect the true differences among objects on the characteristics being measured (Malhotra, 2007).

4.6.1. Factor Analysis

Factor analysis was conducted to test how well the measured variables represent the number of influences. Factor analysis is an interdependence technique in that an entire set of interdependent relationships are examined without making the distinction between dependent and independent variables. The suitability of using factor analysis as a validation tool was checked by applying the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO). The measurements are strived to measure the KMO at >=0.70(Field, 2000). The Kaiser- Meyer- Olkin (KMO) measure is utilized to examine the appropriateness of factor analysis in this study. For Statements meet the KMO, factor analysis has done. Factor loadings of 0.4 and higher (Field, 2000) are considered to validate the items that measure each of the marketing mix elements. The variance explained by the factor analysis serves as indicator to determine the relative importance of each of the independent variables (the marketing mix elements).

1. The KMO score for Product 0.764, Price 0.765, Promotion 0.731 and Distribution 0.753 are higher than 0.700 requirements with the Bartlett's score equally satisfactory at 0.000. So, the data is considered in the factor analysis.

Table 4.11 Factor Analysis results

Factor Name	Variable	Factor Loading
Product	The seat comfort, great meal service, in-flight entertainment convenient flight schedule make me to use the airline again.	.767
	The reservation, the check-in of the service and ticketing is prompt and accurate and attract me to use the airline again.	.731
	The service giving facilities are attractive and make me to use this airline again.	.869
	The airline employees give me a sense of harmony and make me to use this airline again.	.842
Price	The airline ticket price is attractive to me to use the airline	.972
	The air line price is fair.	.982
	The airline price is affordable.	.987
Promotion	The airline promotion always attract me to use the airline again	.979
	The intensive advertising of the airline attract me to use the airline	.979
Distribution	The airline ticket distribution system is easily reachable and that make me to use this airline again.	.958
	The airline ticket is easily accessible in time and place.	.958

(Source: own survey data 2016)

2. In all the factors 0.731 under product question returned a low factor loading as compared to the other factors. But all the factors are above the requirement 0.4 and then this ensured that all product, price, promotion and distribution are reliable enough to be considered as it has effect on brand loyalty. The factor analysis conducted thus did confirm the statements selected for each marketing mix elements were indeed valid. KMO validated the appropriateness of factor analysis in this study.

4.6.2. Pilot test

All variables (items) were inspected by the researcher and two customer loyalty section team leaders to ensure that they were an adequate and a thorough representation of the construct under investigation. To test the questionnaire for clarity and to provide a coherent research questionnaire, a pilot test data collection has done at two ticket office branches National Theater and Africa Union branches (which are well known with their sales volumes) for around 40 customers were filled by customers who were buying tickets and after they filled the sample questionnaires some items were added, based on their valuable recommendations. Some others were reformulated to become more accurate and clear, and this was required for the purpose of enhancing the research instrument.

4.7. Inferential Analysis

To test the hypotheses, Pearson correlations, multi linear Regression analysis with (F) test using ANOVA table was used as follows: In order to make the regression is valuable normality, linearity and multicollinority tests have done on the data.

4.7.1. Correlation Analysis

The four independent variables that effects brand loyalty are not isolated from one another however they have intercorrelations with one another. Table 4.12 below displayed a correlation matrix using the Pearson correlation coefficient for all variables. As explained by (Cohen, 1988), the value of Pearson’s correlation is divided into three areas. A correlation coefficient between 0.10 and 0.29 will indicate a small correlation, a correlation coefficient between 0.30 and 0.49 will indicate a medium correlation, and a correlation coefficient between 0.50 and 1.0 will indicate a large correlation.

Table 4.12 Correlations between variables

Variables	Product	Price	Promotion	Distribution	Loyalty
Loyalty	**.699****	**.671****	**.545****	**.617****	**1**

(Source: own survey data 2016)

Based on the results reported on Table 4.12 above, the correlation study revealed that there is a positive relationship between all of the predictor variables and brand loyalty. All of the correlation results between them have scored more than 0.3. The highest correlation score recorded is between product and loyalty (0.699).

Per the above correlation the below findings are listed

- There is a significant and positive relationship between brand loyalty and the product element of the marketing mix with r=.699 and p=.000
- There is a significant and positive relationship between brand loyalty and the price element of the marketing mix with r=.671 and p=.000.
- There is a significant and positive relationship between brand loyalty and the promotion element of the marketing mix with r=.545 and p=.000.
- There is a significant and positive relationship between brand loyalty and the distribution element of the marketing mix with r=.617 and p=.000.

4.7.2. Regression Analysis

(Albaum, 1997) noted that regression is a technique used to predict the value of a dependent variable using one or more independent variables. (Malhotra, 2007) showed that regression analysis is a statistical tool for the investigation of relationships between variables. In order to make the regression analysis it is necessary to confirm that the obtained data truly represented the sample and that researcher has obtained the best results (Hair et al., 1998). Three assumptions for regression analysis used in this study will be discussed for the individual variables: multi-collinearity, normality and linearity.

4.7.2.1. Multicollinerity test

Multicollinerity exists when there is a strong correlation between two or more predictors in a regression model (Hill et al., (1998). If there is a perfect collinerity between predictors it becomes impossible to obtain unique estimates of the regression coefficient because they are an infinite number of combinations of coefficients that would work equally well. Low level of collinerity pose little threat to the models generated by SPSS. If the predictors are highly correlated, and each accounts for similar variance in the outcome, then how can we know which of the two variables is important? (Hill et al., 1998).

- As (Hill et al. 2000) indicated one way of identifying multicollinerity is to scan a correlation matrix of all the predictor variables and see if any correlate very highly (above .80 or .90).
- The other one among multicollinerity diagnostics is variance inflation factor (VIF) which indicates whether a predictor has a strong relationship with other predictors. (Malhotra, 2007) suggested that a value below 10 is a good value.
- If tolerance is below .2 it indicates a potential problem (Malhotra,(2007)

Table 4-13 VIF and Tolerance results

Variables	Tolerance	VIF
Product	.450	2.222
Price	.527	1.896
Promotion	.637	1.569
Distribution	.610	1.639

(Source: own survey data 2016)

The initial inspection of the Pearson Correlation Matrix (see Table 4.7 above) for the regression models revealed that the correlations between the independent variables did not exceed 0.80. While checking, the independent variables showed significant relationship with the dependent variable (above .3 preferably). Also the researcher checked that the correlation between each of independent variables is not too high. (Hill et al. 2000) suggest that you think carefully before including two variables with a bivariate correlation of, say, .7 or more in the same analysis. As it can be observed from the correlation table there is no correlation between the independent variable which is above 0.7. In addition as results under table 4-13 indicated the tolerance values of all the variables are above .2 and all the VIF values also below ten which are indicators of no multicollinerity existence.

4.7.2.2. Linearity

The linearity of the relationship between the dependent and independent variable represented the degree to which the change in the dependent variable is associated with the independent variable (Hair et al., 1998).

In a simple sense, linear models predict values falling in a straight line by having a constant unit change (slope) of the dependent variable for a constant unit change of the independent variable (Hair et al., 1998).

As we checked by the Pearson correlation the relation between independent variables (the marketing mix elements) and the independent variable (loyalty) is positively correlated.

The scatter plot of standardized residuals versus the fitted values (see Figure 2 of the Appendix) for the regression models were visually inspected. The plots show a positive linear relation between readings of the variables. Their relation is significant so we can conclude that there is a linear relationship between them and thus not violating the linearity assumption as suggested by (Malhotra et al. 2007).

4.7.2.3. Normality

In terms of this assumption, a check for normality of the error term is conducted by a visual examination of the normal probability plots of the residuals (Malhotra et al., 2007). In general, the normal distribution makes a straight diagonal line, and the plotted residuals are compared with the diagonal (Hair et al., 1998). If a distribution is normal, the residual line will closely follow the diagonal (Hair et al., 1998). Malhotra et al. (2007) explain that the “correlation coefficient” will be near unity if the data fall nearly on a straight line. The “correlation coefficient” will become smaller if the plot is curved.

As the graphs of the variables distribution (Figure 1 of the appendixes) all the data have fallen nearly on a straight line and then the normality assumption is not violated.

Table 4-14 Skewness and Kurtosis

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Product	-.559	.125	-.101	.250
Price	-.142	.125	-.843	.250
Promotion	-.174	.125	-.877	.250
Distribution	-.536	.125	.095	.250
Loyalty	-.388	.125	-.322	.250

(Source: own survey data 2016)

In order to be certain on the out pus of the graphs a normality test also done on the variables with a skeweness and kurtosis analysis According to Mardia(1970) a normality test is acceptable when the skewness and kurtosis values should be less than two and six respectively for each variables. As per the results of this test (refer table-4 of the appendex) all the results satisfy the above requirement and there is no doubt on the normality requirement to run a regression analysis.

4.7.3. Multiple Regression model

The positive correlation of the marketing mix elements to the loyalty factor is checked over a regression model. The regression dependent variable was the computed loyalty variable from product, price, promotion and distribution.

Multiple regression analysis is defined as “a statistical technique which analyzes the linear relationships between a dependent variable and multiple independent variables by estimating coefficients for the equation for a straight line" (Hair et. al., 1998, p.578). Multiple regression analysis was carried out to test the pre-determined hypotheses in the study.

Multiple linear regression models of the study:

$Y = \beta_0 + \beta_1 x_1 + \beta 2\ x2 + \beta 3\ x3 + \beta 4 x4 + \varepsilon$

Y is the dependent variable and X1, X2, X3 and X4 are the independent Variables

β_0 = Intercept

β_1, β2, β3 and β4 = Coefficients of the line (defined as the ratio Rise/Run)

ε = Error variable

Table 37 of the appendix presents the multiple regression results of the service/product quality, price, promotion and distribution of Ethiopian Airlines and brand loyalty. In terms of the relationship between the variables based on the conceptual model under chapter two, brand loyalty can be seen as a single dependent variable whereas product/service quality, price, promotion and distribution are regarded as independent variable in a simple regression model.

The first statistic, **R**, under table 37 of the appendix, is the correlation coefficient between the predictor variables (product/ service quality, Price, Promotion and Distribution) and the dependent variable (brand loyalty). These variables as a whole positively correlated with brand loyalty. The ***R*** was (0.808) at level ($\alpha \leq 0.05$); whereas the model's coefficient of determination, $\boldsymbol{R^2}$ was (0.649). $\boldsymbol{R^2}$ is frequently used to describe the amount of variance explained by a given set of predictor variables. This means the 64.9% of variance in brand loyalty is caused by the factors product service quality, Price, Promotion and Distribution while the remaining 35.1% is explained by other variables (out of this model). This value indicated that besides the four mentioned independent variables, there are other important variables which lead to brand loyalty. In addition since the probability level is 0.000, the regression model is statistically significant.

Table 39 of the appendix is the ANOVA table that describes the overall variance accounted for in the model. The p value for F statistic is 0.000 (refer table-39 of the appendix) and it is less than 0.05 .This means that at least one of the independent variables is a significant predictor of the dependent variable (brand loyalty).

Table 4-15 ANOVA Coefficients

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	Collinearity Statistics	
	B	Std.Error	Beta			Tolerance	VIF
Constant	-008	.156		-056	.958		
Product	.300	.053	.259	5.699	.000	.450	2.222
Price	.273	.033	.343	8.164	.000	.527	1.896
Promotion	.100	.035	.108	2.823	.005	.637	1.569
Distribution	.329	.043	.297	7.609	.000	.657	1.639

(Source: own survey data 2016)

The standardized coefficients under table 4-14 are used in the prediction and interpretation of the study multiple regression model. Base on this the multiple regression equation would be:

Brand Loyalty = -.008 + 0.259Product + 0.343Price + 0.108Promotion + 0.297Distribution

The sig amounts under table 4-14 indicate the significant level of the independent variables. As the figures on the table indicated all the sig amounts are below .05 and this means all the predictors (independent variables) in the model are significant and should be retained. If sig<.05 then the variable is not good predictor and can be removed from the model.

The Beta value (standardized coefficient) in the table 4.9 indicates the effect of change in the independent variables on dependent variables. For instance, a unit increases in product/service quality results in an increase of brand loyalty by 0.259.

A unit increases in price results in an increase of brand loyalty by 0.343, vice- versa, keeping other factors constant. It is also the largest standardized beta coefficient and it means it is the largest to explain the dependent variable brand loyalty.

A unit increases in promotion results in an increase of brand loyalty by 0.108, vice-versa, keeping other factors constant. A unit increases in distribution results in an increase of brand loyalty by 0.297, vice- versa, keeping other factors constant.

Then based on these analysis results the stated hypothesis were tested as follows:

Hypothesis	Analysis	Results
H1: “There is a significant and positive effect of service quality on brand loyalty in Ethiopian Airlines.”	Multiple Regression	Failed to reject
H2: “There is a significant and positive effect of Pricing strategy on brand loyalty in Ethiopian Airlines.”	Multiple Regression	Failed to reject
H3: “There is a significant and positive effect of product placement strategy on brand loyalty in Ethiopian Airlines.”	Multiple Regression	Failed to reject
H4: “There is a significant and positive effect of service promotional strategy on brand loyalty in Ethiopian Airlines.”	Multiple Regression	Failed to reject

Chapter Five

5. Summary, Conclusion and Recommendations

This chapter provides summary of major findings, conclusions and recommendations based on the result of the study. The chapter concludes the study by presenting possible gaps for future research.

5.1 Summary of Findings

The general objective of this study was to investigate the effects marketing mix elements on brand loyalty. The analysis of results revealed that there is a significant and positive relation between the marketing mix elements and brand loyalty.
Descriptive analysis revealed that most respondents fall in the age group of 20 to 40 years. Concerning their gender mix 54.6% of the respondents are male. The results showed that about 50.1% percent of the respondents are Leisure (vacation, visiting friends and families etc.) travelers. Regarding their traveling frequency 39.88% of respondents travel once per six month and 31.66% travel once a month. The respondents are from 85 different countries.

The data for this study were proven to be reliable using the Cronbach alpha coefficient technique. All the statements under brand each variables confirmed that the questionnaire was indeed reflective of the construct it was measuring and it also confirmed internal consistency.

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy yielded values greater than 0.7 requirements and all the variables KMO measure is higher than 0.7 requirements. Therefore, the data is considered in the factor analysis. The degree of common variance among the four variables was "good". This signified that factor analysis was appropriate for this study as factors to be extracted would account for a good amount of variance.

The Pearson correlation coefficient showed that there is a positive relationship between all of the variables considered under the study.

Percentage of responses based on the respondent's level of agreement towards each statement along with respective mean value is discovered. Measuring the strength of each influence is revealed and ranking table is provided. According to that the mean value for product is 3.82 which is the highest one and among its dimensions the reservation, the check-in of the service and ticketing is prompt and accurate impact got the highest mean of 3.89. Hence, it can be considered as a strong effect on Brand loyalty of the airline customers. The average mean of price is the least one with 3.17 and all its dimensions got a similar mean value of 3.17. Therefore they are seen as less effect on Brand loyalty of the airlines customers.

5.2 Conclusion

Due to the airline industry is getting highly competitive and dynamic from time to time, bringing a customer to brand loyalty becomes a key differentiator to enable the airlines to gain a competitive advantage in the industry. Accordingly the aim of this research is to investigate the effect of the marketing mix elements brand loyalty in case of Ethiopian Airlines. As per, the findings brand loyalty is significantly influenced by the marketing mix elements; product/service quality, price, distribution/placement and promotion.

In this research, the relationship among variables also tested by a multiple regression model whether the relationship between the observed variables fit hypothesized measurement model. In this study, there are four hypotheses.

From the analysis, it can be summarized that **H1** is significant by reason of its p-value is less than 0.05. Hence, there is a significant positive influence of product/service quality towards brand loyalty. The Beta of 0.3 which is the second largest value next to distribution indicates product does have much effect on the brand loyalty. Likewise, indicated that product and brand loyalty have a positive relationship. Besides, product was directly correlated to loyalty.

H2 has Beta of 0.273 and p-value of 0.000 which shows that there is a significant positive effect of price towards brand loyalty. Beta and p-value of **H3** is 0.329 and 0.000 respectively. Since the p-value is lesser than 0.05, H3 is accepted.

Thus, there is a significant positive influence of distribution (product placement) and brand loyalty. It is the largest beta figure of the independent variables. Customers would be more satisfied by reason of the ticket distribution system and availability easily.

H4 has p-value of 0.05 which is less than 0.05. This result indicated there is a significant positive effect of promotion spending towards brand loyalty. Besides, the Beta of H4 is 0.1 which is the smallest figure of the other independent variables and it could, the brand loyalty did not require much advertising spending when we compare it with other marketing mix elements.

I have checked the above results against previous studies. Similar study “marketing mix impact on brand loyalty” in vase of Bahrat Telecom company by R. Lathangi in 2014 came up with a result of all the four marketing mix elements has positively correlated with brand loyalty and have a significant effect on it. On the other hand a similar study on Malaysian hypermarket brand loyalty by Anantha Raj in 2012 indicated that price and distribution have a positive effect on hypermarkets brand loyalty but advertising has no significant effect on it. Similarly a student researcher Kidist at AAU school on her thesis paper of 2014 on marketing mix impacts on brand loyalty of St. George beer: product quality, promotion and distribution intensity have positively correlated with brand loyalty but price has a negative correlation with brand loyalty. Another study on Iranian mobile industry brand loyalty by Adel Pourdehghan in 2015 reflected another out puts of course his study model include customer satisfaction as a mediating factor and come up with distribution intensity and product quality has positive effect and also positively correlated with brand loyalty. On contrast price and promotion have the reverse effect. Therefore as a general observation the effect of the marketing mix elements on brand loyalty may be vary based the industry under the study and the situations and the models that the study has gone through.

The overall findings offer strong empirical support for the intuitive notion that improving the marketing mix programs in order to make the customers brand loyal. The research findings are consistent with hypothesizes. The objectives of this study are satisfied. As per the observing results of multiple linear regression analysis, brand loyalty has significant positive relationship with dimensions of marketing mix, namely; product, price, promotion and distribution. It can be concluded that brand loyalty and 4Ps are positively closed with each other from customer perception point of view.

5.3. Recommendations

Based on the analysis of this study, the following recommendations have been forwarded.

The average or mean value of the product variable is the highest score and this implies that it has an effect on brand loyalty. In addition as the result of the multiple regressions indicates by improving the product in 100% we can achieve a 25.90% on brand loyalty. There for the airlines should keep up providing good quality in-flight services given by its flight attendants. In addition, flight meals provided to the customers should be of best quality and also should train their contact employees such as ticket office staffs so as to have higher capability to provide efficient services and to answer passengers' questions promptly so as to increase passengers' perception towards being loyal to the airline.

The standardized coefficient beta of price is the highest of all the other marketing mix elements and this implies that the individual impact of price on brand loyalty is high. By proper pricing strategy to our customer let us a 100% change towards the customers' intention the airline could achieve up to 34.30% change on brand loyalty. On the other hand price has the lowest mean value among the marketing elements during the descriptive analysis. This shows it is contributing the least for the current brand loyalty in contrast to its highest standard coefficient beta which has a predictive implication. All this show as how strongly the airline should concern on its pricing strategy.

The standard coefficient beta of promotion which is .108 can indicate us how much return we can get on brand loyalty from our promotional spending. Of course promotion mean value is above average and it is positively correlated with brand loyalty. A meaningful relationship between a brand and its customers can result in deeper customer considerations and higher sales volumes as customers become more conscious of and loyal towards the brand (Kottler 2000) therefore it is relevant for the company to develop a promotional piece that relates to and relevant for the customer they are serving by developing communications that are close to consumers' heart and mind and which they believe speaks to them directly and individually.

The airline should give attention to its ticket distribution system which score the highest beta figure that indicated its influence on the brand loyalty also significant. So working on information technology and branch ticket office and agent office expansions in order to enhancing the reach ability to customers on time and place could help the airline to have brand loyal customers.

5.4. Limitations and Directions for Future Research

The following section is intended to address some of the limitations surrounding this study so they may be eliminated in future research.

The outcome of the study is solely dependent on the individual responses of the respondents that participate in the study. Moreover, as the sample is small, the results might not be generalizable beyond the specific population from which the sample is drawn.

This study employed the cross sectional data and it is difficult to determine the time series link across variables. Hence, the research result may differ if it is conducted in other time.
The results of this research have implications for marketing management of EAL. The findings identify the significance of marketing mix elements on affecting customer brand loyalty.

This study has certain limitations like items considered for questionnaire to collect primary data. It considered for five factors (both dependent and independent) with 14 total items. Further research can be held by expanding area of research and with some more items for questionnaire. The sample size also can be increased.
The study can be held by utilizing various models like data collection can be done throughout the whole destinations instead of Addis Ababa Bole international airport. As evident from the finding section that the study was conducted in Addis Ababa only, applicability of the results in other countries may result differently. Further, as the study is conducted in the airlines industry, application of the same in other industries, like; education, financial, and health may not come up with the same

findings. Thus, the analysis and discussion based on the perceptions of the sample respondents may vary if the sample was collected at a different time of year and from a different geographic region. Moreover, different sampling methods (e.g. Personal interviews, random sampling) may also add insight into the perceptions of passengers.

Although the airlines has realized that brand loyalty is important for them for enhancing their reputations as well as increasing their competitive advantage against competing airlines, there are limited journals or articles related to marketing mix associated with brand loyalty in airlines industry. Therefore, most of the journals I used as a reference were from other industries and it may not be accurate or suitable to apply in the airline industry.

Finally, the researchers also suggest involving other variables in the further research. Other variables may affect the passenger brand loyalty intention.

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Addis Ababa University School of Commerce

Department of Marketing Management

Questionnaire

Dear Respondent

I am conducting a research which shall be submitted in partial fulfillment of the requirements for Masters Degree in Marketing Management. The purpose of this study is to "Identify the effect marketing mix elements programs on brand loyalty in Ethiopian Airlines S.C.". Therefore, this is to kindly request you to take some of your precious time to fill the questionnaire at your convenience. Your honest and accurate response will make this study more valuable. Your responses are only meant for academic purpose and will be kept confidential. So, please read it carefully and give your opinion.

For any assistance, please feel free to call on 0911119042.

I) Background information:

Please circle your appropriate choice

1). Your Gender:
A. Male B. Female

2). Your Age:
A. Below 20 B. 20-40 C. 41-60 D. 61 or above

3). what is your primary reason for air travel?

A. Business B. Leisure (vacation, visiting friends and families etc.)

4). your nationality? ______________________________

5). How often you travel by air?

A. Several times per month B. Once a month C. Once every six month
D. Once a year Other_________________________

II. Please select the box that describes your evaluation of the airline.						
No	**Effects on customer loyalty**	**Strongly disagree**	**Disagree**	**Neither agree nor disagree**	**Agree**	**Strongly Agree**
A	**Marketing Mix on Brand Loyalty**					
	Product					
1)	The seat comfort, great meal service, in-flight entertainment convenient flight schedule make me to use the airline again.	1	2	3	4	5
2)	The reservation, the check-in of the service and ticketing is prompt and accurate and attract me to use the airline again.	1	2	3	4	5
3)	The service giving facilities are attractive and make me to use this airline again.	1	2	3	4	5
4)	The airline employees give me a sense of harmony and make me to use this airline again.	1	2	3	4	5
	Price					
5)	The airline ticket price is attractive to me to use the airline	1	2	3	4	5
6)	The air line price is fair.	1	2	3	4	5
7)	The airline price is affordable.	1	2	3	4	5
	Promotion					
8)	The airline promotion always attract me to use the airline again	1	2	3	4	5
9)	The intensive advertising of the airline attract me to use the airline	1	2	3	4	5
	Distribution					
10)	The airline ticket distribution system is easily reachable and that make me to use this airline again.	1	2	3	4	5
11)	The airline ticket is easily accessible in time and place.	1	2	3	4	5
B	**Level of Loyalty for the airline**					
12)	I will say positive things & recommend the airline to others	1	2	3	4	5
13)	I will choose the airline even if it’s price is higher than other airlines	1	2	3	4	5
14)	I will consider myself to be loyal for the airline and come back again.	1	2	3	4	5

1. Descriptive

Statistics (Table-1)

		Gender	Age	What is your primary reason for air travel?	Your nationality?	How often you travel by air?
N	Valid	379	379	379	379	379
	Missing	0	0	0	0	0

Frequency Table

Gender(Table-2)

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	208	54.9	54.9	54.9
Female	171	45.1	45.1	100.0
Total	379	100.0	100.0	

Age(Table-3)

	Frequency	Percent	Valid Percent	Cumulative Percent
Below 20	8	2.1	2.1	2.1
20-40	205	54.1	54.1	56.2
41-60	142	37.5	37.5	93.7
Above 61	24	6.3	6.3	100.0
Total	379	100.0	100.0	

Skewenss and Kurtosis test (Table-4)

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Product	379	2	5	3.82	.830	-.559	.125	-.101	.250
Price	379	1	5	3.17	1.209	-.142	.125	-.843	.250
Promotion	379	1	5	3.52	1.040	-.174	.125	-.877	.250
Distribution	379	1	5	3.84	.867	-.536	.125	.095	.250
Loyalty	379	1	5	3.61	.962	-.388	.125	-.322	.250
Valid N (listwise)	379								

What is your primary reason for air travel?(Table-5)

	Frequency	Percent	Valid Percent	Cumulative Percent
1.Business	189	49.9	49.9	49.9
2. Leisure (vacation, visiting friends and families etc.)	190	50.1	50.1	100.0
Total	379	100.0	100.0	

Nationalities (Table-6)

ALGERIA	1	.3	.3	.3
ANGOLA	6	1.6	1.6	1.8
AUSTERLIA	2	.5	.5	2.4

AUSTRIA	3	.8	.8	3.2
BAHRAIN	1	.3	.3	3.4
BANGLADISH	5	1.3	1.3	4.7
BELGIUM	3	.8	.8	5.5
BENIN	2	.5	.5	6.1
BOTSWANA	3	.8	.8	6.9
BRAZIL	4	1.1	1.1	7.9
BRITAIN	11	2.9	2.9	10.8
BURKINA FASO	5	1.3	1.3	12.1
BURUNDI	3	.8	.8	12.9
CAMEROON	5	1.3	1.3	14.2
CANADA	12	3.2	3.2	17.4
CENTRAL AFRICA	2	.5	.5	17.9
CHAD	4	1.1	1.1	19.0
CHINA	10	2.6	2.6	21.6
CONGO	8	2.1	2.1	23.7
DENMARK	4	1.1	1.1	24.8
DJIBOUTI	4	1.1	1.1	25.9
DRC	5	1.3	1.3	27.2
EGYPT	5	1.3	1.3	28.5
EQUATORIAL GUINEE	2	.5	.5	29.0
ERITERIA	1	.3	.3	29.3
ETHIOPIA	17	4.5	4.5	33.8
FINLAND	5	1.3	1.3	35.1
FRANCE	6	1.6	1.6	36.7
GABON	6	1.6	1.6	38.3
GAMBIA	1	.3	.3	38.5

GERMAN	7	1.8	1.8	40.4
GHANA	10	2.6	2.6	43.0

GREECE	3	.8	.8	43.8
GUINEE	4	1.1	1.1	44.9
HOLLAND	3	.8	.8	45.6
INDIA	10	2.6	2.6	48.3
INDONASIA	2	.5	.5	48.8
IRELAND	5	1.3	1.3	50.1
ISRAEL	4	1.1	1.1	51.2
ITALY	5	1.3	1.3	52.5
IVORY COAST	5	1.3	1.3	53.8
JAPAN	4	1.1	1.1	54.9
JORDAN	1	.3	.3	55.1
KENYA	5	1.3	1.3	56.5
KOREA	3	.8	.8	57.3
KUWAIT	4	1.1	1.1	58.3
LEBANEN	4	1.1	1.1	59.4
LESOTO	2	.5	.5	59.9
MALASIA	2	.5	.5	60.4
MALAWI	3	.8	.8	61.2
MALI	8	2.1	2.1	63.3
MOROCCO	1	.3	.3	63.6
MOZAMBIQUE	2	.5	.5	64.1
NAMIBIA	2	.5	.5	64.6
NIGER	2	.5	.5	65.2
NIGERIA	18	4.7	4.7	69.9

NORWAY	3	.8	.8	70.7
OMAN	3	.8	.8	71.5
PAKISTAN	5	1.3	1.3	72.8
PHILIPENSE	2	.5	.5	73.4
POLAND	2	.5	.5	73.9
PORTUGAL	4	1.1	1.1	74.9
QUATAR	2	.5	.5	75.5
RUSSIA	3	.8	.8	76.3
RWANDA	3	.8	.8	77.0
SAUDI ARABIA	4	1.1	1.1	78.1
SENEGAL	8	2.1	2.1	80.2
SEWDEN	5	1.3	1.3	81.5
SOMALIA	8	2.1	2.1	83.6
SOUTH AFRICA	7	1.8	1.8	85.5
SOUTH SUDAN	1	.3	.3	85.8
SPAIN	2	.5	.5	86.3
SUDAN	6	1.6	1.6	87.9
SWITZERLAND	4	1.1	1.1	88.9
SYRIA	1	.3	.3	89.2
TANZANIA	4	1.1	1.1	90.2
THILAND	2	.5	.5	90.8
TOGO	3	.8	.8	91.6
TUNASIA	1	.3	.3	91.8
TURKEY	2	.5	.5	92.3
UAE	3	.8	.8	93.1
UGANDA	6	1.6	1.6	94.7

USA	11	2.9	2.9	97.6
YEMEN	3	.8	.8	98.4
ZAMBIA	3	.8	.8	99.2
ZIMBABEWE	3	.8	.8	100.0
Total	379	100.0	100.0	

How often you travel by air?(Table-7)

	Frequency	Percent	Valid Percent	Cumulative Percent
Several times per month	51	13.5	13.5	13.5
Once a month	120	31.7	31.7	45.1
Once every six month	150	39.6	39.6	84.7
Once a year	44	11.6	11.6	96.3
Other	14	3.7	3.7	100.0
Total	379	100.0	100.0	

Statistics(Table-8)

		The seat comfort, great meal service, in-flight entertainment convenient flight schedule make me to use the airline again.	The reservation, the check-in of the service and ticketing is prompt and accurate and attract me to use the airline again.	The service giving facilities are attractive and make me to use this airline again.	The airline employees give me a sense of harmony and make me to use this airline again.	The airline ticket price is attractive to me to use the airline
N	Valid	379	379	379	379	379
	Missing	0	0	0	0	0
Mean		3.69	3.89	3.79	3.88	3.17
Median		4.00	4.00	4.00	4.00	3.00
Mode		4	4	4	4	3

		The air line price is fair.	The airline price is affordable.	The airline promotion always attract me to use the airline again	The intensive advertising of the airline attract me to use the airline	The airline ticket distribution system is easily reachable and that make me to use this airline again.
N	Valid	379	379	379	379	379
	Missing	0	0	0	0	0
Mean		3.17	3.17	3.52	3.52	3.84
Median		3.00	3.00	4.00	4.00	4.00
Mode		3	3	4	4	4

		The airline ticket is easily accessible in time and place.	I will say positive things & recommend the airline to others	I will choose the airline even if it's price is higher than other airlines	I will consider myself to be loyal for the airline and come back again.
N	Valid	379	379	379	379
	Missing	0	0	0	0
Mean		3.58	4.03	3.01	3.81
Median		4.00	4.00	3.00	4.00
Mode		4	5	3	4

The seat comfort, great meal service, in-flight entertainment convenient flight schedule make me to use the airline again.(Table-9)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	36	9.5	9.5	9.5
	Disagree	20	5.3	5.3	14.8

	Neither agree nor disagree	63	16.6	16.6	31.4
	Agree	165	43.5	43.5	74.9
	Strongly agree	95	25.1	25.1	100.0
	Total	379	100.0	100.0	

The reservation, the check-in of the service and ticketing is prompt and accurate and attract me to use the airline again.(Table-10)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	4	1.1	1.1	1.1
	Disagree	39	10.3	10.3	11.3
	Neither agree nor disagree	50	13.2	13.2	24.5
	Agree	187	49.3	49.3	73.9
	Strongly agree	99	26.1	26.1	100.0
	Total	379	100.0	100.0	

The service giving facilities are attractive and make me to use this airline again.(Table-11)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	12	3.2	3.2	3.2
	Disagree	23	6.1	6.1	9.2
	Neither agree nor disagree	101	26.6	26.6	35.9
	Agree	138	36.4	36.4	72.3
	Strongly agree	105	27.7	27.7	100.0
	Total	379	100.0	100.0	

The airline employees give me a sense of harmony and make me to use this airline again.(Table-12)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	10	2.6	2.6	2.6
	Disagree	24	6.3	6.3	9.0
	Neither agree nor disagree	79	20.8	20.8	29.8
	Agree	153	40.4	40.4	70.2
	Strongly agree	113	29.8	29.8	100.0
	Total	379	100.0	100.0	

The airline ticket price is attractive to me to use the airline(Table-13)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	40	10.6	10.6	10.6
	Disagree	70	18.5	18.5	29.0
	Neither agree nor disagree	116	30.6	30.6	59.6
	Agree	93	24.5	24.5	84.2
	Strongly agree	60	15.8	15.8	100.0
	Total	379	100.0	100.0	

The airline price is fair.(Table-14)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	40	10.6	10.6	10.6
	Disagree	70	18.5	18.5	29.0
	Neither agree nor disagree	116	30.6	30.6	59.6
	Agree	93	24.5	24.5	84.2
	Strongly agree	60	15.8	15.8	100.0
	Total	379	100.0	100.0	

The airline price is affordable.(Table-15)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	40	10.6	10.6	10.6
	Disagree	70	18.5	18.5	29.0
	Neither agree nor disagree	116	30.6	30.6	59.6
	Agree	93	24.5	24.5	84.2
	Strongly agree	60	15.8	15.8	100.0
	Total	379	100.0	100.0	

The airline promotion always attract me to use the airline again(Table-16)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	5	1.3	1.3	1.3
	Disagree	67	17.7	17.7	19.0
	Neither agree nor disagree	108	28.5	28.5	47.5
	Agree	124	32.7	32.7	80.2
	Strongly agree	75	19.8	19.8	100.0
	Total	379	100.0	100.0	

The intensive advertising of the airline attract me to use the airline(Table-17)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	5	1.3	1.3	1.3
	Disagree	67	17.7	17.7	19.0
	Neither agree nor disagree	108	28.5	28.5	47.5
	Agree	124	32.7	32.7	80.2
	Strongly agree	75	19.8	19.8	100.0
	Total	379	100.0	100.0	

The airline ticket distribution system is easily reachable and that make me to use this airline again.(Table-18)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	.8	.8	.8
	Disagree	23	6.1	6.1	6.9
	Neither agree nor disagree	91	24.0	24.0	30.9
	Agree	178	47.0	47.0	77.8
	Strongly agree	84	22.2	22.2	100.0
	Total	379	100.0	100.0	

The airline ticket is easily accessible in time and place.(Table-19)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	8	2.1	2.1	2.1
	Disagree	32	8.4	8.4	10.6
	Neither agree nor disagree	114	30.1	30.1	40.6
	Agree	181	47.8	47.8	88.4
	Strongly agree	44	11.6	11.6	100.0
	Total	379	100.0	100.0	

I will say positive things & recommend the airline to others(Table-20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	4	1.1	1.1	1.1
	Disagree	28	7.4	7.4	8.4
	Neither agree nor disagree	66	17.4	17.4	25.9
	Agree	136	35.9	35.9	61.7
	Strongly agree	145	38.3	38.3	100.0
	Total	379	100.0	100.0	

I will choose the airline even if it's price is higher than other airlines(Table-21)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	64	16.9	16.9	16.9
	Disagree	70	18.5	18.5	35.4
	Neither agree nor disagree	108	28.5	28.5	63.9
	Agree	74	19.5	19.5	83.4
	Strongly agree	63	16.6	16.6	100.0
	Total	379	100.0	100.0	

I will consider myself to be loyal for the airline and come back again.(Table-22)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	14	3.7	3.7	3.7
	Disagree	19	5.0	5.0	8.7
	Neither agree nor disagree	97	25.6	25.6	34.3
	Agree	144	38.0	38.0	72.3
	Strongly agree	105	27.7	27.7	100.0
	Total	379	100.0	100.0	

Descriptive Statistics (Table-23)

	N	Minimum	Maximum	Mean	Std. Deviation
Product	379	2	5	3.82	.830
Price	379	1	5	3.17	1.209
Promotion	379	1	5	3.52	1.040
Distribution	379	1	5	3.71	.845
Loyalty	379	1	5	3.61	.962
Valid N (listwise)	379				

2. Reliability

Scale: one single scale (Table-24)

Case Processing Summary

		N	%
Cases	Valid	379	100.0
	Excluded[a]	0	.0
	Total	379	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.914	11

Product (Table-25)

Case Processing Summary

		N	%
Cases	Valid	379	100.0
	Excluded[a]	0	.0
	Total	379	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.813	4

Price (Table-26)

Case Processing Summary

		N	%
Cases	Valid	379	100.0
	Excluded[a]	0	.0
	Total	379	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
1.000	3

Promotion (Table-27)

Case Processing Summary

		N	%
Cases	Valid	379	100.0
	Excluded[a]	0	.0
	Total	379	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
1.000	2

Distribution (Table-28)

Case Processing Summary

		N	%
Cases	Valid	379	100.0
	Excluded[a]	0	.0
	Total	379	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.934	2

Loyalty (Table-29)

Case Processing Summary

		N	%
Cases	Valid	379	100.0
	Excluded[a]	0	.0
	Total	379	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.832	3

3. Validity

Factor Analysis of Product (Table-30)

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.764
Bartlett's Test of Sphericity	Approx. Chi-Square	552.397
	df	6
	Sig.	.000

Component Matrix[a]

	Component
	1
The seat comfort, great meal service, in-flight entertainment convenient flight schedule make me to use the airline again.	.767
The reservation, the check-in of the service and ticketing is prompt and accurate and attract me to use the airline again.	.731
The service giving facilities are attractive and make me to use this airline again.	.869
The airline employees give me a sense of harmony and make me to use this airline again.	.842

Extraction Method: Principal Component Analysis.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.587	64.682	64.682	2.587	64.682	64.682
2	.602	15.053	79.735			
3	.534	13.358	93.093			
4	.276	6.907	100.000			
Extraction Method: Principal Component Analysis.						

Factor Analysis Price (Table-31)

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.765
Bartlett's Test of Sphericity	Approx. Chi-Square	1820.613
	df	3
	Sig.	.000

Component Matrix[a]

	Component
	1
The airline ticket price is attractive to me to use the airline	.972
The air line price is fair.	.982
The airline price is affordable.	.987

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.883	96.111	96.111	2.883	96.111	96.111
2	.084	2.800	98.912			
3	.033	1.088	100.000			

Extraction Method: Principal Component Analysis.

Factor Analysis promotion (Table-32)

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.731
Bartlett's Test of Sphericity	Approx. Chi-Square	690.622
	df	2
	Sig.	.000

Component Matrix[a]

	Component
	1
The airline promotion always attract me to use the airline again	.979
The intensive advertising of the airline attract me to use the airline	.979

Extraction Method: Principal Component Analysis.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.917	95.833	95.833	1.917	95.833	95.833
2	.083	4.167	100.000			

Extraction Method: Principal Component Analysis.

Factor Analysis Distribution (Table-33)

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.753
Bartlett's Test of Sphericity	Approx. Chi-Square	590.611
	df	2
	Sig.	.000

Component Matrix[a]

	Component
	1
The airline ticket distribution system is easily reachable and that make me to use this airline again.	.958
The airline ticket is easily accessible in time and place.	.958

Extraction Method: Principal Component Analysis.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.000	100.000	100.000	2.000	100.000	100.000
2	-1.084E-019	-5.421E-018	100.000			
Extraction Method: Principal Component Analysis.						

Factor Analysis Loyalty (Table-34)

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.788
Bartlett's Test of Sphericity	Approx. Chi-Square	505.600
	df	3
	Sig.	.000

Component Matrix[a]

	Component
	1
I will say positive things & recommend the airline to others	.856
I will choose the airline even if it's price is higher than other airlines	.847
I will consider myself to be loyal for the airline and come back again.	.918

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.293	76.446	76.446	2.293	76.446	76.446
2	.459	15.292	91.738			
3	.248	8.262	100.000			

Extraction Method: Principal Component Analysis.

4. Correlations

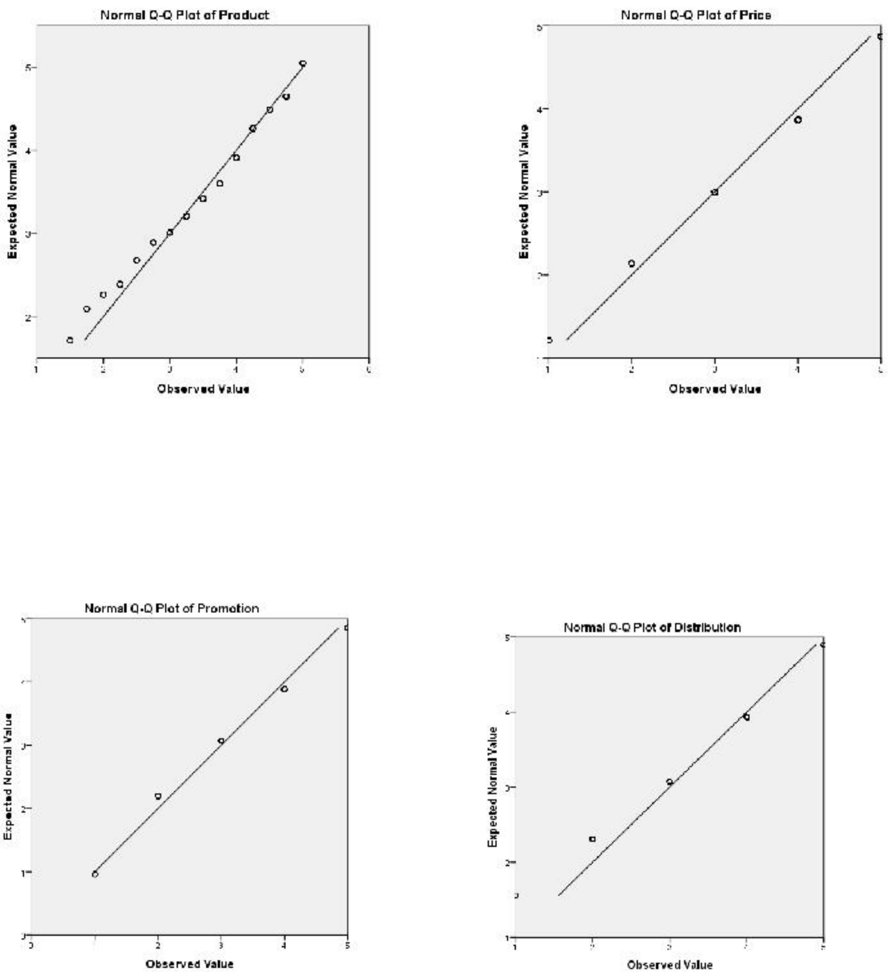
Correlations (Table-35)

		Product	Price	Promotion	Distribution	Loyalty
Product	Pearson Correlation	1	.662**	.475**	.547**	.699**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	379	379	379	379	379
Price	Pearson Correlation	.662**	1	.468**	.359**	.671**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	379	379	379	379	379
Promotion	Pearson Correlation	.475**	.468**	1	.517**	.545**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	379	379	379	379	379
Distribution	Pearson Correlation	.547**	.359**	.517**	1	.617**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	379	379	379	379	379
Loyalty	Pearson Correlation	.699**	.671**	.545**	.617**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	379	379	379	379	379

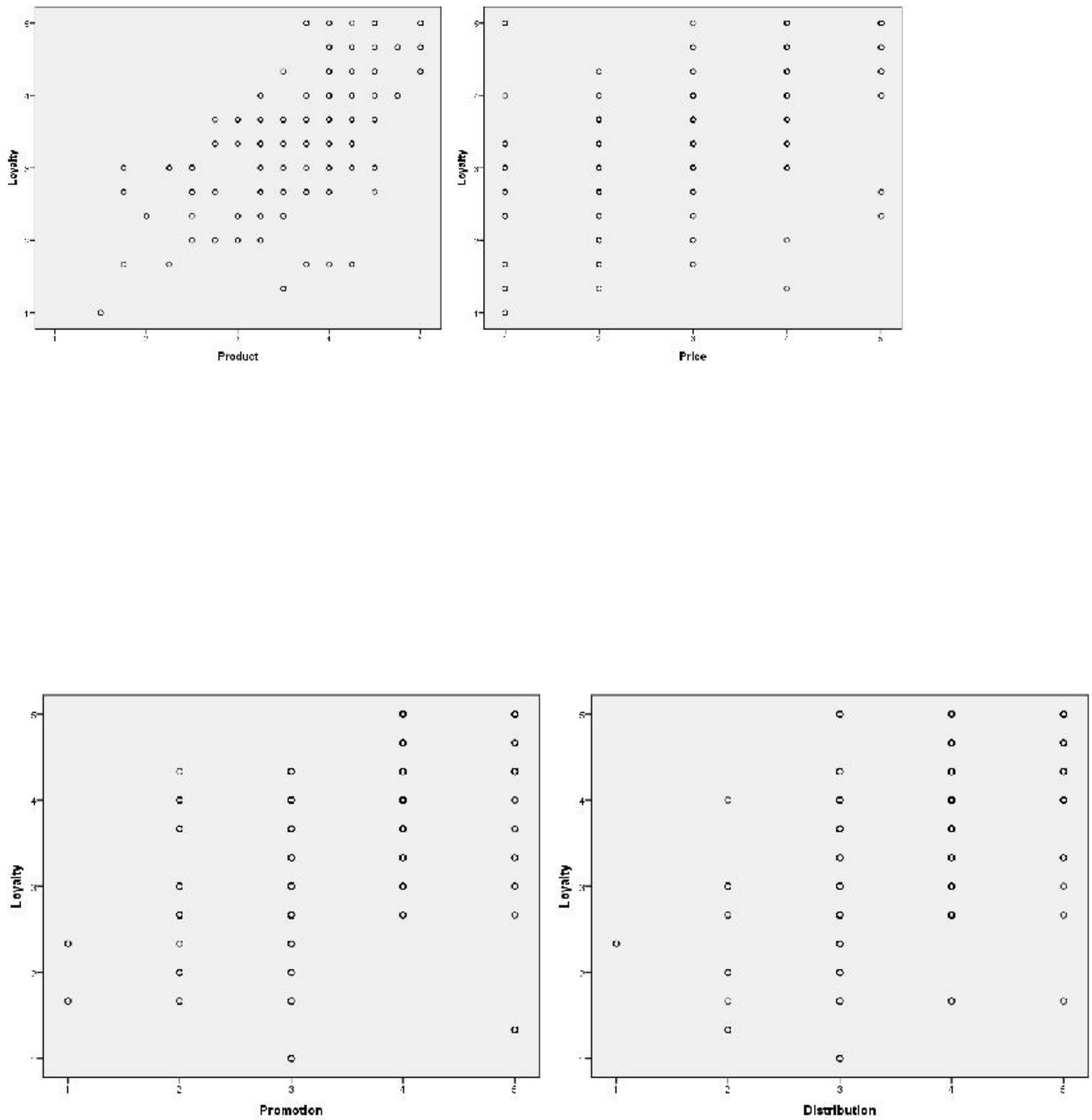
**. Correlation is significant at the 0.01 level (2-tailed).

5. Normality

Normality Test Q-Q Plot (Figure-1)



6. Linearity Graphs (Figure-2)



7. Regression

Multiple Linear Regressions (Table-36)

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	Distribution, Price, Promotion, Product[b]	.	Enter

a. Dependent Variable: Loyalty

b. All requested variables entered.

Model Summary(Table-37)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.808[a]	.653	.649	.570	.653	175.670	4

Model Summary(Table-38)

Model	Change Statistics		Durbin-Watson
	df2	Sig. F Change	
1	374[a]	.000	1.807

a. Predictors: (Constant), Distribution, Price, Promotion, Product

b. Dependent Variable: Loyalty

ANOVA(Table-39)

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	228.264	4	57.066	175.670	.000[b]
1	Residual	121.493	374	.325		
	Total	349.757	378			

a. Dependent Variable: Loyalty

b. Predictors: (Constant), Distribution, Price, Promotion, Product

Coefficients(Table-40)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	-.008	.156		-.052	.958
	Product	.300	.053	.259	5.699	.000
1	Price	.273	.033	.343	8.164	.000
	Promotion	.100	.035	.108	2.823	.005
	Distribution	.329	.043	.297	7.604	.000

Model		95.0% Confidence Interval for B		Correlations			Collinearity Statistics
		Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance
	(Constant)	-.315	.298				
	Product	.197	.404	.699	.283	.174	.450
1	Price	.207	.338	.671	.389	.249	.527
	Promotion	.030	.169	.545	.144	.086	.637
	Distribution	.244	.415	.617	.366	.232	.610

Coefficients

Model		Collinearity Statistics
		VIF
1	(Constant)	
	Product	2.222
	Price	1.896
	Promotion	1.569
	Distribution	1.639

a. Dependent Variable: Loyalty

Collinearity Diagnostics(Table-41)

Model	Dimension	Eigen value	Condition Index	Variance Proportions			
				(Constant)	Product	Price	Promotion
1	1	4.842	1.000	.00	.00	.00	.00
	2	.077	7.954	.07	.00	.63	.01
	3	.043	10.602	.14	.04	.01	.87
	4	.023	14.457	.58	.01	.00	.10
	5	.015	17.935	.21	.95	.36	.02

Collinearity Diagnostics[a]

Model	Dimension	Variance Proportions
		Distribution
1	1	.00
	2	.04
	3	.00
	4	.72
	5	.23

a. Dependent Variable: Loyalty

Residuals Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.29	5.00	3.61	.777	379
Residual	-1.957	1.894	.000	.567	379
Std. Predicted Value	-2.987	1.784	.000	1.000	379
Std. Residual	-3.433	3.323	.000	.995	379