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THE EFFECT OF BRAND IMAGE ON CUSTOMER

SATISFACTION AND LOYALTY

(THE CASE OF ETHIOPIAN INSURANCE CORPORATION)

**ADDIS ABABA UNIVERSITY SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF MARKETING MANAGEMENT**

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THE EFFECT OF BRAND IMAGE ON CUSTOMER SATISFACTION AND LOYALTY

(The Case of Ethiopian Insurance Corporation)

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The Case of Ethiopian Insurance Corporation

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Declaration

I, the undersigned, declare that, this research paper is my original work, has never been presented in this or any other university, and that all resources and materials used herein have been duly acknowledged.

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Abstract

The purpose of this study is to examine the effect of brand image on customer satisfaction and loyalty in Ethiopian Insurance Corporation Addis Abeba customers. The study tried to explain the relationship between brand image and customer satisfaction and loyalty, the effect of brand image on customer satisfaction, and the mediating effect of customer satisfaction in brand image-customer loyalty relationship. Brand image benefits (i.e. functional, experiential and symbolic benefits) are used as independent variables and customer satisfaction and customer loyalty as dependent variables. Besides, questionnaires are used as data collection instrument from respondents. Correlation analysis used to analyze the relationship between the variables and regression analysis is performed to examine the effect of brand image on customer satisfaction and loyalty. The results showed that brand image benefits and customer satisfaction are positively correlated, and customer satisfaction and customer loyalty are also significantly affected by brand image benefits with different degrees. Moreover, the mediating effect of customer satisfaction in relationship to brand image benefits - customer loyalty is found partially but significant. Organizations should take into account improving and/or building of brand image so that they can be competent and have increase their market share by successful achieving customer satisfaction and loyalty.

Key words: brand image, customer satisfaction, customer loyalty

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CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

According to 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 competition” (Keller, 2003:3). A brand is a promise what benefits the company brings to the customers so that the relationship between customers and the company or its business will be strong (Chiaraville & Schenck, 2007). In light of this, Hague (2001) expressed brand in terms of its merits to both companies and customers. The advantages of strong brand image are company gain best prices, the company will have demanded products, enhance good flow of information between the company and customers, customers will be satisfied, and there is a chance of opening new business/product. And Hedging, Knudtzen & Bjerre (2009) also reported that brand image is the perception of consumers.

Besides, brand image not only an essential to create long-term competitive advantage for the company (Kotler, 1997), but also it is an important factor that influences customer satisfaction and customer loyalty when customers are framing their emotions about service quality (Ulusua, 2011). This shows that brand image has a positive relationship with service quality, customer satisfaction and customer loyalty.

In service marketing, the quality of service depends upon both the service deliverer and the quality of delivery. It is also the gap between expectations and perception of customers towards the service. For this reason, it is difficult to describe and evaluate the quality of service (Kotler & Armstrong, 2012). The main point here is that the expectation of customers is drives from company brand image. If the company has reputable brand image, customers expect the best service quality which leads to customer satisfaction and loyalty. A key focus for achieving sustainable business operations is generating loyal customers and satisfied customers in the course of high levels of service quality (Lee, 2013).

Customer satisfaction is significant to business achievement because satisfied customers are willing to buy the product repeatedly, being loyal customer, dedicated to the product and pay higher prices (Hoyer & Macinnis, 2010). In support of this, Reichet (2006)

point out those existing customers can increase the profit of the company than attracting new customers.

Concerning customer loyalty, Roundhill (2012) explained that customer loyalty is the matter of attitudinal and behavioral trend selecting one brand over all others due to either satisfaction with the service, or service performance, or experience with the brand. And according to Virtual University Brand Management handout, customer loyalty shows how consistent and how long customers are in buying a company's brand. It also tells both the number of customers that the company lost and those customers who have been loyal. In favor of this idea, Cronin, Brady & Hult (2000) described that customer loyalty indicates continuous actions of customers buying a company's products or services and it is also makes significant barriers to changing brands.

Therefore, companies should strengthen their brand image by improving customer satisfaction and customer loyalty which lead to become market leaders.

1.2. Organizational Background

Ethiopian Insurance Corporation (EIC) was established in 1976 by proclamation No.68/1975. The Corporation came into existence by taking over all the assets and liabilities of the thirteen nationalized private insurance companies, with Birr 11 million (USD 1.29 million) paid up capital on the aims of engaging in all classes of insurance business in Ethiopia, and ensuring the insurance services reach the broad mass of the people and it has a lion insurance market share in Ethiopia (Company Report, 2014).

Besides, the corporation monopolistically operated its business as state owned-sole insurer for about 19 years before the dawn fall of Derge regime. However, after the demise of the Marxist regime in mid-1991 a fundamental change has taken place and there was a shift in political, economic and social orientation from totalitarianism to that of liberalism. Thus, the company was re-established as public enterprise under proclamation number 201/94 with Birr 61 million (USD 7.13 million) paid up capital. Nowadays, the company's paid up capital has been increased from Birr 61 million to Birr 539 million on the aims of engaging in the business of insurance related activities conducive to the attainment of its purpose, and rendering insurance services which are categorized into non-life insurance and life insurance (Company Report, 2014).

The first category of insurance service that EIC has provided are general insurance that includes the following policies such as All Risks, Aviation (Cargo & Hull), Bankers Blanket Policy, Burglary & House Breaking, Bonds, Condominium Insurance, Consequential Loss (Business Interruption), Crop Insurance, Engineering (like Boiler Insurance, Contractors All Risks, Contractors Plant & Machinery, Deterioration of Stock, Erection All Risks, Electronic Equipment Insurance, Machinery Breakdown, and Machinery Loss of profit), Fidelity Guarantee, Fire and Allied Perils, Goods-in-Transit, Horticulture-Plantation Insurance Policy, Inland Carriers Liability, Livestock, Marine (Cargo and Hull), Money, Motor, Personal/Group Personal Accident, Plate Glass, Product Liability, Professional Indemnity, Public Liability, Warehouse Operators Liability, Weather Indexed, Coffee Plantation, Tea Plantation, Cotton Plantation, Exhibition & Bazaar, and Workmen's Compensation (*Medin Magazine*, 2016).

The second category of insurance products are long term insurance policies that includes Endowment (like Ordinary Endowment, Anticipated Endowment Policy (with profit), Children's Education Policy (with profit), Endowment Annuity, Joint Endowment, Joint Annuity, and Group Endowment), Term (like Individual Term Life Assurance, Group Term Life Assurance, Modified Large Group Term Life Assurance, Individual Mortgage Protection Assurance, Group Mortgage Protection Assurance, and Joint Mortgage Protection Assurance), Whole Life Assurance, and Medical (like Individual Medical Assurance, Group Medical Assurance, Executive Medical Assurance and Travel Health Insurance) (*Medin Magazine*, 2016).

1.3. Statement of the Problem

Businesses interaction with customers may become the competitive advantage in these dynamic markets. While customers become more sophisticated and require high standards of service, the business must improve customer service in order to remain ahead of the competition (Wicks, 2012). As companies face difficulty to differentiate their physical products, they focus on service differentiation, seeking to win and retain customers through delivering better-quality services on the base of customers need and want (Kotler, Saunders & Armstrong, 2005).

The concept of service is complicated in insurance business as it encompasses many features such as the customer pays for intangible, the company carries the risk, and the customer 'consumes' that intangible all the time within the contract period without really understanding the total context

of the service until a loss (accident) occurs (Wicks, 2012). In other words, insurance company's brand image is related to the degree of risk that the company carries and the service quality of handling and settling claims. For this reason, customers will be satisfied if their claims are settled within the standard time.

However, Hoyer & Macinnis (2010) stated that customer satisfaction by itself is not enough for any organization to create loyal customers. Most customers who switched to other company had been either not satisfied or very satisfied with the product or service they consumed first and left it. Thus, this shows that customers will not be loyal only by delivering them good service quality. In support of this, Gronroos (1984) references suggested that consumers usually rely on extrinsic cues like brand image to determine and recognize service quality. This means that customers will be influenced if the company has a strong brand image.

As Ethiopian Insurance Corporation (EIC) has more than 40 years of experience in insurance industry in Ethiopia, it is expected that the corporation has strong brand image. However, due to the nature of Ethiopian insurance industry, EIC has been collecting more than ninety-five percent of premiums from non-life business (i.e. called general insurance business) which may lead a company to lose its market share unless it takes care of its brand image for existing and potential customers. In this regards, Kotler, (2000) stated that the performance of the company relative to competitors is expressed in terms of its market share. In Ethiopia from the total market share which is covered by 17 insurance companies, EIC still has the lion share of the industry but its market share in terms of gross premium has been decreasing. According to the company report, the performance of gross premium in terms of its market share was reduced from 45.2% in 2013 to 35.8% in 2016 which shows decreasing of customers' loyalty and satisfaction as they are shifting to other companies due to various reasons. For this reason, this study tries to investigate the reason why customers are declining in terms brand image as an independent variable.

Therefore, this study is designed to investigate the effect of brand image on customer satisfaction and loyalty of customers in Ethiopian Insurance Corporation.

1.4. Research Questions

The following basic research questions were answered in the course of the study.

- ✓ How does brand image affect customer satisfaction?
- ✓ How does brand image affect customer loyalty?
- ✓ Does customer satisfaction mediate the relationship between brand image and customer loyalty?

1.5. Objective of the Study

General Objective

The general objective of this study is to examine the effect of brand image on customer satisfaction and loyalty.

Specific Objectives

The specific objectives include:

- ✓ To examine the relationship between brand image and customer loyalty
- ✓ To describe the relationship between brand image and customer satisfaction
- ✓ To examine the mediating role of customer satisfaction in brand image -customer loyalty relationship.

1.6. Significance of the Study

The study will help EIC to stay competent in the industry and also assist managers to know the most important brand image parameter which is the base for its acceptance and enhance customer satisfaction and loyalty level. The study will help managers to update the most valuable brand image measurement points or checklists along with technological and economic development. Besides, the findings of the study will help managers to train employees on the significant of brand image dimensions for better quality service.

The study will serve as guideline and/or a benchmark for those interested investors who want to participate in financial sector in general and insurance sector in particular. The study will also help officials of the country and insurance association to monitor and control on the benefits of brand image.

Moreover, the study will help the researchers for enhancing their knowledge level and can be used for further researches as a stepping-stone.

1.7. Scope of the Study

In EIC each district not only assists and supervises branches under it but also they act as main branch and have their own customers. In other words, the underwriting and claims payment power of each district is greater than that of each branch. Therefore, the scope of the study focused on Ethiopian Insurance Corporation's general insurance business customers of districts and branches which were found only in Addis Abeba. Besides, this study only used questionnaire for data collection instrument.

1.8. Operational Definitions

Brand: it 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 competition" Keller (2003:3).

Claim: A request for payment under the terms of an insurance policy (Jones & Silver 2011:25)

Districts: Main Branches (like Central Addis district, Southern Addis district, Northern Addis district, Eastern Addis district and Western Addis district).

General insurance (non-life insurance): all classes of insurance business (e.g. motor insurance, marine insurance, bond insurance, engineering etc) other than long term insurance business (Betterworth's & Hutchinson 2012:8/3)

Long-term insurance business: it includes life insurance, annuity, pension, permanent health insurance, personal accident insurance, and any other insurance businesses. (Wicks (ACII) 2012:7/2)

Loyalty: the seller's perception of the customer's positive attitude to the product manifested by re-buying (Hougaard, S. and Bjerre, M. 2009:67).

Premium: A specified amount of money an insurer charges in exchange for agreeing to pay a policy benefit when a specified loss occurs. (Jones and Silver 2011:31)

Products: in insurance marketing the term 'product' includes all service factors, for example, temporary replacement hire or courtesy cars. (Wicks (ACII) 2012:2/19)

1.9. Organization of the Study

This study comprised of five chapters. The first chapter presented introduction to the study including background of the study, background the organization, statement of the problem, research questions, research objectives, significance of the study, scope of the study, limitation of the study, definition of technical terms, and organization of the study.

The second chapter was review of related literature. In this chapter both theoretical and empirical evidences related to the topic under study are discussed.

Next, the third chapter described the research methodology that deals with descriptions of the study area, research approach, research approach and design, population and sample, data sources and types, data collection procedures, ethical consideration and data analysis.

The fourth chapter was data analysis and interpretation. This chapter summarized the results or findings of the study, and interpret and discuss the results in accordance with the review related literature.

The last part of the study was chapter five which deals with summary, conclusions and recommendations which were drawn from the results discussed under chapter four, and the research limitation and areas of future research were addressed and finally list of references and appendix were followed.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Theoretical Review

2.1.1. Introduction

This chapter discusses both theoretical review and empirical review of the study. Theoretical review discusses the meaning of brand, the benefits of brand, brand image, customer satisfaction and its measurement, customer loyalty and its measurement. The second part, empirical review, discusses the relationship between brand image with customer satisfaction and customer loyalty, and the relationship between customer satisfaction and customer loyalty, the impact of brand image on customer satisfaction and loyalty. Empirical review also shows the relationship between the variables and the impact of independent variable on dependent variable is depicted in the table. Finally, based on the literature review conceptual framework and hypothesis of the study are discussed.

2.1.2. Brand Benefits

According to Rizwan & Xian (2008), (Keller, 1993) and Laiho & Inha (2012:16) "Benefits are the personal value consumers attach to the product attributes -that is, what the consumers think the product can do for them" and they categorized brand image benefits in to three parts. The first kind of brand image benefits is functional benefits which refers mainly to physiological and safety needs, as well as to desires for problem removal or problem avoidance, the second kind of brand image benefits is experiential benefits which refer to what it feels like to use the product. They are related with sensory pleasure, variety and cognitive stimulation and the third kinds of brand image benefits is symbolic benefits which is related to underlying needs for social approval or personal expression and outer-directed self-esteem.

In addition, Park, Jaworski, and MacInnis (1986) mention that based on their relationship, brand benefits are categorized into functional benefits, experiential benefits, and symbolic benefits. Functional benefits are related to physiological and safety needs. As their attributes are product-related, they involve a desire for problem elimination by consuming product. Experiential benefits,

like functional benefits, correspond to the product-related attributes. Sensory pleasure, variety, and cognitive stimulation to use the product are incorporated in experiential benefits. Symbolic benefits, unlike functional benefits and experiential benefits, correspond to non-product-related attributes. They are related to acceptability in society or personal expression and outer-directed self-esteem, and are more extrinsic advantages of product consumption.

Moreover, Hague (2001) pointed out the benefits of strong brand image to a company in terms of the following directions: the company will gain best prices, customer will require the products, influence on other competitive brands, there will be good flow of information, the brand's acceptability can be enhanced, customer satisfaction will be improved, and improve a chance of opening new related business/ product.

Furthermore, Joshi (2012) explained the benefits of brand image in terms of the advantage of branding to both producer side and consumer side. Producer side advantages of branding are: a company's reputation is increased, easy to introduce new products, differentiates its products from competitor, helps for sales promotion, increases the markets share, reduces advertising cost, increase sales, and minimize price competition. On the other hand, consumer side advantages of branding are: differentiates the products of different producers, gain quality products, and consumers will be satisfied.

2.1.3. Conception of Brand Image

According to Bivainiene & Sliburyte (2008: 23) the brand image is related to benefits to consumer, distinguishing emotions, and associations. In the literature of marketing many definitions of brand image are presented. They can be distinguished into several groups as shows in table 2.1. below.

Table 2.1: Conception of Brand image

Group	Source	Main Meaning	Concept of brand image
General definition	Herzog, (1963)	Common amount of impression	The brand image is sum of common impressions received from many sources. All impressions form general evaluation of brand identity that is similar in wide range of users, although evaluation of separate groups of users can differ
	Runyon and Stevvar (1987)	Understanding of commodity	Certain positions of commodity is related to that commodity or to conception of the brand if commodity does not exist, or to the brand if it does not exist. Positioning of the brand in market is a simple way to understand the commodity to the user. It reflects language that is created by the users about the commodity, their emotions, and many others factors which influence the process of understanding. Positioning of commodity is a result of complex set of factors which are only partially understood.
Symbolism	Frazer (1983)	Symbols, psychological idiosyncrasy	...with the help of advertisement, the idiosyncrasy of commodity is formed, on the basis of tangibles attributes of commodity. Goods are very often associated with symbols created with the help advertisement.... Psychological, not physical idiosyncrasy of commodity is emphasized.
	Noth (1988)	Sign including characteristics of commodity,	According to this approach the goods are being researched as signs, the meaning of which is users 'brand image'... involving

		financial and social suitability	technical questionnaires, characteristics of commodity, financial value or social suitability. Semiotically, some of components of commodity comprise designation of commodity, when material object is a marker of commodity as sign.
<i>Meanings and messages</i>	Somers (1963)	Perceived symbolism of commodity	...the meaning is given to commodity when symbolism of commodity is perceived
	Durgee and Stuart (1987)	Meanings of commodity	What is peripheral or symbolic meaning of commodity in the eyes of consumer; The profile of significance indicates the complex of meanings that are associated a certain category of commodity.
<i>Personification</i>	Bettinger (1979)	Emphasized consumer personality	...the image of 'grown-up' brand and the image of 'child' brand.
	Sirgy (1985)	Identify when distinguishing psychological characteristics, marketing activity and psychological associations	Ostensibly goods have the image of identity...this image of identity is not determined only by psychological characteristics of commodity (e.g. tangible goods, service), but many other factors, such as advertisement, price, stereotypes of users and other marketing or psychological associations
<i>Cognition and psychological aspects</i>	Park (1986)	Functional symbolic and experience image	The image of the brand is a simple phenomenon of understanding, influenced by communication activity of the company. It is the perceptions of user about the whole set obtained with brand activity created by the company

	Knox (2000)	Idiosyncrasy and benefit to consumer	The brand includes exceptional aspects of benefits to the user, except for price and functional advantages
	Keller (1998)	Associations	Conception about the brand reflects, associations about the brand in consciousness of user
	Aaker (2003)	Associations	How the brand is perceived by the user

Source: Bivainiene & Sliburyte (2008:24)

2.1.4. Brand Image

As some research showed that companies should not only focus on service quality, but give pay attention to the perception of customers towards their brand image. Brand image helps the company to ensure that consumers hold strong and favorable association of the brand in their minds (Hedging, Knudtzen & Bjerre, 2009). In this regard (Eiilm University, 2001: 58) stated that “Understanding the brand image is of key importance to long term management of a brand. It is also important how the consumers formed the brand and what kind of relationship was formed with the brand –what the brand means to them and how they have accepted it. Understanding the relationship between consumers and brands can help a company control its successful brand positioning and the efficiency of advertising”. This is to mean that the success of the company is directly related to awareness of the customers towards the brand. The brand image also occupies an important position in the minds of consumers and refers to consumers’ knowledge and evaluation of a brand (Wu, Chao, & Yen, 2015).

In other words, Keller (2003) described that positive brand image is correlation with the strong, favorable, and unique associations to the brand, and brand image is the perception of customers towards the brand and what they thoughts, feelings, expectations about a brand (American Marketing Association (AMA)). According to Virtual University brand management handout brand image entirety includes information, advertising, and promotions of a brand over a period of time. This means that brand image related to consumer’s experience which is their perceptions, previous beliefs, biases, and social norms. In support of this, Hsieh, Pan, and Setiono (2004:252) stated that “a successful brand image enables consumers to identify the needs that the brand

satisfies and to differentiate the brand from its competitors, and consequently increases the likelihood that consumers will purchase the brand". Brand image is also an intangible aspect of the brand, but not what the brand does and it is how people think about it (Keller, 2003). In short, we can conclude based on the above premises that brand image is explained in terms of different directions since writers do not have the same experience. It is also concluding that brand image directly or indirectly significantly influence customer perception towards of service quality, customer satisfaction and customer loyalty.

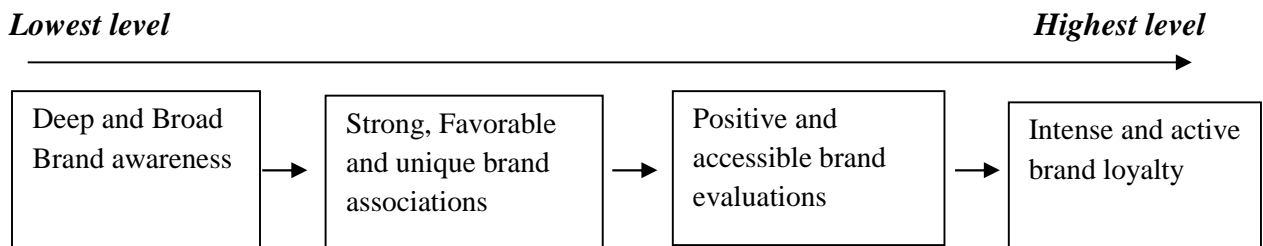
2.1.5. Brand Image Measurement

According to Driesener, C & Romaniuk, J (2006:683) the three brand image measurement techniques are: 1. A Likert rating technique (Scaling), 2. A ranking technique (Scaling), and 3. A Pick- any technique (sorting). When rating brands, respondents are typically asked to respond on a 5- or 7-point scale, which ranges from strongly agree to strongly disagree (Likert, 1932). The score gauges the extent to which the respondents feel the brand is associated with a certain attribute. The second type of measure (ranking) is where brands are ranked relative to competitors according to their association with an attribute meaning that if brand ranked 'first' the brand is most associated with/ strongest on the attribute of the choice set. The key difference between rating and ranking approaches is that while two brands cannot be afforded the same rank, they can be afforded the same rating. Third measure is the 'pick-any' measure, where respondents are asked which brands, if any, they associate with each attribute. Respondents can name any, all or none of the brands. As with the other techniques, brand names can be provided in a list or recalled from memory. The key difference between this measure and the others is that the pick-any measure is a response indicating association with the brand, rather than the degree of association. With this technique, therefore, multiple brands can be associated with the same attribute, but there is no discrimination between those brands as to the degree of association with the attribute by that individual. These measures thus differ on three criteria. The first is whether the technique is scaling or sorting (Joyce 1963). Rating and ranking measures require the respondent not only to show whether or not there is an association but also to indicate the strength of that association. These are therefore scaling techniques. In contrast, the pick-any measure requires the respondent

only to indicate whether they perceive the brand and attribute to be associated. The second criterion is that for some measures brands are not directly compared, whereas others explicitly require a direct comparison of the brands. Ranking is considered to be a comparative measure, while rating and pick-any approaches are not (Joyce 1963).

2.1.6. Brand Knowledge

There is confusion on the concept of brand knowledge and brand image. Brand knowledge includes brand awareness and brand image meaning that brand image is part of brand knowledge. According to Chandon (2003: 1) brand knowledge refers to brand awareness(whether, and when, consumers know the brand) and brand image (what are the associations that consumers have with the brand (Keller, 2001). The different dimensions of brand knowledge can be classified in a pyramid in which each lower-level element provides the foundations of the higher element. In this regard, (Keller, 2001) depicted brand knowledge from the lowest level to the highest level with figure which is found below.



2.1.7. Customer Satisfaction

Business always start and close due to customers and hence customers must be treated as the King of the market since business enhancements, profits, status and image of the organization depends on customers. Customer judge the services provided or the product delivered by making a very subjective value judgment which many times do not reflect in reality and only customers can evaluate service in light of their unique expectations. Besides, the current stiff competition and sophisticated marketing environment has urged service organizations to shift focus from profitability to customer satisfaction. Customer satisfaction has business leader attention, as it is the basis for ensuring sustainability in a business. In this regard, the International Engineering Consortium (2005) spells out the ability to be flexible in managing customers, enables the

business to reap the benefits of good customer satisfaction and this is because customer satisfaction is closely linked to quality in recent years.

According to American Marketing Association (AMA) customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation and it is also the number of customers or percentage of total customers, whose reported experience with a firm's products or services exceeds specified satisfaction goals. In this regards, Negel (2007) explained that customer satisfaction measures how products and services supplied by a company surpasses their expectations. Customer satisfaction is also the state of mind that customers have about a company when their expectation have been met or exceeded over the life time of the product or service. Customers' satisfaction depends on also the product's perceived performance in delivering value relative to a buyer's expectations. If the products' performance falls short of expectation, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted (Kotler & Armstrong, 2012). According to Berry & Chicago (2010) customer satisfaction is discussed in terms of ten dimensions of satisfaction which include quality, value, timelessness, efficiency, ease of access, environment, interdepartmental team work, frontline services, behavior, comment to the customer and innovation.

Satisfied customers are also less on price sensitive and remain in that company for a long period. They buy again and/or additional products over time as the company introduce related products or improvements. And they talk favorably to others about their good expectations of the company and its products. Satisfied customers will tell others about their experiences, increasing the likelihood that those consumers will then buy the product. And customers tend to spend more on the brand with which they are satisfied when they make purchases in that product category (Hayer & Macinnis, 2010). However, dissatisfied customers often switch to competitors and criticize the products to others (Kotler & Armstrong, 2012; Kotler et.al 2005). Contrary to the above premises, Taylor (1998:41) stated that "companies began to notice that they often were losing customers despite high satisfaction" and Reichheld (1994) argued that satisfied customers are not necessary loyal.

On the other hand, clearly defining and understating customer satisfaction can help any company identify opportunities for product and service innovation, and serve as the basis for performance

appraisal and reward systems and in a competitive market place where business compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy and it will be competitive advantage for the company.

In addition to this, customer satisfaction provides customer value and as a result customers become loyalty, be brand loyal and be committed to the product (Hoyer & Macinnis 2010). According to Edty (2000) customer satisfaction is the process through which business ensure customer loyalty and non-defection of customers to the competitors. This means highly satisfied customers produce several benefits for the company and are more likely to be loyal customers, and loyal customers are more likely to give the company a larger share of their business which in turn results in better company performance (Kotler et.al 2005).

2.1.7.1. Customer Satisfaction and its Measurement

As County,K. (2010:10) study report, principles for customer satisfaction measurement that inform and guide departments' customer service performance measurement are:

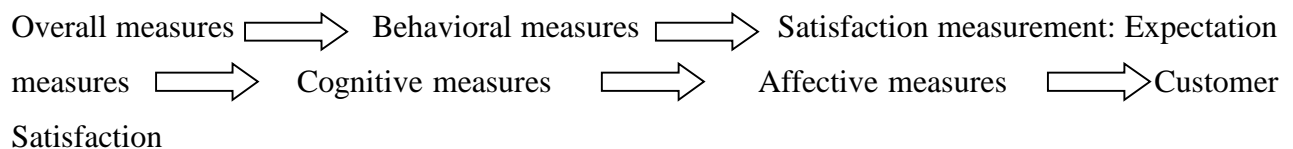
- The ultimate goal for all customer service should be “service excellence”.
- A good way to find out what your customers care about and what their experiences are is to ask them.
- Customer satisfaction results are important to understand service delivery, will be used by management and employees to improve services, and will be reported to the public along with changes made based on the results.
- Whenever possible, leverage existing information and build on existing surveys and customer-focused work.
- Differences in programs, services, and customer populations may require differences in data collection procedures, measures, and strategies for improvement.
- Customer satisfaction measurement should focus on the entire customer experience, not just the final result or decision.
- Every program should strive to obtain scientifically representative and valid data, even though the degree to which this is achieved may vary based on

resource availability, types of customers, and products/services offered.

- Customer satisfaction data collection efforts should be adapted to and modified for diverse customer populations
- Customer satisfaction measurement should be proximal, or close in time, to the time of service or interaction. Assess customer satisfaction when a customer's experience is fresh.
- Measurement should reflect the various ways (channels or methods) customers access the service.

Besides, according to Cengiz (2010), measuring customer satisfactions provide a comprehensive insight to the customer pre and post purchase behavior. Without this approach understanding, improving and developing better customer services could not be possible. Customer satisfaction measures allow business to know how well the business process is working, to know where to make changes to create improvement if changes are needed, and to determine if the changes led to improvement. In light of this, Ostrom and Iacobucci (1995) thought that there were many dimensions in measuring customer satisfaction, including (1) price of goods, (2) service efficiency, (3) attendant attitude, (4) overall performance of the company, and (5) the closeness to the ideal company.

Moreover, Anisor & Luciana (2015:197) measuring the customer satisfaction is a relatively new concept to many companies that have been focused exclusively on income statements and balance sheets. And the major attributes of customer satisfaction are product quality, keeping delivery commitments, price, responsiveness and ability to resolve complaints and reject reports and overall communication, accessibility and attitude. Anisor & Luciana (2015) tried to show customer satisfaction measures with figure as follows:



2.1.8. Customer Satisfaction Dimensions

Customer satisfaction is the extent to which a product's perceived performance matches a buyer's expectations (Kotler & Armstrong, 2012). According to Kaplan & Norton (1996) customer satisfaction measures provide feedback on how well the company is doing. These authors say that assessing the satisfaction level of customer is based on specific performance criteria within the value propositions. The three classes of attributes of the customers' value propositions are: product and service attributes like functionality, quality; customer relationship like quality of purchasing experience and personal relationship, and image and reputation (Kaplan & Norton, 1996). The first attribute which is product and service attributes encompasses the functionality of the product/ service, its price, and its quality. This customer satisfaction dimensions can be measured by safe, engineering service, minimum revision of submitted procedure, clean facility, standard of input provided, innovativeness to reduce cost, money value and others. The second attribute that is customer relationship dimension includes the delivery of the product/ service to the customer, including the response and delivery time dimension, and how customers feel about purchasing from the company. It is measured by speedy service, friendly helpful employees. Finally, the last attribute which is image and reputation dimension refers to the intangible factors that attract a customer to a company.

2.1.9. Relationship between Market Share and Customer Satisfaction

Many researchers attempted to link customer satisfaction to business performance, loyalty, productivity, profitability, reputation and market share. According to Forenell (1992) an increase customer satisfaction can lead company to a sustainable competitive position that will in turn create an increase in market share and a cost reduction of attracting new customers. Hallowell (1996) show also that higher customer satisfaction translates into higher than normal market share. However, Griffin and Hauser (1993) and Forenell (1992) discuss the possibility of negative relationship between customer satisfaction and market share.

2.1.10. Customer Loyalty

Customer loyalty shows how consistent customers are in buying the given brand, how long they have been buying and how long they may buy? This tells the company that the customers who did not leave its brand are loyal customers, why they stuck to the brand after considering competition and then discarding it, and gaining another testimony to the product's quality and branding strategies (Amooee, 2012). Customer loyalty also encourages consumers to shop more consistently, spend a greater share of wallet, and feel positive about a shopping experience, helping attract consumers to familiar brands in the face of a competitive environment. In this regard, Ranade (2012) explained that customer loyalty is when customers continuing to believe that organization's product/service offer is their best option and fulfills their value proposition whatever that may be. They take that offer whenever faced with that purchasing decision. Besides, (Roundhill, 2012) explained that customer loyalty is both an attitudinal and behavioral tendency to favor one brand over all others, whether due to satisfaction with the product or service, its convenience or performance, or simply familiarity and comfort with the brand. Some researchers also tried to explain customer loyalty by dividing into levels.

According to Oliver (1999) he has proposed four ascending brand-loyalty stages according to the cognition affect conation pattern. The first stage is cognitive loyalty. Customers are loyal to a brand based on their information on that brand. The next phase is affective loyalty, which refers to customer liking or positive attitudes toward a brand. The third step is conative loyalty or behavioral intention. This is a deeply held commitment to buy a "good intention" This desire may result in unrealized action. The last stage is action loyalty, where customers convert intentions into actions. Customers at this stage experience action inertia, coupled with a desire to overcome obstacles to make a purchase. Although action loyalty is ideal, it is difficult to observe and is often equally difficult to measure. and marketing efforts that may have the potential to cause switching behavior. On reaching the action phase, the customer possesses a deep commitment to repurchase but also is active in blocking the influence of alternative brands. Action level loyalty will be created when consumers intentionally immerse themselves in a social system that rewards brand patronage.

However, Haves (2013) saw customer loyalty in terms of two broad categories namely emotional loyalty and behavioral loyalty. Emotional loyalty is about how customers generally feel about a company/brand (i.e. when somebody loves, trusts, willing to forgive the company/brand). Behavioral loyalty, on the other hand, is about the actions customers engage in when dealing with the brand (i.e. when somebody recommends, continues to buy, buys different products from the company/brand). In short, according to Haves (2013) customer loyalty is the degree to which customers experience positive feelings for and engage in positive behaviors toward a company/brand. This premises can make us raise question 'what kind of a company activities make customer loyal?'.

Wilmshurt & Mackay (2002) suggested the following activities that should be performed to gain customer loyalty. These are providing customers with enough knowledge about the brand, understand the relationship consumers have with the brand and the promise that it offices, exchange information about products and services, provide a pleasurable shopping experience; deliver honesty, i.e. no promise that cannot be kept, respect privacy, simplify matters to consumers and stock products and services that customers value the most. Therefore, a company should periodically measure the status its customer loyalty with appropriate standard tools. On contrary, Rosenberg and Czepiel (1983:46) argued that "customer loyalty erodes when there is a wide range of similar nationwide product and retailers".

2.1.10.1. Customer Loyalty and its Measurement

According to Haves (2013), there are two general approaches to measuring customer loyalty: objective approach and subjective (self-reported) approach. *Objective measurement approach* includes system captured metrics that involve 'hard' numbers regarding customers' behaviors that are beneficial to company. Data can be obtained from historical records and other objective sources, including purchase records (captured in a CRM system) and other online behavior. Time spent on the Web site, numbers of products/services purchased and whether a customer renewed their service contract are some activities that measure customers in terms of objective approach. On the other hand, *subjective measurement approach* involves 'soft' numbers regarding customer loyalty. Subjective loyalty metrics include customers' self-reports of their feelings about the company and behavior toward the company. How customers recommend 'company' to friends/colleagues? how customers continue using 'company'/ brand? overall, how customers are satisfied

with the company are some of the questions to measure customer loyalty through subjective approach.

Moreover, according to Pascal (2016) (online) there are six effective methods for measuring customer loyalty. (1) *Net Promoter Score (NPS)*: this metric indicates when customer 100% support a company/brand, he/she will refer the company/ brand to his/her friends. Customer satisfaction leads to favorable word-of-mouth publicly that provides valuable indirect advertising for an organization (Fornell, 1996)

(2) *Repurchase Ratio*: as purchase is at the core of a commercial relationship, this measures the ratio of repeat purchasers over one-time purchasers. This metric is also a valid representation of customer loyalty. When customers praise the firm and express preference for the company over others, it means that they are likely to increase the volume of their purchases (Zeithaml & Bitner., 1996). Repurchase intention is an outcome of service quality perceptions as well as satisfaction obtained from purchase experience (Zeithaml & Bitner, 2000).

(3) *Up-selling Ratio*: this tracks the ratio of customers who have bought more than one type of product divided by the customers who have bought only one. This sounds similar to the Repurchase Ratio, but it's different because it concerns *another product*. Buying new products is a clear indication of customer loyalty.

(4) *Customer Loyalty Index (CLI)*: this is a standardized tool to track customer loyalty over time, and it incorporates the values of NPS, repurchasing, and up-selling. (5) *How much would you miss us?* This is an alternative to the NPS score. One asks his/her customers how much they would miss him/her if his/her company would cease to exist tomorrow. This measures the strength of your customer connections and the perceived value of your offering.

And finally, (6) *Customer Engagement Numbers*: customer engagement metrics are easier to measure, to influence, and that they are more strongly correlated with revenue and profits. Customer engagement is a strong predictor of loyalty. And customer loyalty results out of positive interactions and experiences with your brand. These nurture emotional attachments that shield your customers from competitor influence.

2.1.11. Market Share

As marketing professionals use the concept of market share for different purposes, some researchers define market share in terms of different directions though those definitions have some common concepts.

According to Suttle (2010), market share is one of the primary indicators companies use to measure how well they are doing versus competitors and is the percentage of business or sales a company exercises total business or sales by all competitors combined in any given market. In insurance business, one can evaluate market share by the amount or premium revenue the company takes in, the number of a certain type of policies, or the number of bodies/members they cover. However, having a large market share for a company has its own advantages and disadvantages relative to competitors.

The advantage of market share is discussed in terms of its significance for a given company. A higher market share usually means greater sales, lesser effort to sell more and a strong barrier to entry for other competitors. A higher market share also means that if the market expands, the leader gains more than the others. By the same token, a market leader also has to expand the market, for its own growth. Besides, marketers live and breathe market share and brand image, and their insights on such issues can contribute greatly to the financial assessments that go into analyzing potential mergers and acquisitions, and market share also enables manager to see trend of customers' selections among competitors (Marks & Mirvis, 2001).

2.2. Empirical Review

2.2.1. Relationship between Brand Image and Customer Satisfaction

Some researchers try to show the relationship between brand image and customer satisfaction in their research papers findings. Lin Chien-Hsiung (2011) pointed out that, with the construction of good brand image, customers were likely to increase the satisfaction of usage, and would like to recommend to others. Graeff (1996) mentioned that, when the customer's self-image was more similar to the brand image, customer satisfaction would be affected. Many scholars such as Lahap et.al (2016), Malik, Ghafloor & Iqbal (2012), Saeed et al (2013), Chien-Hsiung (2011),

Yulianti & Tung (2013), and Chen (2015) also confirmed the positive relations between brand image and customer satisfaction.

As cited by Ibrahim(2014) brand image constructs measurement variables with user image, product image, and enterprise image that customer satisfaction and brand image show remarkably positive relation (Zhang & Mo, 2008). And customer satisfaction and brand characteristics presented significantly positive relation that customer satisfaction was the provided service higher than the expectation of the customer so that the customer was satisfied (Sang, 2009).

As Yulianti & Tung, (2013:163) customer satisfaction has led to: (1) higher future profitability of a firm; (2) lower costs related to defective goods and services; (3) increase of customer willingness to pay premium price, provide referrals, and use more products or services, and (4) higher levels of customer retention and loyalty. In addition, the previous research shows a significance relationship between customer satisfaction and brand of product (different kinds of brand such as brand equity, brand image, brand experience and so on) as well as how brand elements influence customer satisfaction. According to this study, the dimensions that will be considered are summarized the findings of some researchers in the table 2.1 below.

Table 2.2: Empirical Review on Brand Image and Customer Satisfaction

Author and year	Title	Country	Findings
Chen,C. F. (2015)	The effect of higher education brand images on satisfaction and lifetime value from students' Viewpoint.	Taiwan	Brand image affected customer satisfaction.
Chien-Hsiung (2011)	A study on the relations between the brand image and customer satisfaction	Taiwan	Brand image presented positive relations to customer satisfaction

	in catering businesses		
Juhana, Manik, Febrinella, & Sidharta (2015)	Empirical study on patient satisfaction and patient loyalty on public hospital in Bandung, Indonesia	Indonesia	Brand image influence on customer satisfaction.
Lahap, Ramli, Mohd Said, Mohd Radzi, & Adli Zain (2016)	A study of brand image towards customer's satisfaction in the Malaysian hotel industry.	Malaysia	Brand image could influence customer satisfaction. Brand image will attract more potential customers and able to retain the existing customers.
Malik, Ghafloor & Iqbal (2012)	Impact of brand image, service quality and price on customer satisfaction in Pakistan telecommunication sector	Pakistan	Brand image is correlated to customer satisfaction. Improvement in brand image has resulted in increased customer satisfaction.
Nazir, Ali & Jamil (2016)	The impact of brand image on the customer retention: A mediating role of customer satisfaction in Pakistan.	Pakistan	Customer satisfaction is linked with brand image and positively related with each other.
Neupane (2015)	The effects of brand image on customer	London	There is positive relationship among

	satisfaction and loyalty intention in retail supermarket chain UK.		brand image, customer satisfaction and customer loyalty. Brand image has significant effects on customer satisfaction.
Saeed, Lodhi, Mehmood, Ishfaque, Dustgeer, Sami, Mahmood, Ahmed (2013)	Effect of brand image on brand loyalty and role of customer satisfaction in it	Pakistan	There is positive and significant relation exists between brand image and customer satisfaction.
Yulianti & Tung (2013)	The relationship among brand Experience, brand image and customer satisfaction of facebook users in Indonesia	Indonesia	Brand image had positive influence to customer satisfaction

From the above premises and table which is summary of research findings of different researcher in different topic and country, the researcher proposes the effect of brand image on customer satisfaction.

H1: Brand image has significance effect on customer satisfaction

2.2.2. Relationship between Brand Image and Customer Loyalty

As Ibrahim (2014:26) cited that Eris (2012) states that strong competition and rapid technological developments in various sectors made the firms aiming to increase their market shares by gaining more customers protect their market shares. The way to protect their market shares is to create customer loyalty. According to this study, the dimensions that will be considered are summarized the findings of some researchers in the table 2.2 below

Table 2.3. Empirical Review on Brand Image and Customer Loyalty

Author and year	Title	Country	Findings
All- Msallan (2015)	Customer satisfaction and brand loyalty in the hotel industry	Syria	The factors of brand image affect brand loyalty.
Agyei & Kilika (2014)	Relationship between corporate image and customer loyalty in the mobile telecommunication market in Kenya	Kenya	Brand image significantly forecast customer loyalty.
Bang, Kim, Park, & Chung (2015)	Building customer loyalty through CSR (corporate Social Responsibility): moderating effect of Authenticity	South Korea	Brand image and customer trust influence customer loyalty
Wu, Chao & Yen (2015)	The influence of service quality, Brand image, and customer	Taiwan	Brand image has a positive influence on

	satisfaction on customer loyalty for private Karaoke Rooms in Taiwan		customer loyalty.
Chung, Yu, Kim, & Shin (2015)	The effect of perceived value on customer loyalty in low-priced cosmetic brand of South Korea: the moderating effect of gender	South Korea	Brand image positively influences customer loyalty.
Juhana, Manik, Febrinella, & Sidharta (2015)	Empirical study on patient satisfaction and patient loyalty on public hospital in Bandung, Indonesia	Indonesia	Brand image influence on customer loyalty.
Khizindar (2015)	An empirical study of factors affecting customer loyalty of telecommunication industry in the kingdom of Saudi Arabia	Saudi Arabia	In service provider company brand image had a direct effect on customer loyalty.
Liao (2012)	The casual effects of service quality, brand image, customer satisfaction on customer loyalty in the leisure resort enterprise	Taiwan	Brand image has a direct relation with customer loyalty.

Malik, Ghafloor & Iqbal (2012)	Impact of brand image, service quality and price on customer satisfaction in Pakistan telecommunication sector	Pakistan	Advancement in brand image has resulted in improve brand loyalty.
Neupane (2015)	The effects of brand image on customer satisfaction and loyalty intention in retail supermarket chain UK.	London	Brand image and customer loyalty have significant positive relationship. Brand image has significant effects on customer loyalty.
Ogba & Tan (2009)	Exploring the impact of brand image on customer loyalty and commitment in China	China	Brand image have positive impact on customer expression of loyalty and commitment to market offering.
Saeed, Lodhi, Mehmood, Ishfaq, Dustgeer, Sami, Mahmood, Ahmed (2013)	Effect of brand image on brand loyalty and role of customer satisfaction in it	Pakistan	There is positive and significant relation exists between brand image and brand loyalty
Sondoh, Omer, Adul Wahid, Ismail, &	The effect of brand image on overall	Malaysia	Brand image is a means to achieve

Harun (2007)	satisfaction and loyalty intention in the context of color cosmetic		customer loyalty
Upamannyu & Sankpal (2014)	Effect of brand image on customer satisfaction and loyalty intention and the role of customer satisfaction between brand image and loyalty intention.	India	There is a strong positive relationship between brand image and loyalty intention.

From the above premises and table which is summary of research findings of different researcher in different topic and country, the researcher proposes the effect of brand image on customer loyalty.

H2: Brand image has significance effect on customer loyalty

2.2.3. Relationship between Customer Satisfaction and Customer Loyalty

As Ibrahim (2014) cited Magnini & Honeycutt (2005) reported that customer emotions play an important role in driving customer satisfaction and loyalty. Customer satisfaction and customer loyalty do have positive relationship (Neupane, 2015). The source of customer loyalty is customer satisfaction (LikeKim & Yoon, 2004). Satisfied customers become loyal customers and also share their positive experiences with other people who are potential customers of the same company.

Customer satisfaction can lead to customer loyalty because people tend to be rational and risk-averse so that they might have a tendency to reduce risk and stay with the service providers which they already had good experience with (Belas & Gabcova, 2016, and Coelho & Henseler, 2012). The higher the level of customer satisfaction, the greater the possibility of the customer becoming loyal (Ismail, Khatibi & Thiagarajan, 2003) as cited by (Tweneboah-Koduah, 2016).

According to Van Es (2012) loyalty is a direct result of customer satisfaction and that satisfaction is largely influenced by the quality of services and a key element of loyalty is the exchange of information.

2.2.4. Customer Satisfaction as Mediating Role between Brand Image and Customer Loyalty

Like brand image and customer satisfaction do have effect on customer loyalty, customer satisfaction by itself also has the mediating effect in the relationship brand image- customer loyalty. Some researchers’ findings in their study paper discussed the mediating effect of customer satisfaction. Chen (2015) explained customer satisfaction was a partial mediating variable between brand image and customer loyalty. Shahroudi & Naimi (2014) stated that the brand image due to customer satisfaction would affect customer loyalty intention. Besides, Wu, Chao & Yen (2015) showed in their study paper that customer satisfaction has mediating role for the relationship between customer loyalty and brand image. Finally, according to this study, the dimensions that will be considered are summarized the findings of some researchers in the table 2.3 below

Table 2.3: Empirical Review on the Mediating effect of Customer Satisfaction

Author and year	Title	Country	Findings
Chen,C. F.(2015)	The effect of higher education brand images on satisfaction and lifetime value from students’ Viewpoint.	Taiwan	Customer satisfaction was a partial mediating variable between brand image and customer loyalty.
Saeed, Lodhi, Mehmood, Ishfaqe, Dustgeer, Sami,	Effect of brand image on brand loyalty and role of customer	Pakistan	Customer satisfaction has a positive moderating effect on

Mahmood, Ahmed (2013)	satisfaction in it		the relationship between brand image and brand loyalty. There is positive and significant relation exists between brand loyalty and customer satisfaction.
Shahroudi & Naimi (2014)	The impact of brand image on customer satisfaction and loyalty intention (Case study: consumer of hygiene products)	Iran	The brand image due to customer satisfaction will affect customer loyalty intention.
Wu, Chao & Yen (2015)	The influence of service quality, Brand image, and customer satisfaction on customer loyalty for private Karaoke Rooms in Taiwan	Taiwan	Customer satisfaction has mediating role for the relationship between customer loyalty and brand image.

From the above premises and table which is summary of research findings of different researcher in different topic and country, the researcher proposes the mediating effect of customer satisfaction on brand image-customer loyalty relationship.

H3: Customer satisfaction has mediating effect in relationship brand image-customer loyalty.

2.2.5. Market Share and Customer Satisfaction Relationship

Some researchers tried to discuss the relationship between market share and customers' satisfaction in their studies. The table 2.4 Below shows the findings of the study conducted by three researchers since finding studies concerning the two correlation is difficult.

Table 2.4: Relationship between market share and customer satisfaction

Author and year	Title	Country	Findings
Anderson, Fornell & Lahmann (2006)	Customer satisfaction, market share and profitability; finding from Sweden	Sweden	Increasing market share actually might lead to lower customer satisfaction
Drosos & Tsotsolas (2011)	The relationship between customer satisfaction and market share: the case of mobile sector in Greece	Greece	There is a strong indication that the change in customer satisfaction level affect the market share
Rego, Morgan & Fornell (2017)	Reexamining the market share-customer satisfaction relationship	USA	A consistently significant negative market share-customer relationship

2.3. Conceptual Framework

Some researchers' findings in their research pointed out that there is relationship among brand image, customer satisfaction and customer loyalty. Chao, Wu, & Yen (2015) and Chung et al. (2015) state that brand image has positively influences customer loyalty. Chien-Hsiung (2011) and Yulianti & Tung (2013) mentioned that brand image had positive influence to customer satisfaction. Besides, based on the findings of Chao, Wu, & Yen (2015), customer satisfaction has mediating role for the relationship between service quality, customer loyalty and brand image. All-

Msallan (2015) and Upamannyu & Sankpal (2014) discussed that customers' overall satisfaction does significantly influence customers' loyalty which implies that marketers should focus on brand image benefits to achieve customer loyalty. Thus, based on the theoretical and empirical review of the study, the researcher drives the following conceptual framework.

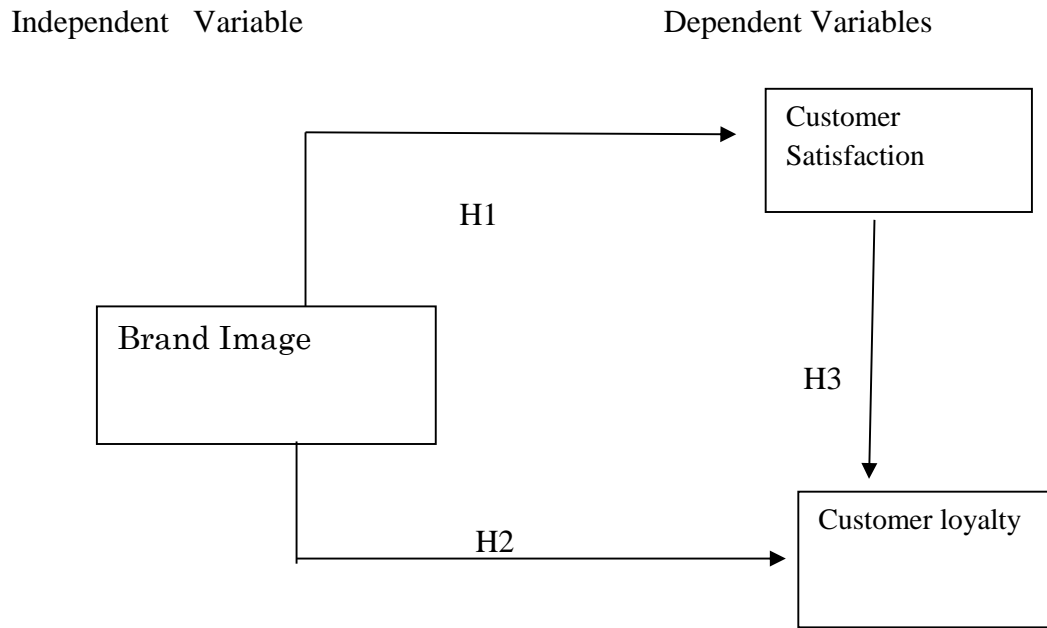


Fig. 2.1: Conceptual framework
(Source: Researcher's own)

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Research Approach

Research approach is the way one collects and analyzes data and it is the methods developed for acquiring trustworthy knowledge via reliable and valid procedures.

There are three types of research approach. These are exploratory research, descriptive research and causal research. (Churchill & Iacobucci, 2005). Exploratory research is an important part of any marketing or business strategy. Its focus is on the discovery of ideas and insights as opposed to collecting statistically accurate data. That is why exploratory research is best suited as the beginning of your total research plan. Descriptive research takes up the bulk of online surveying and is considered conclusive in nature due to its quantitative nature. Unlike exploratory research, descriptive research is preplanned and structured in design so the information collected can be statistically inferred on a population. The main idea behind using this type of research is to better define an opinion, attitude, or behavior held by a group of people on a given subject. Like descriptive research, causal research is quantitative in nature as well as preplanned and structured in design. For this reason, it is also considered conclusive research. Causal research differs in its attempt to explain the cause and effect relationship between variables. This is opposed to the observational style of descriptive research, because it attempts to decipher whether a relationship is causal through experimentation (FluidSurveys Team, 2014)

Among the three types of research approach, this research work uses exploratory which is useful for formulate problems more precisely, develop hypothesis, establish priorities for research, eliminate impractical ideas and clarify concepts.

3.2. Research Design

According to Creswell (2014:22) “Research designs are plans and the procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis”. The three types of research design are qualitative research, quantitative research and mixed methods research. “Qualitative research is a means for exploring and understanding the meaning

individuals or groups ascribe to a social or human problem. Quantitative research is a means for testing objective theories by examining the relationship among variables. Mixed methods research is an approach to inquiry that combines or associates both qualitative and quantitative forms” (Creswell, 2014:23). It is known that the selection of a research design is based on the nature of the research problem or issues being addressed, the researchers’ personal experiences, and the audiences for the study. As this study investigate the effect of brand image on customer satisfaction and loyalty, the researcher will use quantitative research design.

According to Creswell (2003), the quantitative research is critical to show the cause and effect relationship between dependent and independent variables. In support of this concept, Christensen et al. (1985) noted that to illustrate the relationship between the variables, quantitative survey approach is suitable.

3.3. Data Type and Source

The type of the data that the researcher used were primary and secondary data. The primarily data were gathered by using structured questionnaire that were answered by respondents who are the customers of Addis Abeba districts and branches. The secondary type of data which was used to examine were: issues related to Ethiopian insurance industry and reviewing books, articles and journals related and online available information

3.4. Population and Sampling

3.4.1. Population Characteristics

As this research is meant to target Ethiopian insurance corporation Addis Abeba customers in all districts and branches, the population for the study were customers who have at least both buy one product and one-year experience with EIC. The population of the study has two broad categories under government and private sectors.

3.4.2. Sample Size

From the total population of 28,286 at various branches and districts in Addis Abeba, sample size of 398 customers was taken to this study.

3.4.3. Sampling Techniques

Sampling techniques provide a range of methods that enable one to reduce the amount of data needed for a study by considering only data from a sub-group (Saunders, 2009)

The sampling technique to determine the sample size of the study uses the **table** developed by (Krejcie & Morgan, 1970) using the formula for sample size determination when the population size is known.

$$S = \frac{X^2NP(1-P)}{d^2(N-1) + X^2P(1-P)}$$

Where:

S = Required Sample size

X = Z value (e.g. 1.96 for 95% confidence level)

N = Population Size

P = Population proportion (expressed as decimal) (assumed to be 0.5 (50%))

d = Degree of accuracy (5%), expressed as a proportion (.05); It is margin of error

In this research, the researcher used 95% confidence interval with 5% margin of error. As Krejcie & Morgan (1970) table (*see appendix 2*) shows that for 20,000 population size the sample size will be 377; for 30,000 the sample size will be 379. Therefore, the sample size for the population of 28,286 (Company report, 2016) approximately were 379. However, as the researcher guess that some questionnaire will not be returned due to unknown reason. The researcher added 5% extra questionnaire for incomplete or missing questionnaire. Therefore, the sample size was 398 respondents and questionnaires were distributed through **convenience sampling methods**. According to Kothari (2004:174)" technically, the sample size should be large enough to give a confidence interval of desired width".

The following table shows the population and sample size distribution in each districts and branches.

Table 3.1: Sample Size Distribution by Sector in Each Districts and Branches

Districts/Branches Name	Population Size		Sample Size	
	Government	Private	Government	Private
Arada Districts	649	4199	9	59
Ayertena branch	1	938	0	13
Bole branch	28	510	1	7
Central Addis District	1011	3494	14	49
Eastern Addis District	284	2104	4	30
Gofa branch	178	756	3	10
Gullele branch	76	805	1	11
Megenagna branch	11	1124	1	15
Merkato branch	307	870	5	12
Northern Addis District	491	2499	7	35
Saris branch	258	1631	4	23
Southern Addis District	532	2196	8	30
Western Addis District	596	2738	9	38
Total	4,422	23,864	66	332

Source: Company Report, 2016

3.5. Data Collection Instrument and Procedure

The researcher used questionnaire to gather original primary data from the respondents and reviewed secondary data such as books, articles and journals related, newspapers, and online available information related to this study.

In this study the researcher used questionnaire that was developed earlier by Del Rio, Vazuez and Iglesias (2001) and Cho (2011) was adjusted to fit for the context of the study and some of the

questions were self-developed. The questionnaire had 22 items under five categories like functional (four items), symbolic (five items), and experiential (four items) brand image benefits as well as overall customer satisfaction (four items) and customer loyalty (five items).

The questionnaire has had two parts. The first part was prepared to gather general information about the respondent's gender, age, type of occupation and the length of time as customer. The second part also asked respondents about the effects of brand image benefits on customer satisfaction and customer loyalty. The questions under this part were arranged in a five-point Likert Scale, going through strongly disagree (measured as 1), disagree (measured as 2), no opinion (measured as 3), agree (measured as 4), and strongly agree (measured as 5).

Moreover, the researcher distributed and administer the total of 398 questionnaires to the target sample population based on the time schedule at different time during business work hours. The respondents were requested to complete and gave back the questionnaires coordinating with front line employees who are in positions of Principal Customer Care in all Districts and marketing officers in all branches.

3.6. Reliability Test

'Reliability and validity have different meanings under the different types of research i.e. quantitative and qualitative research' (Creswell, 2014:201). In quantitative research reliability is the most important factors of the instrument (Polit & Hungler, 1997). When either conducting or criticizing research, reliability is an important concept to enhance the accuracy of the assessment and evaluation of a research work (Tavakol & Dennick, 2011).

In this study a pilot study was conducted to determine the reliability of data collection instrument during the pre-test phase of the research by distributing 30 questionnaires which was adopted and modified model question as used by Cho's (2011) and Ibrahim's (2014). The researcher distributed 30 questionnaires in all six districts five questionnaires for each district and checked the reliability of those model questions in his study based on his data. All 30 customers managed to complete the questionnaire in front of Principal Customer Cares and/or Marketing officers and understand the questions that were written in Amharic language.

Thus, the internal consistency for each variable of research data collection instrument was checked by Cronbach's alpha and the result showed in acceptable range. From this we conclude that the data collection instrument is internally consistent. According to Bryman & Bell, (2007) the reliability value for any study should be substantial enough, for the fact that the highest the reliability the stronger the acceptability of the model.

Table 3.2: Reliability test

	No of Items	Cronbach's Alpha
Functional Benefits	4	.755
Experiential Benefits	4	.920
Symbolic Benefits	5	.855
Customer Satisfaction	4	.831
Customer Loyalty	5	.855

3.7. Data Analysis Techniques

The collected data were analyzed using descriptive statistics, correlation and regression analysis. Descriptive analysis was used to describe the demographic factors such as gender, age, occupation, and the time length being the customer. Correlation analysis was also used to assess the relationship among brand image, customer satisfaction and customer loyalty. Besides, multiple linear regression analysis was used to examine the effect of brand image on customer satisfaction and customer loyalty

3.8. Ethical Considerations

To make the respondents feel confidence, the purpose of the study were disclosed in the introductory part of the questionnaire and they were not be required to write their name and other information that easily identify them. The researcher assured that their responses will be used only for this research paper and inform them strict confidentiality of their responses. Furthermore, the researcher avoided misleading or deceptive statements in the questionnaire that were distributed only to voluntary participants.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

In this chapter, the data collected from respondents has been analyzed and interpreted. It comprises general characteristics of the respondents, correlation analysis and regression analysis respectively of the study variables. The analysis and interpretation were carried out based on the data collected through questionnaire from customers of the company.

4.2. Overall response rate

From the total of 398 questionnaires distributed 28 missed and only 370 were returned from which 7 were not correctly filled and rejected. Therefore, 363 were effectively used for analysis that shows response rate of 91.21%.

Table 4.1: Overall response rate

Sample	Number	Percent
Number of questionnaires distributed	398	100
Returned questionnaires	370	92.96
Non returned questionnaires	28	7.03
Incomplete questionnaires	7	1.76
Total usable questionnaires	363	91.21

Source: Survey result

4.3. General Characteristics of the Respondents

The general characteristic of the respondents (table 4.2) discussed gender, age, occupation, and years of experience as customer of the respondents.

According the result of the study, the majority of the respondents i.e. 275 (75.8%) were male and the rest 88 (24.2%) were female, and 47.4% of the respondents' age is between 36 and 50 and the

second highest age category is between 18 and 35 which comprises 30.0% of the respondents.

Besides, the majority (83.5%) of the respondents' occupation were private organization and the respondents were asked for how long they had been as EIC customer. Most of the respondents (33.6%) were customers who have an experience of four to six years, and those who have an experience of less than three years, those seven to ten, and those greater than eleven years as customers do not have significance different among themselves.

Table 4.2: General Characteristics of the Respondents

Personal Profile	Frequency	Percent
Gender		
Male	275	75.8
Female	88	24.2
Age		
18 to 35	109	30.0
36 to 50	172	47.4
51 to 65	68	18.7
Greater than 65	14	3.9
Occupation		
Government organization	60	16.5
Private organization	303	83.5
Years of experience as customer		
Less than three	76	20.9
Four to six	122	33.6
Seven to ten	84	23.1
Greater than eleven	81	22.3

Source: Survey result

4.4. Descriptive Analysis

Table 4.3: Frequency of Functional Benefits

Functional Benefits	Mean	Std. Deviation
The brand is easily accessible	3.81	1.13
The brand has all products that I want	3.76	1.158
The brand gives me on-time service	2.98	1.396
The brand provides good service quality with affordable price	3.63	1.093

Source: Survey Result

As the mean scores of the four dimensions of functional benefits fall within the range of 2.98 to 3.81, the brand has positive functional benefits. This means that the respondents feeling towards the given three dimensions of functional benefits almost 'agree', but the respondents 'disagree' with the dimension 'The brand gives me on-time service'.

Table 4.4: Frequency of Experiential benefits

Experiential Benefits	Mean	Std. Deviation
I can count on the products of this brand always working well	3.71	1.023
I feel safe with EIC's service	3.85	.971
This brand service is really dependable	3.44	1.184
The company provides adequate support at all time	3.43	1.169

Source: Survey Result

The experiential benefit of brand image was also measured in a four measure items. The mean score was between 3.43 and 3.85. Thus, the results of the respondents indicate that, the respondents have good experience with the brand. This means that the respondents feeling towards the given four dimensions of experiential benefits almost 'agree'.

Table 4.5. Frequency of Symbolic Benefits

Symbolic Benefits	Mean	Std. Deviation
The brand image is outstanding and gives me a good impression	3.56	1.127
This is the leading brand in the market	4.07	1.029
The brand helps me to better fit in to my social group	3.48	1.078
The brand prevented me from looking cheap	3.61	1.072
Using this brand increases my self-esteem	3.69	1.066

Source: Survey Result

Like other benefits of brand image, symbolic benefits were also measured in a five measure items. The mean score was between 3.48 and 4.07. This means that the respondents feeling towards the given four dimensions of symbolic benefits almost 'agree', but the respondents 'agree' with the dimension 'EIC is the leading brand in the market'.

Table 4.6: Frequency of Customer Satisfaction

Customer Satisfaction	Mean	Std. Deviation
Overall I am satisfied with the service	3.57	1.131
The brand perfectly fits my expectation	3.76	.937
The company staff is knowledgeable to introduce and explain all services that I want	3.66	1.045
The brand makes a positive contribution to myself / my business	3.57	1.009

Source: Survey Result

The frequency of table that shows the mean score of each measure items of customer satisfaction did not have significance different as compare to the three brand image benefits. The mean score

was fallen into a range 3.57 to 3.76. This means that the respondents feeling towards the given four dimensions of customer satisfaction almost ‘agree’.

Table 4.7. Frequency of Customer Loyalty

Customer Loyalty	Mean	Std. Deviation
I often tell positive things about the brand to other people	3.73	.862
I am pleased to repurchase this brand	3.50	.987
This brand is my first choice	3.46	1.043
I will purchase if EIC launches new product	3.32	1.071
I shall continue to use the brand in the future even no advertisement	3.26	1.110

Source: Survey Result

Finally, five dimensions’ measurement items were used to find the mean score of customer loyalty. As the table shows the lowest mean score was 3.26 and the largest was 3.73. Thus, the results indicate that the respondents were almost neither agree nor disagree towards each dimension of customer loyalty.

4.5. Normality Test

According to Brown (2017), a normal distribution of data’s skewness and excess kurtosis is 0. As explained the way to interpreting the value: if skewness is less than -1 or greater than +1, the distribution is highly skewed, or if skewness is between -1 and -0.5 or between 0.5 and 1, the distribution is moderately skewed, or if skewness is between -0.5 and +0.5, the distribution is approximately symmetric. Besides, if the kurtosis is close to 0, then a normal distribution is assumed, or if the kurtosis is less than 0, then the distribution is light tail, or if the kurtosis is greater than 0, then the distribution has heavier tails. This implies table 4.3 shows that the skewness of the data is approximately symmetric and the kurtosis of the data is approximately normal distribution.

Table 4.8: Skewness and Kurtosis

	meanExpe	meanFunc	meanSymbol	meanCustS	meanCustLoy
Skewness	-.437	-.482	-.532	-.675	-.341
Std. Error of Skewness	.128	.128	.128	.128	.128
Kurtosis	.508	-.121	-.259	.171	-.098
Std. Error of Kurtosis	.255	.255	.255	.255	.255

Source: Survey result

4.6. Correlation Analysis

A correlation coefficient that falls between -1 and +1 is a very useful means to summarize the relationship between the variables. If the correlation coefficient falls 0.1 to 2.9, it is weak; 0.3 to 0.49 is moderate; and > 0.5 is strong relationship between variables (Field, 2005). A correlation analysis with Pearson's correlation coefficient (r) was conducted on all the independent and dependent variables in this study to explore the relationship between variables using SPSS version 20. In this study, Bivariate Pearson Correlation was used to examine the relation between functional benefits, experiential benefits and symbolic benefits of brand image as independent variables and customer satisfaction and customer loyalty as dependent variables.

4.6.1. Correlation Analysis between Variables

Pearson correlation test was conducted to know whether there is significant correlation between variables. As it is clearly indicated in the table 4.9, there is strong positive correlation between functional benefits and customer satisfaction, experiential benefits and customer satisfaction, and symbolic benefits and customer satisfaction.

The result of correlation analysis prove that functional benefits and customer satisfaction are correlated with a relationship ($r = 0.639$), experiential benefits and customer satisfaction are correlated with a relationship ($r = 0.666$), symbolic benefits and customer satisfaction are correlated with a relationship ($r = 0.559$).

Besides, Pearson correlation test was also conducted to know whether there is significant

correlation between variables. As it is clearly depicted in the table 4.9, there is strong positive correlation for both between functional benefits and customer loyalty and experiential benefits and customer loyalty, and moderate positive correlation between symbolic benefits and customer loyalty.

The result of correlation analysis prove that functional benefits and customer loyalty are correlated with a relationship ($r = 0.525$), experiential benefits and customer loyalty are correlated with a relationship ($r = 0.568$), symbolic benefits and customer loyalty are correlated with a relationship ($r = 0.396$). And the result of correlation analysis assure that customer satisfaction and customer loyalty are correlated with a relationship ($r=0.681$).

Moreover, the researcher was also try to check whether the model is suffering from heteroscedasticity and he found that as the residual will be scatteredly plotted meaning that there is no systematic pattern (i.e. random). From this premises we can conclude that the research model is free from heteroscedasticity problem or we can say that the model is not suffering from heteroscedasticity problem.

Table 4.9: Correlation Analysis between Variables

	Functional benefits	Experiential benefits	Symbolic benefits	Customer satisfaction	Customer loyalty
Functional benefits	1	.653**	.344**	.639**	.525**
Experiential benefits	.653**	1	.514**	.666**	.568**
Symbolic benefits	.344**	.514**	1	.559**	.396**
Customer satisfaction	.639**	.666**	.559**	1	.681**
Customer loyalty	.525**	.568**	.396**	.681**	1

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

Source: Survey Result

4.7. Regression Analysis

This regression is conducted to know how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variables (functional benefits, experiential benefits and symbolic benefits) explain the dependent variables (customer satisfaction and customer loyalty). The results of the regression analysis are presented as follows.

4.7.1. Regression Analysis of Brand Image Benefits and Customers' Satisfaction

The result shows in **table 4.10a, b, & c** that brand image benefits have the power to explain customer satisfaction. In this case the results of correlation of brand image benefits and customers' satisfaction, sig level, F-value and adjusted R square are taken into consideration.

The regression analysis model summary (table 4.10a) indicates that the adjusted R square is 0.575 which means that 57.5% customer satisfaction is significantly explained by brand image and as the ANOVA model (table 4.10b) shows that as sig value is less than 5% and the F- value (statistics) (164.177) is significant, the brand image has significantly explained customer satisfaction (dependent variable). Besides, the correlation coefficient (table 4.10c) shows that the Beta value is 0.352 for functional benefits, 0.287 for experiential benefits and 0.290 for symbolic benefits meaning that one unit change in functional benefits will cause 0.352 times change in customer satisfaction, one unit change in experiential benefits will cause 0.287 times change in customer satisfaction and one unit change in symbolic benefits will cause 0.290 times change in customer satisfaction. This shows that functional benefits of brand image have the most significantly influence customer satisfaction than that of experiential and symbolic benefits, and the experiential benefits have the least influence on customer loyalty. Therefore, from the above premise we can conclude that the null hypothesis will be rejected and accept alternative hypothesis and the model will also be accepted.

Table 4.10a. Regression analysis result for brand image benefits and customers' satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.761 ^a	.578	.575	.54876

a. Predictors: (Constant), meanSybolicbenefits, meanFunctionalBenefits, meanExperienBenefits

Table 4.10b. Regression analysis result for brand image benefits and customers' satisfaction

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	148.319	3	49.440	164.177	.000 ^b
	Residual	108.107	359	.301		
	Total	256.426	362			

a. Dependent Variable: meanCustSatis

b. Predictors: (Constant), meanSybolicbenefits, meanFunctionalBenefits, meanExperienBenefits

Table 4.10b. Regression analysis result for brand image benefits and customers' satisfaction

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.335	.154		2.177	.030
	meanFunctionalBenefits	.325	.042	.352	7.783	.000
	meanExperienBenefits	.306	.053	.287	5.792	.000
	meanSybolicbenefits	.285	.039	.290	7.260	.000

a. Dependent Variable: meanCustSatis

4.7.2. Regression Analysis of Brand Image Benefits and Customers' Loyalty

As it is clearly indicated in the **table 4.11a, b & c**, brand image benefits have significantly explained customer loyalty. In this case the results of correlation of brand image benefits and customers' satisfaction, sig level, F-value and adjusted R square are taken into consideration.

The regression analysis model summary (table 4.11a) indicates that the adjusted R square is 0.373 which means that 37.3% customer loyalty is significantly explained by brand image and as the ANOVA model (table 4.11b) shows that as sig value is less than 5% and the F- value (statistics) (72.912) is significant, the brand image significantly explains customer loyalty (dependent variable). Besides, the correlation coefficient (table 4.11c) shows that the Beta value is 0.267 for functional benefits, 0.323 for experiential benefits and 0.139 for symbolic benefits meaning that one unit change in functional benefits will cause 0.267 times change in customer satisfaction, one unit change in experiential benefits will cause 0.323 times change in customer satisfaction and one unit change in symbolic benefits will cause 0.139 times change in customer satisfaction. This shows that experiential benefits of brand image have the most significantly influence customer loyalty than that of functional and symbolic benefits, and the symbolic benefits have the least influence on customer loyalty. Therefore, from the above premise we can conclude that the null hypothesis will be rejected and accept alternative hypothesis and the model will also be accepted.

Table 4.11a: Regression Analysis of Brand Image Benefits and Customers' Loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.615 ^a	.379	.373	.66722

a. Predictors: (Constant), meanSymbolicbenefits, meanFunctionalBenefits, meanExperienBenefits

Table 4.11b: Regression Analysis of Brand Image Benefits and Customers' Loyalty

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	97.379	3	32.460	72.912	.000 ^b
	Residual	159.821	359	.445		
	Total	257.200	362			

a. Dependent Variable: meanCustomLoyal

b. Predictors: (Constant), meanSybolicbenefits, meanFunctionalBenefits, meanExperienBenefits

Table 4.11c: Regression Analysis of Brand Image Benefits and Customers' Loyalty

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.833	.187		4.452	.000
	meanFunctionalBenefits	.247	.051	.267	4.859	.000
	meanExperienBenefits	.345	.064	.323	5.365	.000
	meanSybolicbenefits	.137	.048	.139	2.859	.005

a. Dependent Variable: meanCustomLoyal

4.8. Multiple Regressions: Two-stage Least Squares Analysis

As table 4.12a, b & c clearly shows customer satisfaction has mediating effect on brand image- customer loyalty relationship. In this case the results of correlation of brand image and customers' satisfaction, sig level, F-value and adjusted R square are taken into consideration.

The Two-stage Least Squares Analysis model summary indicates that the adjusted R square is 0.392 which means that 39.2% of the relationship between brand image and customer loyalty is due to mediating effect of customer satisfaction and as the ANOVA model shows that as sig value is less than 5% and the F- value (statistics) (234.021) is significant, customer loyalty is significantly explained by the brand image due to the mediating effect of customer satisfaction. Besides, the correlation coefficient shows that the Beta value is 0.896 meaning that one unit change in brand image will cause 0.896 times change in customer loyalty (dependent variable) due to the mediating effect of customer satisfaction. Therefore, from the above premise we can conclude that the null hypothesis will be rejected and accept alternative hypothesis and the model will also be accepted.

Table 4.12a: The mediating effect of customer satisfaction on brand image-customer loyalty relationship

Model Summary		
Equation 1	Multiple R	.627
	R Square	.393
	Adjusted R Square	.392
	Std. Error of the Estimate	.714

Table 4.12b: The mediating effect of customer satisfaction on brand image-customer loyalty relationship

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Equation 1	Regression	119.244	1	119.244	234.021	.000
	Residual	183.946	361	.510		
	Total	303.190	362			

Table 4.12c: The mediating effect of customer satisfaction on brand image-customer loyalty relationship

Coefficients

		Unstandardized Coefficients		Beta	t	Sig.
		B	Std. Error			
Equation 1	(Constant)	-.466	.259		-1.799	.073
	meanbrandimage	1.085	.071	.896	15.298	.000

4.9. Hypothesis testing

The result shows that brand image benefits significantly correlated and effect on customer satisfaction and customer loyalty. Neupane (2015) stated in his findings there is positive relationship among brand image, customer satisfaction and customer loyalty and brand image has significant effects on customer satisfaction. Liao (2012) in his findings mentioned that brand image has a direct relation with customer loyalty. Besides, Wu, Chao & Yen (2015) in their findings described customer satisfaction has mediating role for the relationship between customer loyalty and brand image.

Table 4.13. Hypothesis testing

Statement of the hypothesis	Result
There is significant relationship between brand image benefits and customer satisfaction.	Supported
There is significant relationship between brand image benefits and customer loyalty.	Supported
Customer satisfaction has mediating effect on the relationship between brand image and customer loyalty.	Supported

Source: Survey Result

4.10. Discussion of Result

The objective of the study is to examine the effects of brand image on customer satisfaction and loyalty in EIC by analyzing the relationship of every construct in the theoretical framework. This result and discussion of the study is using 363 respondents' questionnaire and shows general characteristics of the respondents, Pearson correlation analysis of the variables and regression analysis of the variables.

General characteristics of the respondents such as gender, age, occupation, experience of respondents as customer, and which organization represents for have been considered. The research took 75.8% male and 24.2% of female respondents. In terms of age, the majority (47.4%) of the respondents are found to be between 36 – 50 years of age. The second larger (30%) respondents' age categorized a range of 18 to 35. With regard to occupation of the respondents, majorities (83.5%) of the respondents are private organization and 16.5% of the respondents are government organization. Besides, the study shows 33.6% of the respondents have 4-6 years' experience as customer.

In this study the mean value of each dimension is also analyzed. Almost all dimensions mean value are greater than three and less four, but one dimensions of functional benefits mean value is 2.98 and one dimensions of symbolic benefits mean value is 4.07.

Based on the results of Pearson correlation analysis, functional benefits are positively correlated with customers' satisfaction ($r = 0.639$), experiential benefits are positively correlated

with customer satisfaction ($r=0.666$), and symbolic benefits is also positively correlated with customer satisfaction ($r=0.559$). Moreover, the study shows Pearson correlation of independent variables and customer loyalty. Functional benefits are positively correlated with customer loyalty ($r=0.525$), experiential benefits is positively correlated with customer loyalty ($r=0.568$), and symbolic benefits is also positively correlated with customer loyalty ($r=0.396$). This implies that all independent variables directly influence customer satisfaction and loyalty. In light of this some researchers assured the relationship between brand image and customer satisfaction and loyalty in their findings. Nazir, Ali & Jamil (2016) stated customer satisfaction is linked with brand image and positively related with each other. Liao (2012) described brand image has a direct relation with customer loyalty

The regression analysis of the study shows the effect of brand image on customer satisfaction and on customer loyalty separately. The result depicted that 58% of customer satisfaction is explained by brand image benefits (functional, experiential and symbolic benefits) and 38% of customer loyalty is explained by brand image benefits. In light of this some researchers confirmed the effect of brand image on customer satisfaction and loyalty in their findings. Chen, (2015) mentioned that brand image affected customer satisfaction. Wu, Chao & Yen (2015) explained that brand image has a positive influence on customer loyalty.

Besides, the effect of each dimension of brand image on customer satisfaction and loyalty was also analyzed in this study. 41%, 44% and 31% of customer satisfaction is significantly affected by functional benefits, experiential benefits and symbolic benefits respectively. And 28%, 32% and 16% of customer loyalty is significantly affected by functional benefits, experiential benefits and symbolic benefits respectively. This shows that the effect of brand image benefits individually more affect customer satisfaction than customer loyalty.

Finally, the regression analysis shows the mediating effect of customer satisfaction is significantly positive but partially. In this regard some researchers proved the effect of brand image on customer satisfaction and loyalty in their findings. Chen (2015) stated customer satisfaction was a partial mediating variable between brand image and customer loyalty. Wu, Chao & Yen (2015) mentioned customer satisfaction has mediating role for the relationship between customer loyalty and brand image.

CHAPTER FIVE

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter explained summary of the major findings of the study, conclusions based on the findings and recommendations are also forwarded in line with the major findings of the study.

5.2. Summary of Findings

This study examines the effect of brand image on customer satisfaction and loyalty by collecting data through quantitative and analyze the data with the help of SPSS version 20. The result shows that 75.8% the respondents were male and 24.2% were female. In terms of the age category of the respondents, 47.4% of respondents age categorized under a range of 36 to 50 years, 30% under a range of 18 to 35, 18.7% under a range of 51 to 65. In terms of occupation 83.5% and 16.5 % of the respondents were working in private and government organization respectively. In terms of experience of the respondents as customer, 33.6% range in four to six, 23.1% range in seven to ten, 22.3% greater than 11 years.

The descriptive analysis of the study shows that the mean score of each dimensions of all variables were analyzed and demonstrated that the highest mean score (4.07; the dimension “This is the leading brand in the market”) was found in “symbolic benefits” category and the lowest mean score (2.98; the dimension “The brand gives me on-time service”) was found in “functional benefits” category. Mean score of other dimensions were categorized under the range of 3.26 to 3.85. This is, therefore, indicates that the respondents’ perceptions were diverted to ‘agree’ for their positive response and ‘disagree’ for their negative response which means ‘strongly agree’ and ‘strongly disagree’ alternatives scale were almost not selected.

In regard to the Pearson correlation analysis, each independent variable against each dependent variable correlation was analyzed. These correlation analysis result shows that all independent variables individually have strong positive correlation with customer satisfaction. Functional and experiential benefits have also strong positive correlation with customer loyalty, but symbolic

benefits and customer loyalty do have moderate positive correlation.

Finally, the regression analysis table below depicted the adjusted R square 0.575 shows the effect of brand image benefits on customer satisfaction meaning that 57.5% of customer satisfaction is significantly explained by brand image benefits. On the other hand, the second table below that shows the adjusted R square 0.373 interpreted as customer loyalty is significantly explained by brand image benefits by 37.3% and more than 62% of customer loyalty is significantly explained by other variables. Thus, the effect of brand image on customer satisfaction is greater than the effect of brand image on customer loyalty. Moreover, the third table below that shows the adjusted R square 0.392 indicates that 39.2% of customer loyalty is significantly explained by the mediating effect of customer satisfaction on brand image-customer loyalty relationship.

Regression analysis result for brand image benefits and customers' satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.761 ^a	.578	.575	.54876

a. Predictors: (Constant), meanSybolicbenefits, meanFunctionalBenefits, meanExperienBenefits

Regression Analysis of Brand Image Benefits and Customers' **Loyalty**

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.615 ^a	.379	.373	.66722

a. Predictors: (Constant), meanSybolicbenefits, meanFunctionalBenefits, meanExperienBenefits

The mediating effect of customer satisfaction on brand image-customer loyalty relationship based on two-stage least squares analysis

Model Summary		
Equation 1	Multiple R	.627
	R Square	.393
	Adjusted R Square	.392
	Std. Error of the Estimate	.714

5.3. Conclusion

The study tried to examine the effect of brand image on customer satisfaction and loyalty. The reason why the researcher wanted to conduct this study was due to the declining of market share of the corporation. Three research questions were also raised to be answered with this study by setting the general objective and specific objectives. The specific objectives were to examine the relationship between brand image and customer satisfaction, to discuss the relation between brand image and customer loyalty and to check the mediating effect of customer satisfaction on the relationship brand image- customer loyalty. Besides, conceptual framework and hypothesis were also derived from theoretical and empirical reviews of literature.

Moreover, the researcher prepared questionnaire for the sample of 398 respondents, but the research analysis and interpretation of the study was conducted using 363 completed questionnaires that were filled by sample population. The sample population characteristics of the study was government and private customers which were selected non probability sampling through convenience sampling method. The researcher also used descriptive, correlation and regression analysis methods to answer research questions and to accept or reject the hypothesis.

The descriptive analysis results showed that the respondents were neutral for almost all dimensions of the variables and the finding of the study demonstrated that there is positive relationship among the measures used and support the assumption that brand image dimensions

can enhance customer satisfaction and loyalty. All the three benefits of brand image (i.e. Functional, Experiential, and Symbolic) are positively perceived by most respondents.

In regard to the Pearson correlation analysis, all variables do have strong and positive correlation between each other. This means the correlation independent variables against each other and independent variables against dependent variables were strong and positive. Finally, the regression analysis shows that brand image is significantly influence on customer satisfaction and loyalty, and customer satisfaction has mediating effect on relationship brand image-customer loyalty. The model was also accepted since multiple regression showed that there is no heteroscedasticity problem.

5.4. Recommendations

Based on the findings of the study and conclusions made, the following points are forwarded as recommendations so that the insurance industry can enhance the return it gains from brand image practices it experiences to improve customer satisfaction and loyalty.

- ✓ The company emphasis the improvement of brand image that will help building and supporting positive relationships with its customers and segment customers by their impact on the collection of premium and treat them as required.
- ✓ The company has to give training especially those employees who have direct contact with customers because those employees have direct impact on the image of the company.
- ✓ The company could periodically review the status or the level of customer satisfaction and loyalty is advisable for its profitability.
- ✓ The company make sure that its brand image is more familiar to existing customer and especially to new potential customers through different means of advertising.
- ✓ The company can study the effect of brand image on customer satisfaction and loyalty based on all its customers throughout the country.
- ✓ As this study focused on general insurance business customers, the company can conduct study to compare the effect of brand image on customer satisfaction and loyalty based on long-term insurance business against general insurance business customers.
- ✓ As brand image, customer satisfaction and customer loyalty have strong correlation

among each other, it is advisable to give pay attention to them because they will be used for comparative advantage.

- ✓ As the effect of brand image on customer satisfaction and loyalty is positively significant, the company would strength the status of it brand in order to enhance its market share.

5.5. Limitation and Direction for Future Research

5.5.1. Limitation

The limitation of the study were the use of only general insurance business customers of districts and branches that are found in Addis Abeba, the use of only questionnaire to gather data. and the use of only gross written premium to examine the effect of brand image. The limitations of questionnaire are respondents interpret each question in their own way, it is time consuming to process and analysis large sample data, and it is difficult motivating potential respondents to complete questionnaires. However, the limitation of questionnaire can be overcome through its strength which encourages respondents to be open and honesty, it can be collected relatively promptly, and it uses simple and familiar format that helps the respondents to complete on time.

5.5.2. Direction for Future Research

As this research was confined to Ethiopian Insurance Corporation general insurance customers of districts and branches of in Addis Abeba, other interested researcher may conduct research on long term insurance customers by using combining quantitative and qualitative method of data collection instrument. In addition, the future research may also be directed to analyze the effect of brand image on customer satisfaction and loyalty of manufacturing and service industries by adding other dimensions of brand image benefits to overcome the short coming of this study.

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APPENDIXES

Appendix-1 (English Version Questionnaire)

QUESTIONNAIRE

Addis Ababa University School of Commerce

MA Program in Marketing Management

Dear Respondent,

This questionnaire has designed to capture your experiences EIC's brand image, satisfaction and loyalty and is designed purely for academic purpose for the study title "Effects of Brand Image on Customer Satisfaction and Loyalty" in partial fulfillment of Master of Arts Degree in Marketing Management in Addis Ababa University School of Commerce (AAUSC).

Your genuine input is highly important to the analysis.

Thank you in advance for your cooperation in filling the questionnaire.

Researcher's name: Samuel Hagos

Mobile no.: 0962 26 75 16

PART ONE: PERSONAL PROFILE

Please put a tick () mark corresponding to your response

1. **Gender:**
1) Male 2) Female

 2. **Age:**
1) 18 to 35 2) 36 to 50
3) 51 to 65 4) Greater than 65

 3. **Type of occupation:**
1) Government organization 2) Private organization

 4. **Numbers of year as EIC customer:**
Less than 3 years 3) Seven to ten years
1) Four to six years 4) More than 11 years
-

PART II: Brand Image Benefits

The following statements relate to your feelings about Ethiopian Insurance Corporation. For each statement, please show the extent to which you believe indicating the number from “1” to “5” representing your feeling. There is no right or wrong answer; what matters is the number that best shows your perception about EIC.

Please circle the number that shows your feeling.

Scale of Measurement:						
(1) Strongly Disagree (2) Disagree (3) Indifferent (4) Agree (5) Strongly Agree						
						Answer
Functional Benefits						
1	The brand is easily accessible	1	2	3	4	5
2	The brand has all products that I want	1	2	3	4	5
3	The brand gives me on-time service	1	2	3	4	5
4	The brand provides good service quality with affordable price	1	2	3	4	5
Experiential Benefits						
5	I can count on the products of this brand always working well	1	2	3	4	5
6	I feel safe with EIC’s service	1	2	3	4	5
7	This brand service is really dependable	1	2	3	4	5
8	The company provides adequate support at all time	1	2	3	4	5
Symbolic Benefits						
9	The brand image is outstanding and gives me a good impression					
10	This is the leading brand in the market	1	2	3	4	5
11	The brand helps me to better fit in to my social group	1	2	3	4	5
12	The brand prevented me from looking cheap	1	2	3	4	5
13	Using this brand increases myself-esteem	1	2	3	4	5
Customer Satisfaction						
14	Overall I am satisfied with the service	1	2	3	4	5
15	The brand perfectly fits my expectation	1	2	3	4	5
16	The company staff is knowledgeable to introduce and explain all services that I want	1	2	3	4	5

17	The brand makes a positive contribution to my business/myself	1	2	3	4	5
Customer Loyalty						
18	I often tell positive things about the brand to other people	1	2	3	4	5
19	I am pleased to repurchase this brand	1	2	3	4	5
20	This brand is my first choice	1	2	3	4	5
21	I will purchase if EIC launches new product.	1	2	3	4	5
22	I shall continue to use the brand in the future even no advertisement	1	2	3	4	5

(Amharic Version Questionnaire)

ለደንበኞች የተዘጋጀ መጠይቅ

አዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ትምህርት ቤት

የገበያ አመራር ትምህርት ክፍል ድህረ ምረቃ ፕሮግራም የዚህ ጥናት አላማ በገበያ ጥናት የድህረ ምረቃ መመሪያ ጥናት ለማዘጋጀት ግብአት ይሆን ዘንድ ሲሆን የጥናቱ ርዕስም ምስል መግለጫ በደንበኞች እርካታና ታማኝነት ላይ ያለውን አስተዋፅኦ (Effect of Brand Image on Customer Satisfaction and loyalty) ለመገምገም ነው። ስለዚህም የተከበራችሁ ደንበኞች ጥቂት ጊዜያችሁን መስዋዕት በማድረግ ስለድርጅቱ ያለዎትን አመለካከትና ተዛማጅ ጉዳዮች ላይ ያለዎትን አስተያየት ይሰጡኝ ዘንድ በትህትና እጠይቃለሁ።

በመሆኑም የተከበራችሁ ደንበኞች ጥናቱ ለትምህርታዊ አገልግሎት ብቻ የሚውል መሆኑን ተገዝባችሁ እና ለመጠይቁ የምትሰጡት ማንኛውም ምላሽ ምስጢራዊነቱ ሙሉ ለሙሉ የተጠበቀ መሆኑንን ላረጋግጥልዎት እወዳለሁ።

በቅድሚያ መጠይቁን ለመሙላት ፈቃደኛ ስለሆኑ አመሰግናለሁ።

ለበለጠ መረጃ በሞባይል ቁጥር 0962 26 75 16 ማነጋገር ይቻላል

ክፍል አንድ፡

መመሪያ፡- እባክዎ ለጥያቄዎቹ በመልስነት ከቀረቡት አማራጮች ውስጥ ምልክት () በማድረግ ምላሽዎትን ይስጡ።

ሀ፡ የታ፤ 1) ወንድ 2) ሴት

ለ፡ እድሜ፤ 1) ከ18 እስከ 35 በታች 2) ከ36 እስከ 50

ሐ፡ ስራ 3) ከ51 እስከ 65 4) ከ 65 በላይ

1) የመንግስት ድርጅት 2) የግል ድርጅት

መ፡ ለምን ያህል ጊዜ የድርጅቱ (የመድን) ደንበኛ ሆነዋል?

1) ከ 3 አመት በታች 3) ከ 7 እስከ 10

2) ከ 4 እስከ 6 አመት 4) ከ11 አመት በላይ

ክፍል ሁለት

ከዚህ በመቀጠል የቀረቡት ዓርፍተ ነገሮች ስለኢትዮጵያ መድን ድርጅት ያለዎትን ስሜትና ልምድ ያመለክታሉ። ስለዚህ ለድርጅቱ ባለዎት አመለካከት ትክክለኛ ነው ብለው የሚያስቡትን ከ1-5 ከቀረቡት አማራጮች አንዱን ብቻ በማክበብ መልሶዎን ይስጡ።

የመለኪያ መሰፈርት						
“ 1 “ በጣም አልስማማም		“ 2 “ አልስማማም		“ 3 “ ገለልተኛ		
“ 4 “ እስማማለሁ		“ 5 “ በጣም እስማማለሁ				
አማራጭ መልሶች						
ተግባራዊ ጥቅሞች (Functional Benefits)						
1	የድርጅቱ ደንበኛ በመሆኔ የምፈልገውን አገልግሎት በቀላሉ እንዳገኘሁ ይሰማኛል	1	2	3	4	5
2	ድርጅቱ የምፈልጋቸውን አገልግሎት ሁሉ አለው ብዬ አምናለሁ	1	2	3	4	5
3	ድርጅቱ ወቅቱን የጠበቀ እና ቀልጣፋ አገልግሎት ይሠጣል	1	2	3	4	5
4	ድርጅቱ በተመጣጣኝ ዋጋ ጥራት ያለው አገልግሎት በመስጠት ላይ ነው	1	2	3	4	5
ተሞክሮአዊ ጥቅሞች (Experiential Benefits)						
5	ድርጅቱ ለደንበኞቹ ሁል ጊዜ በቂ ድጋፍ ይሰጣል	1	2	3	4	5
6	በድርጅቱ አገልግሎት የደህንነት ስሜት ይሰማኛል	1	2	3	4	5
7	የድርጅቱ አገልግሎት ሁልጊዜ ደረጃውን የጠበቀና ጥሩ ነው	1	2	3	4	5
8	ድርጅቱ የሚሰጠው አገልግሎት አስተማማኝ ነው	1	2	3	4	5
መገለጫዊ ጥቅሞች (Symbolic Benefits)						
9	የድርጅቱ ደንበኛ በመሆኔ በህብረተሰቡ ዘንድ ያለኝ ተቀባይነት እንዲሻሻል አድርጎታል።	1	2	3	4	5
10	የኢትዮጵያ መድን ድርጅት የኢንሹራንስ ገበያውን በመምራት ላይ የሚገኝ ድርጅት ነው	1	2	3	4	5
11	የድርጅቱ ደንበኛ በመሆኔ ከጓደኞቹ ጋር በቀላሉ እንድቀላቀል አግዞኛል	1	2	3	4	5

12	የድርጅቱ ደንበኛ በመሆኔ የተሻለ አቅም ያለው ሰው መስዩ እንድታይ አድርጎኛል	1	2	3	4	5
13	የኢትዮጵያ መድን ድርጅትን ደንበኛ በመሆኔ በራስ መተማመኔን አሳድሷል	1	2	3	4	5
አጠቃላይ እርካታ (Customer Satisfaction)						
14	በአጠቃላይ በድርጅቱ አገልግሎት ረክቻለሁ	1	2	3	4	5
15	ይህን ድርጅት መምረጤ የፍላጎቴን እንዳገኝ አድርጎኛል	1	2	3	4	5
16	የድርጅቱ ሠራተኞች ድርጅቱ ስለሚጠሰጠው አገልግሎት ለማስተዋወቅም እንዲሁም ለማብራራት በቂ እውቀት አላቸው ብዬ አምናለሁ	1	2	3	4	5
17	ድርጅቱ የሚሰጠው አገልግሎት በህይወቴ / በድርጅቱ ውስጥ አዎንታዊ አስተዋፅኦ አድርጎልኛል	1	2	3	4	5
የደንበኞች ታማኝነት (Customer Loyalty)						
18	ብዙ ጊዜ ስለ ድርጅቱ በጎ ነገሮችን እናገራለሁ	1	2	3	4	5
19	የድርጅቱን አገልግሎት በተጨማሪ መግዛቴ አስደስቶኛል የምጠቀመው የዚህን ድርጅት አገልግሎት ብቻ ነው	1	2	3	4	5
20	ድርጅቱ የመጀመሪያ ምርጫዬ ነው	1	2	3	4	5
21	ወደፊት ድርጅቱ አዲስ ምርት ቢያስተዋውቅ ለመግዛት ዝግጁ ነኝ	1	2	3	4	5
22	ምንም አይነት ማስታወቂያ ባይኖር እንኳ የዚህ ድርጅትን ምርት ወደፊትም ተጠቃሚ መሆኔን እቀጥላለሁ	1	2	3	4	5

Appendix-2

Table for determining sample size for finite population

To simplify the process of determining the sample size for a finite population, Krejcie & Morgan (1970), came up with a table using sample size formula for finite population.

Table 3.1									
<i>Table for Determining Sample Size of a Known Population</i>									
N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384
<i>Note: N is Population Size; S is Sample Size</i>					<i>Source: Krejcie & Morgan, 1970</i>				

Note:

There is no need of using sample size determination formula for 'known' population since the table has all the provisions one requires to arrive at the required sample size. For a population which is equal to or greater than 1,000,000, the required sample size is 384.

