



**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF COMMERCE**  
**DEPARTMENT OF MARKETING MANAGEMENT**

**Factors Affecting Customers Brand Loyalty:  
An Empirical Study in Ethiopian Banking Industry**

**By: MIKIAS GIRMA**

**Advisor: Dr. MESFIN WORKENEH**

**MAY 2017**  
**Addis Ababa**

**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE  
DEPARTMENT OF MARKETING MANAGEMENT**

**Factors Affecting Customers Brand Loyalty:  
An Empirical Study in Ethiopian  
Banking Industry**

By:

Mikias Girma

ID: GSE/0630/2007

**Approved by Board of Examiners**

\_\_\_\_\_  
Advisor

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Examiner

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Examiner

\_\_\_\_\_  
Signature

## **DECLARATION**

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which has been accepted for the award of any other degree or diploma of the university or other institute of higher learning, except where due acknowledgment has been made in the text.

\_\_\_\_\_  
Candidate's Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## **Advisor's Approval**

This Thesis has been submitted for examination with my approval as a University advisor.

\_\_\_\_\_  
Advisor's Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## **STATEMENT OF CERTIFICATION**

This is to certify that the thesis entitled “Factors Affecting Brand loyalty: An Empirical study in Ethiopian Bank industry” submitted by Ato Mikias Girma to Addis Ababa University, School of Commerce towards partial fulfillment of the requirements for the award of the degree of Master of Arts in Marketing Management is a genuine record of the work carried out by him under my supervision and guidance.

Dr. Mesfin Workeneh

---

Date

---

Signature

# Table of Contents

ACKNOWLEDGEMENTS .....	vi
LIST OF TABLES .....	viii
LIST OF FIGURES .....	ix
ABSTRACT.....	x
Chapter One .....	1
1. Introduction.....	1
1.1. Background of the Study .....	1
1.2. Statement of the problem.....	2
1.3. Research Questions .....	3
1.4. Research objective .....	3
1.5. Significance of the study .....	4
1.6. Scope of the study .....	4
1.7. Research methodology.....	5
1.8. Limitation of the study.....	5
1.9. Definition of terms .....	5
1.10. Organization of paper .....	6
Chapter Two.....	7
2. Literature review .....	7
2.1. What is Brand? .....	7
2.2. Branding for Banks: .....	7
2.3. Brand loyalty: .....	8
2.3.1. Brand loyalty definition.....	9
2.3.2. Effects of brand loyalty .....	10
2.4. Benefits of Brand Loyalty .....	12
2.4.1. Higher sales volume.....	12
2.4.2. Retain rather than seek.....	13
2.4.3. Creating perceptions .....	13
2.4.4. Increased usage and spending.....	13
2.4.5. Financial benefits .....	14

2.4.6. Customer acquisition .....	14
2.4.7. Enhanced return.....	14
2.4.8. Strategy for reducing ongoing expense .....	14
2.4.9. Lower price elasticity.....	14
2.4.10. Referrals .....	15
2.5. Conceptual Framework of Brand Loyalty .....	15
2.5.1. Brand Loyalty and Commitment:- .....	16
2.5.2. Brand Loyalty and Trust: .....	17
2.5.3. Brand Loyalty and Customer Satisfaction:.....	19
2.5.4. Brand Loyalty and Service Quality:.....	21
2.5.5. Switching Cost and Customer Brand Loyalty: .....	22
2.5.6. Reputation and Customers Brand Loyalty: .....	23
2.6. Customer Brand Loyalty and Banks: .....	24
Chapter Three.....	27
3. Research Methodology .....	27
3.1. Chapter Overview .....	27
3.2. Research Design .....	27
3.3. Population and Sampling Frame.....	27
3.4. Sampling Design .....	27
3.5. Sample size .....	28
3.6. Data Collection Procedure.....	29
3.7. Method of Data Analysis.....	30
3.8. Ethics in Research.....	31
Chapter Four .....	32
4. Data Presentation, Analysis and Discussion.....	32
4.1. Chapter Overview .....	32
4.2. Characteristics of Demographic and Banking Profile .....	32
4.2.1. Demographic Profile.....	32
4.2.2. Banking Profile.....	34
4.3. Internal Consistency Reliability Assessments .....	34

4.4. Correlation between Factors .....	35
4.5. Analysis of Influences of Brand Loyalty .....	37
4.5.1. Customer satisfaction (CUS) .....	37
4.5.2. Customer Loyalty (CL) .....	37
4.5.3. Trust (TR) .....	38
4.5.4. Service quality (SQ).....	39
4.5.5. Commitment (COM).....	39
4.5.6. Switching cost (SC) .....	40
4.5.7. Reputation (REP): .....	43
Chapter Five.....	45
5. Summary of Major Findings, Conclusion and Recommendations .....	45
5.1. Chapter Overview .....	45
5.2. Summary of Major Findings .....	45
5.3. Conclusion .....	47
5.4. Recommendations .....	48
5.5. Suggestions for Future Research .....	49
REFERENCE	

## **ACKNOWLEDGEMENTS**

First of I will liked to thanks YEDENGLA LEJ CRISTOS. God helped me in all walk of my life. I could not be where I am right now without his guidance and unfailing love.

My special thanks and appreciation goes to my dear wife Betelhem Abate, my Son Nataniem Mikias my mother Letay W/Gebriel and my dear sister Mihret Girma for their unreserved material and moral support during the course of this study.

My warmest gratitude and appreciation goes to my advisor Dr. Mesfin Worku for his unreserved professional and technical assistance. I would like to thank him so much for his helpful reviews, comments and suggestions. Indeed without his helpful comments the successful completion of this study would have been difficult.

I would like also to thank my friends who work in different banks; they took the responsibility in centrally coordinating the data collection task on my behalf that would otherwise have taken me so long - affecting timely completion of the study.

Mikias Girma

May 2017

## **List of Tables**

Tables 3.1 Banks Information.....	28
Table 4.1 Reliability of the influences and their factors .....	35
Table 4.2: correlations between Influences .....	36
Table 4.3: Mean scores of Customer satisfaction.....	37
Table 4.4: Mean scores of Customer loyalty .....	38
Table 4.5 Mean scores of Trust .....	38
Table 4.6 Mean scores of Service Quality.....	39
Table 4.8 Mean scores of affective commitment.....	40
Table 4.9 Mean scores of risk cost.....	41
Table 4.10 Mean scores of evaluation cost .....	41
Table 4.11 Mean scores of learning cost .....	42
Table 4.12 Mean scores of benefit loss cost.....	42
Table 4.13 Mean scores of brand relationship loss cost .....	42
Table 4.14 Mean Scores of Reputation.....	43
Table 4.15: Ranking Table with Mean Scores of Brand Loyalty Influences .....	44

## List of Figures

Figure 2.1 Conceptual Framework of Brand loyalty.....	15
Figure 4.1 Age Group .....	32
Figure 4.2 Gender Profile.....	33
Figure 4.3 Incomes per Month.....	33
Figure 4.4 Types of Bank account.....	34

## ABSTRACT

*Customer loyalty is one of the most important issues organizations face today. Considering highly competitive, complex and dynamic environment of the banking industry together with slight differences which exist in financial products and services, brands become a key differentiator to enable the bank to gain a competitive advantage in the industry. Accordingly, it has become increasingly important for the banks to identify the factors that keep their customers brand loyal to them. Therefore, the present study focuses to comprehensively identify and measure the most important determinants of the brand loyalty in Ethiopian banking industry. To meet the purpose of the study, Explanatory, cross sectional, quantitative survey method is used. The population in this research consist only individuals who have experience using banking services in any one of the Ethiopian banks. Considering the large population of bank service users, a convenience sampling method is used to collect data in view of time and cost constraints and a sample size of 384 is selected from the defined target population accordingly among 384 sample only 297 are correctly respond. The data collection process is done using self-administered questionnaire filled by customers and it has taken place in different branch premises of the selected banks. A three –page standardized survey questionnaire was employed. Descriptive analysis, reliability analysis and correlation analysis are used for purpose of analyzing the data. The correlation study showed that there is a positive relationship between all of the variables considered under the study. The percentages of responses for each question along with their respective mean value confirm that influences switching cost, service quality, reputation and commitment are less important factors and they have week influence on Brand loyalty of banking customers whereas Customer Satisfaction and Trust are the most important factors and have a strong influence on Brand loyalty of banking customers. Given the findings, it is recommended that management should focus their managerial actions on the more important brand loyalty influences first, once these render the best results, managerial input can focus on those influences of lower importance.*

**Key Words:** Brand Loyalty, Loyalty Influences, Conceptual Framework, Banking Industry,

# Chapter One

## 1. Introduction

### 1.1. Background of the Study

Brand loyalty has been an important research topic among marketing researchers since it was first identified. The customer loyalty is a key tool for the success of the brand, especially in retail, where you need to get a competitive edge over competitors. Oliver,1980 defines loyalty as “a deeply held commitment to re buy or repertoires a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior.” according to Wikipedia, Brand loyalty is defined as “positive feelings towards a brand and dedication to purchase the same product or service repeatedly now and in the future from the same brand, regardless of a competitors’ action or changes in the environment. It can also be demonstrated with other behaviors such as positive word of mouth advocacy. Brand loyalty is where an individual buys products or services from the same company”. (www.wikipedia.org) Academics and practitioners agree that brand loyalty is one of the most important strategic constituents in creating sustainable competitive advantage. This is because firms need to invest less in marketing and undertake less effort in addressing loyal customers as compared to disloyal customers (Spiros and Vlasis 2004),. Loyal customers continue to buy and use the same brand as long as they are satisfied. Moreover, loyal customers are usually willing to pay more for a certain brand, because they think no other brands are able to deliver the same offerings. A firm/brand that has loyal customers does not have to allocate a big budget for promotional activities. (Knox and Maklan1998) state that firms get 50% to 85% of their revenues from 10% to 20% of their total customers (who actually are their loyal customers).

In the highly competitive, complex and dynamic environment of the banking industry, there very are slight differences which exist in financial services and products together with an increasingly demanding customer have led to a great transformation in the industry. Banks are indispensable for each country’s economy, in view of the fact that no growth can be accomplished unless savings are efficiently channeled into investment. In fact human realized the need of bank when it begins to realize the role of money as a standard of exchange. In this way banks supply blood to the economy by providing loans. Banks are the plate form where customers have deficit can connect with the customers having surplus fund. However, now days the banking industry is

facing a radically aggressive competition in a new deregulated environment. At the same time national bank of Ethiopia has taken several steps and reforms for its banking industry such as force banks to increase number of branches which further increases the competition and involvedness among the banks.

The economic liberalization of the financial sector started in 1991 in Ethiopia laid a foundation for the formation and expansion of private banks. This coupled with rapid technological advancement and improved communication systems, have contributed for the private banking industry to growing in size, resources and capabilities and each bank is trying to improve its competitive position by offering a variety of services to meet customer needs and expectations. The Ethiopian private banking industry is flourishing this can be evidenced by the financial results of the industry for the fiscal year 2015- 2016.

In this regard, the aim of this study is to identify and measure the most important factors which influence customers brand loyalty in the banking industry of Ethiopia especially in Addis Ababa. In order to do this, previous studies and models were reviewed to identify more factors that can be considered in banking industry. Finally the researcher decides to use factors like service quality, trust, reputation and also other variables. Therefore the study will focus to identify and measure the determinant factors of brand loyalty through the use of those variables.

## **1.2. Statement of the problem**

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. “In 1980 only 3% of customers changed their bank account. Last year it was 12%, so it’s changing very, very fast”. As the number of payment and banking services increases, banks are becoming more wary of other players entering the market. The report showed 30% of banks said keeping customers was their biggest challenge, with retail banks showing more concern over losing consumers than corporate banks. Banks are investing in new products to keep customers loyal. Developing a network of loyal and satisfied customers is critical for the survival of many corporations (Kotler, 2004)

The Ethiopian banking industry has become more competitive and challenging from time to time. This is due to the result of factors such as; government imposition of obligatory

regulations, the increase number of banks and the emerging of new product like Islamic bank, mobile bank and others. The competition becomes stiff especially in the area of local deposit and foreign exchange mobilization. Due to this customers are switching from one to another to retain these huge customers banks should do more on customer loyalty. Customer loyalty in today's era has been a real concern to experts because of extreme competition and high consumer desires. Customer loyalty is viewed as a basic connection and desire to organizational achievement, business performance and profit (Oliver, 1997; Reichheld, 1993; Sheth and Parvatiyar, 1995).

To the best knowledge of the researcher, there exists no previous research work on the subject area of factors that influence brand loyalty in Ethiopian banking industry context. The present study will focus to comprehensively identify and measure the most important determinants of the brand loyalty in Ethiopian banking industry.

### **1.3. Research Questions**

The study aims to find answers for the following research questions;

- The general question is to identify factors affecting customers brand loyalty in bank industry of Ethiopia

The specific questions are:-

- ✓ Does customer satisfaction affect customer brand loyalty in bank industry?
- ✓ Does brand trust affect customer brand loyalty in bank industry?
- ✓ Does service quality affect customer brand loyalty in bank industry?
- ✓ Is there relationship between commitment and customer brand loyalty in bank industry?
- ✓ The difference between private banks and government banks in the customer brand loyalty

### **1.4. Research objective**

- The general objective of the study is to identify Factors Affecting Customers Brand Loyalty in bank industry of Ethiopia.

The specific objective are:-

- ✓ To investigate the effect of customer satisfaction on customer brand loyalty in the banking industry of Ethiopia.
- ✓ To explain then influence of trust on customer brand loyalty in banking industry of Ethiopia.
- ✓ To investigate the influence of service quality on customer brand loyalty in banking industry of Ethiopia.
- ✓ To explain the relationship between commitment and customer brand loyalty in the banking industry of Ethiopia.
- ✓ To explain the difference between private and government banks customers in their brand loyalty.

### **1.5. Significance of the study**

The research has examined the factors which influence customers' brand loyalty towards banks in Ethiopia as well as it evaluate and measure the level of their influence. In this regard the importance of this study can be viewed from two dimensions: Theoretical contributions and Practical implications.

Theoretically, the study gives an additional literature regarding the brand loyalty in Ethiopian banking services context. Therefore, the findings of this study can add to the existing body of the literature and can serve as a starting point on which future studies can be built. On the practical side, the study can help decision makers to identify the major factors that may determine the brand loyalty of customers. Such information will help the management of the banks in formulating appropriate marketing strategies in order to make their customer loyal towards their brand.

### **1.6. Scope of the study**

The study aims to describe the factors which influence customers' brand loyalty towards banks users of Ethiopian customers, the target population are customers and this study is limited only in Addis Ababa, Ethiopia. Furthermore, the study is scoped only to use of convenience sampling method to collect data.

### **1.7. Research methodology**

This study is a survey of the users of banks in Ethiopia Addis Ababa. The methodology comprised of research design, sample size, questionnaire design, analysis, result of reliability and procedure. The data will be analyzed using correlation and regression techniques through SPSS. Explanatory, descriptive, quantitative survey method used to meet the purpose of this study. This research focused on customer loyalty and the factors (independent variables namely, service quality, trust, customer satisfaction, commitment, switching cost and reputation). Furthermore, customer loyalty was the dependent variable. The sample sizes of this research take from bank customers in Addis Ababa. Considering the large population of bank service users, Convenience sampling method is the most general form of sampling designs in social science research (Mohr 1990).

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

These researches based on the responses obtain from bank customers who will Contact from few specific areas in Addis Ababa. Thus the results may vary if the research is conducted in other parts of Ethiopia because of different culture, language. And also the research only rise the above 6 variables but based on different articles there are another variables or factors that are used to study customer brand loyalty.

### **1.9. Definition of terms**

**Brand loyalty:** - Brand loyalty refers to the extent of faithfulness of consumers to a particular brand. Brand loyalty is most commonly expressed through repeat purchases, irrespective of marketing pressure generated by competing brands( Jacoby & Chestnut, 1978).

**Service quality:-** Service quality is a focused evaluation reflecting the customer's perception of specific service dimensions including reliability, responsiveness, assurance, empathy, and tangibility (Zeithaml & Bitner, 2003).

**Trust:** - Trust has been defined as the willingness to rely on an exchange partner in whom one has confidence or confidence in an exchange partner's reliability and integrity (Morgan & Hunt, 2004)

### **1.10. Organization of paper**

The study organized in five chapters as follows; following introduction in the first chapter, chapter 2 contains a review of the literature including the different elements of brand loyalty and its importance and relevance. An in-depth literature study on brand loyalty is will be done and a conceptual framework is presented with the 6 elements that will be taste. The research design and methodology presented in chapter 3. Specifically, this chapter shows the research sampling methods followed by methods that use in collecting data are all outlined. Furthermore, statistical methods used to analyze the data are also explained. In chapter four, the results and findings of the study discussed. Finally, the last chapter include of summary of major findings, conclusion drawn, recommendations and areas where further research may be productive.

## Chapter Two

### 2. Literature review

This chapter organized of the theoretical back ground of brand loyalty and different articles on factors affecting brand loyalty and tries to show the relationship and difference between those articles. And also the conceptual framework of the brand loyalty and finally summarize the gap of the researches.

#### 2.1. What is Brand?

A brand can be defined as a distinguishing name and/or symbol, intended to identify a product or producer (Aaker, 1991). The American Marketing Association define the term a little deeper and state that a brand is "... a customer experience represented by a collection of images and ideas; often, it refers to a symbol such as a name, logo, slogan, and design scheme. Brand recognition and other reactions are created by the accumulation of experiences with the specific product or service, both directly relating to its use, and through the influence of advertising, design, and media commentary. A brand often includes an explicit logo, fonts, color schemes, symbols, sound which may be developed to represent implicit values, ideas, and even personality" (AMA's homepage,2013).

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. According to the American Marketing Association (AMA), a **brand** is a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition" (Keller, 2013).

#### 2.2. Branding for Banks:

The brand is the base of competitive advantage and long-term Profitability of the bank. Creating a brand in finance area presents complex procedure, shaped by signals and functional operating of different departments within the bank. In the banking, there are plenty of products which are nonmaterial. Accordingly, in the banking industry, the branding must, without a doubt, combine consistency with clear message Creating image of the financial institution, in other words creating associations which are concerned on the financial institution and its offering program

has the key influence on perception of client about quality of financial services and products. Especially are important associations which are concerned of the credibility, the assurance and the likeliness of the financial institution. (Aleksić, Kragujevac, Serbia, 2011).

According to Prophet, in his research on branding for banks he identifies five brand management challenges in financial services that are:- 1, Brand management is a relatively new concept for the industry. 2, Brand relevance is difficult to maintain with so many client types. 3, the similarity of product offerings makes differentiation more difficult. 4, The client / advisor relationship, often the key to the industry, is hard to control. 5, Industry trends have made brand positioning more complex. And based on his research tries to put the solution for each challenges for the first challenge investing in brand management and enjoy the business Performance benefits are the best solution. For the second financial services firms can transform this challenge into an opportunity to tailor a more comprehensive group of products/services to a specified client type. For the third challenge the solution will be financial firms must find other aspects of their business, such as the client / advisor relationship, as a means to differentiate from the competition. And also for the fourth challenges he puts the solution as: - The investment in the advisor results in a virtuous cycle where client-facing staffs are more willing to engage clients, the brand is then strengthened, and client-facing staff becomes more enthusiastic about service delivery. For the final challenge of brand management in financial service is brand positioning so the banks should review the environment before position their brand (Prophet, 2003).

### **2.3. Brand loyalty:**

The classical process of brand loyalty generation is that firstly, the consumer will make a "test purchase" of a particular product from a given brand. Then, the product have to meet the customer's expectations, and make him or her satisfied, if that is the case the consumer will often buy this same product. Now that the customer have an image of the brand which is considered a safe and good quality, this customer is more ready to buy the product again or even other product from the same brand. The loyal customer are committed to a brand, ready to pay a more expensive price for a particular brand over others, and willing to recommend the given brand to other people (Giddens & Hofmann, 2002).

Based on Giddens and Hofmann's (2002) statement about brand loyalty, there are three main points which summarize how brand loyalty is important for companies. The first reason is that the companies who have good brand loyalty are more able to enjoy high sales volumes. Giddens and Hofmann explained in their study that every year the average company loose around 13% of its customer. That is the reason why the situation is so competitive and challenging nowadays. But if a company is able to reduce this customer loss, it business can be improved and your level of brand loyalty increasing.

The second reason explaining how brand loyalty is important is a premium pricing ability. Indeed Giddens and Hofmann evoke the fact that if a company increases the level of brand loyalty, the consumers will become less "price sensitive". Actually if the product offered by this company gives the impression to customers that it offers them some special and unique value, then those customers will be ready to prefer your brand even if they have to pay higher price. The value that this brand offers them is not provided by their competitors.

Finally the third reason stated is about the product search. Giddens and Hofmann explain that the loyal customers are ready to look for your brand in a range of product, and they also are less sensitive to the competitors. This point results for the company, the realization of marketing savings, lower distribution and advertisings costs.

Another theory supports this third and last point. Aaker (1991) states that a loyal customer is less vulnerable and sensitive to competitive actions, which means that some competitors can become disheartened from using their money to attract customers already satisfied.

Knox and Denison (2000) argue that customers with a high brand loyalty level, use a bigger part of their budget to buy from their favorite brand than customers who used to alternate between different brands. Actually Mattila (2001) even proved that the loyal customers are more able to "forget" or not complain about a failure or a mistake in service occur, and that those loyal customers are more resistant to premium prices.

### **2.3.1. Brand loyalty definition**

The concept of brand loyalty has been defined in several different ways during the past years. However few of them are more often used as good definitions of brand loyalty.

Wilkie (1994) defined brand loyalty as "a favorable attitude toward, and a consistent purchase of, a particular brand". This definition suggests that consumers are loyal, if both the attitude but also the behavior are favorable.

Jacoby and Chestnut (1978) proposed a more complex and deep definition of brand loyalty, arguing that brand loyalty is "a biased, behavioral response, expressed over time, by some decision making unit, with respect to one or more brands out of set of such brands, and is a function of psychological processes". As a last definition, Oliver (1997) stated that loyalty to a brand is "a deeply held commitment to repurchase or patronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts that have the potential to cause switching behavior".

Those definitions are different, but they all have in common that the concept of brand loyalty is not inevitably the actual action of purchasing, but the intention to make a purchase. The definitions also argued about the idea of attitude, saying that loyalty must include a favorable attitude toward the brand, and that a repetition of purchase is also needed in order to gain brand loyalty.

### **2.3.2. Effects of brand loyalty**

Kotler's and Oliver's define deferent patterns of brand loyalty. When we start with Philip Kotler (1997) he defined different patterns of behavior. Indeed not every consumer will have exactly the same usage rate and the same commitment to the product using. These different behaviors are divided into four distinct patterns of behavior:

1. Hard-core loyal
2. Split loyal
3. Shifting loyal
4. Switchers

The strongest of these four, is the hard-core loyal customer which is buying from the same brand in every occasion occurred. The split loyal customer is a customer which has split feelings between different brands and is why buying from two or three brands. Shifting from one brand to another defines the customer as shifting loyal whereas switchers could be defined as not being loyal, where they always look for deal prone, bargains or just something different.

Also Oliver's (1997) book suggests a different approach, based on a four stage loyalty model, stating that loyalty will be based on belief, affect, intentions and action. These four points will occurs at different times, but not simultaneously.

Following Oliver's statement, the first phase occurring of loyalty is the cognitive loyalty. This phase is the more superficial and weak one, because it is only based on brand characteristics that the consumer has in his beliefs. But those beliefs are maybe based on indirect knowledge, or just the past experience with this brand. This phase is very superficial and easy to lose for the brand, because if the satisfaction is not provided, this loyalty may be lost. In case of the contrary, the satisfaction is provided by the brand and it became a consumer's experience, which will lead to move to the second phase.

This second loyalty phase is called affective loyalty. It is based on the feelings and emotions of the consumer. In his past experiences, the consumer builds an opinion and a relationship toward the product, which is based on the satisfaction after using this brand. It is now much harder to make him change his minds about the brand features, because opinions are deeper than only information.

The third phase of the Oliver model is called conative loyalty. In this phase, the consumer already got satisfaction with this brand during several past experiences. With this high satisfaction, the consumer is much more engaged to this brand. This engagement will lead him to the intention to purchase again the same brand in his future.

Finally, the fourth phase is called action loyalty. It is considered in Oliver book as the more strong loyalty form. Indeed in this phase the consumers move from intent to repurchase the brand (conative loyalty) to actions. The more the consumer will repeat purchase of this brand, the more

the loyalty will become deep towards this particular brand. In this case the consumer is ready to use time and money to look for that brand.

## **2.4. Benefits of Brand Loyalty**

Firms selling brands with a high rate of loyal consumers reduce the marketing costs of the firm (Levins, 2009). Brand loyal consumers reduce the marketing cost of the firm as the cost of attracting a new customer. He claims that the cost of seeking new customers is about six times higher than the cost of retaining an old one. Similarly, Holt (2008) confirms that as costs escalate, credit access shrinks and competition increases, a strong and resilient brand is the solution for obvious competitive advantage (Holt, 2008).

Holt,(2009) state that loyal customers translate into lower marketing costs and increasing revenue over a customer's lifetime relationship with a company. Patterson (2007) asserts that many firms are beginning to shift their marketing focus from new customers to existing customers in an attempt to secure a cohort of brand loyal customers to first ensure sustainability.

Brand loyal consumers are willing to pay higher prices and are less price sensitive Brand loyalty also provides the firm with trade leverage and valuable time to respond to competitive moves (Aaker, 1991). In sum, loyalty to the firm's brands represents a strategic asset which has been identified as a major source of the brands' equity.

The following have been identified as the most common benefits from brand loyalty:

### **2.4.1. Higher sales volume**

The average company loses half of its customers every five years, equating to a 13% annual loss of customers. This statistic illustrates the challenges companies face when trying to grow in competitive environments. Achieving even 1% annual growth requires increasing sales to customers, both existing and new, by 14%. Reducing customer loss can dramatically improve business growth and brand loyalty which leads to consistent and even greater sales since the same brand is purchased repeatedly (Giddens, 2010).

#### **2.4.2. Retain rather than seek**

Brand loyalists are willing to search for their favorite brand and are less sensitive to competitive promotions. This inelasticity results in lower costs for advertising, marketing and distribution. It is easier to reinforce behaviors than to change them and the sale is just the beginning of an opportunity to turn the purchaser into a loyalist. It costs four to six times as much to attract a new customer as it does to retain an old one. (Giddens, 2010).

#### **2.4.3. Creating perceptions**

Price premium creates the perception of quality. It follows the age-old axiom of “you get what you pay for”. Price and quality of a product are two of the most important strategic variables within the marketing mix. A thorough knowledge of their interdependence is not only valuable for the product manager who sets prices and determines product design. In some instances, it can also help those consumers who might take price as an exclusive or additional cue for evaluating the quality of a product. There is a tendency among consumers to associate higher prices with higher quality. This notion that consumers use price as an exclusive or additional variable to predict product quality could be empirically confirmed in many experimental studies. It should be noted, however, that the importance of price in the consumer's decision making process does also to a large extent depend on situation (that is search time) and consumer-related (that is familiarity with products or brands) factors. (Gregg and Walczak, 2010).

#### **2.4.4. Increased usage and spending**

Perceived quality has been shown to positively affect customer usage. Consumers tend to select brands they perceive to be quality brands. This also connects to repeat buying or brand loyalty. Consumers tend to continue buying brands that reward them with a good experience versus repeating the evaluation process time after time (Aaker, 1996). For example, a customer who repeatedly stays at the same hotel becomes more familiar with the hotel's full product line, such as gift shops and banquet rooms. And that customer will be likely to sample other product lines of the company, thus helping the company achieve a larger share of customers.

#### **2.4.5. Financial benefits**

The advantages of customer loyalty are long-term and cumulative. The longer a customer remains loyal, the more profit a business can get from that single customer. The results of research conducted by Giddens reveal that positive financial benefits can be attained through customer loyalty (Giddens, 2010).

#### **2.4.6. Customer acquisition**

Brand building plays a central role in customer acquisition in that high equity brands attract and retain customers much more easily than new or low equity brands. This fact alone explains the high speed at which high equity brands captures market share (Giddens, 2010).

#### **2.4.7. Enhanced return**

Loyal customers are inclined to buy more types and more volume of products and services from their preferred brand, thereby generating an enhanced return over the life of the relationship. Financial benefits are actually experienced through customer spend over their lifetime.(Aaker, 1996).

#### **2.4.8. Strategy for reducing ongoing expense**

Loyalty can be a strategy for reducing ongoing expense. A company that is retaining customers is one that can, in theory, reduce its investment in customer replacement. By closing the proverbial hole in the bottom of the bucket through which customers leak out, the company can improve profitability substantially. There is an increase in the number of companies concentrating their efforts on customer retention. Attributes to the increase in retention strategies are to the following reasons: there is increasing intensity in competition; Customers are becoming more promiscuous; the cost of customer acquisition is higher than customer retention; and it makes business sense to focus on existing customers. (Giddens, 2010).

#### **2.4.9. Lower price elasticity**

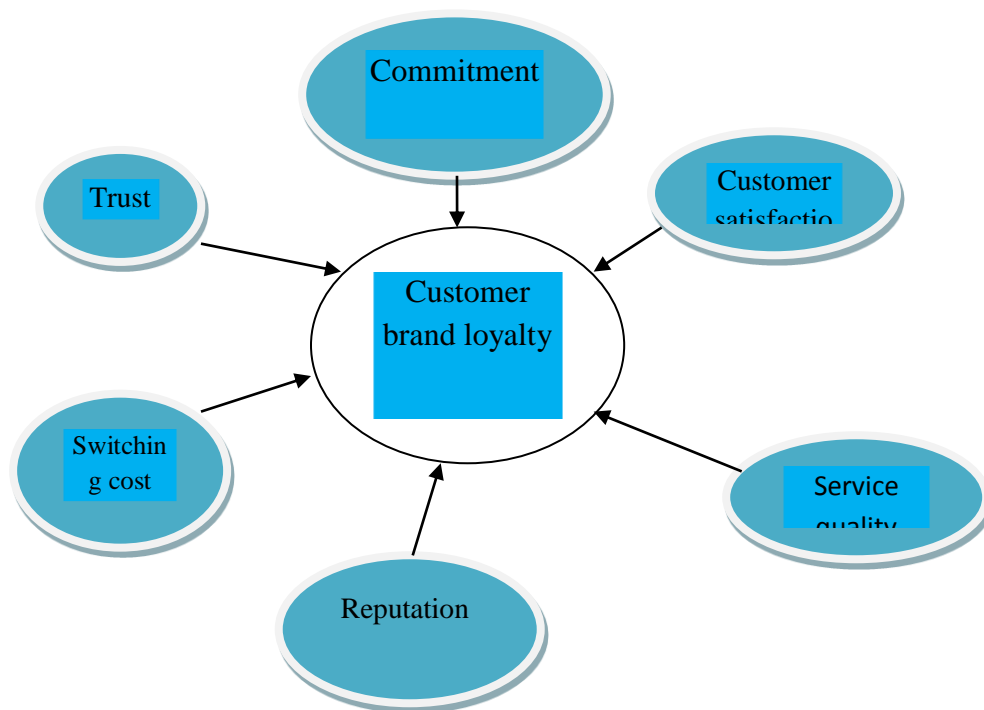
Customer loyalty can be associated with lower price elasticity and willingness on behalf of the customer to pay more for the privilege of doing business. Higher margins, almost always drop to the bottom line. Brands with a high level of brand loyal customers experience lower price

elasticity as customers accept the price they pay for the brand name and brand association. Some studies indicate that price reductions have actually had a negative result in sales due to the disapproval of brand loyalists (Aaker, 1996).

#### 2.4.10. Referrals

Loyalty can be equated with the mother of all profitability engines. If loyal customers are happy customers, then it is likely they are unpaid ambassadors for a company, spreading the word on how wonderful it is to do business with the company. That saves the company real money in reduced customer acquisition costs. Customers also value their relationships with their branded possessions and with marketing agents and institutions that own and manage the brand and as such announce the value of the brand to family, friends, social groups and work colleagues (Aaker, 1996).

### 2.5. Conceptual Framework of Brand Loyalty



**Figure 2.1 Conceptual Framework of Brand loyalty**

In the conceptual framework of brand loyalty there will be discussion about factors that affect brand loyalty from different articles. This study tries to gather factors of brand loyalty and use

the following factors as the main factors which affect brand loyalty of customers. And discussed as follows:-

### **2.5.1. Brand Loyalty and Commitment:-**

The competitive environment is not only an opportunity but it can also represent a threat to any company. Brand Commitment (BCO) is a comprehensive and flexible tool that very simply measures the psychological links between customers / users and brand, product or service. This model allows us to estimate the possible brand potential and to predict the risk of leaving to other brands. (<http://www.factum-group.com>)

Consumer brand commitment is still an important construct, and it is crucial that marketers are aware of the importance of building and maintaining consumer relationships, as this is closely linked with commitment (Maheshwari, Lodorfos, Jacobsen, 2014). Their research paper was focused on the impact brand experience and commitment has on true brand loyalty in the automotive industry. On their research brand commitment is consists of affective and continuance commitment:-

According to Amine (1998), affective commitment reflects the extent to which a consumer wants to maintain a relationship with a brand based on their emotional attachment to the brand. This phenomenon includes the extent to which the consumer identifies with the brand, and is the core of the consumer-brand relationship (Louis and Lombart, 2010). Furthermore, Bansal et al., (2004) explained that affective commitment is centered around the consumer's emotional attachments to the brand, their identification with the brand, and their involvement with the brand. These three factors will evidently lead to a desire to maintain the brand relationship.

Fullerton (2003) explained that continuance commitment occurs when specific actions are taken that will force the relationship over a period of time, such as contracts, service agreements, investments and pledges. These types of relationships can often create feelings of entrapment or dependence, which both are fundamental in the continuance commitment construct. There finding indicate that there is no a significant relationship between continuance commitment and brand loyalty, neither directly nor indirectly as a mediator. However, affective commitment influenced brand loyalty both individually and as a mediator between experience and loyalty.

From this finding we understand that creating emotional attachment to the brand is one of the best alternatives to build brand loyalty.

In addition the other research made by (Bachman and Wilkins, 2014) indicate that commitment play calculative role in building brand loyalty. The purpose of their research is to assess the extent to which consumer commitment and consumer brand identification influence consumer behavior. This study provides convincing evidence to confirm the importance of consumer-brand identification and calculative commitment in determining consumers' post-purchase behavior.

On the other hand the research made by TeTu et-al., (2013) indicates that commitment significantly affect customer loyalty. The purpose of their study was to evaluate how corporate brand image affects customer commitment as well as impact on loyalty in automobile sector. Their study was conducted as quantitative, non-experimental and explanatory (correlation) to assess the relationships among corporate brand image on customer commitment and loyalty. The results of this study show that the corporate brand image is a direct path and is a factor that significantly affects the customer commitment and also the customer commitment is a direct path and is a factor that significantly affects the customer loyalty. Therefore, firms have to specifically focus on these factors in order to build a long-term and mutually profitability relationship with a customer and create loyalty as competitive advantages in the market.

So this research tries to solve different question that will be raised on commitment as a factor of that affect brand loyalty and also tries to feel the gap of different research.

### **2.5.2. Brand Loyalty and Trust:**

McCarthy ,(2015) define brand trust: "Brand trust is the willingness of the consumer to rely on the ability of the brand to perform its stated function while seeing the engagement with the brand as supportive and enforcing of personal values". Lau and Lee (2000) proof that brand trust is a mediating variable which related brand predictability, brand competency, brand reputation, brand satisfaction, brand experience, trust in company and brand liking with brand loyalty.

Trust is a concept studied in various disciplines and, as a result, there are different definitions of trust. A dictionary definition of trust: "A psychological state where a person accepts vulnerability based upon positive expectations of the intentions of another". Gefen et al (2003) define trust as:

the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trust or , irrespective of the ability to monitor or control that other party.

When there is trust customers believe that the marketer is reliable and has integrity and a customer has confidence that the employee is honest, fair and responsible and his or her word can be relied on. Nobody expects a long-term relation with a partner that cannot be trusted. When there is trust in a relationship all parties believe that none will act opportunistically. Morgan and Hunt (1994) stated that trust exists only when one party has confidence in an exchange partner's reliability and integrity. They posit that trust is a major determinant of relationship commitment: brand trust leads to brand loyalty because trust creates exchange relationships that are highly valued.

Komunda and Osarenkhoe (2012) stated that trust is logically and experientially a critical variable in relationships. Customers who do not trust a vendor in a competitive marketplace are unlikely to be loyal.

Different research claims brand trust has relationship with brand loyalty. They are summarized as follows:

Soong, Kao, Juang. (2013) on their Study on the Relationship between Brand Trust and the Customer Loyalty based on the Consumer Aspects. They found that the brand trust to the customer loyalty exist significant influence, the brand trust of the student consumers exist the direct relation with the customer loyalty. They argue that personal variables such as region, marital status, disposable income and purchase expense monthly Plays mediating role in relationship between trust and brand loyalty.

Setyawan et-al., (2015) argues that brand trust is an important factor to consider when a brand decides to build brand loyalty. On their research on brand trust, brand loyalty in Indonesia customer. Their research's purpose was to analyze the role of brand trust as a mediating variable in the relationship between brand reputation, brand predictability brand competence, trust in the company, brand liking, brand experience and brand satisfaction with brand loyalty. On their finding brand satisfaction and trust in the company have positive significant effect on brand loyalty mediated by brand trust. And also brand reputation, brand predictability brand

competence, brand liking and brand experience do not have significant effect on brand trust and brand loyalty.

Similarly the other researcher also put brand trust as a mediator. Liao, (2015) indicate that brand trust plays mediator rule for brand loyalty and brand equity. On his research he tries to put three antecedents including cognitive, marketing and experiential factors are evaluated to identify their direct effects on brand loyalty and brand equity and also their indirect effects through trust are also evaluated. The result is brand trust can be promoted through providing brand values, investing in satisfaction programmed, establishing complaint handling mechanism, and providing experiential experience. Brand trust also has significant effect on brand equity.

However the other research made by (Damtew, Pagidimarri, 2013) claims that customer trust has direct and positive relationships to customer loyalty. The overall objective of their study is to analyze the role of customer trust in building customer loyalty in the insurance sector of Ethiopia. They argue that if customers are loyal they will retain in the company and purchase additional policies and renew policies. This leads to superior long-term financial performance. The findings of their study shows that customer trust on employees and customer trust on insurance company play a vital role in influencing customers towards loyalty in insurance sector of Ethiopia.

From the above reviews we understand that trust plays a major rule and also a mediator rule for building brand loyalty.

### **2.5.3. Brand Loyalty and Customer Satisfaction:**

Customer satisfaction is the result of purchase expectation and post purchase experience comparison with incurred cost (Serkan & Gökhan, 2005). The customer might have high, low and no expectation. It is also depends on the importance of brand as well as the cost. If the expectation for brand/product performance is high, post purchase experience will determines customer satisfaction even if the customers are low cost conscious. Customer satisfaction can be overall satisfaction (Serkan & Gökhan, 2005). Overall satisfaction is the result of accumulative experience and encounter rather than specific satisfaction or dissatisfaction, which has longitudinal by nature (Serkan & Gökhan, 2005). Overall customer satisfaction is longitudinal, so a customer's response is cognitive. Serkan & Gökhan (2005) states that customer satisfaction

is “customer’s psychological response to his/her or her positive evaluation of the consumption outcome in relation to his/her expectation”. Satisfaction is a subjective evaluation of the consumption experience. The argument is based on disconfirmation satisfaction theory. The theory state that customer evaluation of product/brand is based on comparison between expected performances with actual performance. Disconfirmation theory of satisfaction has conceptualized as expectation, performance, disconfirmation and satisfaction (Jensen & Hansen 2006).

The high level of consumer satisfaction has many benefits for the brand; such as increased consumer loyalty, enhanced brand, reputation, reduced price elasticity, positive word of mouth and lower switching tendency (Anderson *et al.*, 1994; Fornell, 1992).

Many studies have been concentrated on the investigation of the satisfaction- loyalty relationship (Saeed et- al., 2013; veerakumar; 2016, Al-Msallam, 2015; Dib, Al-Msallam, 2015; Awan, 2014; Wang, Tang, 2014).

Customers established higher loyalty toward a brand when they are more satisfied (Al- Msallam, 2015).On his work in the customer satisfaction and brand loyalty in hotel industry, he use variables like brand image, price fairness and there important rule to create brand satisfaction. The findings indicate that those two variables played important roles on satisfaction. Similarly Veerakumar, (2016) suggest that Brand loyalty can be generated through improving customer satisfaction and offering high brand value. Brand performance has significant positive relation with customer satisfactions in home appliances. The survey result shows that 60 percent customer has satisfied on the basis of brand performance. Brand performance is the fundamental inspiration factor for the consumer satisfaction which is considered as a positive position while purchasing products which relates to customer satisfaction and brand reputation is important antecedents for intended loyalty. on the other hand Dib and AL-Masllam,(2015) indicates that customer satisfaction significantly affects customer loyalty. Also, the factors of perceived quality, brand image and price fairness affect Brand loyalty. Customer perception of perceived quality, brand image and price fairness are almost equally to build up the satisfaction.

Brand loyalty can be generated through improving customer satisfaction and offering high brand value. (Awan, Rehman, 2014) they also found from their research that brand performance has significant positive relation with customer satisfactions. Brand performance is the fundamental

motivation factor for the customer satisfaction which considered as a positive state of mind in purchasing products which relates to customer satisfaction and brand reputation is important antecedents for intended loyalty. The customer satisfaction has positive association with brand loyalty in home appliances.

#### **2.5.4. Brand Loyalty and Service Quality:**

Service quality can be regarded as one of the most frequently analyzed customer loyalty determinants. Tangible and intangible constituents of service quality were important in evaluating either customer view of an organization or customer trust in an organization (Doney and Cannon, 1997; Garbarino and Johnson, 1999). It has been defined that service quality is very important for customer satisfaction, and by it service quality impacts customer loyalty (Cronin and Taylor, 1992; Oliver, 1999). Kotler (2003), defined service as 'any behavior or act based on a contact between two parties: the provider and the receiver, and the essence of this reciprocal process in intangible.

(Ivanauskienė, Volungėnaitė, 2014) study investigated the dimensions of retail service quality and the relationship between service quality dimensions and customer loyalty across three emerging markets. The research data disclosed that the retail service quality dimensions extracted by RSQS (retail service quality scale) instrument. The Principal Component Analysis revealed that five retail service quality dimensions namely, personal interaction, physical aspects, reliability, policy and product quality, can be identified in the researched market. The findings suggest that retail service quality has a positive effect on customer loyalty. And also analysis shows that of the five distinguished dimensions only three dimensions, namely personal interaction, policy and product quality, were significant to customer loyalty.

A good service delivery creates customer delight. The delighted customers in turn will remain loyal and always have a positive impression towards the company and its product. So in order to achieve loyalty service quality is crucial (Khan et-al., 2016). According to their research brand loyalty is divided in to attitudinal loyalty refers to the psychological commitment that a consumer formulates in the purchase act, such as intentions to purchase and intentions to recommend without necessarily taking the actual repeat purchase behavior into account and Behavioral loyalty refers to the frequency of repeat purchase. The purpose of their study is to

investigate the impact of product and service quality on brand loyalty. The results show that product and service quality had positively influenced the behavioral and attitudinal based brand loyalty. Product and service quality are both important in the restaurant industry and so in the quick-service restaurants.

Based on the above researches we understand that service quality affect customers brand loyalty directly or indirectly.

### **2.5.5. Switching Cost and Customer Brand Loyalty:**

Switching cost is cost incur by a customer when they decide to switch to another brand. The cost might be one time, which includes financial and non financial (Burnham & Mahajan, 2003). According to them, the cost includes" searching cost, transaction cost, learning cost, customer habit, emotional cost, cognitive effort, coupled with financial, social and physiological risk of part of the buyer." Searching cost might include time and an effort made in searching information and comparing alternative brand quality, price, serviceability, product warranty and other brand offering from competitive brand (Burnham & Mahajan, 2003).

The economic cost is sunk cost and progressive cost. Sunk cost is the one-time purchase cost incurred by customers, which is paid at the beginning of brand purchase and one time sum payment. Progressive cost is an additional cost incurred by customers when they update functional system and repair. The sunk costs and progressive costs increase switching costs because it increases customers' investment on a brand (Burnham & Mahajan, 2003).

Learning cost usually stated as the effort and energy put by customers to learn new setting and feature. Learning progress depends on customer skill and the complexity of brand. The more complex to learn a brand is the more time-consuming to get used to a new setting and procedure. Long procedural learning might frustrate customers and they hesitate to change brands.

When switching costs increase, it is possible that dissatisfied customers maintain the service provider, even if the image of the firm is subject to a negative change. The study conducted by Wang (2010) showed that as switching costs increase, the relationship between corporate image

and customer loyalty diminishes (and also that as corporate image increases, the effect of switching costs on customer loyalty decreases).

( Stan , ceammerer and Cattan-Jallet,2016 ) on their research on customer loyalty development: the role of switching cost. The results show that perceived switching costs, here assessed in terms of price sensitivity, have by far the strongest, positive and direct impact on customer loyalty in comparison to the other antecedents included in the model. This further strengthens the notion that perceptions of increased switching costs, which manifest themselves in reduced price sensitivity, are particularly important in establishing a loyal customer base. And also switching costs moderate the link between customer satisfaction and customer loyalty. It demonstrates that if switching costs increase, the link between customer satisfaction and loyalty weakens. From practical point of view, the results confirm the importance of the creation of switching costs in order to retain existing customers in case perceptions of customer satisfaction drop.

On the other hand (Chin Ting, 2014) on his research “The Relationship between Customers’ Switching Cost and Repurchase Intention: The Moderating Role of Satisfaction” found that consumers with different degrees of satisfaction would lead to different results. For consumers with high and low satisfaction, switching cost does not significantly influence customers’ repurchase intention, and only for the consumers with medium satisfaction, switching cost significantly and positively influences customers’ repurchase intention. Switching cost, customers’ repurchase intention, and customer satisfaction are three variables used in this study and these variables are perception variables of consumers.

#### **2.5.6. Reputation and Customers Brand Loyalty:**

A lot of marketing researchers have focused on the subject of the reputation of a company. From Ewing et al. (2010) point of view, nowadays companies have found out the importance and role of corporate reputation regardless of where they are located. Current research on corporate reputation is mostly focused on constructive reputation. This means a method by which reputation is being applied and consequently the effect of this reputation is vivid on customers and the organization’s success. Many marketing experts are of the opinion that corporate reputation is something over the image and identity of a corporation. Corporation reputation is considered as the valuable strategic source. Fomburn (1996) and Bromley (2002) define

reputation as: —The total customers' evaluation of the behavior and previous results of the corporation which describe the corporation's capability to provide value and profit to its multiple beneficiaries. The reputation of a corporation can be determined by the customers' perception of experience, direct and indirect information which is the upshot of the corporation's previous activities. Some advantages of good reputation includes: reduction of operational costs, high rate of customers return and accordingly sales growth, and products prices which are subjected to increase. Although many researches such as Inglis et al. (2006) have proved a positive correlation between corporation reputation and financial performance, a few attempts have been made to analyze the effect of corporation reputation on perception value and customers' trust, particularly in the field of services and still it has remained as one of the significant and intellectual subjects.

When it comes to customer and brand, there is more to it than purchasing and consuming, therefore an appropriate relationship between them, is one of the main goals of brand management which can guarantee the life of a brand and as a result, in order to regulate the quality of this relationship, the brand personality dimensions should be created in customers' minds first (Nili, navabakhsh, Khosropour, 2013). As it can be seen from their research, efficient usage of brand personality (corporation reputation) can lead to customer brand loyalty. The creation of Brand personality requires time. But by creating that, we should try to make sure it has a long life. Brand personality can be formed from variety of ways, such as marketing communications, sales promotion and social responsibility.

## **2.6. Customer Brand Loyalty and Banks:**

Many studies have been concentrated on the investigation of factors that affect brand loyalty of banks. (Kishada, Whaba, 2013, Ali et- al., 2014, Sajid et-al., 2015, Kheng et-al 2010, Sabir et-al., 2014, Asfar et-al., 2010 Rorio, 2015, Najafi et-al., 2015, Pasha, Waleed, 2016).

Trust has significant positive influence on customer loyalty (Kishada, Whaba, 2013). Their study attempted to determine the level of satisfaction and loyalty among the Islamic banking customers. In addition, it also investigates the relationship between satisfaction, trust, perceived value and service quality with customer loyalty.

The other research indicates that service quality, trust and reputation are important predictors of customer loyalty (Ali et-al., 2014). Their research attempts to examine that how service quality, trust and reputation effects customer loyalty in Pakistan Banking Industry. The study involved a survey of the users of banks in Pakistan. The methodology was comprised of research design, sample size, questionnaire design, analysis, result of reliability and procedure and also convenience sample is used. The data was analyzed by regression analysis and correlation the purpose of regression analysis was to determine which of the three factors would have the most important influence on customer loyalty. They conclude that trust to a lesser extent, service quality is crucial factors for customer loyalty as reputation.

The study of Sajid et-al., (2015) shows the relationship of: Customer Satisfaction with Trust and Service Quality in Banking Industry & Customer Loyalty with Customer Satisfaction, Trust and Service Quality in Banking Industry. They claim that the independent variables (trust and service quality) have positive relationship with customer satisfaction and customer loyalty, whereas relationship of trust with customer satisfaction is not proved. And also they claim that from the three variables service quality has a significant positive influence on customer loyalty. They use also convenience sampling method.

The other study of Kheng et-al (2010) used model of SERVQUAL (Parasuraman et al., 1988) with five dimensions was used by this research to evaluate the impact of service quality on customer loyalty among bank customers in Penang, Malaysia with customer satisfaction mediating these variables. The findings show that improvement in service quality can enhance customer loyalty. The service quality dimensions that play a significant role in this equation are reliability, empathy, and assurance. The findings indicate that the overall respondents evaluate the bank positively, but still there are rooms for improvements. In this study, it is also found that satisfaction has mediating effect on the relationships between service quality dimensions (tangibles, reliability, responsiveness, empathy and assurance) and customer loyalty.

When a customer is not sure about the new bank which might be chosen, it makes him/her not move simply and suddenly. He or she thinks that should spend more time in order to be able to make a good decision. This process makes the customer stay more with the current bank, because he/she considers the risk of not being satisfied with the new bank and tries to think more about switching. By doing so, staying with the bank for a longer time is more possible than

choosing a new one carelessly (Asfar et-al., 2010 Rorio, 2015). Their research attempts to find the factors of customer loyalty and their relationships with the banking industry in one of the developing countries, which is Pakistan. Then analyzing the relationship among different factors, a model for the customer loyalty is proposed at the end of the research. Perceived quality, satisfaction, trust, switching cost and commitment are the factors which influence the loyalty of the customers. These factors also influence each other as well. Their finding indicate that the effect of satisfaction and trust on commitment is positive and significant and the greater the satisfaction the greater is commitment and the greater the trust the greater is the commitment, The effect of perceived quality on satisfaction is positive and significant but low and The effect of satisfaction, switching cost and commitment on customer loyalty is positive and significant.

Quality of service plays a crucial role in influencing customer loyalty hence the need for all bank employees to practice courtesy all the time (Rorio, 2015). The purpose of their study was to establish the factors influencing customer loyalty in the banking sector, a case of commercial banks in Mombasa.

The independent variables (customer satisfaction, brand trust, perceived price and service quality) have significant relationship with customer loyalty. If a bank not meets customer's requirement, he switches to another bank. Highly satisfied customers tell other person about their experience but dissatisfied customers tells more person than the satisfied customer (Pasha, Waleed, 2016). Their study measures the determinants of customer loyalty in the banking sector by analyzing variables such as customer satisfaction, brand trust, perceived price and service quality. Being a descriptive study, survey method is adopted for data collection.

From the above different scholars view we understand that customer brand loyalty affected by different factors. Each of them uses different factors to determine brand loyalty this indicate that there is a gap of not using the same variables. So this research tries to show factors that affect brand loyalty at most.

## **Chapter Three**

### **3. Research Methodology**

#### **3.1. Chapter Overview**

The purpose of this chapter is to describe the research methodology followed during the empirical phases of the study. Therefore, design of the research, population and sampling frame, sampling design, data collection procedure and method of data analysis is given.

#### **3.2. Research Design**

Explanatory, cross sectional, quantitative survey method is used to meet the purpose of this study. This research focused on customer loyalty and the factors (independent variables namely, service quality, trust, customer satisfaction, commitment, switching cost and reputation). Furthermore, customer loyalty was the dependent variable as dedicated on the conceptual framework of chapter two. Therefore, the aim of the study is to identify and measure the biggest influences on brand loyalty through the instrument designed by different scholars.

#### **3.3. Population and Sampling Frame**

A population consists all elements (individuals, items or objects) whose characteristics are being studied (Mann, 1995). Since this research is confined to the banking industry; the population consist only individuals who have experience of using banking services in any one of the Ethiopian banks. The sampling frame for this study incorporates a complete list of all customers of banks in any of branches located in Addis Ababa.

#### **3.4. Sampling Design**

Determining sample size is very important issue because samples that are too large may waste time, resource and money. While samples that are too small may lead to inaccurate results. According to Saunders (2007) researchers normally work to a 95% level of certainty. According to G. Cochran (1977), for the population that are large to yield a representative sample for proportions which is valid ; where  $N$  is a sample size,  $Z$  is the Abscissa of the normal curve that cuts off an area " $\alpha$ " at the tails, the tails are  $(1 - \alpha)$  equals the desired confidence level i.e. 95%. " $E$ " denotes the desired level of precision, " $p$ " is the estimated probability of attribute that

is present in the population. “q” is 1-p. The value for Z is found in the statistical tables which contain the area under the normal curve. The resulting sample in this study will be determined as follows:

$$\begin{aligned}
 N &= Z^2 pq/E^2 \\
 &= \frac{1.962^2 * 0.5 * 0.50}{0.052} \\
 &= 384.16
 \end{aligned}$$

According to the above calculation, a sample size of 384 is selected from the defined target population. Considering the large population of bank service users, a convenience sampling method is used to collect data in view of time and cost constraints. It also enables the distribution and handling of the survey questionnaires effective and convenient.

### 3.5. Sample size

**Tables 3.1 Banks Information**

Name of banks	Year	No of branches
Abay Bank	2010	135
Addis International Bank	2011	48
Awash International Bank	1994	201
Bank of Abyssinia	1996	202
Berhan International Bank	2010	102
Bunna International Bank	2009	128
Commercial Bank of Ethiopia	1963	1140
Cooperative Bank of Oromia(s.c.)	2005	210
Dashen Bank	1995	300
Debab Global Bank	2012	105
Enat Bank	2013	95
Lion International Bank	2006	145
Nib International Bank	1999	152
Oromia International Bank	2008	215
United Bank	1998	195
Wegagaen Bank	1997	198
Zemen Bank	2009	3
total		3574

Based on the last year performance four banks are selected. Those are:

1. Commercial bank of Ethiopia
2. Awash Bank
3. Dashen Bank
4. Abyssinia bank.

A convenience sample of 96 (384/4) from each selected banks will be consider in this study.

### **3.6. Data Collection Procedure**

The data collection process was done using self-administered questionnaire filled by customers and it taken place in different branch premises of the selected banks. The questionnaire is adapted to the Ethiopian banking system and translated to Amharic in order to make it suitable for the respondents. In total, 384 fully completed questionnaires were coded into SPSS for data analysis. Out of the 384 hard copies self-administered questionnaire distributed, 297 copies were returned equivalent to a 78% response rate.

A cross validation on the questionnaire was checked to avoid any missing values. A data screening process consists of checking, finding and correcting the error was conducted to ensure that all data entered fall within the range of possible values for a variable. The questionnaire contained questions pertaining to different parts of the study. It was divided into two sections which were presented in the following order:

- 1) Section A: Demographic and general information of the respondents;
- 2) Section B: The respondent was asked to rate the level of agreement towards each statement on the various factors influencing brand loyalty. The items were measured based on a five-point scale ranging from 'Strongly Agree' to 'Strongly Disagree'.

Section A of the questionnaire was designed to explore the demographic profile or characteristics of respondents and other bank related information. The demographic data was collected using a closed ended multiple choice format; questions included were gender, age, income, type of account and a bank where the respondents are a customer.

Section B, is regarded as the most important part of the study or the main content of the questionnaire as it provided the basic information required by the research objectives. In Section B of the questionnaire, brand loyalty behavior and attitude were covered. The questionnaire consisted 50 questions rated on a 5-point scale where (1) indicates ‘Strongly disagree’; (2) ‘Disagree’; (3) ‘neutral’; (4) ‘Agree’; (5) ‘Strongly Agree’

The questions focused on the seven factors or variables that influence brand loyalty. In this section, the respondents were asked to evaluate the importance of the factors that influence bank brand loyalty. These included Customer satisfaction, Switching Costs, trust, Commitment, service quality, customer loyalty and reputation. The measurement scale items for each factor or variable were as follows: customer satisfaction (4 items), Switching Cost (13 items), Trust (4 items), Commitment (4 items), service quality (4 items), customer loyalty (5 items) and reputation (6 items).

The factors or variables which had higher mean value greater than four would be considered to have more influence on brand loyalty. If the mean value was between 1 and 3, they were considered to have weak influence on brand loyalty. The factors or variables were considered to exert an average influence if the mean was 4.

### **3.7. Method of Data Analysis**

The data collected is analyzed through Statistical Package for Social Sciences (SPSS) Version 20. The data were first coded in alphabetical and numerical order and then keyed in into the statistical program. Then, the data were screened and treated for errors and missing values. The selection of techniques to analyze the results of this study is done based on the research objectives. Descriptive analysis, reliability analysis, correlation analysis were used for the study. The rationale for the selection of these techniques is as follows:

- *Descriptive statistics*: to describe the characteristics of the respondents and demographic comparison and to illustrate the means of each research variable.
- *Reliability /Internal Consistency / Analysis*: reliability of data tested using the cronbach’s alpha. Coefficient alpha ( $\alpha$ ) is the measurement of squared correlation between observed scores and true scores. In other words, reliability is measured in terms of the ratio of true score variance to observed score variance. It can test the internal consistency of each

factor. The reliability and internal consistency of the data are measured by the Cronbach Alpha coefficient. George and Mallery (2003) provide the following rules of thumb:  $\alpha > 0.9$  Excellent,  $\alpha > 0.8$  Good,  $\alpha > 0.7$  Acceptable, and  $\alpha > 0.6$  Questionable  $\alpha > 0.5$  Poor and  $\alpha < 0.5$  Unacceptable. According to Field (2007) the reliability is regarded to be satisfactory when the Alpha coefficient is equal to or exceeds 0.70).

- *Correlation analysis*: it was conducted to analyze the strength and direction of the linear relationship between the variables. Pearson correlation coefficients were calculated to determine the relationships between the brand loyalty influences. Correlations of 0.30 are regarded to mention worthy (Cohen, 1988). High correlation coefficients illustrate higher level of association between the influences. According to 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.

### **3.8. Ethics in Research**

Research ethics relating to rights of human subjects in field work, notably the right to informed consent; right to privacy and confidentiality; and right not to be deceived or harmed as a result of participation in the research should be emphasized (Bryman, 2007).

The prospective participants will fully inform about the procedures and risks involved in the research and must give their consent to participate in the survey. They well inform that their participation is voluntary and they may readily withdraw at any time. The prospective participants were also assured that their participation will not result in any adverse consequences, and all information provided will be treated with the strictest confidentiality. Finally, this research will practice the principle of anonymity i.e. the participants will remain anonymous throughout the study - even to the researcher.

## Chapter Four

### 4. Data Presentation, Analysis and Discussion

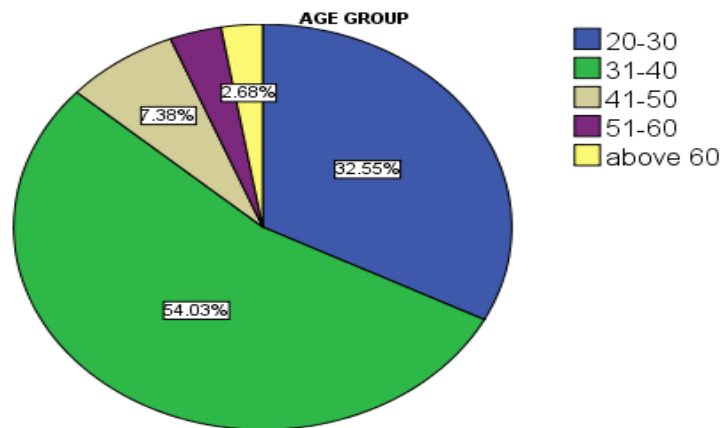
#### 4.1. Chapter Overview

This chapter presented the findings of the research in accordance to the research objectives. The analyses and interpretation of the data collected from the respondents is presented. It began with a description of the demographic and general characteristics of the participating respondents. The results of Cronbach's coefficient alpha for reliability were examined. Then, the results of correlation analysis for the research variables were discussed. Finally analysis based on mean value of the brand loyalty influences Customer Satisfaction, Trust, Service Quality, Commitment, Switching Costs and reputation presented.

#### 4.2. Characteristics of Demographic and Banking Profile

The demographic profile of the respondents is shown in Figures 4.1 to 4.3. The respondents were classified according to their age group, gender and income levels. Table 4.1 also summarizes the demographic and banking profile of the respondents.

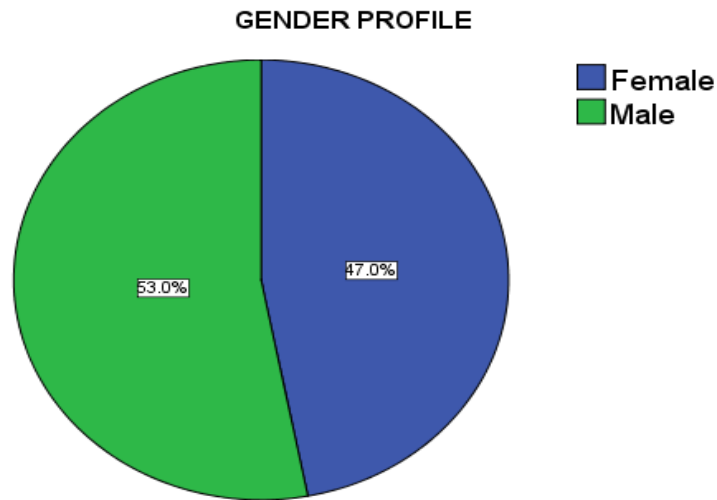
##### 4.2.1. Demographic Profile



*Source: Own data survey, 2017*

**Figure 4.1 Age Group**

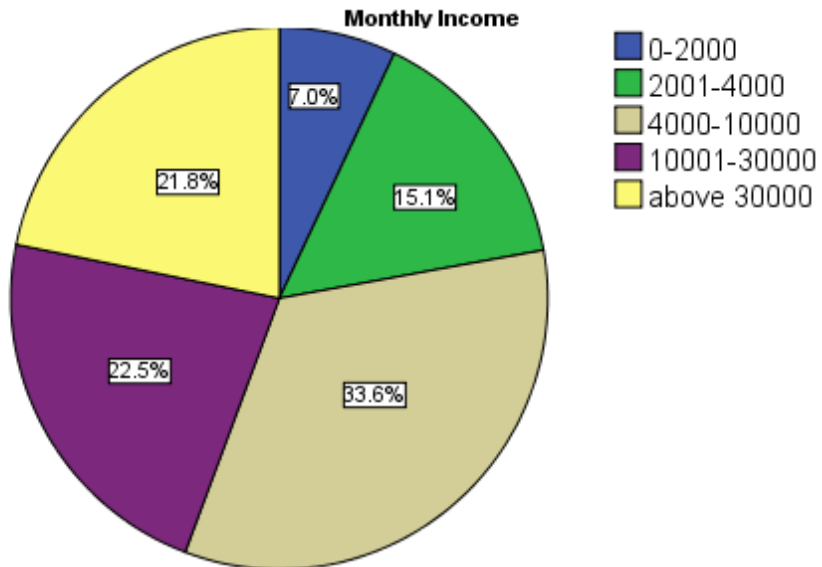
The majority (90%) of the respondents are between the age of 20 and 40 years. Figure 4.1 may shows that young populations of the society are major users of banking services than the aged ones. Another significant percentage which is 10 % of the respondents is above 51 years.



*Source: Own data survey, 2017*

**Figure 4.2 Gender Profile**

Figure 4.2 simply depicts a split of 47: 53 between female and male respondents. This Figure show that in Ethiopia male and female are almost proportional in bank consumption.

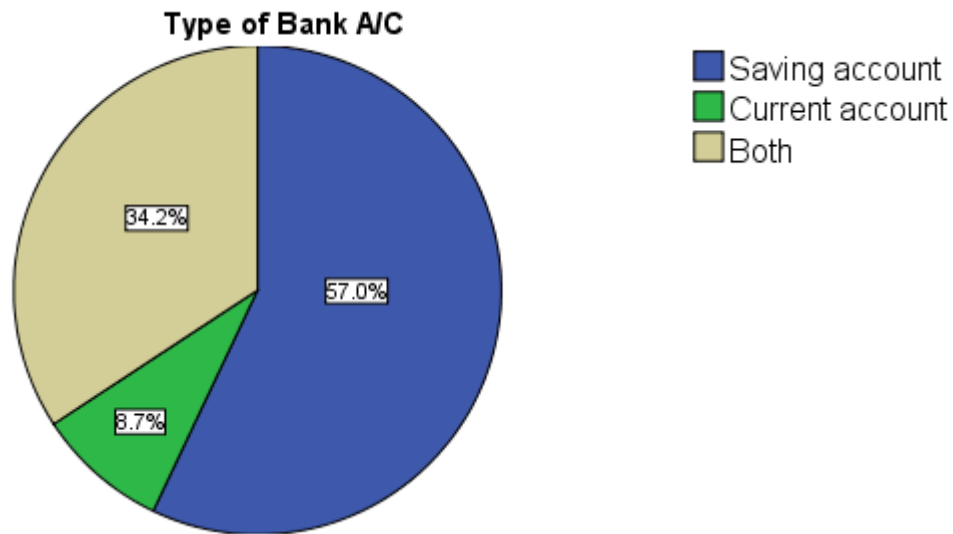


*Source: Own data survey, 2017*

**Figure 4.3 Incomes per Month**

Figure 4.3 shows that only 7% of the respondents earned less or equal to 2000 birr per month and 15% of the respondents earn between 2,000 and 4,000 per month Majority of the respondents (56%) fall in the income group of birr 4,000 to 30,000 per month and 22% of the respondents earned 30,000 and above.

#### 4.2.2. Banking Profile



Source: Own data survey, 2017

**Figure 4.4 Types of Bank account**

From the above graph you can observe that majority of people use saving account that is 57% and 34% are use current account and only 9% are use both accounts.

#### 4.3. Internal Consistency Reliability Assessments

Table 4.1 presented the coefficient alpha scores for the entire variables to ensure that the scales developed were reliable. As indicated in section 3.6 The Cronbach's Alpha Coefficient was employed to test their reliability. The table shows the code of the influence, description, Cronbach Alpha coefficients, and the number of items.

**Table 4.1 Reliability of the influences and their factors**

Table 4.1 presented the coefficient alpha scores for the entire variables to ensure that the scales developed were reliable. The Cronbach's Alpha Coefficient was employed to test their reliability. The table shows the code of the influence, description, Cronbach Alpha coefficients, and the number of items.

Code	Description	Question	Cronbach's alpha	No of items
CUS	Customer satisfaction	All	.886	4
CUL	Customer loyalty	All	.883	5
TR	Trust	All	.904	4
SQ	Service quality	All	.883	4
COM	Commitment	All	.928	6
SC	Switching cost	All	.803	13
REP	Reputation	All	.904	6

As shown in table 4.1 it is clear that all of the influences return satisfactory reliability coefficients (alpha coefficients exceed 0.7). A high Alpha coefficient simply indicates that the factor is more likely to present itself if the study is to be repeated when subjected in a different application setting.

#### **4.4. Correlation between Factors**

The six factors that influence brand loyalty are not isolated from one another however they have intercorrelations with one another. Table 4.2 below displayed a correlation matrix using the Pearson Product-Moment correlation coefficient for all variables. According to 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 4.2: correlations between Influences**

INFULENCES			CORRELATIONS
CUSTOMER SATISFACTION	<.....>	CUSTOMER LOYALTY	0.726
CUSTOMER SATISFACTION	<.....>	TRUST	0.644
CUSTOMER SATISFACTION	<.....>	SERVICE QUALITY	0.609
CUSTOMER SATISFACTION	<.....>	COMMITMENT	0.65
CUSTOMER SATISFACTION	<.....>	SWITCHING COST	0.468
CUSTOMER SATISFACTION	<.....>	REPUTATION	0.553
CUSTOMER LOYALTY	<.....>	TRUST	0.699
CUSTOMER LOYALTY	<.....>	SERVICE QUALITY	0.617
CUSTOMER LOYALTY	<.....>	COMMITMENT	0.662
CUSTOMER LOYALTY	<.....>	SWITCHING COST	0.574
CUSTOMER LOYALTY	<.....>	REPUTATION	0.578
TRUST	<.....>	SERVICE QUALITY	0.624
TRUST	<.....>	COMMITMENT	0.689
TRUST	<.....>	SWITCHING COST	0.262
TRUST	<.....>	REPUTATION	0.583
SERVICE QUALITY	<.....>	COMMITMENT	0.678
SERVICE QUALITY	<.....>	SWITCHING COST	0.516
SERVICE QUALITY	<.....>	REPUTATION	0.578
COMMITMENT	<.....>	SWITCHING COST	0.56
COMMITMENT	<.....>	REPUTATION	0.611
SWITCHING COST	<.....>	REPUTATION	0.276

Based on the results reported on Table 4.2 above, the correlation study revealed that there is a positive relationship between all of the variables considered under the study. Except the correlation between brand trust and switching cost (0.262) switching cost and reputation (0.276), all of the correlation between each of the variables scores more than 0.3. Out of the 21 interrelationships for the 7 of the influences considered, he correlation coefficient for one of the interrelationships score medium correlation (between 0.3 and 0.5) and 18 of the interrelationships correlation results shows large correlation (above 0.5). The highest correlation score recorded is between customer satisfaction and customer loyalty (0.726).

## 4.5. Analysis of Influences of Brand Loyalty

### 4.5.1. Customer satisfaction (CUS)

The percentages of responses for the questions under the factor Customer satisfaction are summarized below in table 4.28 along with their respective mean values.

**Table 4.3: Mean scores of Customer satisfaction**

CODE	QUESTIONS	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	mean
CUS1	I am satisfied with the decision to choose this bank	34.9%	58.4%	3.0%	3.4%	.3%	4.2
CUS2	This bank leaves me a pleasant impression.	27.5%	39.3%	24.8%	8.1%	.3%	3.9
CUS3	I want to return to this bank in the future.	36.6%	47.7%	8.4%	7.4%	-	4.1
CUS4	I will advise about this bank to my friends	35.6%	29.2%	29.5%	5.4%	.3%	3.9

The responses obtained from the majority of respondents fall under the range of ‘Agree’ to ‘Strongly Agree’ as the mean value also implies. The total percentage of responses fall under the range “agree” to “Strongly agree” is 93.3% (CUS1), 66.8% (CUS2), 84.3 % (CUS3) and 64.8% for (CUS4). 29.5% and 24.8% of respondents for CUS4 and CUS2 respectively answered “undecided” which is a considerable amount.

### 4.5.2. Customer Loyalty (CL)

The percentages of responses for the questions under the factor customer loyalty are summarized below in table 4.4 along with their respective mean values.

**Table 4.4: Mean scores of Customer loyalty**

CODE	Questions	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
CL1	I regularly visit this bank.	39.6%	30.2%	7.0%	22.5%	.7%	3.9
CL2	I seldom think of changing this bank to another one.	36.2%	22.1%	12.4%	28.2%	1.0%	3.6
CL3	I use this bank each time I need to make any financial transaction.	34.2%	18.1%	5.0%	41.6%	1%	3.3
CL4	I consider this bank as my preferred choice	40.9%	46.6%	5.0%	7.0%	.3%	4.2
CL5	Each time I want to make any financial transaction, this bank is my first choice.	39.9%	44.6%	5.4%	9.7%	.3%	4.1

The responses obtained Show that the majority of respondents fall under the range of ‘Agree’ to ‘Strongly Agree’ as the mean value also implies.69.8 %( CL1), 58.3 %( CL2), 52.3 %( CL3), 87.5 %

(CL4) and 84.5% (CL5) fall under the range “agree” to “Strongly agree. But there is significant percentage show on strongly disagree which is 41.6% and 28.2% in the CL3 and CL1 respectively the mean also indicates.

#### 4.5.3. Trust (TR)

The percentages of responses for the questions under the factor Trust are summarized below in table 4.30 along with their respective mean values.

**Table 4.5 Mean scores of Trust**

CODE	Questions	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
TR1	This bank keeps my information confidential.	56%	32.9%	7.4%	3.7%	-	4.4
TR2	This bank is honest.	58.7%	33.6%	5.4%	2.3%		4.5
TR3	This bank is reliable	61.7%	28.9%	6.7%	2.7%		4.5
TR4	This bank meets my needs	49%	28.2%	16.1%	.3%	6.4%	4.1

The total percentage of responses fall under the range of “Somewhat Agree “to “Agree’ is 88.9 % ( TR1), 92.3 % ( TR2), 90.6% (TR3) and 77.2 % ( TR4). The mean also indicates.

#### 4.5.4. Service quality (SQ)

The percentages of responses for the questions under the factor Service Quality are summarized below in table 4.30 along with their respective mean values.

**Table 4.6 Mean scores of Service Quality**

CODE	Questions	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
SQ1	Ease of depositing and withdrawing money from any branch.	35.6%	18.5%	11.7%	33.9%	.3%	3.5
SQ2	Continuous and ordered functionality of equipment such as computer and printer etc.	37.9%	27.2%	12.1%	22.5%	.3%	3.8
SQ3	Staff takes interest in solving problem. Bank Maintains error free records.	38.3%	26.8%	12.8%	20.8%	1.3%	3.8
SQ4	Information provided by bank employees are clear and understandable.	39.6%	30.2%	9.4%	20.1%	.7%	3.9

Even The responses obtained from the majority of respondents fall under the range of ‘Agree’ to ‘Strongly Agree’ there is also significant percentage in disagree column for example 33.9% as the mean also indicates. Total percentage of responses fall under the range “agree” to “Strongly agree” is 54.1% (SQ1), 65.1% (SQ2), 65.1 % (SQ3) and 69.8% for (SQ4).

#### 4.5.5. Commitment (COM)

Under commitment there are two variables:-

#### 4.5.5.1. Continues Commitment (CCOM)

Table 4.7 Mean scores of Continues Commitment

CODE	Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
CCOM1	This bank has offering advantages versus other banks	30.5%	17.4%	23.5%	26.8%	1.7%	3.5
CCOM2	This bank has service advantages versus other banks.	32.9%	22.1%	20.1%	23.5%	1.4%	3.6
CCOM3	This bank has brand image advantages versus other banks.	36.6%	40.9%	15.1%	6.0%	1.3%	4

From continues commitment. (CCOM1) relatively have high percentage on neutral and disagree 23.5% and 26.8% respectively. The mean also indicate

#### 4.5.5.2. Affective commitment (ACOM)

Table 4.8 Mean scores of affective commitment

CODE	Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
ACOM1	I feel emotionally attached to this bank	36.9%	38.3%	16.1%	7.7%	1.0%	4
ACOM2	This bank has a great deal of personal meaning for me.	35.9%	34.9%	17.8%	10.7%	7%	3.9
ACOM3	I feel a strong sense of identification with this bank.	34.9%	37.9%	14.8%	11.7%	.7%	3.9

The responses obtained from the majority of respondents fall under the range of ‘Agree’ to ‘Strongly Agree’ as the mean value also implies.75.2 %( ACOM1), 70.8 %( ACOM2), 72.8 %( ACOM3). From continues commitment, affective commitment relatively have high mean average that is 3.7 and 3.93 respectively.

#### 4.5.6. Switching cost (SC)

Switching cost has five sub variables within:-

#### 4.5.6.1. Risk cost (SRC):

**Table 4.9 Mean scores of risk cost**

CODE	Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
SRC1	I worry that the service provided by other bank might not match my expectation.	18.8%	15.4%	18.5%	45.6%	1.7%	3
SRC2	I worry that there can be potential cost or expense after Switching to new bank service	7.7%	5.7%	22.8%	58.1%	5.7%	2.5
SRC3	I worry that there can be unexpected trouble after Switching to new bank.	8.4%	8.1%	21.8%	56.4%	5.4%	2.6

#### 4.5.6.2. Evaluation cost (SEC):

**Table 4.10 Mean scores of evaluation cost**

CODE	Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
SEC1	I do not have sufficient time to understand the information of other bank service.	9.4%	9.1%	22.5%	54%	5%	2.6
SEC2	I must spend plenty of time or efforts to evaluate other Bank service.	10.1%	13.4%	20.5%	52.7%	3.4%	2.7

#### 4.5.6.3. Learning cost (SLC):

**Table 4.11 Mean scores of learning cost**

CODE	Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
SLC1	It is difficult to compare current company with others.	9.4%	18.5%	18.5%	48.7%	5%	2.8
SLC2	It takes efforts to adapt the services provided by other bank	7.4%	8.4%	21.5%	59.1%	3.7%	2.6
SLC3	After the switching, it still takes time and efforts to learn the service of new bank.	8.4%	9.1%	19.5%	59.1%	4%	2.6
SLC4	It is easy to learn the services of other banks	52%	16.1%	21.5%	9.1%	1.3%	4

#### 4.5.6.4. Benefit loss cost (SBC):

**Table 4.12 Mean scores of benefit loss cost**

CODE	Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
SBC1	If I switch to other banks, I will lose the accumulated benefits in current.	13.4%	25.8%	11.4%	33.2%	16.1%	2.9

#### 4.5.6.5. Brand relationship loss cost (SBRLC)

**Table 4.13 Mean scores of brand relationship loss cost**

CODE	Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
SBRLC1	I like the public image of current bank.	34.2%	42.3%	13.1%	7%	3.4%	4
SBRLC2	I do not care about the name of current bank	13.1%	19.8%	11.4%	14.4%	41.3%	2.5
SBRLC3	I think the current company does create	41.6%	43%	7.7%	4.4%	3.4%	4.1

From switching cost variables most of percentages fall under “disagree to strongly disagree” except sum variables like SBRLC3 84.6%, SBRLC1 76.5%, SLC4 68.1%, Fall under “agree to strongly agree”. As we can see from the above tables of switching cost variables only brand relationship loss cost (SBRLC) have high rank in mean value that is 3.5.

#### 4.5.7. Reputation (REP):

**Table 4.14 Mean Scores of Reputation**

CODE	Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
REP1	Use of this brand is being reliable.	41.6%	37.2%	15.1%	4.7%	1.3%	4.1
REP2	This brand is innovative and forward looking.	37.2%	31.2%	22.1%	8.7%	.7%	3.9
REP3	This brand is adding value to user (Prestige).	35.9%	25.8%	16.1%	21.5%	.7%	3.7
REP4	Brand reputation affects your choice for banks.	47.7%	31.5%	9.1%	10.4%	1.3%	4.1
REP5	Brand reputations of this bank influence your choice.	47.3%	26.5%	9.7%	14.1%	2.3%	4
REP6	These banks have high rank according to his reputation.	59.1%	28.2%	7%	4.4%	1.3%	4.3

The responses obtained from the majority of respondents fall under the range of ‘Agree’ to ‘Strongly Agree’ as the mean value also implies. The total percentage of responses fall under the range “agree” to “Strongly agree” is 78.8% (REP1), 68.4 (REP2), 61.7% (REP3) and 79.2% for (REP4), 73.8% (REP5) and 87.3 % ( REP6) respectively.

**Table 4.15: Ranking Table with Mean Scores of Brand Loyalty Influences**

<b>RANK</b>	<b>INFULUENCES</b>	<b>AVERAGE MEAN</b>
1	Trust	4.4
2	Customer Satisfaction	4
3	Commitment	3.82
4	Customer loyalty	3.81
5	Service quality	3.7
6	Reputation	3.3
7	Switching cost	2.9

All the determinants of brand loyalty are summarized according to their rank order based on their average mean value .The mean value for Questions related to commitment, customer loyalty, service quality, reputation and switching cost are less than 4. Therefore they are seen as less important factors and they have week influence on Brand loyalty of banking customers. A positive response (greater than 4) obtained for questions related to customer satisfaction and trust. Hence, those variables can be considered as the most important factors and has a strong influence on Brand loyalty of banking customers.

## Chapter Five

### 5. Summary of Major Findings, Conclusion and Recommendations

#### 5.1. Chapter Overview

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 avenues for future research.

#### 5.2. Summary of Major Findings

- Descriptive analysis revealed that most respondents fall in the age group of 20 to 40 years which is 90%. Concerning their gender mix it is almost equal between male and female that is 47:53. The results showed that about 56% percent of the respondents received a monthly income of ETB 4000 to ETB 30,000. In relation with the type of account most respondents used saving account the results showed that about 57% use saving account.
- The data for this study were proven to be reliable using the Cronbach alpha coefficient technique. Cronbach alpha confirmed that the questionnaire was indeed reflective of the construct it was measuring and it also confirmed internal consistency.
- The Pearson correlation coefficient showed that there is a positive relationship between all of the variables considered under the study Except the correlation between brand trust and switching cost (0.262) switching cost and reputation (0.276), all of the correlation between each of the variables scores more than 0.3. Out of the 21 interrelationships for the 7 of the influences considered, he correlation coefficient for one of the interrelationships score medium correlation (between 0.3 and 0.5) and 18 of the interrelationships correlation results shows large correlation (above 0.5). The highest correlation score recorded is between customer satisfaction and customer loyalty (0.726).
- 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 of switching cost, reputation, service quality, customer loyalty and commitment are less than 4. Therefore they are seen as less important factors and they have week influence on

Brand loyalty of Ethiopian banking customers. Influences that are customer satisfaction scores equal to average mean value. A positive response (greater than 4) obtained from trust. This variable can be considered as the most important factors and has a strong influence on Brand loyalty of banking customers. According to Soong, Kao, Juang. (2013) on their Study on the Relationship between Brand Trust and the Customer Loyalty based on the Consumer Aspects. They found that the brand trust to the customer loyalty exist significant influence, the brand trust of the student consumers exist the direct relation with the customer loyalty.

### 5.3. Conclusion

Despite the fact that the banking industry is getting highly competitive and dynamic from time to time, it is characterized by limited and very similar offering of products and services to the market which are not enough of a differential element anymore, therefore brands become a key differentiator to enable the bank to gain a competitive advantage in the industry. Accordingly the aim of study is to identify Factors Affecting Customers Brand Loyalty in bank industry of Ethiopia. Based on the conceptual framework and the measuring instrument employed there are six independent factors and one dependent factor which are identified and measured. Among the factors, the findings provide evidence that brand loyalty is significantly influenced by factors that is trust and customer satisfaction whereas factors: commitment, customer loyalty, service quality, reputation and switching cost are found to be insignificant factors in influencing brand loyalty.

According to the result of the study trust is found as top influence of brand loyalty. McCarthy ,(2015) define brand trust: “Brand trust is the willingness of the consumer to rely on the ability of the brand to perform its stated function while seeing the engagement with the brand as supportive and enforcing of personal values”. Customers who do not trust a vendor in a competitive marketplace are unlikely to be loyal. Based on the findings, it is indicated that feeling of security held by the consumer in his/her interaction with the bank brand is very important. It is based on the customer perception that the brand is reliable and responsible for the interests of the consumer. Therefore, trust showed up as a significant determinant of brand loyalty. The other factor that affects customer brand loyalty is customer satisfaction. Customer satisfaction is the result of purchase expectation and post purchase experience comparison with incurred cost. According to the result satisfied customer decides to choose the bank and will stay to bank in the future.

The result of the study confirmed that Ethiopian bank customers are less affected by service quality, reputation and switching cost.

#### **5.4. Recommendations**

Based on the findings of the study and the conclusion drawn the following recommendations are given.

- ✓ It is found that Trust is the major influences of brand loyalty. The result is in line with the nature of the banking industry that reliability, integrity and having of confidence in an exchange partner is very important. Hence, marketing managers should consider Brand Trust as the central construct during designing and implementation of their marketing strategy.
- ✓ As it is revealed on the study, customer satisfaction is the one influencer among the 7 influences of Brand loyalty. Satisfied customer will stay and become loyal customer. Therefore, marketers and bank managers should emphasis that customer satisfaction is the most important factor that leads to long-term loyalty.
- ✓ The other recommendation is loyal customers is the main source of income for banks in Ethiopia. Today Ethiopian banking has series issue on foreign currency so the bank managers should retains importers to overcome this series issue.

## **5.5. Suggestions for Future Research**

Although this study did have a favorable response of 384 respondents, it is still not representative with regard to the whole Ethiopian banking sector. The study is just the first step and it is hoped that the findings could stimulate further research. A few suggestions are proposed here for the benefits of future research.

- Since the present study is limited to bank customers who reside in Addis Ababa, continued research in the banking industry on a larger scale is recommended which includes geographical areas throughout Ethiopia either to confirm or refine the findings of this study. This will increase the quality of the research and the generalizability of results.
- Similar research can be done into other industries by using the brand loyalty factors which implemented here and include other factors and also a questioner used in this study.

## REFERENCE

Aaker, David A. (1991). *Managing Brand Equity*. New York: The Free Press.

Aaker, D.A. (1996). *Building strong brands*. New York, N.Y.: Free Press.

Aaker, D. (2011). Forget *Brand Preference – Win the Brand Relevance War*. [Web]:

<http://www.strategydriven.com/2011/04/08/forget-brand-preference-win-the-brand-relevance-war/> [Date of access: 22 Dec. 2013].

Abdul Ghafoor Awan, Asad-ur Rehman (2014). Impact of customer satisfaction on brand loyalty; an empirical analysis of home appliance in Pakistan, *British Journal of Marketing Studies* Vol.2, No.8, pp. 18-32.

Amine, A. (1998). Consumers' true brand loyalty: the central role of commitment. *Journal of Strategic Marketing*, 6(4), 305-319. <http://dx.doi.org/10.1080/096525498346577>.

Bansal, H.S., Irving, P.G., & Taylor, S.F. (2004). A three-component model of customer commitment to service providers. *Journal of the Academy of Marketing Science*, 32(3), 234-250 <http://dx.doi.org/10.1177/0092070304263332>.

A. McCarthy(2015). A three in one report summarizing three significant studies into brand and trust, Commissioned by national brand associations in Europe and AIM, the European Brands Association .page 5.

Anton A. Setyawan, Kussudiyarsana and Imronudin (2015). Trust and brand loyalty, an empirical study on Indonesian consumers ; *British Journal of Marketing Studies* Vol.4, No.3, pp.37-47.

A. Tisman P. and Ahmad W. (2016). Factors affecting customer loyalty in banking sector of Punjab, Pakistan; *Paradigms: A Research Journal of Commerce, Economics, and Social Sciences*. Vol. 10, No. 2, pp. 43-52.

Bryman, A. & Bell, E. (2007). *Business Research Methods*. (3rd Ed.). Oxford: Oxford University Press.

Burnham, T. and Mahajan, V., (2003). *Consumer switching costs: typology, antecedents, and consequences*; *Journal the academy of science*, Volume 32, No.2.

B. Afsar, Z. Ur Rehman, Jaweria A., Qureshi and A. Shahjehan (2010). Determinants of customer loyalty in the banking sector: The case of Pakistan; *African Journal of Business Management* Vol.4 (6), pp. 1040-1047.

Damtew. K., Dr.Venkat Pagidimarri (2013). The role of “trust” in building customer loyalty in insurance sector; *IOSR Journal of Business and Management* PP 82-93.

Doney, P. M., Cannon, J. P. (1997). An examination of the nature of trust in buyer-seller relationships. *Journal of Marketing*, 61, 35–51.

Elkana Cheruiyot Rorio (2015). Factors Influencing Customer Loyalty in The Banking Sector A Case of Commercial Banks in Mombasa Kenya; *International Journal of Research in Management & Vol. 2 Issue 1*.

Fullerton, G. (2003). When does commitment lead to loyalty? *Journal of Service Research*, 5(4), 333–344. <http://dx.doi.org/10.1177/1094670503005004005>.

Garbarino, E., Johnson, M.S. (1999). The different roles of satisfaction, trust and commitment in customer relationships. *Journal of Marketing*, 63 (2), 70–87.

Gefen, D., Straub, D. W., (2003). Managing user trust in B2C e-services, *E – Service. Journal*, Bloomington, Vol. 2, no. 2, pp. 7

Giddens, N. (2010). *Brand loyalty. Ag Decision Maker*. [Online]. Available from: <http://www.extension.iastate.edu/agdm/wholefarm/pdf/> [Date of access: 21 Nov. 2013].

Gregg, D. & Walczak, S. (2010). *The relationship between website quality, trust and price Premiums at online auctions*. Amsterdam: Springer.

Hayan Dib, Samaan Al-Msallam (2015). The Effects of the Determinants of Customer Satisfaction on Brand Loyalty: *Quest Journals Journal of Research in Business and Management Volume 3 ~ Issue 3, pp: 01-12*.

[https://en.wikipedia.org/wiki/Brand\\_equity](https://en.wikipedia.org/wiki/Brand_equity) 6 December 2016, at 17:20.

<http://www.factum-group.com/solutions/brand-commitment/2014>.

[https://en.m.wikipedia.org/wiki/brand\\_loyalty](https://en.m.wikipedia.org/wiki/brand_loyalty). 13 November, 2016.

Holt, D.B. (2008). *Towards sociology of branding*. Journal of Consumer Culture, 6(1): 17-25.

H. Muhammad, W. Rasheed, M. Sajid, N. Shahid and M. Ahmad (2015). Factors affecting Customer Loyalty in Banking Sector: A study on Banks in Bahawalpur (Pakistan); International Journal of Accounting and Financial Reporting, Vol. 5, No. 1 [www.macrothink.org/ijaf](http://www.macrothink.org/ijaf).

Inglis R, Morley C, Sammut P. 2006. Corporate reputation and organizational performance: an Australian study, Management Auditing Journal, 21 (9), pp. 934-947

Jacoby, J. & Chestnut, R. (1978). *Brand loyalty: measurement and management*. New York, N.Y. 11(1): 25-31.

Janghyeon Nam and Yuksel Ekinci (2011): brand equity, brand loyalty and consumer satisfaction Georgia Vol. 38, No. 3, pp. 1009–1030.

Kevin lane killer fourth edition (2013). Strategic brand management; page30/68.

Kuan-Y., Hui-Ling H., Yin-Chieh H.,((2007) Trust, Satisfaction and Commitment- On Loyalty to International Retail Service Brands Asia Pacific Management Review 12 (3), 161-169

Kristina B., Stephen W. (2014). Brand commitment and consumer--brand identification as determinants of consumers' brand loyalty and repurchase intentions; SERC Working Paper Series ISSN: 2056--3558.

K. Veerakumar (2016). A study on impact of customer satisfaction in brand loyalty; International Journal of Scientific Research and Modern Education (IJSRME) ISSN (Online): 2455 – 5630 ([www.rdmodernresearch.com](http://www.rdmodernresearch.com)) Volume I, Issue I, 2016 661.

Levins W. (2009). *Branding can reduce marketing and design costs*. JLD creative. [Online]. Available from: <http://www.jldcreative.com/blog/details/Branding-can-reducemarketing-And-design-costs.html>, [Date of access: 28 Oct. 2013].

Louis, D., & Lambert, C. (2010). Impact of brand personality on three major relational consequences (trust, attachment, and commitment to the brand). Journal of Product and Brand Management, 19(2), 114-130.

Lo Liang Kheng, O. Mahamad, Professor T. Ramayah, Associate Professor R. Mosahab, (Corresponding author) (2010). The Impact of Service Quality on Customer Loyalty: A Study of Banks in Penang, Malaysia; *International Journal of Marketing Studies* Vol. 2, No.2.

Mann, Perm s, (1995), *statistics for Business and Economics*, New York: Johan wiely and sons INC.

Morgan, RM. and Hunt, S.D., ( 1994). The Commitment- Trust Theory of Relationship Marketing. *Journal of Marketing*, Vol, 58, pp.20-38.

M. Ahmad (2013). Effect of Brand Image on Brand Loyalty and Role of Customer Satisfaction in it; *World Applied Sciences Journal* 26 (10): 1364-1370.

M. Nazar Khan, Z. Aabdean, M. Salman, B. Nadeem, M. Rizwan (2016). The Impact of Product and Service Quality on Brand Loyalty: Evidence from Quick Service Restaurants; *American Journal of Marketing Research* Vol. 2, No. 3, pp. 84-94.

M. Nili, M. Navabakhsh, A. Khosropour (2013). Influence of Corporate Reputation and Brand Personality on Customer Satisfaction and Loyalty in Communication Services; *Technical Journal of Engineering and Applied Science*. Pp 3-16.

M. Safari ,F. Rahmani and H. Najafi (2015). Evaluation of Effect of Brand on customer loyalty in the banking industry (A case study of the Persian Bank) ;*MAGNT Research Report* Vol.3 (2). PP: 908-914.

Nebojsa Aleksic (2011) the branding of financial institution; *International Symposium Engineering Management And Competitiveness*. Pp 395-400.

Neringa Ivanauskienè, Justina Volungènaitè (2014). Relations between Service Quality and Customer Loyalty: An Empirical Investigation of Retail Chain Stores in Emerging Markets

*American International Journal of Social Science* Vol. 3 No. 2.

OLIVER, R.L., (1980) “A cognitive model of the antecedents and consequences of satisfaction decisions”, **Journal of Marketing Research**, 17, (4), , pp. 460-469.

Oliver, R.L. (1997). *Loyalty and profit: long – term effects of satisfaction, satisfaction: A behavioral perspective on the Consumer*, MC Graw – Hill Companies, Inc., New York, NY

Oliver, R.L. (1999). *Whence customer loyalty?* *Journal of Marketing*, 63(5):33-44.

Prophet (2002) *Study on the World’s Most Valuable Brands ;)*. Annual Study based on Business Week UBS News for Banks.

Reichheld, F. F. (1993). *Loyalty-Based Management*. *Harvard Business Review*, 71(2), 64-73.

Rizwan Ali, Professor Gao Leifu Ramiz ur Rehman (2014). *Factors Influencing Customer Loyalty of Banking Industry: Empirical Evidence from Pakistan; International Journal of Learning & Development*, Vol. 4, No. 2 [www.macrothink.org/ijld](http://www.macrothink.org/ijld).

Rita C. and John S. with Sameena A. Tony A. Simon A. Anne B., Thompson Patrick Barwise Tom **Blackett** Deborah Bowker Chuck Brymer Deborah Doane Kim Faulkner Paul Feldwick Steve Hilton Jan Lindemann Allan Poulter Shaun Smith, (2003). *Brand and branding the economist.*, pp 13 and 14.

R. Saeed, R. Nawaz Lodhi, A. Mehmood, U. Ishfaque, F. Dustgeer, A. Sami, A. Mahmood and, Samaan Al-Msallam (2015). *232 CUSTOMER SATISFACTION AND BRAND LOYALTY IN THE HOTEL INDUSTRY; European Scientific Journal October 2015 /SPECIAL/ edition Vol.1 ISSN: 1857 – 7881.*

R.SABIR, O. GHAFUOR, NAEEM A., I. HAFEEZ and A. UR REHMAN(2014). *Factors Affecting Customer Satisfaction in Banking Sector of Pakistan; International Review of Management and Business Research Vol. 3 Issue.2.*

Shueh-Chin Ting Ewing MT, Windisch L, Newton FJ. (2010). *the Relationship between Customers’ Switching Cost and Repurchase Intention: The Moderating Role of Satisfaction; Journal of Service Science and Management*, 39 (5), pp. 728-736.

Saunders, M.P., Lewis, P. & Thornhill, A. (2007). *Research methods for business students. Fourth Edition. England: Financial Times Prentice Hall.*

Spiros Gounaris and Vlasis Stathakopoulos (2004) "Antecedents and consequences of brand Loyalty: an empirical study; Journal of Brand Management, 11, (4), 2004, pp. 283-306.

Sheth, J., & Parvatiyar, A. (1995). Relationship marketing in consumer markets: antecedents and consequences, Journal of the Academy of Marketing Science, 23(4), 255-271.

V. Stan, Barbara Caemmerer, Roxane and Cattan-Jallet (2013). Customer Loyalty Development: The Role of Switching Costs; the Journal of Applied Business, Volume 29, Number 5.

Vishwas Maheshwari, Dr. Vishwas Maheshwari, George Lodorfos and Siril Jacobsen (2014). 4015 Determinants of Brand Loyalty: A Study of the Experience-Commitment-Loyalty Constructs: Published by Sciedu Press 13 ISSN 1923-4007 E-ISSN 192.

Valarie A. Zeithaml and Mary Jo Bitner (2003), Services Marketing, 3rd edition, Tata McGraw-Hill publishing company limited

Wang, C-Y. (2010). Service Quality, Perceived Value, Corporate Image, and Customer Loyalty in the Context of Varying Levels of Switching Costs, *Psychology & Marketing*, 27(3), 252–262.

William G.Cochran (1977), *sampling techniques*, (3rd Ed.).New York, Jhon Wiley & Sons.

www.sciedu.ca/ijba International Journal of Business Administration Vol. 5, No. 6; 2014.

**www.computerweekly.com**

William G.Cochran (1977), *sampling techniques*, (3rd Ed.).New York, Jhon Wiley & Sons

Yu-TeTu, Shean-Yuh Lin, Tan-Kui Hsu Chungyu (2013). The Impact of Brand Image and Customer Commitment on Loyalty: An Empirical Study of Automobile Sector; Information Management and Business Review Vol. 5, No. 4, pp. 181-193.

Ying-Kai Liao (2015).THE ROLE OF TRUST ON BRAND LOYALTY AND BRAND EQUITY; Taiwan managing intellectual capital and innovation for sustainable and inclusive society 27-29 may2015

Zamri Ahmad and Rahmat Hashim (2011).Customer's Brand Equity and Customer Loyalty: A Study on Hotel's Conference Market Faculty of Hotel & Tourism; World Applied Sciences Journal 12 (Special Issue of Tourism & Hospitality): 44-49,

Zeya M. EM. Kishada **Norailis Ab. Wahab (2013)**. Factors Affecting Customer Loyalty in Islamic Banking: Evidence from Malaysian Banks; *International Journal of Business and Social Science Vol. 4 No. 7*.

## Questioners

This questioner is gathered from different scholars. The questioners are measured by five scales that start from strongly agree up to strongly disagree.

Variables	Items	Reference
Customer Satisfaction	<p>I am satisfied with the decision to choose this bank. This bank leaves me a pleasant impression..</p> <p>I want to return to this bank in the future.</p> <p>I will advise about this bank to my friends.</p>	Wang et al. (2001), Llosa (1996)
Customer Loyalty	<p>I regularly visit this bank.</p> <p>I seldom think of changing this bank to another one.</p> <p>I use this bank each time I need to make any financial transaction.</p> <p>I consider this bank as my preferred choice.</p> <p>Each time I want to make any financial Transaction, this bank is my first choice.</p>	
Trust	<p>This bank keeps my information confidential.</p> <p>This bank is honest.</p> <p>This bank is reliable.</p> <p>This bank meets my needs</p>	
Service Quality	<p>Ease of depositing and withdrawing money from any branch.</p> <p>Continuous and ordered functionality of equipment such as computer and printer etc.</p> <p>Staff takes interest in solving problem.</p> <p>Bank Maintains error free records.</p> <p>Information provided by bank employees are clear and understandable.</p>	

Continuance Commitment	<p>X has offering advantages versus other companies.</p> <p>X has service advantages versus other companies.</p> <p>X has brand image advantages versus other companies</p>	Kuan-Yin Lee et.al,(2007)
Affective Commitment	<p>I feel emotionally attached to this bank</p> <p>This bank has a great deal of personal meaning for me.</p> <p>I feel a strong sense of identification with this bank.</p>	Kuan-Yin Lee et.al,(2007)
Switching cost		Shueh-Chin Ting(2014)
<p>1. Risk cost</p> <p>2. Evaluation cost</p> <p>3. Learning cost</p>	<p>I worry that the service provided by other bank might not match my expectation.</p> <p>I worry that there can be potential cost or expense after switching to new bank service.</p> <p>I worry that there can be unexpected trouble after switching to new bank.</p> <p>I do not have sufficient time to understand the information of other bank service.</p> <p>I must spend plenty of time or efforts to evaluate other Bank service.</p> <p>It is difficult to compare current company with others.</p> <p>It takes efforts to adapt the services provided by other bank.</p> <p>After the switching, it still takes time and efforts to learn the service of new bank.</p> <p>It is easy to learn the services of other banks.</p> <p>If I switch to other banks, I will lose the accumulated benefits in current.</p> <p>If I switch to other banks, my efforts accumulated will be</p>	



## Survey Questionnaire

### Dear Respondents,

This questionnaire is prepared to gather information about the major factors that affect customers Brand loyalty evidence from Ethiopian banking industry. All responses will be used to conduct a study for the partial fulfillment of Masters Degree in Marketing Management in Addis Ababa University - School of Commerce. As your name is not asked here, your anonymity/ secrecy will be strictly maintained and the information obtained will not be used for any other purposes. Besides, this survey should only take 10-15 minutes of your time. I am grateful and would like to give thanks for your cooperation in advance!

*N.B* Please put a „✓“ mark to all your responses in the space provided beside to each question (if necessary).

#### Age

1	20-30	
2	30-40	
3	40-50	
4	50-60	
5	>60	

#### Bank which you are customer

Commercial bank	
Dashen bank	
Abyssinia bank	
Awash bank	

#### Sex

Female	
Male	

**Your account type maintained in the bank**

Saving account	
Current account	
Both	

Monthly income

0-2000	
2001-4000	
4001-10,000	
10,001-30,000	
>30,000	

No		Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
1	CUS1	I am satisfied with the decision to choose this bank					
2	CUS2	This bank leaves me a pleasant impression.					
3	CUS3	I want to return to this bank in the future.					
4	CUS4	I will advise about this bank to my friends.					
5	CL1	I regularly visit this bank.					
6	CL2	I seldom think of changing this bank to another one.					
7	CL3	I use this bank each time I need to make any financial transaction.					
8	CL 4	I consider this bank as my preferred choice					
9	CL5	Each time I want to make any financial transaction, this bank is my first choice.					
10	TR 1	This bank keeps my information confidential.					

11	TR 2	This bank is honest.					
12	TR 3	This bank is reliable.					
13	TR 4	This bank meets my needs					
14	SQ1	Ease of depositing and withdrawing money from any branch.					
15	SQ 2	Continuous and ordered functionality of equipment such as computer and printer etc.					
16	SQ 3	Staff takes interest in solving problem. Bank Maintains error free records.					
17	SQ 4	Information provided by bank employees are clear and understandable.					
18	CCOM 1	This bank has offering advantages versus other banks.					
19	CCOM 2	This bank has service advantages versus other banks.					
20	CCOM 3	This bank has brand image advantages versus other banks.					
21	ACO M1	I feel emotionally attached to this bank					
22	ACO M2	This bank has a great deal of personal meaning for me.					
23	ACO M3	I feel a strong sense of identification with this bank.					
24	SRC1	I worry that the service provided by other bank might not match my expectation.					
25	SRC2	I worry that there can be potential cost or expense after Switching to new bank service.					
26	SRC3	I worry that there can be unexpected trouble after Switching to new bank.					
27	SEC1	I do not have sufficient time to understand the information of other bank service.					

28	SEC2	I must spend plenty of time or efforts to evaluate other Bank service.					
29	SEC 3	It is difficult to compare current company with others.					
30	SLC 1	It takes efforts to adapt the services provided by other bank.					
31	SLC 2	After the switching, it still takes time and efforts to learn the service of new bank.					
32	SLC3	It is easy to learn the services of other banks					
33	SLC4	If I switch to other banks, I will lose the accumulated benefits in current.					
34	SBC1	I like the public image of current bank.					
35	SBRL C1	I do not care about the name of current bank					
36	SBRL C2	I think the current company does create positive corporate image.					
37	REP 1	Use of this brand is being reliable.					
38	REP 2	This brand is innovative and forward looking.					
39	REP 3	This brand is adding value to user (Prestige).					
40	REP 4	Brand reputation affects your choice for banks.					
41	REP5	Brand reputations of this bank influence your choice.					
42	REP6	These banks have high rank according to his reputation.					

# አዲስ አበባ ዩኒቨርሲቲ

## የንግድ ሥራ ት/ቤት

### ቃለ መጠይቅ

እኔ ስሜ ሚክሮስ ግርማ በአዲስ አበባ ዩኒቨርሲቲ የንግድ ሥራ ትምህርት የድህረ ምረቃ ተማሪ ስሆን የምርቃት ፅሁፌን ደንበኞች በአንድ ባንክ ላይ ታማኝ ሆነው እንዲቆዩ ተፅዕኖ የሚያመጡ ዋና ዋና ተፅዕኖ አምጭ ነገሮች ወይም ምክንያቶች ላይ እየሰራሁ እገኛለሁ። ይህ ቃለ መጠይቅም ለዚህ አላማ የተዘጋጀ መረጃ መሰብሰቢያ ነው።

ስማችሁ ስላልተጠቀሰ መረጃዎቹ ሚስጥራዊነቱ የተጠበቀ ነው። ከዚህ በተጨማሪ ይህ ቃለ መጠይቅ የናንተን 10-15 ደቂቃ የሚወስድ ነው። ለምታደርጉልኝ ቀና ትብብር በቅድሚያ አክብሮቴንና ምስጋናዬን እገልጻለሁ።

ማስታወሻ: ከጥያቄዎቹ ፊት ለፊት ባሉት ክፍት ባዶ ቦታዎች ላይ የ ✓ ምልክት

አስቀምጡላቸው

#### መረጃ ክፍል 1:

መረጃ ቁጥር 1: እድሜ

- 1) 20 – 30       2) 31 – 40   
3) 41 – 50       4) 51 – 60       5) 60 በላይ

መረጃ ቁጥር 2: ፆታ

1. ሴት       2) ወንድ

መረጃ ቁጥር 3:

ደንበኝነታችሁ ለየትኛው ባንክ ነው

- 1) ንግድ ባንክ       2) ዳሽን ባንክ   
3) አቢሲንያ ባንክ       4) አዋሽ

መረጃ ቁጥር 4: የሚጠቀሙት የባንክ አገልግሎት

- 1) የቁጠባ ሂሳብ       2) የተንቀሳቃሽ ሂሳብ       3) ሁለቱም

መረጃ ቁጥር 5: የወር ገቢ

- 1) 0 – 2000       2) 2001 – 4000   
3) 4001 – 10,000       4) 10,001 – 30,000   
5) ከ30,000 በላይ

**መረጃ ክፍል 2:**

ከዚህ በታች ላሉት ጥያቄዎች ይስማማል የምትሉትን ቁጥር በማክበብ መልሱ

- 1) በጣም አልስማማም
- 2) አልስማማም
- 3) አስተያየት የለኝም
- 4) እስማማለሁ
- 5) በጣም እስማማለሁ

	በጣም እስማማለሁ	እስማማለሁ	አስተያየት የለኝም	አልስማማም	በጣም አልስማማም
1) ይህን ባንክ በመምረጤ በጣም እረክቻለሁ	5	4	3	2	1
2) ይህ ባንክ ደስ የሚል ትልቅ ተፅዕኖ ፈጥሮብኛል	5	4	3	2	1
3) ወደፊትም ከዚህ ባንክ ጋር የመቀጠል ፍላጎት አለኝ	5	4	3	2	1
4) ይህን ባንክ እንዲመርጡ ለጓደኞቼ እነግራለሁ	5	4	3	2	1
5) ሁልጊዜም በዚህ ባንክ እገለገላለሁ	5	4	3	2	1
6) ደንበኝነቴን ከዚህ ባንክ ለመቀየር እንብዛም አስቤ አላውቅም	5	4	3	2	1
7) ሁልጊዜም ማንኛውንም የሂሳብ እንቅስቃሴ ሳደርግ የምጠቀመው ይህን ባንክ ነው	5	4	3	2	1
8) ይህ ባንክ ለእኔ ቀዳሚ ምርጫዬ ነው	5	4	3	2	1
9) እያንዳንዱን የሂሳብ እንቅስቃሴ ማድረግ ብፈልግ ተቀዳሚ ምርጫዬ ይህ ባንክ ነው	5	4	3	2	1
10) ይህ ባንክ መረጃዎቼን በሚስጥር ይጠብቃል	5	4	3	2	1
11) ይህ ባንክ ታማኝ ነው	5	4	3	2	1
12) ይህ ባንክ የሚተማመኑበት ባንክ ነው	5	4	3	2	1
13) ይህ ባንክ የእኔን ፍላጎት ያሟላል	5	4	3	2	1
14) ከየትኛውም ከዚህ ባንክ ቅርንጫፍ ወጪ እና ገቢ ማድረግ ቀላል ነው	5	4	3	2	1
15) ባንኩ ቅድመ ተከተሉን የጠበቀ የኮምፒውተር እና የፕሪንተር አቀማመጥ አለው	5	4	3	2	1
16) ሠራተኞቹ ችግሮችን ለመፍታት ከፍተኛ ፍላጎት አላቸው እንዲሁም ባንኩ ከሰተት የፀዳ አሠራር አለው::	5	4	3	2	1

17) ከሠራተኞቹ የሚመጣው መረጃ ግልፅ እና በቀላሉ የሚረዳ ነው	5	4	3	2	1
18) ይህ ባንክ ከሌሎች ባንኮች የተሻለ ጥቅሞችን ያቀርባል	5	4	3	2	1
19) ይህ ባንክ ከሌሎች የተሻለ የባንክ አገልግሎት ጥቅሞችን ያቀርባል	5	4	3	2	1
20) ይህ ባንክ ከሌሎች የተሻለ የBrand ገፅታ አለው	5	4	3	2	1
21) ከዚህ ባንክ ጋር ትልቅ ትስስር እንዳለን ይሰማኛል	5	4	3	2	1
22) ከዚህ ባንክ ጋር ያረኩት ስምምነት ለእኔ ትልቅ ትርጉም አለው::	5	4	3	2	1
23) ይህን ባንክ ለይቶ የማወቅ ስሜት አለኝ	5	4	3	2	1
24) በሌሎች ባንኮች የሚሰጠው አገልግሎት እንደጠበቁት አይሆንም የሚል ስጋት አለኝ	5	4	3	2	1

	በጣም እስማማለሁ	እስማማለሁ	አስተያየት የለኝም	አልስማማም	በጣም አልስማማም
25) ወደ ሌላ የባንክ አገልግሎት ሰጪ ብሔድ ከፍተኛ የኢኮኖሚ ጉዳት ያጋጥመኛል ብዬ እሰጋለሁ	5	4	3	2	1
26) አዲስ ባንክ ከቀየርኩ በኋላ ያልተጠበቀ ችግር ይገጥመኛል ብዬ እጨነቃለሁ	5	4	3	2	1
27) የሌሎች ባንኮችን አገልግሎት መረጃ ለማግኘት በቂ ጊዜ የለኝም	5	4	3	2	1
28) የሌሎችን ባንኮች አገልግሎቶች ለማመዘዝን በቂ ጊዜ ሊኖረኝ ግድ ነው	5	4	3	2	1
29) አሁን የምጠቀምበትን ባንክ ከሌሎች ጋር ማወዳደር ከባድ ነው	5	4	3	2	1
30) የሌሎች ባንኮችን አገልግሎት ለመለማመድ ብዙ ጥረት ይጠይቃል	5	4	3	2	1
31) ሌላ ባንክ ከቀየርኩ በኋላ የአዲሱን ባንክ አገልግሎት ለማወቅ ረጅም ጊዜ እና ጥረት ይጠይቃል	5	4	3	2	1

32) የሌሎችን ባንኮች አገልግሎት ለማወቅ በጣም ቀላል ነው	5	4	3	2	1
33) ወደ ሌላ ባንክ ብቀይር በዚህ ባንክ ያጠራቀምኩትን ጥሩ ጥቅሞችን አጣለሁ	5	4	3	2	1
34) ህዝቡ ለዚህ ባንክ ያለው እይታን እወደዋለሁ	5	4	3	2	1
35) ስለዚህ ባንክ ስም ብዙም አልጨነቅም	5	4	3	2	1
36) አሁን ያለሁበት ባንክ ከፍተኛ እውቅናን ፈጥሮአል	5	4	3	2	1
37) አሁን በያዝኩት ባንክ ስም መጠቀም ያስተማምናል	5	4	3	2	1
38) የዚህ ባንክ ስም ፈጠራ የተሞላበትና የወደፊት ተስፋውን የሚያሳይ አድርጎ የተሰየመ ነው።	5	4	3	2	1
39) ደንቦች በዚህ ባንክ ሲጠቀሙ የተለዩ እና ዋጋ የተሰጣቸው እንዲመስላቸው ያደርጋል	5	4	3	2	1
40) የባንክ እውቅና የእኔን የባንክ ምርጫ ላይ ተፅዕኖ ይፈጥራል	5	4	3	2	1
41) አሁን ያለሁበት ባንክ እውቅና እርሱን በመምረጤ ላይ ከፍተኛ ተፅዕኖ ፈጥሮብኛል	5	4	3	2	1
42) ይህ ባንክ ከእውቅና አንፃር ከፍተኛ ደረጃ ይሰጠዋል	5	4	3	2	1