



The Effect of Digital Marketing on Brand Loyalty: The Case of Ethiopian Airlines Online Customers

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Airlines Online Customers**

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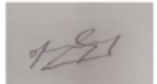
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Statement of Declaration

This thesis, titled "The Effect of Digital Marketing on Brand Loyalty: The Case of Ethiopian Airlines online customers," was created entirely by me, Sisay Mekonnen, with the help of my advisor, Andinet Worku (PhD).

There are no materials in this thesis that have previously been submitted, in whole or in part, for the award of any other academic degree.

Additionally, I want to make sure that all information sources used in this study have been appropriately credited.

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July 11,2023

Candidates Name

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Statement of Certification

I certify that Sisay Mekonnen completed his research on the subject of "The Effect of Digital Marketing on Brand Loyalty: The Case of Ethiopian Airlines online customers". The study is entirely his own creation and is acceptable for submission for the Master of Marketing Management degree.

Andinet Worku(Phd)

July 11,2023

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Date

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Acronyms

BR – Brand Loyalty

SMM – Social Media Marketing

IMC – Intergated Marketing and Communications

SPSS: Statistical Package for Social Science

SEM – Search Engine marketing

Abstract

This study's primary goal was to investigate the effect of digital marketing channels namely email marketing, social media marketing and retargeting on brand loyalty in the case of Ethiopian Airlines online customers. This academic research can inform marketing strategies, budget allocation, and resource allocation decisions, helping organizations build and maintain strong customer relationships in the digital realm. The study employed a quantitative approach with elements of both correlation and descriptive analysis. The sampling technique used in the study to take a sample from the population was convenience sampling. 384 questionnaires were distributed to Ethiopian airlines online customers, and 361 available samples were collected. In order to study and test the hypotheses, descriptive and inferential statistics were used and SPSS version 20 was used. The link between the dependent and independent variables of the study was established using person correlation and multiple regression. The main findings of the study were that all independent variables, such as social media marketing ($B = .408$, $p .05$), email marketing ($B = .457$, $p .05$), and retargeting ($B = .192$, $p .05$), significantly affect brand loyalty at a level of ($\alpha \leq 0.05$). The findings also showed that social media marketing was the most important factor influencing brand loyalty proceeded by email marketing and retargeting. Findings from the study would be beneficial for Ethiopian airlines digital marketing and customer loyalty team to strategize their marketing strategies in terms of budget allocation, digital marketing channel selection and resource allocation decisions, helping organizations build and maintain strong customer relationships in the digital world.

Keywords: *Digital marketing channels, Social media marketing, retargeting and brand loyalty*

Chapter 1

INTRODUCTION

1.1 Background of the study

The advancement of technology has made our world more dynamic than ever. Business has been greatly impacted, especially marketing tactics. Trends are always shifting, from outmoded marketing tactics to novel concepts where internet platforms are increasingly essential. Digital marketing was praised as a ground-breaking kind of advertising that offered businesses new ways to conduct business. Marketing initiatives carried out through digital media gave advertisers the opportunity to communicate with potential clients directly, irrespective of their location.

The leader in global customer experience, SDL, claims that the travel industry worldwide faces a distinct set of challenges brought on by distinct industry trends. According to (SDL ,2015), travel professionals are required to continuously monitor travel and digital trends and modify their approach in order to ensure a seamless and consistent experience across all channels and interactions.

(Eyefortravel.com, 2015) claims that travel brands (which now comprehend what each social media platform has to offer in order to meet their own unique objectives) need to use images for more enticing content, interacting customers in a much more compelling way, and using digital marketing to communicate what the experience of the travel brand will be like. Additionally, travel brands need to find ways to better tailor their messaging to the customer's location, use dynamic content personalization to keep customers interested and increase conversions and website reservations, boost brand loyalty and improve the value offered through marketing

alliances that address their customers' pain points, and assess the entire travel experience of customers in order to improve products and services later.

To satisfy consumer demands and strengthen customer connections, digital marketing has become essential for the airline industry. It's employed from the moment a customer starts browsing for holiday spots, when they book on a mobile device or computer, up until the moment they check-in using the business app as their mobile boarding pass.

According to (Henry,2012), the world is becoming increasingly digital, and internet shopping is gaining popularity. Additionally, the younger generation, particularly those between the ages of 22 and 35, are highly dependent on the internet and are expected to be a significant customer base for the airline industry.

Travel companies must have a sufficient infrastructure, provide this engagement experience in the language and on the device of the traveler's choice, and reach out to them via digital marketing channels while measuring marketing ROI in terms of customer lifetime value (Rațiu & Purcarea, 2015).

According to (Westerman et al ,2014), in order to meet customer expectations and improve customer interaction in the airline industry, digital marketing has been crucial. Would you be interested in hearing your target customer's voice without the limiting perspectives of focus groups and surveys? Social media offers this opportunity. Do you want your customers to support your growing brand going forward? This is possible with mobile computing. Would you like to provide a totally tailored experience by making better predictions? Customer analysis suggests that this is possible.

Airlines are therefore working to increase the contribution of their online sales in light of the high cost of airline distribution and to fulfill the demands of the present and foreseeable markets. Airlines are spending a lot of money on online customer acquisition and retention in order to do this.

A study conducted by (Garg, Bansal & Singla,2020) shows that digital marketing plays an essential role in motivating the consumers to buy a product, thus resulting in increase in overall preference list of the consumers.

Airlines are actively involved in a variety of digital marketing activities, including email marketing, SEO, aggregator marketing, retargeting, SEM and social media marketing, as part of their strategy to acquire new customers online. These activities help to increase traffic to their website and online sales.

Hence, this paper evaluates the effects of digital marketing channels namely retargeting, social media marketing and email marketing and on brand loyalty in case of Ethiopian airlines online customers.

1.2 Background of the Company

Ethiopian Airlines (Ethiopian) is an aviation group with its hub at Addis Ababa Bole International Airport. Ethiopian started its operation in 1946 with its first maiden flight to Cairo via Asmara, since then the airline has become the largest airline in Africa, operating at the cutting edge of technology. Ethiopian has the newest and youngest fleet, with an average age of 5 years, and flies to 116 international and 22 domestic destinations. The airline has also grown to be a significant industry in Ethiopia and an institution throughout Africa. According to the

various claims of the Airline, it was resurrected and now has a 49% share in Malawi Airlines, a 49% investment in Zambia Airways, and a 40% stake in Asky.

The first jet aircraft, as well as the first B767, B777-200LR, B787 Dreamliner, and 787-9 in the continent, were all introduced to Africa by Ethiopian, a leader in aviation technology. Ethiopian is the most experienced airline on the continent and offers a broad intra-African network of destinations. Ethiopian has drawn up a more ambitious strategic roadmap dubbed Vision 2035 to support its ongoing progress after successfully completing its 15-year strategic plan, Vision 2025. By joining Star Alliance, the biggest airline network in the world, in December 2011, Ethiopian took a significant step ahead in its successful journey. The multi-award-winning airline has accumulated a long list of prestigious honors and awards over the years, including the Four-Star Airline Certification from Skytrax, the Best Airline in Africa title for five years running, and the Overall Excellence for Outstanding Crisis Leadership Award in 2020, to name just a few. (Ethiopian Airlines ,2021).

1.3 Statement of the Problem

The use of social networks has dramatically changed how people communicate with one another, and the quick expansion of online platforms has changed how people behave in relation to activities, habitats, and interactions. Tiago and Veríssimo (2014) argue that changes in consumer behavior require organizations to rethink their marketing strategies in the digital space.

Clients are now more engaged, connected, and aware than they were previously since the globe has evolved into a digitalized environment where the market is entirely open (Zarella, 2010). As a result, they are now capable of quickly changing their devotion.

Customer loyalty has grown to be an increasingly successful strategy for ensuring a company's profitability in such a fiercely competitive market. Due to the intense rivalry in the airline sector, several airlines have developed a variety of loyalty program tactics that focus on customer happiness and help them keep customers by delivering superior service to rivals. Customers are more likely to transfer carriers as a result of the aggressive marketing campaigns used by other airlines, and they are less loyal than they formerly were. (Reichheld & Sasser, 1990).

Airlines are using digital marketing more and more to promote their product and interact with customers in the fiercely competitive airline sector. Ethiopian carriers, one of the continent's fastest-growing carriers, has made considerable expenditures in digital marketing platforms to raise consumer interaction and brand awareness. It is unknown, though, if Ethiopian Airlines' consumers have grown more devoted to the company as a result of these digital marketing initiatives. In order to better understand how Ethiopian Airlines can improve its digital marketing strategies to better engage its customers and foster greater brand loyalty, this research will specifically look at how digital marketing affects brand loyalty in the context of Ethiopian Airlines.

Although the effect of digital marketing on brand loyalty has been widely studied in numerous research studies, it is difficult to generalize these findings since purchasing habits vary across industries and depending on the market structure (Mekuriaw, 2022; Mitiku, 2021). According to (Tatar & Eren-Erdogmus, 2016), Hotels have made many efforts on branding to gain brand loyalty and brand trust from their customers and recently they have carried their efforts to social media to survive in online environment as well. But, in general hotels are booked via mediators like Booking.com etc., thus hotels' own websites are not visited as an online store. On the other hand, the airline business depends on several digital marketing channels and uses website as a

main gateway for online sales unlike hotels. Furthermore, no studies have investigated the effect of digital marketing in the airline industry.

Merisavo & Raulas studied the effects of e-mail marketing on brand loyalty. The study considers one digital marketing channel namely E-mail Marketing (Merisavo & Raulas, 2004). The study only takes into account email marketing as a digital marketing channel. Accordingly, the study's findings show that consistent e-mail marketing increases brand loyalty. The above research focused only on email marketing but this study explores multiple digital marketing channels, and provides a more comprehensive understanding of the overall digital marketing landscape. This approach allows for a deeper analysis of the interplay between different channels and their combined effects on marketing effectiveness. Investigating social media marketing, email marketing, and re-targeting together enables to uncover synergies and potential cross-channel effects. This broader perspective provides valuable insights into how these channels can be integrated and leveraged in a cohesive digital marketing strategy.

As far as the researcher is aware, the majority of research efforts conducted in the field of digital marketing, both nationally and internationally, either focused on specific aspects of it, such as social media marketing, pay per click marketing, content marketing, email marketing, SEM and internet marketing, or were conducted with the aim of determining its impact on specific areas, like as consumer behavior, customer engagement, or customer satisfaction. Thus, the researcher thinks there is a knowledge gap about the effect of digital marketing on brand loyalty.

This study aimed to identify and evaluate the effect of digital marketing channels selected (retargeting, email marketing and social media marketing) for marketers, and analyzes the effect of these channels on brand loyalty of Ethiopian airlines online passengers.

1.4 Research questions

The following questions are the focus of the study.

How does social media marketing affect brand loyalty of Ethiopian Airlines' customers?

What is the impact of re-targeting on brand loyalty among customers of Ethiopian Airlines?

How does email marketing influence brand loyalty of Ethiopian Airlines' customers?

Which specific digital marketing channel is more important?

1.5 Research Objectives

1.5.1 General Objective

The primary objective of this research is to assess how digital marketing channels affect brand loyalty, specifically among online consumers of Ethiopian Airlines. Three digital marketing channels—social media marketing, email marketing, and retargeting—will be the focus of the research project.

1.5.2 Specific Objectives

Along with the broad goal stated above, the study's particular goals are given below:

To examine effect of social media marketing on brand loyalty

To determine the effect of email marketing on brand loyalty

To evaluate the effect of retargeting on brand loyalty

To identify which specific digital marketing channel is more important

1.6 Significance of the Study

This research is essential for executives, directors, and managers, as well as employees of Ethiopian Airlines, as it highlights the effect of digital marketing on brand loyalty. The study is crucial for the integrated marketing division and marketing, and particularly for the department of digital acquisition and customer loyalty, as it will enable them to update and revise their digital marketing strategy.

By assessing the impact of digital marketing on brand loyalty, this study is anticipated to add to the body of knowledge already available on the subject.

1.7 Scope and Limitation of the Study

1.7.1 Scope of the Study

The scope of the research remains within the geographic region of Africa with focus being on Ethiopian airlines. Accordingly, the focus of this research is solely on Ethiopian Airlines online customers. Additionally, the study solely concentrates on three digital marketing channels: retargeting, email marketing, and social media marketing.

1.7.2 Limitation of the Study

The limitation of researching the effect of digital marketing on brand loyalty lies in the consideration of contextual factors. Different industries, product categories, and target audiences may respond to digital marketing efforts differently. Factors such as consumer preferences, brand reputation, and competitive landscape can significantly influence the impact of digital marketing on brand loyalty. Therefore, failing to account for these contextual nuances may restrict the generalizability and applicability of the findings.

1.8 Definition of Terms

Digital marketing refers to the use of digital channels to market products and services in order to reach consumers. This type of marketing involves the use of websites, mobile devices, social media, search engines, and other similar channels.

Email marketing - digital marketing that delivers messages to an audience through electronic mail.

Retargeting - targeting people who have been to a company's website but have not made any purchases. Then, using paid advertisements, the marketers retarget the visitors with offers and promotions for the products on third-party websites and social media platforms.

Social media marketing refers to the production, distribution, and sharing of content on social media by individuals, such as blogs, photos, and videos.

Brand loyalty - The level of connection, dedication, and preference that customers have for a specific brand is referred to as brand loyalty. It gauges how devoted consumers are to a certain brand and how frequently they select it over competing products.

1.9 Organization of the Study

There are 5 chapters in the research. The Introduction, the first chapter, covers the background of the study, the statement of the problem, the objectives, the relevance of the investigation, the scope of the research, the structure of the thesis, and the research's constraints. Chapter two consists of Review of Related Literature. The third chapter, which is dedicated to the study's methodology, the population identification, the sample size is determination, and a suitable sampling technique is discussed. Chapter four shows data analysis and interpretation. Chapter

five concludes with a summary of the findings, followed by conclusions and suggestions based on the findings.

Chapter 2

REVIEW OF RELATED LITERATURE

The second part of this work reviews relevant material in the fields of digital marketing and brand loyalty. A theoretical review is given first by addressing, digital marketing, three digital marketing channels namely social media marketing, Email marketing and retargeting. The chapter focuses on theoretical definitions and empirical analyses of prior research, which aid in the conceptual framework's construction.

2.1 Theoretical Review

2.1.1 Digital Marketing

In previous studies, various definitions of digital marketing have been found. One definition is marketing that involves the stakeholders in the process by using electronic devices including computers, smartphones, cell phones, and game consoles.

According to (Howard ,2011) online buying not only provides convenience and enjoyment but also depends on several factors, such as product appearance, characteristics, and trust in online marketing. According to (Bakshi and Surender Kumar Gupta ,2015), internet marketing emerged in the 19th century as a way to deliver goods and services to consumers through digital media. This tactic has taken the place of more conventional ones like TV, radio, and newspaper commercials since it has been shown to be more effective than those, as have online advertising and a number of American business journals. With the significant increase in online advertising, organizations have started to allocate more resources to e-marketing as an alternative to traditional marketing. According to (Krishnamurthy and Sin ,2014) the concepts of e-marketing

have transformed consumers, society, and the business sector into data, social networking, and the education division.

According to (Westerman et al. ,2014) the core of digital transformation is the alteration of the customer experience. To get closer to the customer, advertisers create a variety of direct, online, and experiential campaigns with the aid of digital technologies. These campaigns use award-winning card layouts, pay-per-click online ads, rich text ads, branded websites, viral ads, social networks, in-game ads (advergames), interactive viral and entertainment ads, SMS texts, online blogs, retargeting, and email. They also use niche database advertising. Digital marketing has been very important in order to meet customer needs and strengthen interaction with customers in the airline sector.

Social media marketing, pay-per-click marketing, mobile marketing, content marketing, search engine optimization, search engine advertising, web marketing, and television advertising are all examples of digital marketing techniques (Kaushik, 2016; Low et al., 2020). Effective and efficient application of such tactics is essential for the success of digital marketing. The ability of a company to carry out digital marketing duties correlates to its performance in digital marketing, according to a recent study about these competencies by (Herhausen et al. ,2020).

Customers first began utilizing digital marketing during the stages of booking via computer or mobile device, boarding via airline company smartphone application, flight process, baggage delivery, and even when logging into hotels, car rentals, and many other arrival-related services. In their trip, mile, and score collection cards or systems, the airline corporations save their preferences, travel habits, behaviors, and a lot more data. This information offers personalized promotions and is regarded as the stages of client relationship management.

Airlines, according to Saunders, A. A. (2017), gather data about call and payment histories, baggage delivery details, departure and arrival times, sales made during in-flight and duty-free purchases, food preferences during flights, and reservations for hotels and rental cars. These data are then analyzed to present target customers with tailored offerings.

In new technologies are recognized to enhance marketing studies in addition to delivering personalized products. Customers' interests for travel can be examined, and if a place is searched for, the customer may be offered cheap or promotional flights there in a variety of methods.

2.1.1.1 Content Marketing

(Järvinen and Taiminen, 2016) define content marketing as a request from companies or marketers to interact with customers at the right stage of their purchasing decision process. It entails producing, distributing, distributing, and approaching content with the intention of motivating users to purchase a good or service. The growing reliance of society on the internet has altered how companies connect with their customers in virtual environments. Researchers (Liu and Huang ,2015) claim that Since content marketing creates content that can complement what a consumer is seeking for, it is a pull strategy as opposed to a push strategy.

Content marketing may become the key to a company's success when there are many competitors in the market. Since it can persuade people to buy from you instead of your competitors and keep them coming back for more, content is essential for keeping your target audience engaged. Additionally, since content will produce product leads, it might provide the business a competitive edge. For instance, a customer will consider your brand first if they are thinking about purchasing a product.

2.1.1.2 Mobile Marketing

Mobile marketing not only offers marketing professionals a variety of chances, but it also occasionally presents them with a difficult hurdle before they can fully explore a potential. Mobile SMS marketing is a common part of the marketing mix today. Mobile marketing uses a variety of tools, including applications, gaming-based advertising, promotions, and information services.

According to (Watson, McCarthy and Rowley ,2013), who conducted study on mobile marketing and advertising, reported their findings. They talked about how, because of the potential for growth in the sector, mobile marketing is known as the least expensive channel for those that practice digital marketing.

Mobile marketing, which is growing, can quickly reach consumers. Mobile applications that promote the brand's message are available to 90% of the world's population. The consumer-accepted market industry has been seized by the mobile marketing channel. Mobile marketing is expanding and is becoming more accessible to consumers. 90% of people on the planet have access to mobile applications that can spread the brand's message. The market industry that is well-liked by consumers has been seized by the mobile marketing channel.

2.1.1.3 Influencer Marketing

The use of influencers in marketing has received a lot of media attention. Although influencer marketing is a relatively new marketing approach that is being promoted digitally, managers of the majority of organizations have made it a top priority to influence consumer demand and purchase decisions, as is well known (Brown & Fiorella, 2013). This strategy is "a style of marketing that has emerged from a number of good practices and studies, in which focus has

been directed on specific key individuals rather than the target market as a whole," according to the precise definition of this method.

In influencer marketing, the influencer starts social interactions. An influencer is somebody who has the ability to affect other people's purchase decisions as a result of their (real or perceived) knowledge, position, or relationship. Influencer marketing is the practice of a business identifying new customers by focusing on influential people, or influencers, who share the values of the brand and promote it (More & Lingam, 2017).

2.1.1.4 Social Media Marketing

According to (Öztürk, A. 2013) Using social networks, wikis, blogs, online communities, or other collaborative media for marketing, sales, and customer service reasons is known as social media marketing.

Interacting with clients on social networking sites is known as social media marketing, or SMM. Electronic word-of-mouth, increased brand loyalty, and an impact on consumer purchasing behavior are just a few of the advantages it offers organizations (Choi et al., 2016).

Any aspect of business needs SMM since it may significantly improve customer traffic and build brand recognition by advertising products or services across all social media platforms.

Actually, according to Bakhdirovna (2019), 78 percent of businesses can outperform their rivals via social media.

To increase customer contact, businesses can employ more media, including Facebook, LinkedIn, Instagram, Flickr, Twitter, and YouTube. Businesses can use social media to advertise their products to a wider audience of potential customers, discover what their customers think about their businesses, and raise brand awareness. There are limitations to the openness with

which consumers can express their opinions and experiences through social media marketing. Because this platform demands more control and management than other conventional marketing channels, it is essential for firms to handle correctly in terms of follow-up, content, services, and feedback.

A company's social media presence is now a requirement for the promotion, dissemination, and interaction with customers of the business. A brand-new idea called "Social Seating" emerged in the airline industry.

Airlines can now let passengers choose the companions with whom they want to interact on social media. When it comes to the Social Seating concept, these social networks are warmly welcomed by those who want to experience this reference in the airline industry, but they also carry the risk of discrimination based on factors like race and gender (Dany, 2016).

2.1.1.5 Email Marketing

According to (Scharl,Dickinger & Murphy,2005) Email marketing, which involves sending customized or targeted information to specific people at the right time, was one of the first digital marketing techniques. The emails can be used by businesses to send emails that are customized for the user.

The facilities used by businesses for email promotion and marketing could result in a notable increase in customers because it influences their intentions to buy these goods and services, according to the most recent trends in marketing research (Tran & Strutton,2020). On a company's website or social media page, users can leave reviews and provide practical business advice that helps marketing efforts and encourages potential customers to try the products that are promoted by E-WOM (Tran & Strutton, 2020). Due to the fact that most people are searching

for products and services that can assist them in fulfilling their exceptional and remarkable demands, this would also have an impact on consumer purchasing behavior. Businesses have a fantastic potential to positively influence their clients through a range of marketing activities when they employ digital marketing channels as part of their marketing communication plan. (Alomari, Maqableh, Salah, Alshaketheep, & abu Jay, 2020).

Given that airline emails have a single click rate that is 72% greater than other emails, they are quite effective at fostering consumer loyalty (Dany, 2016).

2.1.1.6 Retargeting

Through this type of online targeted advertising, prospects are targeted for online promotion based on their previous usage. It is a cookie-based technique that secretly tracks potential customers across the internet using basic JavaScript. Retargeting through advertising is a powerful conversion and optimization technique that benefits marketers the most when used carefully and effectively.

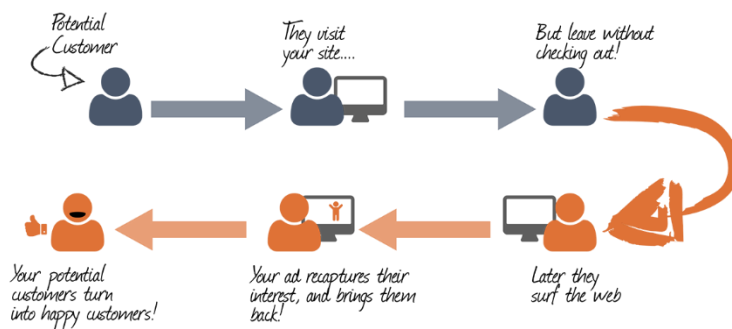


Figure 2.1-1: How retargeting works

Marketers need to learn about and understand the Retargeting process. The amount of visitors to their website and how many of them left without engaging much is the most useful data for marketers to improve offerings and marketing on their goods and services.

According to (Retargeter, 2017), Retargeting is a type of advertising that keeps driving visitors to a website even after a customer leaves it by using their online data. It is comparable to looking around an internet store without making a purchase. The additional information that was supplied about retargeting revealed that only 2% of visitors actually make purchases on their initial visit, thus it is not necessary for them to do so. Retargeting, which was built specifically for businesses and organizations to retarget the remaining 98% of people and convert them into consumers, was also addressed by the author. Retargeting is reportedly becoming more and more successful in this day and age, according to the internet. Retargeting is an essential part of marketing efforts, claims Single Grain (2017). It is vital for marketing and fostering consumer confidence in a good or service. The store uses customer information from past visitors. Online firms want to influence visitors' behavior and purchase intentions in order to turn them into customers. The idea of retargeting definitely requires the creation of awareness and interest.

In one of their studies on the idea of remarketing (Ringvald and Garcia ,2016, p. 12) included the case of Adroll, a retargeting business. Their main objective was to persuade the 98% of visitors who left the website without making a purchase. In addition to marketing for new products, the company established a retargeting strategy and displayed banners and adverts for goods that were pertinent to customers' interests. They use Facebook's partnership strategy to retarget past website visits via their store, which has significantly increased the company's profitability.

According to (Econsultancy,2014), "retargeting," also known as "re-messaging" and "remarketing," is a marketing tactic that serves ads.

Based on the study that was given by (O'Kane, 2013), Retargeting is a technique used by marketers to ensure that they are taking advantage of all opportunities to engage customers by learning about their needs and interests. This strengthens the connection and engagement that

turns visitors into customers. The customer must have the data and information in order to set up effective retargeting strategies for the visitor.

In an effort to encourage a final conversion, several airlines currently use retargeting to connect with customers who are already acquainted with the brand and have previously visited its website. This kind of retargeting can be used to entice website users back with new features or exclusive deals by reminding them of the routes or destinations they investigated or even added to their cart when they visited the site (Falcone, 2019).

The researcher opted to focus on three digital marketing channels, namely social media marketing, email marketing, and retargeting, for this study. The rationale behind this selection is the extensive utilization and allocation of significant resources and funds by Ethiopian Airlines to these specific marketing channels.

2.1.2 Brand Loyalty

Brand loyalty is an indication that a customer prefers to purchase a particular brand because they believe it to have the most attractive attributes, images, or level of quality at the most competitive price.

Information about how to increase brand loyalty is now sought after by marketers. Because of increased sales, decreased operating costs, and decreased marketing costs, loyalty-related earnings increase.

It is possible to evaluate brand loyalty from many different perspectives, and different scholars may have slightly different definitions of what it really means. The deterministic approach says that brand loyalty is a result of the influences of outside forces, but the stochastic perspective

asserts that customer behavior is frequently random and is not necessarily influenced by prior purchases (Huang, 2017).

According to Bowen and Chen (2001), devoted clients also generate business recommendations, act as references, and sit on advisory boards. Because of this, customer loyalty has a significant influence on a company's success and is viewed by many businesses as a crucial factor in competitive advantage (Lam et al. 2004).

Brand loyalty is developed through a succession of satisfying encounters and necessitates persistent work and close attention to detail. Repeat buyers who don't even investigate alternative possibilities are loyal customers who pick a brand or business. They typically suggest the brand to others and make larger and more frequent purchases.

For airlines, maintaining customer loyalty is crucial since it has a direct impact on their bottom line, market share, and long-term success. Customers that are loyal are to a greater extent to make more purchases, spread good word of mouth, and improve the airline's reputation as a whole. (Nusair et al., 2018; Verhoef et al., 2015).

Customer loyalty in the airline business is significantly influenced by customer satisfaction. Researches have shown that satisfied customers are to a greater extent to exhibit repeat purchase behavior, recommend the airline to others, and have a higher level of loyalty (Loureiro & Kastenholz, 2011; Pan & Zhang, 2011).

Customer loyalty in the airline business may be considerably impacted by the adoption and successful use of technology.

Technological advancements such as online booking systems, mobile apps, and personalized experiences contribute to customer satisfaction and loyalty by enhancing convenience, ease of use, and overall travel experience (Gretzel, et al., 2015; Xie, et al., 2020).

2.2 Empirical Review

Several research have been done in recent years on the effect of digital marketing on brand loyalty.

An overview of previous studies in this field must be provided in order to properly frame the issue and highlight the significance of conducting this study. To mention some:

A study was conducted by a researcher to look at how brand recognition and brand loyalty were affected by digital marketing in the context of Awash wine. According to the study, brand recognition and brand loyalty are positively impacted by all three influencing factors: advertising, pay per click, and social media advertising. Additionally, brand awareness, brand loyalty, and participating in digital activities online are all shown to be positively correlated by research (Mitiku, 2021).

In the example of the St. George brewery S.C., a researcher looked into how brand loyalty was impacted by digital marketing. The results of the study showed that brand loyalty is positively impacted by all three influencing factors—online advertising, social media, and customer satisfaction (Mekuriaw, 2022).

A study conducted on the coffee shop industry called *The Effect of Digital Marketing Implementation on Brand Loyalty Was Moderated by Buying Interest*. 136 coffee shops were included in the study's Greater Jakarta area sample. The study indicated that while the introduction of digital marketing had a small but significant impact on purchase interest, it had a

moderate and significant impact on brand loyalty. While brand loyalty has little effect on purchasing interest. The application of digital marketing has a favorable association with purchase intention and brand loyalty, according to another research finding (Nafiah Ariyani & Septiani, 2022).

(Merisavo & Raulas, 2004) studied the effects of e-mail marketing on brand loyalty. The study considers one digital marketing channel namely E-mail Marketing. The study only takes into account email marketing as a digital marketing channel. Accordingly, the study's findings show that consistent e-mail marketing increases brand loyalty. Consumers with active e-mails visited retail establishments. Customers that were exposed to email marketing told their friends about the company.

Research conducted by (Duwa ,2017) found that email marketing has a significant and positive influence on brand loyalty. Additionally, email marketing promotions might sway customers' brand preferences.

(Hoogma ,2015) conducted a study on the effects of e-mail marketing on brand loyalty. The study distinguishes between two different types of brand loyalty. First, there is behavioral loyalty, which simply considers customers' recurring purchasing patterns. The metrics for this kind of loyalty can be used to low engagement and high switching products. The second sort of loyalty is attitudinal loyalty, which focuses on a brand's reputation and repeat customer behavior. The degree of attitude loyalty has a positive moderating effect on how frequently emails are sent, while perceived utility has a positive moderating effect on satisfaction. All variables impacting repeat purchase behavior and perceptions toward a brand are negatively moderated by perceived intrusiveness. In general, it can be claimed that email marketing can have positive effect on both types of brand loyalty.

There has been research done to determine how social media marketing affects consumer brand loyalty. Customers in Turkey who follow at least one brand on social media made up the study's sample. The results of the study show that a brand's capacity to keep customers depends on its capacity to offer them enticing campaigns, relevant content, and well-liked content, as well as its capacity to present on a variety of platforms and provide social media applications (Eren Erdomuş & ipek, 2012).

Research carried out to examine the Impact of Social Media Marketing on University Students' Brand Loyalty. The goal of the study was to uncover social media marketing characteristics that affect university students' brand loyalty. Students from five different Dhaka-area private universities served as the sample population for the study. According to the findings, social media marketing has the greatest influence on university students' brand loyalty when its contents are pertinent to the brand. (Hossain & Sakib, 2016).

(Teshale, 2021) conducted a study to look into the impact of social media marketing on customer loyalty in the context of a few Addis Abeba-based liquor outlets. The targeted audience consisted of fans of particular booze businesses' official Facebook pages. The convenience non-probability sampling technique was used to choose 361 respondents for the sample size. According to the findings of the study, brand loyalty and each of the five social media marketing variables were positively and significantly correlated.

(Laksamana ,2018) examined the impact of social media marketing on purchase intention and brand loyalty in Indonesia's banking industry. The study's setting was Indonesian retail banking. Social media marketing has been demonstrated to increase brand loyalty and purchase intent.

(Shin & Kim, 2017) examined the detrimental effects of retargeting advertising's coerciveness on brand loyalty. The study demonstrated that retargeting advertising's forcibility does have favorable effects on privacy invasion and aversion, respectively. Retargeting advertising may have positive effects like the brand recall effect. The recent study, however, revealed that when the forcibility of retargeting advertising increases, consumer dislike increases as well. Brand loyalty, a dependent variable, also decreases as a result of the three adverse effects resulting from the forcibleness of retargeting advertising.

Researchers (Li, Luo, Lu, & Moriguchi ,2021) examined the pros and cons of e-commerce cart retargeting. The authors develop a conceptual framework for the conflicting effects of ECR advertising and experimentally support it using a multistudy, multisetting methodology. In Study 1, about 40,500 users take part in two field studies in which they are randomized to receive an ECR ad via email and app channels (the treatment) or not (the control) over the course of several hours' blocks after abandoning their cart. The authors found that customers who received an early ECR ad within 30 to 1 hour of cart abandonment were less likely to make a purchase than the control group. These findings demonstrate the incrementally harmful causal effects of fast retargeting. The number of additional client sales, however, is favourably impacted by a late ECR ad that is sent one to three days after a cart is abandoned.

(Omoera, Olufayo, & Bulugbe ,2022) conducted a study on the influence of retargeting and affiliate marketing on youth buying behavior using the Analytic Hierarchy Process (AHP). When compared to its group of possibilities for retargeting, the mention of a prior visit is crucial for influencing the purchasing behavior of young people. While the quality-of-service delivery in affiliate marketing is seen as more significant in influencing customers' purchasing decisions. In

terms of the criterion element, affiliate marketing is seen as having a greater impact on consumers' purchasing decisions than its counterparts.

A potential research gap in the effect of digital marketing on brand loyalty could be the limited understanding of the differential impacts of various digital marketing channels on brand loyalty. As we can see from the above literature either they focus on specific digital marketing channel like social media marketing, email marketing or pay per click specifically, previous research may have focused on the overall concept of brand loyalty without considering the nuances and variations that may arise due to different digital marketing strategies and channels.

In this research gap, the specific effects of digital marketing channels such as social media marketing, email marketing and retargeting together have not been extensively explored.

This approach allows for a deeper analysis of the interplay between different channels and their combined effects on marketing effectiveness. Investigating social media marketing, email marketing, and re-targeting together enables to uncover synergies and potential cross-channel effects. This broader perspective provides valuable insights into how these channels can be integrated and leveraged in a cohesive digital marketing strategy.

Therefore, a research study addressing this gap would examine the differential impacts of various digital marketing channels on brand loyalty, providing valuable insights into the effectiveness and optimization of digital marketing strategies for fostering brand loyalty in specific contexts.

2.3 Conceptual Framework and Hypotheses

2.3.1 Conceptual Framework

There are numerous articles written and distributed by various academics about the effect of digital marketing on brand loyalty. The current study constructs a conceptual framework as shown below by combining variables from several related literatures.

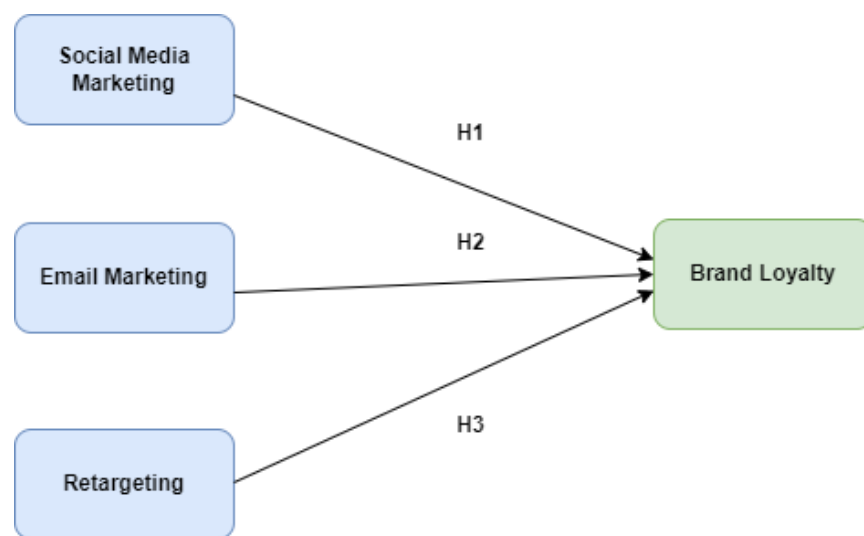


Figure 2.3-1: Conceptual Framework

Source: Related Review literatures (Modified from Mitiku, 2020)

2.3.2 Hypotheses

The below hypotheses were developed and derived from the above literature and theoretical review:

In the banking sector in Indonesia, (Laksamana ,2018) looked at how social media marketing affected consumers' intent to buy and their brand loyalty. Brand loyalty and purchasing intent have been shown to grow with social media marketing. In addition, a study was done by (Teshale, 2021) to examine how social media marketing affected consumer loyalty in the setting

of a few Addis Abeba-based liquor stores. Brand loyalty and each of the five social media marketing factors were favorably and strongly associated, according to the study's findings.

Based on the above literatures the following hypothesis is formulated:

H1: There is a positive impact of social media Marketing on Brand loyalty

(Merisavo & Raulas, 2004) studied the effects of e-mail marketing on brand loyalty. The study considers one digital marketing channel namely E-mail Marketing. The study only takes into account email marketing as a digital marketing channel. Accordingly, the study's findings show that consistent e-mail marketing increases brand loyalty. Consumers with active e-mails visited retail establishments. Customers that were exposed to email marketing told their friends about the company. Additionally, research conducted by Duwa (2017) it was discovered that email marketing significantly and favorably affects brand loyalty. Additionally, email marketing promotions might sway customers' brand preferences. Based on the above literatures the following hypothesis is formulated:

H2: There is a positive impact of E-mail Marketing on the Brand loyalty

It considers the favorable effects of retargeting advertising on privacy invasion, aversion, and brand recall (Shin & Kim, 2017). It also acknowledges the potential incremental impact of retargeting ads delivered at the appropriate timing (Li, Luo, Lu, & Moriguchi, 2021). Additionally, it recognizes the influence of retargeting as a crucial factor in influencing the purchasing behavior of young people (Omoera, Olufayo, & Bulugbe, 2022). Based on the above literatures the following hypothesis is formulated:

H3: There is a positive impact of Retargeting on the Brand loyalty

Chapter 3

RESEARCH METHODOLOGY

3.1 Description of the Study Area

The main objective of this paper is to evaluate the effect of digital marketing on brand loyalty in the case of Ethiopian Airlines online customers.

3.2 Research Approach

The study design contains information about the data gathering strategy for an empirical research project. It acts as a "Blueprint" for empirical study that seeks to address certain research issues or test specific hypotheses. (Bhattacharjee, 2012)

This study makes use of a quantitative research approach.

3.3 Research Design

The conceptual framework or overall plan of the study, known as the research design, outlines the techniques and steps to be taken in order to gather, measure, and analyze the necessary data. It serves as a roadmap for the research project's actions and activities. A research design is a set of guidelines for gathering and analyzing data that aims to strike a balance between procedural economy and relevance to the study's objective (Kothari,2004).

Evaluation of the influence of digital marketing on brand loyalty at Ethiopian Airlines is the main objective of our research. As a result, the study employs an explanatory and descriptive design to describe how digital marketing channels affect brand loyalty.

In this study the dependent variable is brand loyalty and the independent variables are digital marketing channels namely Email marketing, Social Media Marketing, and Retargeting.

The explanatory approach is useful for describing the cause-and-effect relationship between variables. Therefore, explanatory research techniques have been utilized to demonstrate the relationship between variables.

3.4 Population and sampling design

The most recent fiscal year (2021/22) saw over 7 million passengers fly on Ethiopian Airlines. Accordingly, the airline often flies 15,000 to 25,000 passengers per day. Over 22% of Ethiopian Airlines' total online sales are made through its website and mobile app.

For the sake of manageability, the researcher will utilize the daily maximum passenger capacity (i.e., 25,000) as the population of Ethiopian Airlines passengers. Based on the fact that 22% of Ethiopian Airlines' overall sales are conducted online, we can assume that there are roughly 5500 people that purchase their tickets online.

3.5 Sample Size Determination and Sampling Technique

3.5.1 Sample Size Determination

It is not feasible to study the whole population due to constraint factors like feasibility, accessibility, and cost implications. Therefore, it is vital to select a sample that truly represents the population. The practical constraint is that examining the entire population is impossible due to money, time and other considerations that are typically at play in the circumstance. (Singh, 2006).

The sample size can be calculated in a number of ways. In order to determine the sample size for this study, the researcher used Cochran's sample size calculation for a population of infinite size.

The sample size determination formula is as presented below:

$$n = \frac{z^2 * p(1 - p)}{(e^2)} = \frac{1.96^2 * 0.5(1 - 0.5)}{(0.05^2)} = 384$$

Where,

Z = 1.96 (Based on a 5% margin of error)

P = 50% or 0.50 (Degree of variability)

ε = 5% or 0.05 (Same value used to get the z-score estimate but provided as a decimal/percentage.) “Thus, the total sample size is 384.

3.5.2 Sample Technique

The next step after the determination of the representative sample size is selecting representative respondents applying appropriate sampling techniques. Accordingly, the researcher utilized a convenience sampling approach.

The study's main emphasis and the population samples selected from the population applicability are both key concerns. In other words, the respondents will be picked at convenience from the passengers the researcher feels have the most relevant features to the study's subject.

3.6 Data Collection Instrument

This study used survey approaches to gather primary data by employing standard questionnaires. The benefit of this approach, according to (Krishnaswami & Ranganatham ,2007), is that it is less expensive, allows for anonymity, and might elicit more responses than honesty. Secondary data is also acquired from theoretical literature that is both published and unpublished books, IT procedure manuals, sales reports from Ethiopian Airlines, dissertations, and online sources.

The target respondents for this study are past users of the Ethiopian Airlines website and app who purchased tickets for flights. Therefore, the most appropriate strategy for this study is definitely an online self-administered questionnaire. The self-administered questionnaires were sent as google form link to emails that were distributed to respondents using an email blast tool.

The data collection procedure involved the use of a questionnaire that utilized five-point Likert scales (Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree) to collect and evaluate respondents' responses. The Likert scale was chosen for its advantages, such as the ease of creating the questionnaire, the simplicity of reading and completing it. The questionnaire was developed based on relevant prior literature and tailored to address the research issue. To ensure the appropriateness of the sample questionnaires in capturing all the necessary information, they were distributed for pre-testing. Twelve Ethiopian Airlines customer loyalty and digital marketing staff members participated in pilot testing. Two customer loyalty and digital marketing team leaders provided the researcher with some questioner adjustments during the pilot testing.

3.7 Method of Data Analysis

Both descriptive and inferential statistical methods will be applied in this investigation. The primary usage of descriptive statistics such as percentage and mean will be to arrange and summarize the respondent's demographic information as well as their general perception of digital marketing channels.

To determine how much the independent variables, digital marketing channels, influences the dependent variable, brand loyalty, multiple regression analysis was employed. Additionally, a

correlation analysis also conducted to assess how strongly brand loyalty and digital marketing channels were related.

Version 20 of the SPSS statistical package is used to conduct the analysis.

Reliability

According to (Malhotra and Birks, 2007) when a measurement is reliable, it reproduces consistent results when the measuring process is repeated. In other words, the accuracy or consistency of a measure's measurement throughout time and across all of the instrument's components can be determined by how without of bias or error it is. To assess the internal consistency of the measuring items, Cronbach's alpha will be employed. A measure of an instrument's internal consistency, or whether each of its items measures the same thing, is called Cronbach's alpha. It normally ranges from 0 to 1, with the closer it is to 1 the more internally consistent the instrument's items are. There is no agreed-upon definition of what an acceptable alpha value is since the alpha value gets inflated by more variables. Generally speaking, an alpha value of larger than 0.6 and above is considered appropriate. (George D. and Mallery ,2019)

Table 3.7-1. Cronbach's Alpha

Items	Number of items	Cronbach's alpha
Email Marketing	5	.873
Social Media Marketing	4	.889
Retargeting	4	.721
Brand Loyalty	3	.859

As shown in table 3.1, alpha coefficient is greater than 0.7 which implies that the data reliability is acceptable.

3.8 Validity

The degree to which the notion being measured is truly being measured by a given scale or index is referred to as validity. The researcher asserts that the goal of validity is to prove that the outcomes are related to the circumstance (Kothari,2004). It is concerned with how accurately the scale represents the relevant construct. To determine the effect of digital marketing channels (independent variables) on brand loyalty (dependent variable), the study will be based on a conceptual framework that is literally accepted, clearly describes the theoretical construct, and is connected to measures that are valid.

The majority of the survey items were taken from earlier research in order to improve the questionnaire's content validity, and 12 Ethiopian Airlines customer loyalty and digital marketing staff members participated in pilot testing. Two customer loyalty and digital marketing team leaders provided the researcher with some questioner adjustments during the pilot testing.

3.9 Ethical Consideration

The personal integrity of each participant will respect in the process of conducting the research. To enable them to make wise judgments, participants received complete information about the study's goals and purpose. They were assured that all information would be kept private and used only for academic purposes. The study's conclusions and findings were presented objectively, and the efforts of the academics cited in this study were completely acknowledged.

Chapter 4

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

The crucial conclusions and examinations of the information acquired from the survey questionnaire's sample respondents are presented in this chapter. 384 respondents who were chosen by convenience sampling using a non-probability technique were emailed a link to the survey. Only 361 of these were correctly filled. As a result, the study is based on the 361 legitimate customer survey responses. As a result, 23 respondents didn't respond and never returned the questionnaire, making up almost 94% of the total number of questionnaires. According to Saunders (2002), the analysis can be completed with a questionnaire survey with a response rate of at least 70%.

The outcome of this multiple regression model was examined and described in this chapter. SPSS software version 20 was used for the statistical analysis, and the findings are presented in the inference and descriptive sections. Tables and charts were employed in the descriptive phase, and the results of multiple linear regressions were examined in the inference section.

4.2 Demographic Profile of survey respondents

The general information about the study participants is included in the questionnaire's first section.

4.2.1 Respondent Gender

According to the Character of Respondents on Gender table 2 below, out of 361 participants, 246 (68.1%) were male respondents, and 115 (31.9%) were female respondents. As a result, the researcher used both male and female respondents, however the use of internet booking was dominated by men.

Table 4.2-1: Gender of respondents

		Gender of Respondents			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	115	31.9	31.9	31.9
	Male	246	68.1	68.1	100.0
	Total	361	100.0	100.0	

Source: Own primary data 2023

Based on Table 3 below as a basis the age of 18-24 were 20 (5.5%) respondents, 25-34 were 306 (84.8%), 35-44 were 22 (6.1%), 45-54 were 3 (0.8%) and 55 years and above were 10(2.8%). Generally, 25-34 age groups have a higher proportion of respondents than other groups, however several age categories were used in this study.

Table 4.2-2: Age of Respondents

Age of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-24 years	20	5.5	5.5	5.5
25-34 years	306	84.8	84.8	90.3
35-44 years	22	6.1	6.1	96.4
45-54 years	3	.8	.8	97.2
55 years and above	10	2.8	2.8	100.0
Total	361	100.0	100.0	

Source: Own primary data 2023

Based on Table 4 below, out of the total 361 respondents, 269 (74.5%) reported being single, while 92 (25.5%) reported being married. These findings provide insights into the marital status composition of the sample population. The results suggest that the study included a diverse range of marital statuses, with a higher representation of single individuals.

Table 4.2-3: Respondents Marital status

Respondents Marital status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Married	92	25.5	25.5	25.5
Single	269	74.5	74.5	100.0
Total	361	100.0	100.0	

Source: Own primary data 2023

Based on Table 5 below out of the total 361 respondents, 288 (79.8%) reported that majority are degree holders, only 2 respondents (0.6%) indicated having a diploma and 71 respondents (19.7%) reported having a master's degree.

Table 4.2-4 : Respondents Education Level

Respondents Education Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Degree	288	79.8	79.8	79.8
Diploma	2	.6	.6	80.3
Master's Degree	71	19.7	19.7	100.0
Total	361	100.0	100.0	

Source: Own primary data 2023

Based on Table 6 below as a basis, out of 361 participants, 69 (19.1%) travel frequently, 93 (25.8%) travel occasionally, 140 (38.8%) travel often, and 59 (16.3%) travel rarely.

Table 4.2-5: Frequency of Online booking

Frequency of Online booking

	Frequency	Percent	Valid Percent	Cumulative Percent
Frequently	69	19.1	19.1	19.1
Occasionally	93	25.8	25.8	44.9
Often	140	38.8	38.8	83.7
Rarely	59	16.3	16.3	100.0
Total	361	100.0	100.0	

Based on Table 7 below as a basis the distribution of digital marketing and social media usage within the sample population. The majority of respondents 247 (68.4%) reported using digital marketing or social media platforms on a daily basis. As opposed to that, a small proportion of respondents 22 (6.1%) stated that they never use digital marketing or social media. Additionally, varying frequencies of usage were reported by a subset of respondents, with some indicating

usage once every three days 11(3.0%), once every two weeks 62(17.2%), or once every week 19(5.3%).

Table 4.2-6: Usage of digital marketing/social media by respondents

Usage of Digital marketing/social media by Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Every day	247	68.4	68.4	68.4
Never	22	6.1	6.1	74.5
Once every three days	11	3.0	3.0	77.6
Once every two weeks	62	17.2	17.2	94.7
Once every week	19	5.3	5.3	100.0
Total	361	100.0	100.0	

Source: Own primary data 2023

Based on Table 8 below as a basis primary reason for air travel within the sample population. The majority of respondents 289(80.1%) reported traveling by air for leisure purposes, such as vacationing or visiting friends and family. On the other hand, a smaller proportion of respondents 72(19.9%) indicated that their primary reason for air travel was business-related.

These results highlight the significance of leisure-related activities in driving air travel among the studied population. The majority of respondents engage in air travel for recreational purposes, suggesting the importance of tourism, personal visits, and leisure activities in their travel decisions.

Table 4.2-7: Primary reason for respondents air travel

Primary reason for respondents air travel

	Frequency	Percent	Valid Percent	Cumulative Percent
Business	72	19.9	19.9	19.9
Valid Leisure (Vacation, Visiting friends and families etc.)	289	80.1	80.1	100.0
Total	361	100.0	100.0	

Source: Own primary data 2023

Based on Table 9 below shows different channels through which respondents learned about the brand. The majority of respondents 247(68.4%) reported social media as the primary source of brand awareness. This suggests that social media platforms play a major role in brand exposure and capturing the attention of the target audience. Additionally, a notable portion of respondents 93(25.8%) mentioned coming across the brand through advertisements on other websites or retargeting efforts, indicating the effectiveness of online advertising strategies. A smaller percentage of respondents 21(5.8%) reported discovering the brand through email marketing campaigns.

Table 4.2-8: Respondents knowledge about the brand

How do respondents come to know about this brand

	Frequency	Percent	Valid Percent	Cumulative Percent
Advertisement on other websites / Retargeting	93	25.8	25.8	25.8
Valid Email marketing	21	5.8	5.8	31.6
Social media	247	68.4	68.4	100.0
Total	361	100.0	100.0	

Source: Own primary data 2023

Based on Table 9 below shows various factors that impact respondents' decision-making process when selecting their most preferred airline brand. Brand loyalty emerges as a significant driver, with a majority of respondents 185(51.2%) indicating that their attachment to the brand influenced their purchasing decision. The influence of digital marketing channels is also evident, as respondents reported being encouraged by advertisements on other websites or through retargeting efforts 43(11.9%), email marketing campaigns 62(17.2%), and social media 71(19.7%).

Table 4.2-9: Encouragement for purchase decision

What encourages respondents to take the decision for purchasing from most preferred airline brand

	Frequency	Percent	Valid Percent	Cumulative Percent
Advertisement on other websites / Retargeting	43	11.9	11.9	11.9
Brand loyalty	185	51.2	51.2	63.2
Email marketing	62	17.2	17.2	80.3
Social media	71	19.7	19.7	100.0
Total	361	100.0	100.0	

Source: Own primary data 2023

4.3 Descriptive Analysis

The respondent scores' descriptive statistics were calculated. Comparing these mean scores and variations among responses has allowed for analysis. Using means and standard deviation values, descriptive statistics are used to compare the effect of digital marketing on brand loyalty. The results are shown in tabular format with explanations in the sections below.

Table 4.3-1: Descriptive statistics

Descriptive Statistics

	N	Mean	Std. Deviation
Email Marketing	361	2.2765	.97281
Retargeting	361	2.8109	.99779
Social Media Marketing	361	3.0478	1.15393
Brand loyalty	361	2.7904	1.15206
Valid N (listwise)	361		

Source: Own primary data 2023

Using the table above 11 as a basis, as far as the mean values are concerned out of the digital marketing channels social media marketing (mean of 3.04) and retargeting (mean of 2.81) mean of social media marketing is closer to average.

4.4 Inferential Analysis

A linear regression model was employed in the study to analyze the effect of digital marketing on brand loyalty. The researcher has verified all relevant assumptions that must be met in order to conduct analysis using multiple regression models before analyzing the data obtained by the questionnaires.

4.4.1 Assumption Tests

Before using regression analysis, the below tests were run to make sure the data and assumptions were appropriate:

The causal effect and the correlation between a dependent and independent variable were described as follows:

4.4.2 Correlation analysis

The three independent factors that influence brand loyalty are not mutually exclusive; rather, they are correlated with one another. A correlation matrix utilizing the Pearson correlation coefficient for each variable was shown in Table 12 below. The importance of Pearson's correlation is broken down into three regions, as stated by (Cohen,1988). For the purposes of this definition, a small correlation is one with a correlation coefficient between 0.10 and 0.29, a moderate correlation is one with a correlation coefficient between 0.30 and 0.49, and a big correlation is one with a correlation coefficient between 0.50 and 1.0.

Table 4.4-1: Correlations between variables

		Correlations			
		Email Marketing	Retargeting	Social Media Marketing	Brand loyalty
Email Marketing	Pearson Correlation	1	.119*	.452**	.591**
	Sig. (2-tailed)		.024	.000	.000
	N	361	361	361	361
Retargeting	Pearson Correlation	.119*	1	.247**	.313**
	Sig. (2-tailed)	.024		.000	.000
	N	361	361	361	361
Social Media Marketing	Pearson Correlation	.452**	.247**	1	.624**
	Sig. (2-tailed)	.000	.000		.000
	N	361	361	361	361
Brand loyalty	Pearson Correlation	.591**	.313**	.624**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	361	361	361	361

*. Correlation is significant at the 0.05 level (2-tailed).

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

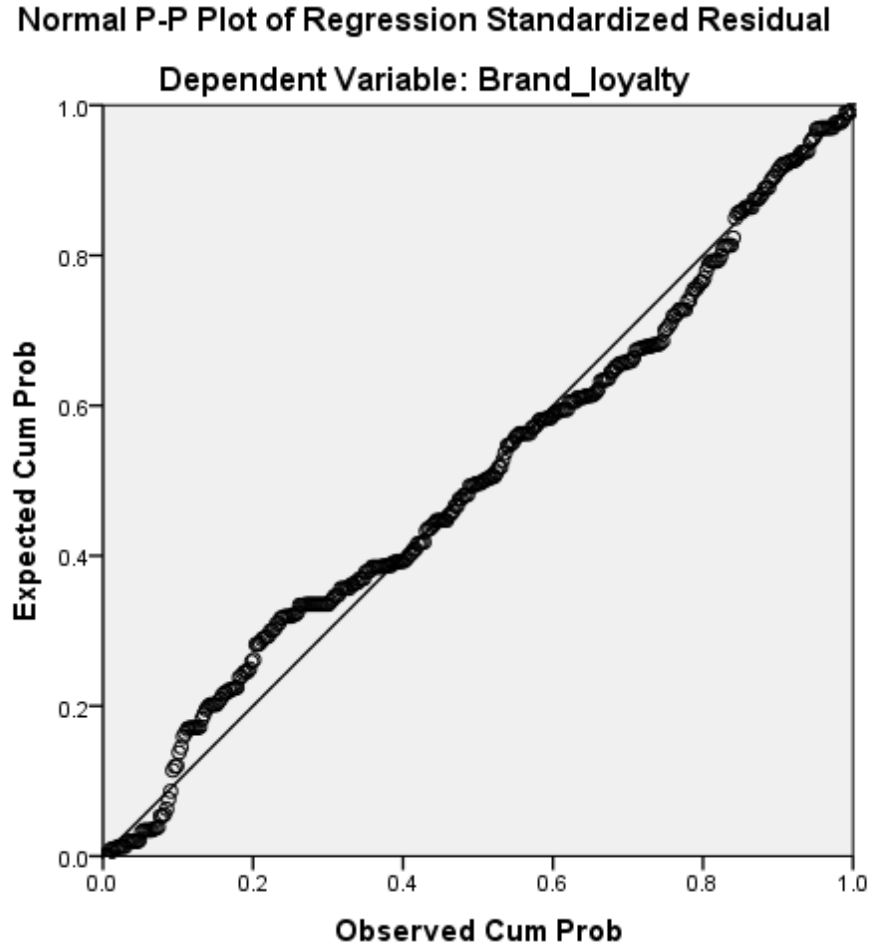
The correlation analysis found a significant association between all of the predictor factors and brand loyalty, as evidenced by the findings presented in Table 12 above $r=.313$ (between retargeting and brand loyalty) , $r=.591$ (email marketing and brand loyalty) and $r=.624$ (between social media marketing and brand loyalty), the strength of the relationship varied. Brand loyalty and social media marketing and Email marketing and brand loyalty showed large correlations, whereas the retargeting and brand loyalty showed moderate correlations.

Next, I will report the tests regarding the assumptions of linear regression.

4.4.3 Linearity Test

Linearity is the level of correlation between the change in the dependent variable and the change in the independent variables. In order to determine whether the relationship between the dependent variable and the independent variables(email marketing, social media marketing, and retargeting) was present, plots of the regression residuals were made using the SPSS program is linear. If the fitted line in the NPP is almost parallel to a straight line, the decision criterion is that the variables of interest are normally distributed. (Gujarati, 2004).

Figure 4.4-1: Scatter plot of residuals



Source: Own primary data 2023

4.4.4 Test of normality of the data

One of the theories was that before performing the analysis of the data using skewness and Kurtosis, the normality of the data should be confirmed. The assumption behind regularly distributed data is that the data come from one or more populations with normal distributions. The theory underlying hypothesis testing is incorrect if these assumptions are not met because it depends on having populations that are regularly distributed.

So, S (Skewness) and K (Kurtosis) values and corresponding standard errors were calculated. At $p = 0.05$, it is anticipated that a Skewness and Kurtosis absolute value between -2 and +2 will be

significant. Due to the high sample size, the standard errors will be low, and for both skewness and kurtosis, substantial values can be obtained from even slight deviations from normality.

Table 4.4-2: Test of normality of the data

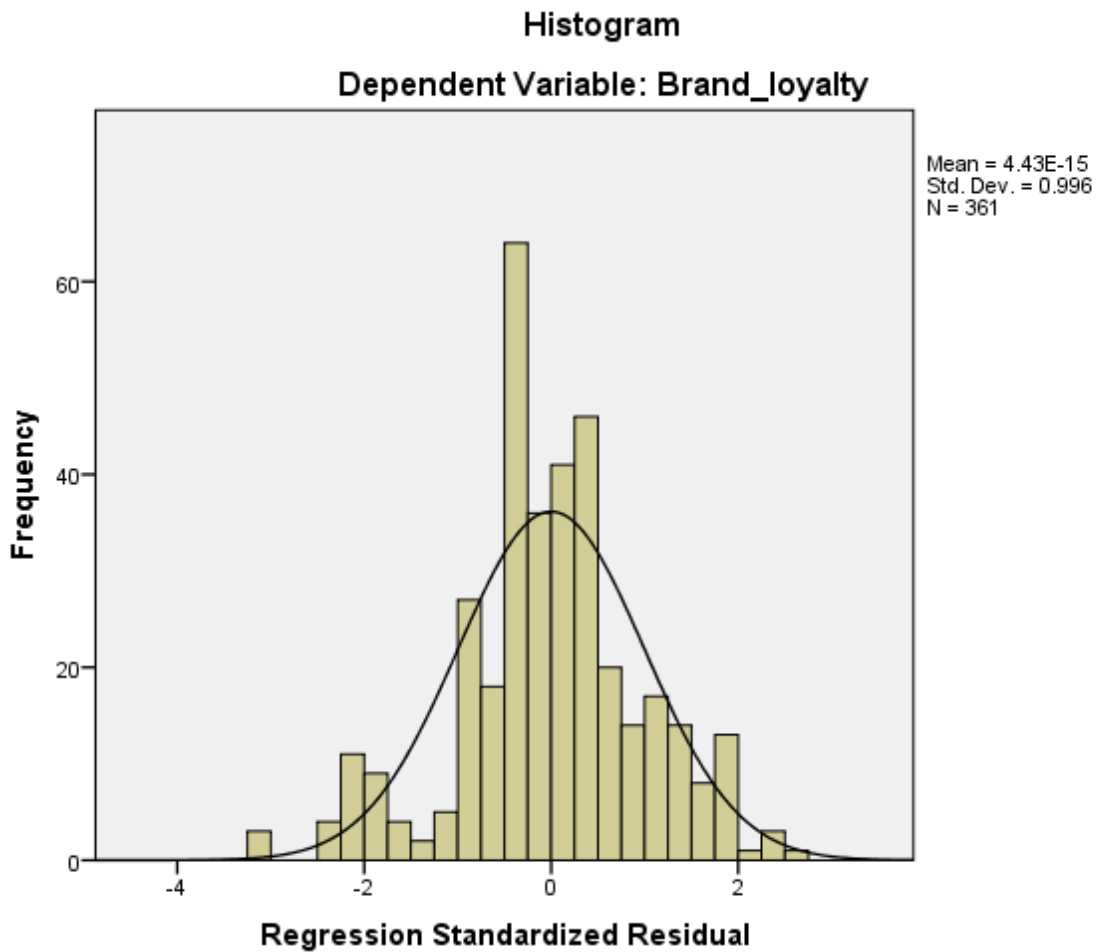
Descriptive Statistics

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Email Marketing	361	2.2765	.97281	.663	.128	-.220	.256
Retargeting	361	2.8109	.99779	.622	.128	-.656	.256
Social Media Marketing	361	3.0478	1.15393	.247	.128	-.897	.256
Brand loyalty	361	2.7904	1.15206	.143	.128	-.796	.256
Valid N (listwise)	361						

Source: Own primary data 2023

Mardia (1970) asserts that a normality test is valid when the skewness and kurtosis values for each variable are less than two and six, respectively. There is no question that the findings of the regression analysis, when based on Table, satisfy the aforementioned condition.

Figure 4.4-2: Test of normality



Based on bell shaped listed in the above figure 4 curve the assumption of normality is met

4.4.5 Multicollinearity Test

The other one is among the test multicollinearity. Values for the variance inflation factor (VIF) and tolerance are important factors in assessing if multicollinearity exists among independent variables (Pallant, 2005). If the result of the VIF value lies between 1 and 10, then there is no multicollinearity otherwise there are multicollinearity issues. When two or more predictors contain a significant amount of the same data, this is known as multicollinearity. There is no

multicollinearity effect, since the VIF values of the independent variables obtained are between 1 to 10, as indicated in the table 14 below.

Table 4.4-3: Test of normality of the data

Coefficients^a

Model	Collinearity Statistics	
	Tolerance	VIF
Email Marketing	.929	1.077
Social Media Marketing	.956	1.046
Retargeting	.960	1.042

a. Dependent Variable: Brand loyalty

Source: Own survey data 2023

4.4.6 Regression Analysis

A multiple regression analysis was performed using brand loyalty as the dependent variable and email marketing, social media marketing, and retargeting as the independent variables in order to examine the correlation between the dependent and independent variables and test the assumptions of the linear regression model. The significance of the three independent elements in determining brand loyalty can be demonstrated via regression analysis.

Table 4.4-4: Regression model Adjusted R Square

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.732 ^a	.536	.532	.78838

a. Predictors: (Constant), Social Media Marketing, Retargeting, Email Marketing

4.4.6.1

Table 4.4-5: Regression model ANOVA

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	255.917	3	85.306	137.249	.000 ^b
	Residual	221.890	357	.622		
	Total	477.807	360			

a. Dependent Variable: Brand loyalty

b. Predictors: (Constant), Social Media Marketing, Retargeting, Email Marketing

Source: Own survey data 2023

Table 16 demonstrates that Email marketing, social media marketing, and retargeting all have a favorable and significant impact on brand loyalty. The R-Square or coefficient of determination of the model was 0. 536.This indicates that 53.6% of brand loyalty can be predicted by a model. Therefore, outside factors that are not considered in the model account for 46.4% of the variation in brand loyalty.

Table 4.4-6: Coefficient of Variables

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.035	.159		-.221	.825
1 Email Marketing	.457	.048	.386	9.550	.000
1 Retargeting	.192	.043	.166	4.473	.000
1 Social Media Marketing	.408	.041	.409	9.872	.000

a. Dependent Variable: Brand loyalty

From the above table 4.17 finding, we can develop the following regression model.

$$BL = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \varepsilon$$

BL is the dependent variable and X1- email marketing, X2-retargeting, and X3- social media marketing respectively

β_0 = Intercept

β_1, β_2 and β_3 = Coefficients of the line (defined as the ratio Rise/Run)

ε = Error variable

Based on the table and accounting for the unstandardized beta value, the regression equation for this study can be written as follows:

$$BL = -.035 + .457(X1) + .192(X2) + .408 (X3)$$

Email marketing, retargeting, and social media marketing each have unstandardized coefficients of .457, .192, and .408 respectively, and their sig value is .000 for all independent variables, which are less than 0.05, as shown in Table 17. This shows that the independent and dependent

variables have a significant association. The alternative hypothesis is accepted since all three of the digital marketing channels are statistically significant at less than 5% for the independent variable coefficients.

4.4.7 Hypothesis Testing Statements Interpretation

In this study, the researcher had stated three hypotheses derived from three independent variables or predictors (i.e., email marketing, social media marketing and retargeting) and these variables have a significant effect on brand loyalty. The researcher compared these hypotheses against the p-values analyzed using the regression method. Therefore, the hypotheses were tested summarized as follows.

The result in table 17 above indicates that email marketing has a significant and positive effect on brand loyalty ($B = .457, p < .05$).

The result in table 17 above indicates that social media marketing has a significant and positive effect on brand loyalty ($B = .408, p < .05$).

The result in table 17 above indicates that retargeting has a significant and positive effect on brand loyalty ($B = .192, p < .05$).

Table 4.4-7: Coefficient of Variables

Hypotheses	Result	Reason
H ₂ : There is a positive impact of E-mail Marketing on the Brand loyalty	H ₁ : Accepted	P<0.05 B=.457
H ₃ : There is positive impact of Retargeting on the Brand loyalty	H ₁ : Accepted	P<0.05 B=.192
H ₁ : There is a positive impact of social media Marketing on Brand loyalty	H ₁ : Accepted	P<0.05 B=. 408

Chapter 5

Summary, Conclusion and Recommendations

The primary conclusions, recommendations, and findings from the study are summarized in this chapter. The chapter presents potential research gaps for future studies as it wraps up the research.

5.1 Summary of Findings

This paper aimed to evaluate the effect of three digital marketing channels specifically social media marketing, email marketing and retargeting on brand loyalty in case of Ethiopian airlines online customers. The major findings have been summarized below.

According to the respondents' demographic make-up, men between the ages of 25 and 34 make up the majority of respondents. Additionally, the majority of them utilize social media and digital marketing daily. Furthermore, most of the respondents book their flight online. Seeing their primary reason for air travel, majority of the respondents mostly fly for leisure.

According to the descriptive statistics, the independent variables' mean values are Email marketing, retargeting and social media marketing from 2.27 to 2.81 and 3.04 respectively. And the according to the descriptive statistics, the dependent variable mean value (brand loyalty) is 2.79.

The Pearson correlation coefficient shows that social media marketing with the coefficient of .624 demonstrating the influence of the correlation as moderate and positively correlated with brand loyalty. For other variables email marketing with the coefficient of .591 is moderate while

retargeting .313 demonstrating the influence of the correlation as weak and positively correlated with brand loyalty.

Using the Cronbach alpha coefficient method, the study's data were verified as being valid. Each of the assertions under the brand variables validated that the questionnaire was accurate in reflecting the construct it was measuring and that it was internally consistent.

The estimation of the regression weight from the results of multiple regression demonstrates that all the independent variables (social media marketing (B=.408), email marketing (B=.457) and retargeting (B=.192)) significantly affect brand loyalty.

5.2 Conclusion

Developing brand loyalty among customers is a crucial difference for airlines looking to acquire a competitive edge in a market that occasionally becomes quite competitive and dynamic. In light of this, the purpose of this study is to examine how digital marketing affects brand loyalty among Ethiopian Airlines' online consumers. According to the research findings, social media marketing, email marketing, and retargeting affect brand loyalty.

The coefficient for Email Marketing is 0.457, with a standard error of 0.048. It is statistically significant ($p = 0.000$) and has a positive standardized coefficient of 0.386. This suggests that Email Marketing has a significant positive impact on brand loyalty. For every one-unit increase in Email Marketing efforts, brand loyalty increases by 0.457 units.

The coefficient for Retargeting is 0.192, with a standard error of 0.043. It is statistically significant ($p = 0.000$), but its standardized coefficient is relatively lower at 0.166. This implies that Retargeting has a smaller positive impact on brand loyalty compared to Email Marketing. For every one-unit increase in Retargeting efforts, brand loyalty increases by 0.192 units.

The coefficient for Social Media Marketing is 0.408, with a standard error of 0.041. It is statistically significant ($p = 0.000$) and has the highest standardized coefficient of 0.409. This indicates that Social Media Marketing has the strongest positive impact on brand loyalty among the three variables. For every one-unit increase in Social Media Marketing efforts, brand loyalty increases by 0.408 units.

Overall, the findings support the research hypotheses:

H1: There is a positive impact of social media marketing on brand loyalty.

H2: There is a positive impact of email marketing on brand loyalty.

H3: There is a positive impact of retargeting on brand loyalty.

These findings lead to the conclusion that all three independent variables have a significant positive impact on brand loyalty. However, the impact of retargeting on brand loyalty, while statistically significant, is relatively smaller compared to the other two variables.

(Merisavo & Raulas,2004) conducted a study specifically focused on the effects of email marketing on brand loyalty. The study found that consistent email marketing led to increased brand loyalty among customers. This aligns with the study's conclusion, as it directly supports the positive impact of email marketing on brand loyalty.

Furthermore, the study by (Merisavo & Raulas ,2004) highlighted two specific outcomes that support study's finding. First, the study found that customers with active email addresses were more likely to visit retail establishments. This demonstrates that email marketing effectively drives customer engagement and prompts them to physically interact with the brand, thereby strengthening their loyalty.

Second, the study revealed that customers exposed to email marketing were more inclined to share information about the company with their friends. This indicates that email marketing not only influences the loyalty of existing customers but also has the potential to expand the brand's reach through positive word-of-mouth recommendations, further enhancing brand loyalty.

Therefore, the literature review provided, with its specific citation and reference, effectively supports the research conclusion and establishes a solid basis for the research on the positive impact of email marketing on brand loyalty.

The study by (Laksamana ,2018) examined the impact of social media marketing on purchase intention and brand loyalty in Indonesia's banking industry. The study found that social media marketing has been demonstrated to increase brand loyalty. This supports the study finding and indicates that social media marketing efforts have a positive impact on brand loyalty in the context of the banking industry in Indonesia.

Additionally, the study by (Teshale ,2021) investigated the impact of social media marketing on customer loyalty in the context of liquor outlets in Addis Ababa. The study found that brand loyalty was positively and significantly correlated with each of the five social media marketing variables studied. This provides further support for this research finding, as it demonstrates that social media marketing activities positively influence brand loyalty in the specific context of liquor outlets.

By referencing these specific studies, it serves as a foundation for the research conclusion. The findings from both studies demonstrate that social media marketing has a positive impact on brand loyalty, which is consistent across different industries and geographic locations (Indonesia's banking industry and Addis Abeba-based liquor outlets).

Therefore, based on the literature review and the findings of the studies by (Laksamana ,2018) and (Teshale,2021), it is supported that there is a positive impact of social media marketing on brand loyalty. Social media marketing efforts have been shown to increase brand loyalty in various contexts, indicating the importance and effectiveness of leveraging social media platforms to foster brand loyalty.

The study by (Shin & Kim, 2017) focuses on the detrimental effects of retargeting advertising's coerciveness on brand loyalty. They found that when the forcibility of retargeting advertising increases, consumer dislike increases, leading to a decrease in brand loyalty. This study highlights the potential negative impact of coercive retargeting tactics on consumer behavior.

(Li, Luo, Lu, & Moriguchi ,2021) examine the pros and cons of e-commerce cart retargeting. While their focus is not directly on brand loyalty, their findings provide relevant insights. They found that the timing of retargeting ads after cart abandonment can have different effects. Early retargeting ads sent within 30 to 1 hour of cart abandonment were found to be less effective in driving purchases, whereas late retargeting ads sent one to three days after abandonment had a positive impact on sales. Although not directly examining brand loyalty, these findings indicate the potential positive effects of retargeting on consumer behavior.

(Omoera, Olufayo, & Bulugbe,2022) conducted a study on the influence of retargeting and affiliate marketing on youth buying behavior. Their findings suggest that retargeting, specifically mentioning a prior visit, is crucial for influencing the purchasing behavior of young people. While this study does not directly measure brand loyalty, it provides insights into the positive impact of retargeting on influencing consumer purchasing decisions.

(Li, Luo, Lu, & Moriguchi ,2021) and (Omoera, Olufayo, & Bulugbe ,2022). These studies highlight the timing and specific retargeting strategies that can influence consumer behavior positively, which can ultimately contribute to brand loyalty. However, the study conducted by (Shin & Kim,2017) conflicting with this study findings, indicating the potential detrimental effects of coercive retargeting practices.

In summary, while there are conflicting findings within the literature, the positive impact of retargeting on brand loyalty is indicated in the studies by (Li, Luo, Lu, & Moriguchi ,2021) and (Omoera, Olufayo, & Bulugbe, 2022).

The overall findings of the study reveal that all independent variables, such as social media marketing, email marketing, and retargeting significantly affect brand loyalty.

5.3 Recommendations

The analysis's findings are used to form the following suggestions:

- Allocate resources to social media marketing: Since social media marketing has the strongest positive impact on brand loyalty among the variables analyzed, it is recommended Ethiopian airlines specifically IMC department should allocate resources and efforts towards developing and implementing effective social media marketing campaigns. This can involve creating engaging content, fostering customer interaction, and utilizing various social media platforms to reach and connect with the target audience.
- Enhance email marketing strategies: Email marketing has been demonstrated to have a significant positive impact on brand loyalty. To capitalize on this, it is recommended to enhance email marketing strategies by personalizing content, segmenting the email list

based on customer preferences, and providing valuable and relevant information to strengthen customer relationships. Regularly monitor and analyze email campaign performance to identify areas for improvement and optimize engagement.

- Evaluate retargeting strategies: Although the impact of retargeting on brand loyalty is statistically significant, it is relatively smaller compared to social media marketing and email marketing. Therefore, it is recommended to evaluate and fine-tune retargeting strategies to maximize their effectiveness. Consider experimenting with different retargeting techniques, messaging approaches, ad frequency and targeting criteria to identify the most impactful strategies for increasing brand loyalty.
- Monitor and measure brand loyalty: Ethiopian airlines should continuously monitor and measure brand loyalty metrics to evaluate the effectiveness of marketing efforts. Implement surveys, customer feedback mechanisms, and loyalty program analytics to gather data on customer satisfaction, repeat purchases, and brand advocacy.

By implementing these recommendations, Ethiopian airlines can optimize its marketing strategies and foster stronger brand loyalty among its target audience.

5.4 Suggestion for Future Research

Future research might be carried out while taking into account more facets of digital marketing and various media. It can be contrasted with the results of this analysis study to look for any differences. Future research could focus on specific markets, firms, and customers as well as other industries within those markets.

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APPENDIX I – QUESTIONNAIRE

Addis Ababa University

School of Commerce Post Graduate Program

Department of Marketing Management

Dear Respondent,

I want to start by expressing my sincere gratitude to you. I am working on my thesis for Masters of Marketing Management at the Addis Ababa University and the title of my research is: “The effect of Digital Marketing on Brand loyalty: The case of Ethiopian airlines online customers”. I am conducting this research as partial fulfillment of the Masters of Marketing Management of the Addis Ababa University. The student researcher believe that your assistance will be crucial to the study's success. In order to help the researcher, please answer all of the questions. You can reach the researcher at the address listed below.

Email – sismak934@gmail.com

Phone – 0923976979

Direction

- There is no need to write your name.
- Your response will be kept confidential and will be only used for the academic purpose.
- Please indicate your answer by putting “X” or “√” marks to the option under the described column.

Thank You in Advance for Your Cooperation!

Part – I – General information

1. Gender

Male	Female

2. Age

18-24 years	25-34 years	35-44 years	45-54 years	55 years and above

3. Occupation

Student	Employed	Self-employed-	Unemployed	Other

4. Marital status

Single	Married

5. Education Level

Primary	Secondary	Diploma	Degree	Master's Degree	PHD

6. Frequency of Online booking

Rarely	Occasionally	Often	Frequently

7. How often do you use Digital marketing/social media?

Every day	Once every three days	Once every week	Once every two weeks	Never

8. Primary reason for air travel

Business	Leisure (Vacation, Visiting friends and families etc.)

9. How do you come to know about this brand?

Social media	Email marketing	Advertisement on other websites / Retargeting

10. What encourages you to take the decision for purchasing your most preferred airline brand?

Brand loyalty	Social media	Email marketing	Advertisement on other websites / Retargeting

11. From the following Digital marketing platforms which one are you more familiar with?

Social media	Email marketing	Advertisement on other websites / Retargeting

Section 2 – Effect of Digital marketing

Please indicate your level of agreement (whether you agree or disagree) with each statement

using the scale below as a guide: put (√) on your selection. **1= Strongly Disagree 2=**

Disagree,3= Neutral, 4= Agree, 5= Strongly Agree

NO_	Statements	St ro ng ly	Di sa	Ne ut ra	A gr ee	Stro ngly agre
A	Email Marketing					
1	Do you find the Emails received from Ethiopian airlines useful					
2	The content of the messages is valuable					
3	I find it valuable for Ethiopian Airlines to be in frequent contact with me					
4	I trust on that information which is sent to via E-Mail marketing from Ethiopian airlines					
5	Ethiopian Airlines' promotional emails has influenced my brand loyalty towards the airline					
B	Social Media marketing					
1	The contents shown in the social media of this Ethiopian airlines is up to date					
2	The use of social media by Ethiopian airlines is trendy					

3	The information that I need can be found in the social media of Ethiopian airlines					
4	Ethiopian Airlines' social media has influenced my brand loyalty towards the airline					
C	Retargeting					
1	I find it acceptable for Ethiopian Airlines' ads to follow me across different websites or platforms after visiting their website					
2	Seeing Ethiopian airlines ads again and again makes me irritated					
3	I end up buying ticket after viewing Ethiopian airlines ads again and again					
4	Ethiopian Airlines' retargeting has influenced my brand loyalty towards the airline					

Section 3 – Brand Loyalty

Please indicate your level of agreement (whether you agree or disagree) with each statement

using the scale below as a guide: put (√) on your selection. **1= Strongly Disagree 2=**

Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree

NO_	Statements	St ro ng ly	Di sa	Ne ut ra	A gr e	St ro ng
A	Brand loyalty					
1	I intend to keep purchasing the products and services offered by Ethiopian airlines					
2	I usually consider Ethiopian airlines as my first choice when buying a ticket					
3	I consider myself to be loyal to Ethiopian airlines					

Once again thank you for your cooperation!!!