



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF GRADUATE STUDIES

**THE RELATIONSHIP BETWEEN RELATIONSHIP MARKETING AND
CUSTOMER LOYALTY; THE MEDIATION EFFECT OF CUSTOMER
SATISFACTION IN PHARMACEUTICAL SECTORS OF ADDIS ABABA**

By: Ayda Mulat

A Thesis Submitted to Addis Ababa University College of Business and
Economics, School of Graduate Studies in Partial Fulfillment of the Requirements
for the Degree of Master of Business Administration

December, 2019
Addis Ababa, Ethiopia

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APPROVAL

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Mediation Effect of Customer Satisfaction in Pharmaceutical Sectors of Addis
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Declaration

I, Ayda Mulat, hereby declare that the thesis entitled the relationship between relationship marketing and customer loyalty; the mediation effect of customer satisfaction in pharmaceutical sectors of Addis Ababa is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of Master in Business Administration.

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Foremost, I would like to thank Almighty God for giving me the opportunity to join and complete this study. This research project would not have been possible without the support of many people. I would like to express my gratitude to my advisor Dr. Lakew Alemu who was abundantly helpful and offered invaluable assistance, support and guidance.

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Abstract

The purpose of this study is to examine the relationship between relationship marketing and customer loyalty mediated by customer satisfaction in pharmaceutical sectors of Addis Ababa. The objective of the study is examining the relationship between trust, commitment and customer's loyalty and it has also another objective to identify the mediating effect of customer satisfaction in the relationship between relationship marketing and customer's loyalty. The study employs an explanatory research design and uses quantitative approach. A survey is conducted by using structured close ended questionnaires which is distributed to 270 pharmacists and druggists. Descriptive, correlation and multiple regression statistical tools is used to examine the relationship between trust, commitment, customer satisfaction and customer loyalty. To analyze the mediating effect of customer satisfaction bootstrapping method is used. The correlation result and findings show that trust, commitment and customer satisfaction are positively related with customer loyalty and the bootstrapping method shows that customer satisfaction partially mediates the relationship between relationship marketing and customer loyalty. Thus this study recommended that suppliers in the pharmaceutical sector of Addis Ababa are expected to invest more on attracting new customers and retaining the existing ones. They should recognize the importance of relationship marketing and customer satisfaction in creating loyal customers and implement it properly.

Key words: *Trust, Commitment, Customer satisfaction, Customer loyalty*

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List of Abbreviations

RM:	Relationship marketing
T:	Trust
C:	Commitment
CS:	Customer satisfaction
CL:	Customer loyalty
SPSS:	Statistical Software Package for Social Science
VIF:	Variance Inflation factor
DV:	Dependent variable

CHAPTER I

1. INTRODUCTION

1.1. Background of the study

It is known that the only source of the companies' present profit and future growth is customer. And also creating loyal customers is the main focus of every business (Keller & Kotler, 2012). Customer loyalty is an important factor that contributes to an organization's earning and profits. Customers that are loyal to an organization build a stable relationship than the non-loyal ones. A loyal Customer can contribute to increase a firm's revenue, decrease customer defection rate and develop new business through by positive advertisement of the customers (Zeithaml & Bitner, 2003).

Due to the strong competition faced in today's business environment companies are forced to build a stronger firm-customer relationships. The phenomenon described by this concept is strongly supported by on-going trends in modern business (Webster, 1992). To prevent customers from moving to use of other brands companies are investing more in developing a strong firm-customer relationship by gaining information on how best to serve customers and prevent them from defecting to competing brands (Ndubisi, 2004). Hence, customer relationship building creates mutual rewards (Rapp & Collins, 1990) which benefit both the firm and the customer. Relationship marketing gives a company new opportunities to gain a competitive edge by moving customers up a loyalty hierarchy from new customers to regular purchasers, then to loyal supporters of the firm's goods and services, and finally to advocates who not only buy its products but recommend them to others (Smith, 2003). By converting indifferent customers into loyal ones, companies generate repeated sales.

The harsh competition in today's market has forced marketers to critically evaluate factors that have been thought as a considerable contributor for sustaining the company market share and in the event of retaining customers.

One of the factor widely accepted as a contributor for the re-purchasing exercise by customer is customer satisfaction. Customer satisfaction has been widely accepted and used as a benchmark of marketing efforts in the evaluation process of company performance (Bennet & Rundle-Thiele, 2004). Customer satisfaction is totally dependent of the client desire and how the client's real view of the item's presentation coordinates the desires (Kotler, Armstrong, Saunders & Wong, 2001).

The customer will be satisfied if the performance coordinates or surpasses the desires, and in contrary, the customer will be disappointed if the presentation misses the mark concerning the desire. Earlier examinations uncover that relationship programs upgrade the progression of data between the association and clients and increment clients' certain emotions towards the association. Thus, it will increase the customer satisfaction (Barnes & Howlett, 1998; Ennew & Binks, 1996). Researcher on consumer behavior has found that customer that is satisfied with the products offered is more likely to develop brand loyalty (Oliver, 1999). Satisfied customers not only helped to retain customers in the guise of loyalty but also helping in recruiting more new potential customers by positive remarks on the brand or product itself (Taylor, 1998; Bennet & Rundle-Thiele, 2004).

The cost of maintaining existing customers is far below the cost of finding new ones, and these loyal customers are profitable ones. For a better understand and for prior planning of marketing strategy an organization can gain quality source of marketing intelligence by building relationship with customers. The traditional marketing approach applies the marketing mix principles and tries to increase market share dominance through mass marketing strategies and focus on gaining new customers. This approach has guided managers for decades, implementing their marketing strategies (Cherinet, 2015).

Several studies developed trust, commitment; conflict handling and a few studies also raised empathy and gratitude as building blocks of relationship marketing (Anabila, Narteh & Tweneboah, 2012; Ndubisi, 2005; Ndubisi & Madu, 2009; Parvatiyar & Sheth, 2000; Morgan & Hunt, 1994; Kaur, Sharma R.D., & Mahajan, 2012) (as cited in Cherinet, 2015).

The government of Ethiopia is encouraging the development of the health care and pharmaceutical industry through different initiatives. According to news provided by Reportlinker (2016) the first Growth and Transformation Plan (GTP-I) has successfully enhanced the health care environment with increased facilities, better access to services, and improvement in health indicators. Owing to the success of GTP-I, GTP-II is being implemented to further increase the access of health services across the nation. There is a clear growth in the share of generic medication, with increased production by manufacturing plants in Ethiopia and supply from foreign manufacturers. This increase in share has resulted from high demand (owing to the escalating population and increase in incidences of non-communicable diseases).

Currently Ethiopia's pharmaceuticals market is estimated to reach around half a billion dollars. Frost and Sullivan in its 2012 survey estimated that Ethiopian pharmaceutical market could grow by 14% annually and reaches around one billion dollars by 2018. There are a plenty of Ethiopian and non-Ethiopian pharmaceutical companies offering generic and branded medication. 200 importers of pharmaceuticals products and medical consumables are operating in the country (Ethio American Diaspora Business Forum Magazine, 2015). The number of distributors of pharmaceutical products in Ethiopia has continued to rise. New distribution shops are being established triggering intense competition among local wholesalers and between local and emerging wholesalers (Gedif, 2017).

Therefore, this study focuses on the two variables (trust & commitment) as stated by Morgan & Hunt, (1994) as relationship marketing dimensions from customers' perspective and studies their relation with customers' loyalty particularly in pharmaceutical sector. On the other hand, it is widely admitted that customer satisfaction is one of the immediate antecedents to customer loyalty (Anderson & Sullivan, 1993), so here we also study the mediating effect of customer satisfaction in selected pharmaceutical sector.

1.2. Statement of problem

Reports like Sharma and Lal (2102) show inconsistent business trends which can partly be attributable to customers' behavioural patterns. So much is being done in terms of promotion and other forms of marketing.

However the effects of these marketing activities are unpredictable. There is need for paradigm shift in the marketing package that should include considerable efforts towards relationship marketing. Morgan and Hunt (1994) argue that what should be central to understanding relationship marketing is whatever distinguishes productive, effective, relational exchanges from those that are unproductive and ineffective that is whatever produces relationship marketing successes instead of failures. The Commitment-Trust theory suggests that, though there are many contextual factors that contribute to the success or failure of specific relationship marketing effort, relationship commitment and trust are central to central to successful relationship marketing.

Commitment and trust are “key” because they encourage marketers to (1) work at preserving relationship investments by cooperating with exchange partners, (2) resist attractive short-term alternatives in favor of the expected long-term benefits of staying with existing partners, and (3) view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically (Morgan & Hunt, 1994). Therefore, when both commitment and trust not only either are available, they produce results that advance proficiency, profitability, and viability. In short, commitment and trust lead directly to cooperative behaviors that are conducive to relationship marketing success (Morgan & Hunt, 1994).

On the other hand, customers’ loyalty is important to any organization in terms of enhancing their profit. Without customers it is impossible for organization to enhance or grow their businesses. By observing and studying their customers’ behavior, firms can develop strategies which can give them more profit. In the pharmaceutical sector firms really need to be more alert of their customer needs and wants. In order to sustain their competitiveness in the marketplace, each wholesaler needs to provide the excellent service towards their entire of customers. If the firms failed to maintain and enhance their services, it is impossible for them to achieve their targets. Therefore, it is important that each organization fulfill their entire customer needs, increasing their customer satisfaction and ultimately gaining the loyalty of the customers (Shifera, 2011).

Though there are different studies about the effect of relationship marketing on customer loyalty in the banking sectors of Ethiopia, there are no studies on the relation between relationship marketing and customer loyalty in the pharmaceutical sector. As mentioned earlier, since the pharmaceutical industry is a fast growing sector, this study will add up-to-date information on relationship marketing (specifically trust and commitment) and its relation with customer loyalty in the pharmaceutical sector. In addition, it tries to identify the mediating effect of customer satisfaction in this relation. So, the aim of this study is to investigate if relationship marketing dimensions such as trust and commitment have had the intended strengthening effect on customers' loyalty and to study the mediating effect of customer satisfaction in this relation between relationship marketing and customer loyalty in selected pharmaceutical sectors.

1.3. Significance of the study

The central thrust of marketing activities of an organization is to develop, maintain and enhance customer loyalty towards its products or services. Relationship with loyal customers are typically less expensive to serve, and loyal customers contribute to the organization by buying more and premium prices, and engaging in behaviors that are beneficial to the organization such as acting as advocates of the organization.

Customers' loyalty is important to any organization in terms of enhancing their profit. Without customers it is impossible for organization to enhance or grow their businesses. By observing and studying their customers' behavior, firms can develop strategies which can give them more profit. Firms really need to be more alert of their customer needs and wants. In order to sustain their competitiveness in the marketplace, each organization needs to provide the excellent product and service towards their entire of customers. If the firms failed to maintain and enhance their products and services, it is impossible for them to achieve their targets. However, it is really difficult to achieve customers' loyalty. Therefore, it is important that each Pharmaceutical distributor provide great products and services by fulfilling their customer needs, increasing their customer satisfaction and ultimately gaining the loyalty of the customers.

This study will provide current information on relationship marketing and its relation with customer loyalty in Ethiopian pharmaceutical context. It is also in the assumption that the study will provide basic data about relationship marketing and customer loyalty also about the mediating effect of customer satisfaction. Besides, the findings of the study will be used for other similar studies in the future. So, it is expected that this research can contribute a lot to the efforts made by the Ethiopian pharmaceutical sector for the improvement of customer loyalty through provision of appropriate product and service to the respected customers. The study is also being believed to benefit both academicians and other practitioners as a documented study in this area. Therefore, the findings of this research can contribute a lot to pharmaceutical sector participants on how to implement strategies that will meet their customers' needs and ultimately win their loyalty.

1.4. Research question

The research will try to give answers to the following research questions.

1. Will relationship marketing influence customers' loyalty towards their suppliers?
2. Will trust affect customers' loyalty towards their suppliers?
3. Will Commitment affect customers' loyalty towards their suppliers?
4. Will customer satisfaction mediate the relationship between trust and customers' loyalty towards their suppliers?
5. Will customer satisfaction mediate the relationship between commitment and customers' loyalty towards their suppliers?
6. Will customer satisfaction affect customers' loyalty towards their supplier?

1.5. Objective of the study

1.5.1. General objective

The general objective of this study is to explore the relationship between relationship marketing and customer loyalty and the mediating effect of customer satisfaction in selected pharmaceutical sectors, by analyzing the relationship of every construct in the theoretical framework.

1.5.2. Specific objectives

In assuring that the above general objective can be achieved, there are few specific objectives that need to be accomplished in selected pharmaceutical sectors. These specific objectives are the following.

- * To determine whether trust affects customers' loyalty towards their suppliers.
- * To find out whether commitment affects customers' loyalty towards their suppliers.
- *To identify whether customer satisfaction mediate the relationship between trust and customers' loyalty towards their suppliers
- * To determine whether customer satisfaction mediate the relationship between Commitment and customers' loyalty towards their suppliers
- * To find out whether customer satisfaction affects customers' loyalty towards their suppliers.

1.6. Scope of the study

Due to time and financial constraints in taking large sample size, it is difficult and unmanageable to include all participants of the pharmaceutical sector. Therefore the scope of this research geographically included pharmacists working in pharmacies found only in Addis Ababa. For the applicability of the results all over the country needs further study. The study is conducted only from the consumer point of view. In terms of the constructs showing in the research framework, only two ways of relationship marketing underpinnings (trust and commitment) are focused and their effect on customer loyalty and also only one mediating factor is considered. Other elements or underpinnings measurements of relationship marketing are beyond this study. This study only focuses on distributors of the Pharmaceutical sector, other participants and sectors are not involved.

1.7. Organization of the paper

The paper is organized into five chapters. The first chapter deals with the introduction of the topic and the second chapter presents review of related literature which is about relationship marketing and customer loyalty. The third chapter deals with the methodology of the research and the fourth chapter presents data analysis, findings and discussion of the data gathered. The fifth chapter presents the conclusion and recommendations of the research.

CHAPTER II

2. REVIEW OF LITERATURES

2.1. Theoretical Review

According to Hunt, Arnett and Madhavaram (2006), relationship marketing theory is an extremely rich area of research. They indicated that relationship marketing can take many forms and, as a result, relationship marketing theory has the potential to increase the understanding of many aspects of business strategy. According to relationship marketing theory organizations practice relationship marketing because it increases their competitiveness. Customers do so when relationships contribute to the firm's ability to efficiently/effectively produce market offerings that have value for some market segment(s). That is, they do so when relationships become resources and Relation as a resource has the potential to improve a firm's marketplace position and, in turn its financial performance (Hunt *et al.*, 2006).

2.1.1. Relationship marketing

The relationship marketing concept emerged within the fields of service marketing and industrial marketing (Ndubisi, 2005). Literatures revealed that marketing has moved from "transaction marketing to relationship marketing". The approach of relationship marketing involves relationships, interactions and networks; while transaction marketing believes in "*sale it and forget it*" approach (Gummesson, 1991). The later approach of marketing intends not only at acquiring new customers but also at retaining existing customers for long period of time. Transaction marketing approach depends on the idea of exchange (Bagozzi, 1974); on the other hand relationship marketing is "to recognize and build up, keep up, and improve connections with customers and other stakeholders so that the objectives of all parties involved are met; and that this is done by a mutual exchange and fulfillment of promises" (Grönroos, 1990). In this study it is linked with customer loyalty.

Gummesson (1993) defined relationship marketing as a strategy in which the management of communication, relationships and networks is a fundamental issue. As of Berry (1983) relationship marketing is a strategy to pull in, keep up and upgrade customer relationships. In other words, a key objective is to improve customer loyalty, which is characterized as a profoundly held pledge or commitment to re-purchase or re-disparage a favored item or service in the future despite the presence of situational impact and marketing endeavors having the potential to cause switching behavior (Oliver, 1999). As proposed by Blomqvist et al (1993) relationship marketing has the following key characteristics: every customer is considered an individual person or unit; activities of the firm are directed towards existing customers; implementation is based on interactions and dialogues; and the firm is trying to achieve profitability through the decrease of customer turnover and the strengthening of customer relationships (as cited in Ndubisi, 2005).

A definition of relationship marketing that encompasses most of the viewpoints of the various authors is that relationship marketing refers to all the activities necessary to identify, establish, maintain and enhance profitable relationships with internal and external customers and other stakeholders, so that the objectives of all parties involved are met through mutual exchanges and the making, enabling and keeping of promises (Payne, Christopher, Clark & Peck, 1995). According to a research conducted by Leverin and Liljander (2006) relationship marketing aims at increasing customer profitability while providing better services for customers. They indicated that to be attractive, relationship marketing strategies should enhance customers' perceived benefits of engaging in relationships. Customer oriented relationship marketing programs that enhance the flow of information between the firm and customers increase customers' positive feelings towards their service provider, thereby also increasing satisfaction and relationship strength (Leverin & Liljander, 2006). Previous studies covered by marketing literature on relationship marketing highlight four key dimensions as trust, conflict handling, commitment and sharing of business secrets or communication as key virtues that underpin relationship marketing. This paper includes two key dimensions of RM namely trust and commitment as these are mostly considered by academicians in past researches to check their impact on customer loyalty. These key dimensions are linked to customer loyalty directly and indirectly through customer satisfaction in this study.

2.1.2. Relationship marketing dimensions

2.1.2.1. Trust

Du Plessis (2010) defines trust as follows: “Trust refers to one party believing that the other party will act in his best interest, that the other party is credible and that the other party has the necessary experience.” A key aspect that is reflected in this definition of trust is credibility. Credibility affects the relationship of an organization with a customer by reducing the perception of risk related to opportunistic behavior of the firm. Specifically, trust reduces the uncertainty in an environment where customers feel vulnerable, because they know they can rely on the trusted organization. (Aydin & Ozer, 2005:146).

According to Schurr and Ozanne (1985) trust is the belief that a partner’s word or promise is reliable and a party will fulfill his/her obligations in the relationship. Other authors have defined trust in terms of opportunistic behavior (Dwyer, Schurr & Oh, 1987), shared values (Morgan & Hunt, 1994), mutual goals (Wilson, 1995), uncertainty (Crosby, Evans & Cowles, 1990), actions with positive outcomes (Anderson & Narus, 1984) and making and keeping promises (Bitner, 1995).

According to Clow and Kurtz (2003), the key to developing a customer relationship competitive advantage is not merely obtaining a contractual agreement, it is developing mutual trust. They argued that the customers must be able to trust the seller and know that he or she will provide the service when needed at the service quality level desired and the seller must be able to trust and work with the customer in a mutually beneficial relationship. This relationship involves both parties sharing information and working together to solve problems. The primary action in gaining customer acceptance of service process modification is to develop customer trust (Clow & Kurtz, 2003). They pointed out that service modifications are much easier to accomplish if customers trust the service providers. Service providers must understand customer habits and know how, when, and why customers purchase the service. The more the services providers know about the customer’s use of services the easier the change will be to implement.

The results of Taylor, Celuch and Goodwin (2004) suggest that trust is consistently the most important antecedents to customer loyalty. According to Calonius (1988) the main element of the relationship marketing approach is the promise concept. He stated that the responsibilities of marketing do not only, or transcendentally, involve giving promises and thus making customers passive participants by persuading them to act in a given way in the marketplace, but also in keeping those promises, which maintains and improves evolving relationship. To secure long term profitability and retain the customer base the customer should be satisfied not only by the promises provided but also their fulfillment (Reichheld & Sasser, 1990). In general for an organization to be productive it should develop customer's trust in them and making the customers loyal by satisfying their need thereby the relation is maintained and strengthened.

2.1.2.2. Commitment

Commitment is another important determinant of the strength of a marketing relationship, and a useful construct for measuring the likelihood of customer loyalty and predicting future purchase frequency (Morgan & Hunt, 1994). These authors defined commitment as an enduring desire to maintain a valued relationship. According to Wilson (1995) most of the buyer-seller relationship studies used commitment as a common dependent variable.

In sociology commitment marks out forms of action characteristic of particular kinds of people or groups by analyzing individual and organizational behavior (Becker, 1960) (Wong & Sohal, 2002), while psychologists define it in terms of decisions or cognitions that fix or bind an individual to a behavioral disposition (Kiesler, 1971). In the marketing literature, Moorman and zaltman (1992) have defined commitment as an enduring desire to maintain a valued relationship (As cited in Ndubisi, 2005).

This implies a higher level of dedication to make a relationship succeed and to make it mutually fulfilling and advantageous (Gundlach, Achrol, & Mentzer, 1995; Morgan & Hunt, 1994). Since, commitment is higher among individuals who believe that they receive more value from a relationship; exceedingly dedicated clients ought to be happy to respond exertion in the interest of a firm due to past benefits received (Mowday, Porter & steers, 1982) and highly committed firms will continue to enjoy the benefits of such reciprocity. Based on

literature of organizational behavior (Meyer & Allen, 1997), commitment is defined in different ways like as an aspiration to sustain a relationship (Morgan & Hunt, 1994; Deshpandé, Moorman, & Zaltman, 1993), an undertaking of bond among parties (Dwyer et al., 1987), the give up or sacrifice if a relationship split (Anderson & Weitz, 1992), and with the lack of viable or attracting offerings (Gundlach, Achrol, & Mentzer, 1995). Due to these varieties of basis customers stick to a firm which sustains customers loyalty.

Previous literature and many other definitions (as cited in Gustaffsson, Johnson & Roos, 2006) highlight two key dimensions of commitment: calculative and affective commitment (Hansen, Sandvik, & Selnes, 2003; Fullerton 2003; Johnson et al. 2001). Calculative commitment is more economic, depend on reason rely on benefits of product (Anderson & Weitz, 1992; Dwyer et al., 1987; Heide & John, 1992). Affective commitment is hot concept, or more touching, that builds up through personal involvement of customer with a firm, which lead towards high level of trust and commitment (Morgan & Hunt, 1994; Garbarino & Johnson, 1999).

In a context of services, Verhoef (2003) reveals that relationship development and relationship maintenance (retention) both are affected by affective commitment. Hennig et al, (2002) describe that relationship benefits are directly and positively linked to commitment level that the customer may experience with the service provider (As cited in Husnain & Akhtar, 2015). A committed partner wants the relationship to continue indefinitely and is willing to work at maintaining it so this leads to loyalty.

Lacey (2009) research's suggested that committed customers are not just expected to maintain current purchasing activities, but to increase both the level and proportion of their purchasing activities over time. He argued that customers who remain within a firm are more likely to increase business volume in the future. Based on this study through the level of customer participation the highest spending customers receive the greatest rewards. Committed customers can be depended upon to make continuing purchases and to engage in positive and delighted word-of-mouth exchanges with other potential customers.

Such loyal customers are very susceptible to marketing communications from brands to which they are loyal, and can even communicate the messages surrounded in those marketing communications to other actual or potential customers. In a number of service settings, they can also make a positive contribution to the environment of the service experience for other customers; this contribution is particularly important in service settings where customers' interaction with each other is an important element of the service experience (Rowley, 2005).

Committed customers are resistant to competitors' attempts to persuade them and likely to be willing to extend their business with the brand, and to evolve their relationship with the brand over a period of time. Clearly, every business would wish to convert as large a proportion as possible of their customers into committed loyal. They are the true loyal, add value to the brand, and are almost as enthusiastic to continue the relationship with the seller, as the seller might be to continue the relationship with them. Both sides recognize the mutual benefits of the relationship, in minimizing risk.

2.1.3. Customer Satisfaction

Satisfaction has been identified as the fundamental goal of marketing, since the core Purpose of marketing is to satisfy customers. Zhang, Ye, Law, and Li (2010) observe that customer satisfaction is a complex phenomenon. Bloemer and Odekerken (2002) see customer satisfaction as a product of successful marketing strategies to create value for customers. Buttle (2004) explains that value is created by understanding customer requirements and meeting customer expectations. Earlier, customer satisfaction, according to Gengler and Leszczyc (1997), not only helps firms to measure the attitude of customers, but can be used by marketers to manage the relationship with customers. Essentially, customer satisfaction is crucial for organizations in creating long-term relationships with their customers (Arnett, German, & Hunt, 2003). In general customer satisfaction refers to the satisfaction of customers with the services and products provided by a firm (Foss & Stone, 2001). In other words, it is an attitude or feeling of customers within the services and products after they have been used.

According to Hennig-Thurau and Hansen (2000), customer satisfaction can be seen as 'customers' overview evaluation of the products and services. Customer satisfaction has proven itself to be a vital part in the marketing research and the consumer areas. Besides, customer satisfaction is also an important element in relationship marketing; it has been defined as evaluating customers' cognition through quality of service. In order to achieve long-term sustainability, the firm needs to create the best service to serve its customers. In order to bring success and profit for a business, it is necessary to satisfy customers (Egan, 2008). Hutchinson, Singh, Svensson, and Mysen (2011) postulate that, if an exchange partner anticipates that they can rely on the other partner to act fairly, the partner will be more satisfied with the relationship. A study by Teichert and Rose (2003) established a strong relationship between trust and customer satisfaction. They identified trust as a major element of the supplier-client relationship (Hutchinson et al., 2011) argue that a high level of trust in an exchange partner has a positive impact on satisfaction in a relationship. Studies position trust as an antecedent to satisfaction.

The degree of customer satisfaction with the organization will depend on the commitment of the firm towards the relationship. According to Skarmeas, Katsikeas, Spyropoulou, and Salehi-Sangari (2008), satisfaction represents the focal outcome of the buyer-seller exchange relationship, which is unlikely to lead to future purchase intention and long-term relationship without commitment. Supporting this, Hutchinson et al. (2011) indicate that customer satisfaction will, in part, be influenced by the customer investment in maintaining the relationship. Also, Farrelly and Quester (2005) argue that commitment leads to customer satisfaction in an exchange relationship.

There are many studies (Patterson, Johnson & Spreng, 1997; Bennett & Rundle-Thiele, 2004) that confirmed that there is a relationship between satisfaction and loyalty that showed customer satisfaction is the mediating variable that might change the customers, whether they will become loyal or not. In this study customer satisfaction is considered as the mediating variable between relationship marketing and customer loyalty.

2.1.4. Customer loyalty

Customer loyalty can be seen as a customer's willingness to have a close relationship with a firm in long-term, using and purchasing a company's services and products on a repeated basis as well as voluntarily introducing the company's services and products to other people (Brink & Berndt, 2008). Loyal customers help the firm increase profits (Heskett, Sasser & Schlesinger, 1997) and decrease costs (Baron, Conway & Warnaby, 2010) as well as recommends their friends, co-workers and relatives to the firm via word of mouth (Brink & Berndt, 2008; Buttle, 2009).

According to Ganesh et al (2000) there are two types of loyalty; active loyalty which involves spreading word of mouth and passive loyalty in which customers not leaving even in less favorable situations. (As cited in Husnain & Akhtar, 2015) loyalty is considered as process rather than outcome according to some authors. Oliver (1997) differentiates between four phases of loyalty which are cognitive (one brand is preferable based on superior brand attributes), affective (liking towards brand has developed over the course of multiple purchase situations that were satisfying.), conative (affective stage with the express intention to re-buy), and action (conative stage plus the active desire to overcome situational influences and marketing efforts that may have the potential to cause switching behavior). On reaching the action phase, the customer possesses a deep commitment to repurchase but also is active in blocking the influence of alternative brands. Action level loyalty will be created when consumers deliberately drench themselves in a social network that rewards brand support.


Clearly loyalty is a profound idea with numerous potential definitions. Behavioral loyalty implies sales that are the reason it is particularly valued. Behavioral and attitudinal loyalty is highly correlated (repetitive purchases direct to positive attitude), which moves to conative loyalty: high levels of involvement and intention to keep on repurchase so attitudinal is also highly appreciated too. Customers having strong attitudinal loyalty are more difficult to grab by competitors to steal them away (Gundlach et al., 1995) and less search for substitute (Dick & Basu, 1994).

If organizations want to have more loyal customers, they need to supply social and financial benefits to their customers. In order to build customer loyalty, organizations need to establish long-term relationship with customers, provide customer incentives, manage customer complaints and encourage customer feedback (Heskett, Sasser & Schlesinger, 1997). Consequently, a firm's primary aim in terms of relationship marketing is to get more loyal customers and to ensure a long-term relationship based on profitability (Anderson & Mittal, 2000). Hence, applying relationship marketing is necessary for an organization to enhance customer satisfaction and customer loyalty to improve its business performance and profitability.

2.1.4.1. The Ladder of Loyalty

Customers and suppliers will have a closer relationship over time; but to move customer up the loyalty ladder the firms needs to understand exactly the desire of customers to offer them additional value and satisfaction (Godson, 2009). The ladder of customer loyalty provides a good overview to classify customer values at different levels of relationship. By understanding the level of relationship, the company can easily improve customer relationship to reach the highest level of loyalty. There are six stages in the ladder of customer loyalty, including: partner, advocate, supporter, client, customer and prospect. Each stage represents one type of customer based on their loyalty to an organization. Table 1 shows the relationship marketing ladder of customer loyalty. It is an effective tool for companies to classify and understand their customer segmentation as well as enhance opportunities to get more loyal customers.

TABLE 1: The relationship marketing ladder of customer loyalty



<p>Partner</p>	<p>Individual or organization that has the relationship of a partner with your firm. It is the highest level of the ladder of customer loyalty</p>
<p>Advocate</p>	<p>Customers who actively recommend your firm to others as well as give positive comment about your firm. They do marketing for the firm</p>
<p>Supporter</p>	<p>Customers who like your firm, but only support your firm passively</p>
<p>Client</p>	<p>Customers who have done business with your firm on a repeat basis but may be negative, or at best neutral, towards your organization</p>
<p>Customer</p>	<p>Customers who have done business just one with your organization</p>
<p>Prospect</p>	<p>New customers whom you believe may be persuaded to do business with your organization</p>

Source: Godson, (2009)

2.2. Empirical Review

The following studies were reviewed to familiarize the topic of relationship marketing to demonstrate the originality of this study and to reveal the gap it will fill in the customer's loyalty research.

2.2.1. Ndubisi (2007)

(Relationship marketing and customer Loyalty)

This study aims to examine the impact of relationship marketing strategy on customer loyalty. A questionnaire derived from previous studies and the relevant Literature was completed by 220 bank customers in Malaysia. Multiple regression analysis assessed the impact on customer loyalty of four key constructs of relationship marketing (trust, commitment, communication and conflict handling).

The four variables have a significant effect and predict a good proportion of the variance in customer loyalty. Moreover, they are significantly related to one another. where the four variables are having different percentages relating to customer loyalty , commitment (0.73) , conflict handling (0.64) , communication (0.62) , Trust (0.53), and customers were about (0.74) loyal. This study recommended that customer loyalty can be created, reinforced and retained by marketing plans aimed at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and proactive fashion, and handling conflict efficiently.

2.2.2. Ndubisi (2007)

(Relationship quality antecedents: the Malaysian retail banking perspective)

The purpose of this study is to examine the impact of relationship marketing (RM) underpinnings namely, trust, commitment, communication and conflict handling on the quality of firm-customer relationship as well as the levels of contribution of these underpinnings. The model of relationship quality based on literature was developed and tested empirically among customers of retail banks in Malaysia. A structured questionnaire was used in the study. Sample selection was based on a systematic random sampling technique, 321 questionnaires has been distributed. Factor and multivariate analyses techniques were used to process the data. The findings of the study support most of the hypothesized relationships. There is a significant

positive relationship between commitment (0.88), conflict handling (0.81) and trust (0.69) on relationship quality. The independent variables contribute differentially to relationship quality. The relationship marketing underpinnings can predict relationship quality well. Banks can build and maintain quality customer relationship through trust, commitment and conflict resolution. The outcome of the study can help organizations in developing effective strategies for enhancing the quality of firm-customer relationships and in designing and delivering products and service strategies, tactics, and training programs that would enable employees and managers to function effectively as relationship builders, nurturers, managers, and custodians in service settings.

2.2.3. Musa (2009)

(The impact of relationship marketing on customer's loyalty in the banking sector in Malaysia)

This study explores the impact of relationship marketing on customer loyalty in the banking context. A survey of student of University Utara Malaysia and employees of Permintex industries was conducted to determine the significance and influence of the underpinnings of the relationship marketing such as trust, commitment, conflict handling, and empathy on customers' loyalty in the banking sector. A total of 138 usable questionnaires were obtained from a total of 150 questionnaires distributed. The findings show that the four variables namely trust (0.85), commitment (0.83), conflict handling (0.80), and empathy (0.62) were important in determining and influencing customers' loyalty.

Since the results of the research showed that customers' loyalty is related to trust, commitment, conflict handling, and empathy factors, therefore firms need to consider these factors and provide the right tenant mixes, services and other facilities that are essentials for attracting customers.

2.2.4. Mukherjee, Nath (2007)

(Role of trust in online retailing: A re-examination of the commitment-trust theory)

Trust and commitment are the central tenets in building successful long-term relationships in the online retailing context. In the absence of physical interaction between the buyer and the seller, how websites can gain the trust of the buyers and deliver on the promises made have

become central issues in online customer relationship management. This study aims to re-examine the commitment-trust theory (CTT) of relationship marketing in the online retailing context. It seeks to theorize the antecedents and consequences of commitment and trust in the online context and identify how CTT can be adapted in a digitized business environment. Modified constructs and their measures are developed to understand the antecedents and the outcomes of commitment and trust. Survey data from British online customers (n=651) are used to test CTT hypotheses with structural equation modeling.

The study suggests a significant modification to the traditional CTT model in the online environment. Privacy and security features of the website along with shared values are the key antecedents of trust (0.68), which in turn positively influences relationship commitment (0.74). Behavioral intentions of customers are consequences of both trust and commitment. The relationship termination cost has a negative impact on customer commitment. This study proposes a modified model to understand the role of consumer trust and commitment in a digitized environment. The modified constructs and measures truly reflect the dynamism of online business. The extended CTT model can provide better insight into managing customer relationships in online retailing.

2.2.5. Caceres, Paparoidamis (2007)

(Service quality, relationship satisfaction, trust, commitment and business-to-business loyalty)

The purpose of this study is to establish a theoretical basis for evaluating a strategic increase in customers' perceptions of service/product quality – specifically in terms of an increase in relationship quality and customer loyalty through trust and commitment in a B2B environment and to test this theoretical basis empirically. Drawing on the relationship-marketing literature, the authors empirically test a model of business loyalty in a sample of 234 advertising agencies' clients.

Using the Grönroos conceptualization, a clear pattern of service-quality dimensions is established and several important findings are reported – including empirical verification of the mediating role of overall relationship satisfaction in the formation of loyalty attributes. The

effects of trust and commitment are also verified. Reliability estimates (Cronbach's alpha) for the constructs' dimensions are as follows: trust (0.88), commitment (0.80), commercial services (0.72), Administrative service (0.70), communication (0.68) and loyalty (0.65) the study recommends that, in this service continuum, managers need to clearly define relationship development strategies, service provision policies and develop homogeneous service provision. Towards this direction, it is essential that firms communicate the service and product quality standards to partners so that differences in service provision can be avoided.

2.2.6. Ndubisi (2004)

(Understanding the salience of cultural dimensions on relationship marketing, its underpinnings and aftermaths)

The current study demonstrates how relationship marketing (RM) application in Cultures of low power distance, collectivism, femininity, high uncertainty avoidance, and long-term orientation, can bring about customers' repeat purchase, customer retention and sustained loyalty via superior customer value delivery. The study also shows the moderation and mediation effects of trust, equity, empathy, and commitment, which are the underpinnings of a relationship as well as important values in the above cultures. A questionnaire derived from previous studies and the relevant literature was completed by 150 University students in Malaysia The results show that, the relationship marketing underpinnings in itself cannot yield repeat purchase, customer retention, and loyalty as some scholars have erroneously theorized. There is only an indirect association (via superior customer value) between RM and repeat purchase, customer retention and sustained loyalty. Values showed (0.66), empathy (0.55), trust (0.44), commitment (0.45) and equity (0.22).

The study recommended that concentrating more on understanding relationship marketing underpinnings will help in creating the sustained loyalty. By and large, cultural perspectives are useful in understanding relationship marketing, its underpinnings and aftermaths.

2.2.7. Chung, Shin (2010)

(The antecedents and consequents of relationship quality in internet shopping)

The purpose of this study is to highlight the significance of relationship quality factors (customer satisfaction, trust, and commitment) on positive word of mouth (WOM) in online

retailing. The relative importance of site characteristics in online retailing on customer satisfaction was examined and the relationship among customer satisfaction, trust, and commitment in offline was identified. This study then proposes a conceptual model of the relationship among site characteristics, relationship quality, and WOM in online retailing.

All of site characteristics in online retailing have a positive influence on customer satisfaction. Communication of site characteristics has a positive effect on customer satisfaction more than the other factors (shopping convenience, site design, informativeness, and security). Customer satisfaction affects positively commitment more than it does trust. Commitment affects positively WOM (0.61) more than it does trust (0.57). This study identifies the importance of customer commitment and trust in achieving high quality relationships.

2.2.8. Kantsperger, Kunz (2010)

(Consumer trust in service companies: mediating analysis in United Kingdom banks)

The concept of “trust” has gained considerable importance in the field of marketing during the last decades and is seen as a key mediator of customer relationship marketing. But upon a closer look at the literature, the construct “trust” is conceptualized and measured very differently. Based on a literature review and theoretical work, the purpose of this study is to develop a conceptual model of consumer trust in a service company, which may help in detecting different mediating effects of trust in the customer relationship to the service company. Antecedents and consequences of trust are studied in a business-to-consumer services context in the banking industry.

Empirical data are collected from a sample of 232 retail bank customers with checking accounts in London. By means of a LISREL (Linear structural relation) approach, trust is measured and showed various mediating effects. The empirical data support that trust plays a major role in achieving customer Loyalty (CL). In particular, it is shown that “trust” dimension has a significantly greater influence on customer loyalty (0.78) than “credibility.” (0.64) the study concluded that banks can create customer loyalty by exhibiting trustworthy behavior, showing credibility in the transactions and enhancing the overall level of performance.

2.3. Conceptual Frame work

Most studies confirm that there is a relationship between relationship marketing and customer loyalty. In research done by Husnain and Akhtar (2015) confirmed that measurement of the “underpinnings” of Relationship Marketing which are Trust, commitment, conflict handling and empathy can forecast customer loyalty, at least in the Pakistani banking sector. In another Research which was conducted by Ndubisi (2007) demonstrated that measurement of the “underpinnings” of relationship marketing can predict customer loyalty, at least in the Malaysian banking sector. In addition a research done here in Ethiopian banking sector by Shifera, (2011) found out that the four relationship marketing dimensions are positively related to customer loyalty in Bank of Abyssinia. A research done by Limo, Nehemiah, Noah, dennis and joel (2014) in Petrol Service Stations in Uasin-Gishu Kenya the correlation coefficient measuring the relation between level of customer loyalty of the respondents and level of commitment, level of trust, communication effectiveness and conflict handling capacity showed that the four factors had a positive correlation and were significant. Gaurav, (2016) investigated the impact of relationship marketing constructs on customer loyalty in the context of Indian Automobile Industry. Multiple regression analysis has clearly revealed that constructs of relationship marketing i.e. customer centricity, commitment, trust and communication contribute significantly to customer loyalty and predict substantial percentage of the variation in customer loyalty.

As mentioned in a number of studies trust is one of the major underpinnings of relationship marketing. Trust was defined as "a willingness to rely on an exchange partner in whom one has confidence Moorman et al, (1993). It is also defined as the belief that a partner's word or promise is reliable and a party will fulfill his/her obligations in the relationship Schurr and Ozanne (1985). Morgan and Hunt (1994) conceptualized trust as a partner's confidence in an exchange partner's reliability and integrity (as cited in Ndubisi, 2005). Ndubisi and Wah (2005) often argued that an abuse of this trust by the service provider can lead to customer dissatisfaction and defection. Thus, trust is expected to have positive effect customer satisfaction. At the point when a customer confides in a business or brand, that customer is happy to shape a positive purchasing goal towards the business.

Reciprocal arguments support the relationship between customer trust and customer. When a service provider works to build customer trust, the risk perceived by customers on the service provider is reduced, thus providing the customer confidence in predicting the service provider's future dealings. Trust impacts loyalty by influencing the customer's view of coinciding in esteems with the service provider, and such esteem compatibility is essentially identified with the consumer loyalty and faithfulness. Trust as an element of customer loyalty has an influence on the building of customer loyalty (Du Plessis, 2010; Chen & Xie, 2007; Aydin & Ozer, 2005).

Another important variable for understanding the strength of a marketing relationship is commitment. It is a useful construct for measuring the likelihood of the customer loyalty as well as for predicting future purchase frequency (Morgan & Hunt, 1994; Ndubisi & Wah, 2005; Narteh 2009). Morgan and Hunt (1994) view relationship commitment as a party's belief that an exchange relationship is valuable as to warrant maximum efforts at maintaining it. Commitment to the organization can be beneficial to customer satisfaction in two ways. On the one hand, employees generally being committed to their organizations deliver high quality service to customers (Boshoff & Tait, 1996). On the other hand, committed employees are satisfied with their work and this feeling of satisfaction gets transmitted to customers (Ulrich, Richard, Dave, Mark & Thorpe, 1991).

When individuals believe that they received higher value from a relationship they become committed and due to the value they placed on the present relationship derived from past positive experience they are willing to be highly committed to the relation (Anabila et al., 2012). Thus, committed customers are expected to be loyal to the organization resulting in positive relationship between commitment and customer loyalty (Mowday, Porter & Steers, 1982).

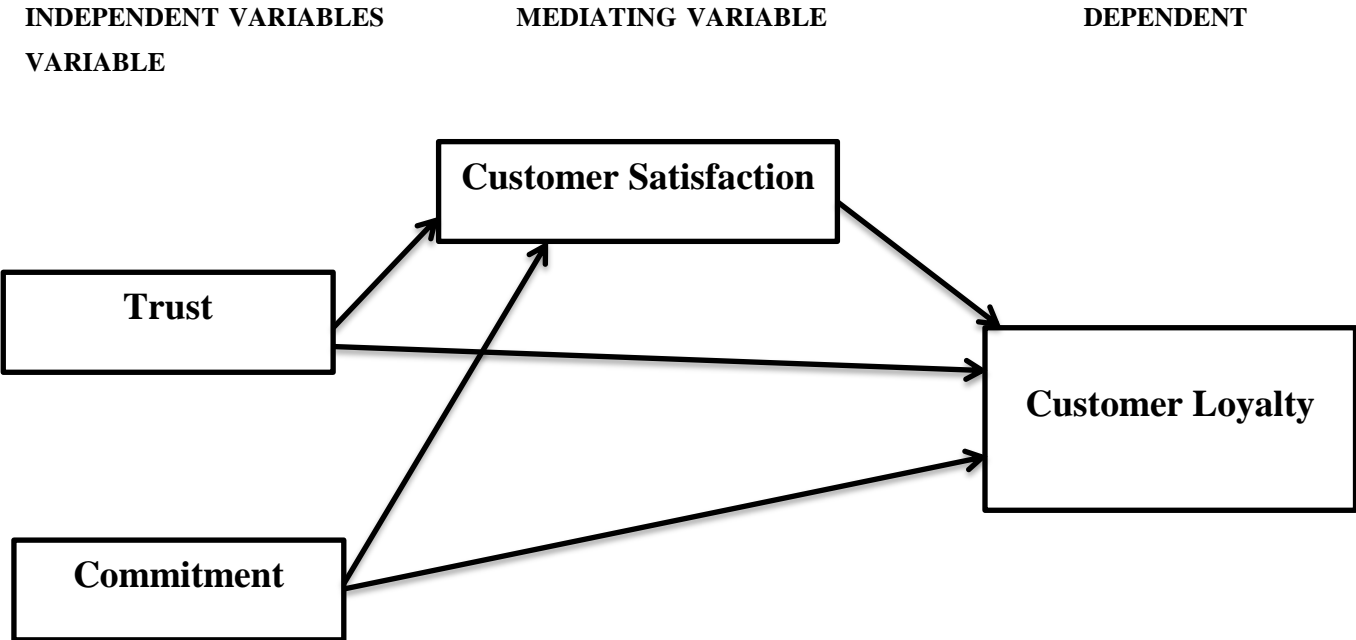
Customers have been far more potential for loyalty when they feel they are in successful relationships with the firm and they are willing to pay any price for goods or services (Newell, 2000). When customers are highly satisfied they are willing to buy more, to stay loyal longer, to talk favorably about the company, and they will pay less attention to competing brands and advertising, and it costs the company less to serve existing customers than new ones (Doyle

,2002). A study by Flint, Blocker and Boutin (2011) shows when organizations give more priority to the expectations of its customers it will drive the loyalty of customers. According to Hennig-Thurau and Hansen (2000), customer satisfaction has a strong positive influence on customer loyalty. It is a valuable asset for every organization to get more customer retention and customer loyalty. Furthermore, customer satisfaction can be seen as a key performance indicator for evaluating the quality of a relationship between customers and organizations (as cited in Hoang, 2015). As stated above there is a relationship between satisfaction and loyalty that have been studied by many researchers and were confirmed that customer satisfaction is the mediating variable that might change the customers, whether they will become loyal or not (Patterson, Johnson & Spreng, 1997; Bennett & Rundle-Thiele, 2004).

Previous studies have also found that one of the major determinants of customer loyalty is customer satisfaction which is in every business and market customers need to be satisfied before they can become loyal (Parasuraman, Zeithaml & Berry, 1988; Lin & Wang, 2006). Al-Swidi, Igau, Bin, Kassim, Sinun and Neezm (2013) revealed that trust in a particular mobile phone brand was found to have a significant positive impact on customer satisfaction and loyalty. Customer satisfaction has also been considered a mediating variable between trust and customer loyalty. Their analysis confirmed Fishbein and Ajzen's (1975), which suggested that cognitive variables (e.g., trust) are mediated by affective ones (e.g., customer satisfaction) to result in cognitive outcomes (e.g., loyalty). Their findings also indicated that satisfaction can play a crucial intervening role in the relationship of trust to loyalty (Cited in Al-swidi et al, 2013). Another study by Rizan, Warokka and Listyawati (2014) confirmed that customer relationship centered marketing tactics influence customer loyalty directly. The indirect effects of relational marketing tactics on customer loyalty through customer satisfaction are greater than the straight one. Panjaitan and Laely, (2017) stated that customer satisfaction provides additional strengthening of customer loyalty achievement. This means that by implementing the relationship marketing strategy continuously will encourage the increase of customer loyalty through customer satisfaction. This proves that customer satisfaction is a good mediation variable between relationship marketing and customer loyalty variables.

Based on these theoretical framework guiding the evaluation is depicted in figure 1 below, considering different types of models and modified based on this research dependent and independent variables.

Figure 1: Conceptual Framework



Source: - Own

CHAPTER III

3. METHODOLOGY

This chapter discusses the research methodology used for conducting this research. The research approach, research method, population and sample of the study, the type of data to collect and instrument to use, methods of data analysis are specified.

3.1 Research Approach

Research can be classified as qualitative research and quantitative research. The issue at hand defines the approaches to be employed in conducting research. Qualitative research involves studies that do not attempt to quantify their results through statistical summary or analysis. Qualitative research seeks to describe various aspects about behavior and other factors studied in the social sciences and humanities. In qualitative research data are often in the form of descriptions, not numbers. Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and their relationships. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of an attribute (Abiy, 2009). As a result to realize this relationship, the research will mainly apply quantitative type of research design.

Quantitative research involves attaching numbers to relationships between variables (Kothari, 2004). Quantitative research uses objective measurements and statistical analysis of data. Thus, in this paper both descriptive and inferential statistics methods will be applied. The reason is that these methods are suitable to explain and interpret relations of variables in the study. Descriptive analysis refers to statistically describing, aggregating, and presenting the constructs of interest or associations between these constructs and inferential statistics are the statistical procedures that are used to reach conclusions about associations between variables.

Because the research typically concentrates on measuring or counting and involves collecting and analyzing numerical data and applying statistical tests, the researcher will use the quantitative research design. The study used cross-sectional survey

3.2. Research Design

Research can be classified as descriptive and explanatory depending on the specific purpose that the research tries to address. Descriptive research sets out to describe and to interpret what is. It looks at individuals, groups, institutions, methods and materials in order to describe, compare, contrast, classify, analyze and interpret the entities and the events that constitute the various fields of inquiry. Surveys gather data at a particular point in time with the intention of describing the nature of existing conditions, or identifying standards against which existing conditions can be compared, or determining the relationships that exist between specific events (Abiy, 2009). The researcher will use partly descriptive and predominantly explanatory type of research method and Survey will be used as method to gather information from the sample population.

3.3. Research Method

Interview, questionnaire and focus group discussions are the three known types of research methods. Focus groups are formally organized, structured groups of individuals brought together to discuss a topic or series of topics during a specific period of time. Questionnaire is a method of deciding how the sample is to be surveyed (e.g., by mail, by phone, in person) and developing the specific questions that will be used (Marczyk et al, 2005). Interview is qualitative data required to understand in-depth motivations for people's behavior or feelings (Adams, 2007).

This study will use questionnaire to conduct information from respondents because it is helpful to collect large amount of information in short period of time with larger sample size. Second, it is also the easiest method to analyze scientifically than other forms of research methods. Finally, this method is a relatively cost effective and also can be carried out by the researcher or by any number of people with limited affect to its validity and reliability.

3.4. Population and Sampling Technique

3.4.1. Population

Community pharmacies are a healthcare facility that provides pharmaceutical service to specific community. If the organization contains four or more community pharmacies it is called chain community pharmacy. Addis Ababa has three types of community pharmacies or drug retail outlets namely: pharmacy, drug store/shop and rural drug vendor. This name difference, as listed from highest to lowest level, is indicative of the type of drugs they should dispense and thus the level of services they offer (Gebremedhin & Mirgissa, 2016).

The study is conducted in Addis Ababa, the diplomatic capital of African Union and capital city of Ethiopia. According to Central Statistical Agency's population projection, the population of Addis Ababa is 3.2 million of which 52.6 % are females. The study will involve pharmacists working in private and government owned Retail pharmacy stores as a source of data. The population, which is the number of retail outlets for dispensing, is taken from Addis Ababa city Administration Health Bureau. Accordingly, the total number of Retail houses that were practicing and dispensing of medications in Addis Ababa from the health bureau as of March 27, 2017 are found to be 680 (Health bureau, 2017).

3.4.2 Sampling Technique

The sampling method was simple random sampling for the selection of the retail stores where the questionnaires were administered. The reason for the selection of probability sampling technique is every item of the universe has an equal chance of inclusion in the sample and all choices are independent of one another. It also gives each possible sample combination an equal probability of being picked up and each item in the entire population to have an equal chance of being included in the sample (Kothari, 2004).

3.4.3 Sample Size

According to Israel (2013), there are different strategies to calculate sample size. These include using census for small population, using a sample size of similar study, using published tables that is given based on the number of the population without doing any calculation to get the sample size and using formula to calculate sample size.

By using a formula suggested by Kothari (2004), the sample size will be 246.

$$n = \frac{Z^2 pqN}{e^2 (N-1) + Z^2 pq}$$

n = sample size required

N = number of population = 680

p=sample proportion, q=1-p,

e= acceptable sample error = 5%

Z=the value of standard deviation at a given confidence level and to be worked out from the z table which shows area under the normal curve= confidence level = 1.96 for 95% confidence

$$n = \frac{1.96^2(0.5^2)680}{(0.05^2(680-1) + (1.96)^2(0.5)^2}$$

$$n = 245.79 \approx 246$$

Many researchers commonly add 10% to the sample size to compensate for persons that the researcher is unable to contact (Israel, 2013). Sampling error is inversely related to the size of the sample i.e., sampling error decreases as the sample size increases and vice-versa (Kothari, 2004, p.154). Taking all into consideration, a total number of 270 questionnaires were distributed (by adding 10% on 246) to both private and public pharmacies.

3.5. Data collection instruments and variables

The study used primary data as its source of information. The data was collected based on structured questionnaire. Based on the research objective, a questionnaire was prepared to elicit customers' experience and to get information about relationship marketing, customer satisfaction and customer loyalty in pharmaceutical suppliers.

The questionnaire consists of two parts. Part one was prepared to gather general information about the respondents' gender, age, type of the retail pharmacy they are working in, their Position and work experience. Part two was prepared to ask respondents to answer relationship marketing, Customer satisfaction and customer loyalty questions. This part consists of 35 questions and measures the relationship between relationship marketing and customer loyalty and also measures the mediating role of customer satisfaction. The first dimension, trust consists of 10 questions and was adopted from Ndubisi and Wah (2005) and (Dimitriadis *et al.*, 2011). The second dimension which consists 8 questions that measure Commitment were adopted from Ndubisi and Wah (2005) and (Lacey & Morgan, 2009). The third dimension customer satisfaction containing 7 questions were adapted from Padmvathy et al., (2013) and the fourth dimension which measures customer loyalty has 10 questions which were adopted from Ndubisi and Wah (2005).

3.6. Procedures of data collection

Based on the data collection structure of the study, there have been four data collectors in which they distributed and collected the questioner from the selected respondents as per the purpose of the study. Thus the selected respondents have got a support from the data collectors in clarifying whatever doubt is in the questionnaire. In addition, pilot survey has been carried out with a small group of 20 respondents to examine if there were inconsistencies in the questions and confirm the scale validity. The questioner is not translated to Amharic language because all of the respondents are professionals who are at least a diploma holder in pharmacy and it's also better to be in English than in Amharic to understand these questions and the data collectors were also around them if there is any unclear statement on the questions.

3.7. Data analysis techniques

The data analysis consisted of examining the surveys for correctness and completeness, coding and entering data into a database and performing an analysis of responses in line with research objectives. Analysis of data in this research was done by using statistical tools like regression, correlation models and bootstrapping method.

Regression analysis was used to know by how much the independent variable i.e. relationship marketing explains or influences the dependent variable which is customer loyalty. Correlation analysis also conducted to measure the strength of the association between relationship marketing dimensions, customer satisfaction and customer loyalty. Bootstrapping method was used to analyze the mediating effect of customer satisfaction and also descriptive analysis was used for the demographic factors such as gender, age, position and work experience. Tools like tables and percentage are used. Data analysis was performed by using SPSS software version 24.

3.8. Reliability Test

Though the questionnaire was adopted with minor customization from previous researches, a pre-test was made for reliability and validity. In order to ensure the reliability of the study, 20 questionnaires were distributed randomly and Cronbach's alpha coefficient was computed.

The Cronbach Alpha was used to test reliability of the scales used from the pre-test sample. Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale; it represented as a number between 0 and 1. According to Zikmund et al., (2010) scales with coefficient alpha between 0.6 and 0.7 indicate fair reliability, a Cronbach's alpha score of .70 or higher are considered as adequate to determine reliability.

Table 2: Reliability test result for the Questionnaire

Measurement	Number of items	Cronbach's alpha	
		Pilot test	Actual test
Trust	10	0.847	0.839
Commitment	8	0.832	0.807
Customer Satisfaction	7	0.887	0.839
Customer Loyalty	10	0.805	0.752

The overall reliability test result of the whole dimensions was 0.943 therefore it can be inferred that all measures were internally consistent. As shown in the table below overall scale reliability is 0.943 which is also above 0.7.

Table 2.1 overall Reliability Statistics

Cronbach's Alpha	N of Items
.943	4

(Source: Researcher's survey, 2017)

3.9. Validity Test

Validity is the strength of conclusions, inferences, or propositions. Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. In other words, validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested (Kothari, 2004). Validity test of the questionnaire was conducted using Pearson product moment correlations using SPSS. The validity test product moment Pearson correlation was done by correlating each item questionnaire scores with the total score. Item-item questionnaire that significantly correlated with total score indicates that the items are valid. If the significance value is less than 0.05 then the instrument is valid but if it is higher it is declared invalid.

Validity can be also declared if the Pearson correlation coefficient of the total of each item (r_{xy}) is greater than the Pearson correlation coefficient (r) on the r table product moment for 251 number of respondents. As explained above to identify the validity of items on the questionnaire the significance value of the correlation of items with the total score was checked and all the items had a significant correlation. Based on the count value obtained correlation coefficient of the total of each dimensions r_{xy} was greater than the r_{∞} (N=500) value on Table of Critical Values for Pearson's r which is 0.073.

Numbers of different steps were also used to ensure the validity of the study:

- Data was collected from the reliable sources, from respondents who work in different known pharmacies.

- Survey questions were made based on literature reviews and frame of references to ensure result validity.
- A pilot study was conducted to determine whether the questionnaire was actually measuring what it was intended to measure. 20 respondents were given questionnaires for the different locations to test the research instrument before distributing it to the whole sample. This pilot study enabled the researcher to modify any vague item and to ensure the full understanding of each one; also difficult words were changed to easier ones in order to facilitate answering the questions.

CHAPTER IV

4. DATA PRESENTATION, ANALYSIS AND DISCUSSION

To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried using SPSS 24.0. In this part, to identify the major issues and to provide workable recommendations for the problems concerning customer relationship marketing, customer satisfaction and customers' loyalty, the researcher has collected data through self-administered questionnaire. During the research 270 questionnaires was sent out to different pharmacists, only 262 were returned during a period of Four weeks' interval time. Out of the total 262 questionnaires which were returned, 9 of them were discarded because the respondents did not fully completed all the answers, and the rest of 253 respondents' response are taken for the research.

The questionnaire was developed in five scales ranging from five to one; where 5 represents strongly agree, 4 agree, 3 no opinion, 2 disagree, and 1 strongly disagree. The participants were selected based on simple random sampling and efforts have been made to have representative sample and the results are considered as representative of the population. Descriptive statistics were used for demographic factors and correlation and regression analysis were conducted for scale typed questionnaires.

4.1 Demographic profile of respondents

From the total respondents, the male pharmacists constituted the highest percentage (65.6%) while their female counterparts only constituted (34.4%) of the total respondents. This implies that the majority of pharmacists who are practicing in pharmacies are male.

Table 3: Demographic profile

	Demographic Character	Frequency	Percent
Gender	Male	166	65.6
	Female	87	34.4
	Total	253	100.0
Age Group	Below 25 years	25	9.9
	26-35 years	113	44.7
	36-45 years	92	36.4
	46 years and above	23	9.1
	Total	253	100.0

(Source: Researcher's survey, 2019)

As per table 3, 44.7% of the respondents were from the age group of 26-35 constituting the largest percentage. This group was being closely followed up by the age group of 36-45 years that had 36.4% representation from the total number of respondents. The other age groups below 25 and above 46 years only accounted for 9.9% and 9.1% respectively. This shows that the majority of the respondents are younger.

Table 4: General information about respondents

	Demographic Character	Frequency	percent
Type of retail Pharmacy	Public Pharmacy	28	11.1
	Private Pharmacy	225	88.9
	Total	253	100.0
Position in the Pharmacy	Dispenser	32	12.6
	Technical Manager	59	23.3
	Owner	123	48.6
	More than one	39	15.4
	Total	253	100.0
Experience	Less than 1 year	18	7.1
	1 year up to 5 years	65	25.7
	6 years up to 10 years	139	54.9
	More than 10 years	31	12.3
	Total	253	100.0

Source: Researcher's Survey (2019)

Due to the context of this research 88.9% respondents were from private pharmacies and the remaining 11.1% were from public pharmacies. According to table 4 the position profile of respondents within the pharmacy is led by the owners by 48.6%, followed by technical managers by 23.3%. 15.4% of the 253 respondents have more than one position in the pharmacy in which 18 of them are technical managers and dispensers while 14 of them are owners and technical managers the remaining 7 out of the 39 are technical managers, owners and dispensers. Dispensers compose 12.6% from the 253 respondents. This shows that most of the time the Technical managers and Owners are responsible in purchasing products from suppliers. In addition to this, the respondents' higher experience was from 6-10 years' category with 54.9% followed by 1-5 and more than 10 years of experience by 25.7% and 12.3% respectively. The rest 7.1% of respondents had an experience of less than 1 year.

4.2 Tests for Linear Regression Model Assumptions

4.2.1 Normality test

A normal distribution is one of the importantly assumed statistical procedures. Normality of a data should be test before running the regression analysis because multiple regressions require that the independent variables in the analysis be normally distributed. According to Brooks (2008), as cited by Abate (2012) if the residuals are normally distributed, the histogram should be bell- shaped and thus this study implemented graphical methods to test the normality of data. From the Histogram figure (see Appendix), it can be noted that the distribution is normal curve, demonstrating that data witnesses to the normality assumption.

As the assumption holds as the histogram was a bell- shaped and the residuals were normally distributed around its mean of zero. Besides, the normal probability plots were also used to test the normality assumption as shown by the Normal P P-Plot Figure as you can see from Appendix. As shown in the Figures from the appendixes residuals were normally distributed around its mean of zero which indicates that the data were normally distributed and it was consistent with a normal distribution assumption. As the figures confirmed the normality assumption of the data, this implies that the inferences made about the population parameters from the sample statistics tend to be valid. Among the others, one of the assumptions was normality of the data should be tested before running the analysis of the data using skewness and Kurtosis. According to Field (2005), normally distributed data assumed that the data are from one or more normally distributed populations. The rationale behind hypothesis testing relies on having normally distributed populations and so if these assumptions are not met then the logic behind hypothesis testing is flawed.

Therefore, value of S (Skewness) and K (Kurtosis) and their respective standard errors were computed. An absolute value between -2 and +2 score for Skewness and Kurtosis is expected to be significant at $p < 0.05$. Large sample will give rise to small standard errors and so when sample sizes are big, significant values arise from even small deviations from normality for both skewness and Kurtosis (Field, 2005). As shown in table 5 the data of this study is normally distributed since the skewness and kurtosis values are with in +2 and -2 range.

Table 5: Skwness and Kurtosis checking for normality of the data

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
T	253	.138	.153	-1.490	.305
C	253	.132	.153	-.696	.305
CS	253	.362	.153	-.545	.305
CL	253	.102	.153	-.781	.305
Valid N (listwise)	253				

Source: Researcher's Survey (2019)

4.2.2. Homoscedasticity

This assumption tells us that for each value of the predictors the variance of the error term should be constant. Said in another way, Homoscedasticity is an assumption in regression analysis that the residuals at each level of the predictor variables have similar variances. That is, at each point along any predictor variable, the spread of residuals should be fairly constant. For a basic analysis, we first plot *ZRESID (Y-axis) against *ZPRED (X-axis) on SPSS because this plot is useful to determine whether the assumptions of random errors and homoscedasticity have been met (Field, 2009). The graph of *ZRESID and *ZPRED should look like a random array of dots evenly dispersed around zero. If this graph funnels out, then the chances are that there is heteroscedasticity in the data. If there is any sort of curve in this graph, then, the chances are that the data have broken the assumption of linearity (Field, 2009).

As can be seen in the scattered plot in Appendix, the residuals at each level of explanatory variables look like they are evenly dispersed around zero and that the graph is not something like cone shaped. Therefore, it is safe to say that this study has no homoscedasticity problem.

4.2.3. Multicollinearity test

The researcher uses Variance Inflation factor (VIF) to check the Multicollinearity among the independent variables. Multicollinearity exists if VIF is greater than 10. (Freund and Littell 2000: 98). Table 6 shows that the value of VIF for both independent variable is 3.533 which is smaller than 10, so the problem of Multicollinearity does not exist.

$$VIF = \frac{1}{1 - R^2}$$

Table 6: Multicollinearity test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Commitment	.283	3.533
Trust	.283	3.533

a. Dependent Variable: Customer Loyalty

4.3 Pearson Correlation

Like the demographic factors, the scale typed questionnaire was entered to the SPSS software version 24.00, to process correlation analysis. Pearson correlation test was conducted to know the degree of relationship between the independent variables and the dependent variable i.e. customers' loyalty. The results of the correlation between these variables are shown in table.

Table 7: Correlation analysis

	Relationship Marketing	Trust	Commitment	Customer Satisfaction
Customer Loyalty	0.812	0.722	0.839	0.912
P – value	0.000	0.000	0.000	0.000

Correlation is significant at 0.01 level

Source: Survey result (2019)

As it is indicated in the table above there is significant correlation between all the independent variables and customers' loyalty. In other words relationship marketing and customers' loyalty have high relationship ($r=0.812$ with $p<0.01$). There is also a significant positive correlation between trust and commitment dimension and customers' loyalty. Customer satisfaction has a significant very high relationship ($r=0.912$) with customer's loyalty.

4.4 Regression analysis

This regression analysis was conducted to know by how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variable (trust and commitment) explains the dependent variable that is customers' loyalty. The results of the regression analysis are the following.

4.4.1 Regression Coefficients and statistics

The Results of regression analysis against customers' loyalty shows that relationship marketing has the power to explain customer loyalty. In this case the results of correlation of relationship marketing and customers' loyalty and R Square (0.705) are taken into consideration. The regression analysis model summary indicates that relationship marketing which is entered into the regression model on SPSS has relationship with customers' loyalty with correlation coefficient of 0.839. The R square is the explained variance and it is actually the square of the multiple R (0.839)². Therefore, it is pointed out that 70.5 percent of relationship marketing can explain the dependent variable that is customers' loyalty.

Table 8: Summary of Regression analysis against customers' loyalty

	R	R Square	Standardized regression coefficients β	t	p
Trust	0.722	0.519	0.722	16.523	0.000
Commitment	0.839	0.703	0.839	24.450	0.000
Customer Satisfaction	0.912	0.831	0.912	35.126	0.000

Dependent variable:-Customers' loyalty

Overall relationship marketing was considered as predictors of customers' loyalty and reported high level of significance $p < 0.01$. And also the R square value of 0.705 confirming that, 70.5% of the variation in customer loyalty is explained by relationship marketing. Relationship marketing as used for prediction was found to be significantly related to customers' loyalty as the p-value is less than 0.01.

4.4.2 Regression analysis of trust and customers' loyalty

As it is indicated in table 8, trust explains customers' loyalty. In this case, the results of correlation of relationship marketing and customers' loyalty and R Square (0.519) are taken into consideration. This R square is the explained variance and it is actually the square of the multiple R $(0.722)^2$ which is 0.519. Therefore, it is pointed out that 51.90% of customers' loyalty is explained by trust. Trust was also considered as predictors of customers' loyalty and reported high level of significance $p < 0.01$. And also the R square value of 0.519 confirming that, 51.9% of the variation in customer loyalty is explained by trust. Trust as used for prediction was found to be significantly related to customers' loyalty as the p-value is less than 0.01.

4.4.3 Regression analysis of commitment and customers' loyalty

Table 8 shows the results of regression analysis for commitment and customers' loyalty. In this case, the results of correlation of these two variables and R Square (0.703) are taken into consideration. Here the R square is the explained variance and it is actually the square of the multiple R $(0.839)^2$ which is 0.703. Therefore, it is possible to state that 70.3% of customers' loyalty is explained by commitment. Commitment was considered as predictors of customers' loyalty and reported high level of significance $p < 0.01$. And also the R square value of 0.703 confirming that, 70.3% of the variation in customer loyalty is explained by commitment. Commitment as used for prediction was found to be significantly related to customers' loyalty as p-value is less than 0.01. It is the highest of the independent variables in explaining customers' loyalty.

4.4.4 Regression analysis of customer satisfaction and customers' loyalty

As indicated in table 8, customer satisfaction was considered as predictors of customers' loyalty and reported high level of significance $p < 0.01$. And also the R square value of 0.83 confirming that, 83.0% of the variation in customer loyalty is explained by customer satisfaction. So we can say customer satisfaction predicts customers' loyalty significantly p-value is less than 0.01. Based on the hierarchical regression there was a significant change in the R square value from 0.713 to 0.854 due to the presence of customer satisfaction. Hierarchical regression analysis shows if customer satisfaction explains a statistically significant amount of variance in customer's loyalty (DV) after accounting for all other

variables. Based on the result from the hierarchical regression analysis only trust, commitment and customer satisfaction were correlated with customer's loyalty significantly the demographic factors were insignificant. On the other hand as shown on Appendix (2) r squared value changed significantly from 0.713 to 0.854 due to the presence of customer satisfaction which means 71.3 % of variance in customer's loyalty was explained by trust and commitment but when customer satisfaction is incorporated 14.1% increase was shown. This finding was supported by Moraga, Parraga and Gonzales (2008) that satisfied customer mediates loyalty as they must be satisfied with the business provided before they become loyal customers. Moreover, Bloemer and Ruyter (1998) mentioned that customer satisfaction has often been studied that it is confirmed as an antecedent of customer loyalty.

The overall analysis of the variables shows that all the demographic variables doesn't have any significant effect on customer loyalty whereas the standardized beta coefficients of trust and commitment decreased significantly due to the mediating effect of customer satisfaction or due to the other unknown factors.

Table 9: Regression analysis of overall variables on Customers' Loyalty

Factors	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Gender	.027	.044	.015	.611	.542
Age	.018	.032	.017	.572	.568
Type of pharmacy	-.051	.066	-.019	-.766	.444
Position	-.054	.027	-.056	-1.999	.047
Experience	.020	.032	.018	.609	.543
Trust	.025	.039	.030	3.006	.000
Commitment	.245	.049	.286	5.003	.000
Customer Satisfaction	.532	.035	.697	15.421	.000

Dependent Variable: Customers' Loyalty

4.4.5 The Mediating effect of Customer Satisfaction

There are different ways to undergo mediation analysis one is using Baron and Kenny (1986) approach. In the first step of this approach the effect of the independent variables on the mediator variable was examined. The second step examined the influence of the independent variable on the dependent variable, without the mediator. Finally, the last step was taken to investigate the influence of the combination of the independent variable and the dependent variable, with a mediator.

The first step stipulated that trust and commitment were significant predictors of customer satisfaction with ($\beta=0.806$, $p<0.05$) and ($\beta=0.934$, $p<0.05$) respectively. The second step indicated that trust and commitment were significant predictors of customer loyalty with ($\beta=0.605$, $p<0.05$) and ($\beta=0.718$, $p<0.05$) respectively. The last step signifies that customer satisfaction was significant to influence or mediate the relationship between both trust and commitment with customer loyalty. The beta coefficient of trust decreased from 0.605 to 0.09 with $p<0.05$ and customer satisfaction with a beta value of $\beta=0.634$, $p<0.05$). In the case of commitment the beta coefficient decreased from 0.718 to 0.221 with $p<0.05$ customer satisfaction having a beta value of $\beta=0.532$, $p<0.05$. Results of the Regression Analysis are demonstrated in Appendix 2.

Even though Baron and Kenny's causal-steps approach is widely used and cited to understand the mediation theory, recent development in mediation literature discourages researchers from using Baron Kenny's approach because of its limitations. These limitations include: 1) low statistical power, 2) not directly testing the significance of a specific indirect effect, 3) neither quantifying the magnitude of the mediation effect, nor accommodating models with inconsistent mediation. Considering these limitations, using Baron and Kenny's approach might produce misleading results (Memon, Cheah, Ramayah, Ting & Chuah, 2018). So to test to what extent customer satisfaction can mediate the effect of relationship marketing on customers' loyalty in detail; this study employed SPSS INDIRECT macro (Preacher & Hayes 2008) version 3.3 besides the Baron Kenny's approach with a sample of 253 and by applying model 4. The results are reported in full detail, in table below. To clarify the meaning of mediation, we now introduce a path as a model for depicting a casual chain.

This model assumes a three variable system such that there are two casual paths feeding into the outcome variable: the direct impact of the independent variable (Path c) and the impact of the mediator (Path b). There is also a path from the independent variable to the mediator (Path a) last but not least the path from the independent variable to the dependent variable controlling the mediator or the indirect effect (path c').

4.4.5.1. Mediating Effect of Customer Satisfaction between Trust and Customer's Loyalty

A series of regression models are fitted, first predicting customer loyalty using trust then customer satisfaction using both trust and customer satisfaction (steps 3 and 4) ; and finally on the second table to test to what extent the customer satisfaction can mediate the effect of trust on the customer loyalty; this study employed the bootstrap method.

Table 10: Direct path relation between variables

Path	Path Coefficient	Standard Error	T Value	P Value	Decision
Trust --> Customer Loyalty	0.605	0.0366	16.5231	.0000	Significant Predictor
Trust ---> Customer Satisfaction	0.806	0.0469	17.1776	.0000	Significant Predictor
Customer--> Customer Satisfaction Loyalty	0.633	0.0288	21.9921	.0000	Significant Predictor

As shown in the tables trust was a significant predictor for both customer loyalty (beta coefficient of 0.61) and customer satisfaction. It is also significant in the presence of customer satisfaction but with a very low Standardized beta coefficient (0.09) showing the presence of partial mediation. A measure for the indirect effect of trust on customer loyalty is also presented after the regression models.

In this case the effect size was 0.51, with a 95% confidence interval which did not include zero; that is to say the effect was significantly greater than zero at $p = .05$

Table 11: The Mediating Effect of Customer Satisfaction

Path	Path Coefficient		Indirect Effect	Standard Error a*b	T Value	P Value	Decision
	c	c'					
Trust --> Customer Satisfaction --> Customer Loyalty	0.605	0.094	0.511	.0316	2.9858	.0031	Partial Mediator

4.4.5.2 Mediating Effect of Customer Satisfaction between Commitment and Customer's Loyalty

According to Baron and Kenny (1986), mediation can be established with three steps. First, commitment (independent variable) should be related to customer satisfaction (mediator). Second, commitment should be significantly related to customer loyalty (dependent variable), and mediator (customer Satisfaction) should be related to customer loyalty (dependent variable). Third, when commitment (independent variable) and customer satisfaction (mediator) are concurrently incorporated into regression equation, then the relationship between commitment (independent variable), and the customer loyalty (dependent variable) should be considerably weaker than the main effects of predictor and criterion variables. After analyzing the data using the bootstrap method on SPSS by using commitment as the independent variable the result is shown below.

Table 12: Direct path relation between variables

Path	Path Coefficient	Standard Error	T Value	P Value	Decision
Commitment --> Customer Loyalty	0.718	.0294	24.4501	.0000	Significant Predictor
Commitment ---> Customer Satisfaction	0.935	.0389	24.0041	.0000	Significant Predictor
Customer---> Customer Satisfaction Loyalty	0.532	.0339	15.7131	.0000	Significant Predictor

Table 13: The Mediating Effect of Customer Satisfaction

Path	Path Coefficient		Indirect Effect	Standard Error	T Value	P Value	Decision
	c	c'	a*b	a*b			
Commitment--> Customer Satisfaction --> Customer Loyalty	0.718	0.221	0.497	.0379	5.84	.0000	Partial Mediator

Commitment predicts customer satisfaction; then customer loyalty is predicted using both commitment and customer satisfaction; and finally customer loyalty is predicted using commitment. Commitment is a significant predictor for both customer loyalty (beta coefficient of 0.72) and customer satisfaction it is also significant in the presence of customer satisfaction but with a very low Standardized beta coefficient (0.22) showing the presence of partial mediation. A measure for the indirect effect of commitment on customer loyalty is also presented after the regression models. In this case the effect size was 0.50, with a 95% confidence interval which did not include zero; that is to say the effect was significantly greater than zero at $p = .05$.

4.4.5.3. Over all mediating effect of Customer satisfaction

Relationship marketing (taking the mean of trust and commitment) is a significant predictor for both customer loyalty (beta coefficient of 0.72) and customer satisfaction it is also significant in the presence of customer satisfaction but with a very low Standardized beta coefficient (0.18) showing the presence of partial mediation. A measure for the indirect effect of relationship marketing on customer loyalty is also presented after the regression models. In this case the effect size was 0.54, with a 95% confidence interval which did not include zero; that is to say the effect was significantly greater than zero at $p = .05$.

Table 14: Direct path relation between variables

Path	Path Coefficient	Standard Error	T Value	P Value	Decision
Relationship Marketing --> Customer Loyalty	0.715	.033	22.00	.0000	Significant Predictor
Relationship Marketing ---> Customer Satisfaction	0.941	.042	22.38	.0000	Significant Predictor
Customer Satisfaction ---> Customer Loyalty	0.571	.033	17.29	.0000	Significant Predictor

Table 15: The Mediating Effect of Customer Satisfaction

Path	Path Coefficient		Indirect Effect	Standard Error	T Value	P Value	Decision
	c	c'	a*b	a*b			
Relationship marketing --> Customer Satisfaction --> Customer Loyalty	0.715	0.178	0.537	0.038	4.69	.0000	Partial Mediator

4.5. Discussion of Result

The issue of customer loyalty is close to the heart of all companies so this discussion is very important to provide more clarification on the above results. This research is related with the elements of relationship marketing towards customers' loyalty and to understand the mediating effect of customer satisfaction in the pharmaceutical sector, specifically in Addis Ababa. The objective of this study is to explore the relationship between relationship marketing and customer loyalty and the mediating effect of customer satisfaction by analyzing the relationship of every construct in the theoretical framework. Demographic factors such as gender, age, type of retail pharmacy working on, Position in the pharmacy and work experience of the respondents have been used to know the general characteristics of the respondents. Based on the results from this research, relationship marketing is correlated with customers' loyalty. The findings from the direct regression show that relationship marketing activities can explain 65.7% of customers' loyalty to their suppliers without the presence of customer satisfaction as a mediator, which answers research question number 1.

The research used 65.6% male and 34.4% of female as respondents. In terms of age, the majority of respondents are in between 26-35 years old which was accounted 44.7% and followed by 36- 45 which constituted 36.4%. Most of the respondents (88.9%) work in private pharmacies and 48.6% of the respondents are owners of the pharmacy and 15.4% of them have more than one position (dispenser, owner and technical manager). 54.9% of the respondents have 6 years up to 10 years of experience in the pharmaceutical sector followed by 1 year to 5 years of experience composing 25.7% of the respondents. None of the demographic factors are correlated with customers' loyalty.

Based on the Pearson correlation test of correlation results, trust dimension positively correlated with customers' loyalty ($r=0.722$). In other words if customers trust the supplier, they will be loyal to their supplier otherwise they will not be loyal. Because of this result the supplier should be able to promise and deliver what it promised is important to encourage repeat purchase by the customers and to establish strong relationship. In addition, trust only will exist if customers have confidence in a supplier's ability to perform satisfactorily. Therefore, trust has ability to determine the loyalty of customers. With regard to trust

dimension, a supplier can be perceived by its customers as honest in its performance if it has strong and lasting relationship with customers. Customer trust has a significant role in building long-term relationship and achieving customer loyalty (Berry, 1983). So, the finding of Berry (1983) is similar with the results of this research. The regression analysis of trust dimension and customer loyalty indicates that 51.90% of the variance R square in customers loyalty has been significantly explained by trust, which answered research question number 2.

The finding of Ndubisi (2007) showed that trust is an important ingredient in firm-customer relationships and ultimately in the development of loyalty. And also the finding of Morgan and Hunt (1994) concluded that customers with trusts in service providers' capability would probably be willing to commit to a service relationship for meeting their expectations. Therefore, the result of this study on trust dimension is similar with the above findings that trust has the power to increase customers' loyalty. A thesis conducted by Xuan Zhang and Yuanyuan Feng (2009) on the impact of customer relationship marketing tactics on customer loyalty in Sweden, Halmstad University suggested that trust is positively related to loyalty. This result also provides empirical evidence supporting previous theories that higher level of trust perceived by customers, the higher level of customer loyalty achieved by service providers.

Commitment is another element of relationship marketing that is taken into account to explain customer's loyalty. Based on the correlation result as it is shown by Pearson correlation test, commitment dimension is positively correlated with customers' loyalty. The correlation coefficient between commitment and customers' loyalty which is 0.84 is higher than the correlation coefficient between trust and customers' loyalty. This shows that commitment dimension is a major determinant of customers' loyalty. The commitment of the suppliers will help to retain customers by improving their services. By having committed employees, suppliers can continue retaining existed customers and attracting new customers to generate more profit. To this extent the commitment dimension of relationship marketing plays great role. Therefore, suppliers are expected to have committed employees to offer appropriate services and treat the customers as they want. This result is supported by the study of Fullerton (2003).

With regard to the regression analysis of commitment dimension and customers' loyalty, 70.3% of the variance R square in customers loyalty is significantly explained by commitment, which answers research question number 3. It is higher than that of trust in explaining customers' loyalty. The result of Morgan and Hunt (1994) viewed that a committed partner wants the relationship to endure indefinitely and is willing to work at maintaining it. Lacey (2009) research's also suggested that committed customers are not just expected to maintain current purchasing activities, but to increase both the level and proportion of their purchasing activities over time. Therefore, the result of this research on commitment dimension aligns with the above findings, that commitment has the power to increase customers' loyalty.

Regression analysis of Customer satisfaction and customers' loyalty predicts customers' loyalty significantly related p-value is less than 0.01 explaining 80.3% of the variation in customers' loyalty, which answers research question number 5. The study of Flint, Blocker and Boutin (2011) showed that customer loyalty is derived when organizations give more importance to the expectations of its customers and according to Hennig-Thurau and Hansen (2000) customer satisfaction has a strong positive influence on customer loyalty. This result also supports these studies.

The mediation analysis is a statistical method used to respond questions on how an independent variable X affects a dependent variable Y . There are two distinct paths by which the variable X influences Y . The letters, a , b , c and c' represent the effect corresponding to each of the relations. When the empirical test of a mediation model is carried out, the direct and indirect effects should be taken into consideration, as well as the total effect of the model. In order to derive such effects it is necessary to estimate the components which constitute the indirect effects, that is, the effect of X on M , as well as the effect of M on Y (Hayes, 2013).

Figure 2: Direct effect



Figure 3: Mediation Effect

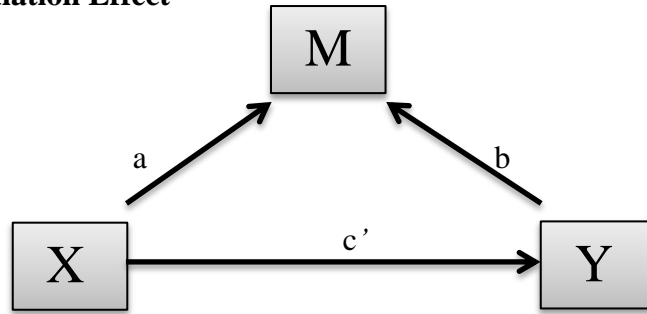


Figure 2 illustrates the total effect component. The path c quantifies the total effect of Relationship marketing on customer's loyalty and is given by $c = c' + ab$. In order to estimate this effect other paths should be analyzed which are the direct and indirect effects. In the model of Figure 3, "a" is the predicting coefficient of the impact of relationship marketing on customer satisfaction, and b and c' are the predicting coefficients of the impact of customer satisfaction and relationship marketing on customer's loyalty, respectively. The path b represents the casual effect of the mediator on the dependent variable, without taking into account the impact of the independent variable. The path c' , on the other hand, represents the direct casual effect of the independent variable on the dependent controlled by the mediator.

In the paths analysis language, c' quantifies the direct effect of Relationship marketing on customer's loyalty, while the product of 'a' and 'b' quantifies the indirect effect of Relationship marketing on customer's loyalty through the mediator customer satisfaction. The path b can also be considered a direct effect, but from the mediator on the dependent variable. The indirect effect (ab or $a * b$) is the difference between the total effect and the direct effect. The indirect effect is represented by the two paths ('a' and 'b') which connect Relationship marketing to customer's loyalty through customer satisfaction.

First in the case of customer's trust, to establish mediation, the indirect effects were examined. As shown in table 10, the indirect effect is equal to .511 ($p < .001$), these finding suggests that customer satisfaction is a mediators of the relation between trust and customers' loyalty, thus answering research question number 4. Second, to understand the type of mediation present in the data, the unstandardized beta coefficients were examined. Customers trust predicts customers' loyalty (unstd beta = .61, $p < .001$).

Customers trust also predicts customer satisfaction (unstd beta = .81, $p < .001$). In turn, customer satisfaction predict customer loyalty (unstd beta = .64, $p < .001$). Controlling for customer satisfaction, the relationship between trust and customers' loyalty diminishes from .61 to .09 ($p < .001$). The portion of total effect of trust on customers' loyalty due to indirect effect (through customer satisfaction) is therefore 84.5% (that is, indirect effect (0.51)/total effect (.60).

In case of commitment as shown in table 12, the indirect effect has a value of 0.50 ($p < .001$), which answers research question number 5 by showing the mediating effect of customer satisfaction in the relation between trust and customers' loyalty. To see wither the mediating effect is complete mediation or partial mediation the unstandardized beta coefficients were examined. The regression of commitment on customers' loyalty is significant, $b = 0.72$, ($p < .001$), the regression of commitment on the mediator, customer satisfaction is also significant, $b = 0.93$, ($p < .001$). Step 3 of the mediation process showed that the mediator (customer satisfaction), controlling for commitment was significant, $b = .53$, ($p < .001$). Step 4 of the analyses revealed that, controlling for the mediator (customer satisfaction), commitment is also a significant predictor of customers' loyalty, $b = 0.22$, ($p < .001$) but with a smaller value which shows that customer satisfaction partially mediated the relationship between commitment and customers' loyalty. 69.4% of the effect of commitment on customers' loyalty is indirect through customer satisfaction.

Overall the indirect effects of relationship marketing as shown in table 14, equals to .54 ($p < .001$), which suggests that customer satisfaction is a mediators of the relation between relationship marketing and customers' loyalty, which gives answer the main objective of the research. The unstandardized beta coefficients were examined to understand the type of mediation present in the data. Relationship marketing predicts customers' loyalty (unstd beta = .72 $p < .001$). Relationship marketing also predicts customer satisfaction (unstd beta = .94, $p < .001$). In turn, customer satisfaction predict customer loyalty (unstd beta = .57, $p < .001$). Controlling for customer satisfaction, the relationship between trust and customers' loyalty diminishes from .72 to .18 ($p < .001$). This shows the partial mediating effect of customer satisfaction accounting for 75 % of the total effect of relationship marketing on customers' loyalty (that is, indirect effect (0.54)/total effect (.72).

These finding gives empirical evidence to the study by Rizan, Warokka and Listyawati (2014) which confirmed that customer relationship centered marketing tactics influence customer loyalty directly. But the indirect effects of relational marketing tactics on customer loyalty through customer satisfaction are greater than the straight one. It is also supported by Panjaitan and Laely, (2017) stating that customer satisfaction provides additional strengthening of customer loyalty achievement.

This means that by implementing the relationship marketing strategy continuously will encourage the increase of customer loyalty through customer satisfaction. This proves that customer satisfaction is a good mediation variable between relationship marketing and customer loyalty variables.

CHAPTER V

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of the findings

This study was conducted to investigate the relationship marketing dimensions such as trust and commitment in order to discover whether these dimensions have the intended strengthening effect on customer loyalty, by analyzing the relationship of every construct in the theoretical framework also trying to identify the mediating effect of customer satisfaction between these constructs and customer's loyalty. Based on the results of the regression analysis the following summaries of findings were drawn

- The correlation analysis results showed that the relationship marketing dimensions which are trust and commitment have high relationship magnitude with customer loyalty with r value of 0.722 and 0.839 respectively.
- Customer satisfaction and customers' loyalty are also related with a very high relationship ($r = 0.912$).
- The two dimensions of relationship marketing and the mediating variable were assessed for their extent of explanation of customer loyalty jointly and independently using multiple regression analysis. Both relationship marketing dimensions jointly determine 70.5 % of customer loyalty which answers the first research question.
- It is pointed out that 51.9% of customers' loyalty is explained by trust which answers the second research question.
- The result also showed that 70.3% of customers' loyalty is explained by commitment which answers the third research question.
- Based on the findings 83.1% of customer's loyalty is explained by custom satisfaction which answers research question number six.
- Trust was a significant predictor for both customer loyalty (beta coefficient of 0.61) and customer satisfaction. It is also significant in the presence of customer satisfaction but with a very low Standardized beta coefficient (0.09). Accordingly 0.09/0.61, 15.5% of the effect of trust on customer loyalty is direct effect and the

rest 0.51/0.61, 83.77% of the effect of trust to customer loyalty is mediated through customer satisfaction showing the presence of partial mediation. This answers the fourth research question.

- Commitment is a significant predictor for both customer loyalty (beta coefficient of 0.72) and customer satisfaction it is also significant in the presence of customer satisfaction but with a very low Standardized beta coefficient (0.22). So 0.497/0.718, 69.2% of the effect of commitment to customer loyalty is mediated through customer satisfaction showing the presence of partial mediation which answers the fifth research question.
- Based on the hierarchical regression there was a significant change in the R square value from 0.713 to 0.854 due to the presence of customer satisfaction. Hierarchical regression analysis shows Customer satisfaction explains a statistically significant amount of variance in customer's loyalty (DV) after accounting for all other variables. Based on the result from the hierarchical regression analysis only trust, commitment and customer satisfaction were correlated with customer's loyalty significantly the demographic factors were insignificant.

5.2 Conclusion

The main objective of this study is to explore the relationship between relationship marketing and customer loyalty and the mediating effect of customer satisfaction in selected pharmaceutical sectors. Based on previous theories and researches regarding relationship marketing and its outcomes, this study shows that there is a clear association between relationship marketing and customer loyalty, which helps to deeply understand the relationship and interaction between relationship marketing and customers' loyalty.

Suppliers and retailers relationship is an important part of the Ethiopian pharmaceutical sector. Usually satisfied customers will also complain about the goods and services provided by their supplier. Now, Wholesalers knew that delivering quality product and service to customers is very important for success and survival in today's global competitive pharmaceutical sector. In this relation, suppliers must prepare valuable information to build strong relationship with their customers for the purpose of gaining their loyalty and hence preventing them from switching to

other suppliers. Relationship marketing is viewed as a strategy to attract, maintain and enhance customer relationships.

The findings support the examination points that relationship marketing dimensions can enhance the quality of a buyer-seller relationship and in turn increase customer loyalty. Customer trust and commitment are not only the desired outcomes of relationship marketing but also the background of customer loyalty. According to the Pearson correlation analysis, it can be evidently seen as that the two relationship marketing dimensions namely trust and Commitment are positively related to customer loyalty in the pharmaceutical sector. The relationship looks like the following.

5.2.1 Relationship marketing and customer's loyalty

Trust:

The level of trust is high from the perception of the respondents in different pharmacies and drug stores to their suppliers with proportional correlation level of (72.2%). Supplier's reliability in keeping promises, supplier's consistency in providing quality products and service, the respect that employee of the supplier show to the customer, supplier's ability to fulfill its obligation to a customer, customer's confidence in supplier's products and services, supplier trusted and counted on to by the customer due to previous experience, supplier's honesty to the customer and customers never doubting their supplier in meeting and keeping its promises all these causes enhance the trust underpinning in the customer's eye .

Commitment:

The level of commitment is high from perception of the respondents in different pharmacies and drug stores to their suppliers with proportional high Correlations level of (83.9%), Adjustments made by supplier to suit customer's need, personalized service offered by suppliers, flexibility of the supplier in serving customer's need, the customer is very committed to continuing the relationship with the supplier, customer's belief on the importance of the relationship, customers caring about the relationship with the supplier, customers making effort to maintain the relationship, all these reasons increase the commitment level in the customer's behavior.

The level of customer satisfaction is high from perception of the respondents in different pharmacies and drug stores to their suppliers with proportional high Correlations level of (91.2%), satisfaction of customers by the quality of products and the services provided by suppliers, satisfaction of customers by the customer handling of the suppliers, satisfaction of customers on the speed of products and service delivery, satisfaction of customers on the relationship with their supplier, suppliers meeting customer's expectation by the products and services provided, all these reasons increase the level of customer's satisfaction.

There are a few points that need to be observed. Firstly, the most accepted relationship between trust and customer satisfaction is authenticated. The path coefficient of direct relationship between trust and customer satisfaction is 0.806 and is significant. Secondly, the most accepted theory that link trust and customer loyalty also well supported with the path coefficient of direct relationship between trust and customer loyalty is 0.605 and is significant. Thirdly, this research analyzed the proposed mediating effect of customer satisfaction on trust and customer loyalty relationship. The amount of the relationship between trust and customer loyalty accounted by the mediator was $(0.605 - 0.094) = 0.511$, which represents 84.46 percent of the direct effect. The path coefficient of direct relationship between commitment and customer satisfaction is 0.935 and was significant.

The path coefficient of direct relationship between commitment and customer loyalty is 0.718 was also significant and the amount of the relationship between commitment and customer loyalty accounted by customer satisfaction was $(0.718 - 0.221) = 0.497$ representing 69.2 percent of the direct effect. In view of that, it is concluded that customer satisfaction partially mediates the relationship between both trust and commitment with customer loyalty. Based on the above findings, it can be concluded that customer satisfaction plays a role as mediator and has mediating effect on relationship marketing and customer loyalty relationship in the pharmaceutical sector.

5.3 Recommendations

The finding of this research is also important evidence for managers who take charge of relationship marketing. It is helpful for marketers to understand the effectiveness of relationship marketing from consumer's perspective. In light of the findings and conclusions made above, the following possible recommendations are suggested as being valuable to suppliers in the pharmaceutical sector for improving relationship marketing activities to assure customer loyalty. The two relationship marketing underpinnings namely (trust and commitment) need to be enhanced and reinforced in order to keep and increase loyal customers. The research findings suggest that customer satisfaction among customers can be improved and enhanced by focusing on factors that can enhance relationship marketing. On the other hand, customer's loyalty can be strengthened and enhanced by raising the level of customer satisfaction. Customers' satisfaction in their supplier should play an important factor to increase the suppliers' profit. This research highlights the belief that customers' satisfaction plays a crucial role in in the Ethiopian pharmaceutical sector. Here are some of the proposed recommendations to be considered by managers in order to improve and reinforce customer's loyalty in the pharmaceutical sector.

Generally suppliers and other participants in the pharmaceutical sector should actively and continuously implement the foundation of relationship marketing, as this will have a direct impact on increasing the loyalty level of customers by developing trust and improving commitment, to be more specific the following recommendations are suggested.

- When hiring employees, suppliers should look at the ability and interest of an employee to establish and maintain strong relationship with the customers and other employees of the organization. Potential candidates who are strong in trusting behavior and who have strong commitment to the assigned tasks should be considered. More efforts are needed to improve the level of trust by the continuous development of the quality of goods, services and benefits, training of employees to perform the service effectively, being consistent in providing quality products and services; fulfill the obligations to the customers. To motivate employees and get their commitment, the organization should offer them a challenging work, attractive salary that recognizes the contribution of their effort towards the overall success of

the business. A satisfied employee satisfies customers which in the long run increases loyal customers. Besides these, actions to make them participate in decision making activities, to provide an opportunity to learn and advance, and reward for their contribution have a lot to play in employees' motivation. The more employees work together to keep existing customers satisfied, the lesser customer destruction will be.

- More efforts are needed to improve the level of commitment, where customers must be the core of the marketing process, must be given a special attention, the supplier should be flexible in serving the customers' needs, offers price reduction for existing customers, provide consultancy for them, and offering personalized services to satisfy the customers. Once they are satisfied with the products and services that were provided by the supplier, they will communicate about the supplier or the products to the other customers.
- Suppliers in the pharmaceutical sector should give greater attention to both getting new customers and retaining the existing ones in the advertisement and other promotional activities by using relationship marketing as strategy. It is also recommended that the firm should have the system to ask customers to comment about the service either verbally or on phone or in writing about their satisfaction.
- For measuring the satisfaction of the customers, various methods needed to be applied to analyze the consequences. Customers predict the value of the products before purchasing, at the point of purchase and after purchasing. That means their satisfaction may vary accordingly. Hence, a survey should be carried out to figure out the metrics of satisfaction since satisfaction and loyalty are core elements of a business.

So, suppliers in the pharmaceutical sector are expected to invest more on attracting new customers and retaining the existing ones. They should recognize the importance of relationship marketing and customer satisfaction in creating loyal customers and implement it properly.

5.4. Limitations and Directions for Future Research

Like most of survey studies, this study also has some limitations. Firstly, the study is limited to suppliers of the pharmaceutical sector; so, a larger empirical study would be useful to replicate the results in other participants of the pharmaceutical sector as well as other services. This research is cross sectional in nature; the researcher believes that longitudinal study would better explain these relationships because the satisfaction level would be different at some other point in time. Data was collected only from Addis Ababa; it would be more conclusive if gathered from other cities since satisfaction level of people in different areas would differ. All findings were based on self-reported findings, while previous researchers also used self-reported measure, so there is a possibility of common method error. In addition, this research focused on suppliers of the pharmaceutical sector only; so, further research in other sectors may be necessary before generalization can be made on the entire service industry.

The components of relationship marketing examined is only limited to variables of trust and commitment, but there are still many relationship marketing components that can be used as the research variables such as empathy, conflict handling and communication. The relationship marketing can also be connected to a variable other than customer loyalty. The research reported here has not delved into the possible influences of socio-demographic factors on the relationship between relationship marketing initiatives and customer loyalty. Future research studies might fruitfully investigate such moderating influences.

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Appendix 1: Questionnaire in English

Addis Ababa University
College of Business and Economics
Master of Business Administration

Dear Respondent:

My name is Ayda Mulat. I am a graduate student at Addis Ababa University College of Business and Economics and currently I am conducting a research as part of a partial fulfillment for the requirements of the degree of Masters of Business Administration (MBA). The purpose of the research is to find out the relationship between relationship marketing and customer loyalty; the mediation effect of customer satisfaction. All information obtained will be used for academic purpose only. Hence, be assured that your responses will not be revealed to anyone. Please answer all the questions as they are vital for the success of this research.

If you would like further information about this study, or have problem in completing this questionnaire please contact me via +2519 11878699.

Thank you for your cooperation!

Questionnaire

Part I: Demographic or General information

Choose the suitable answer and tick (✓) in the box given for each question.

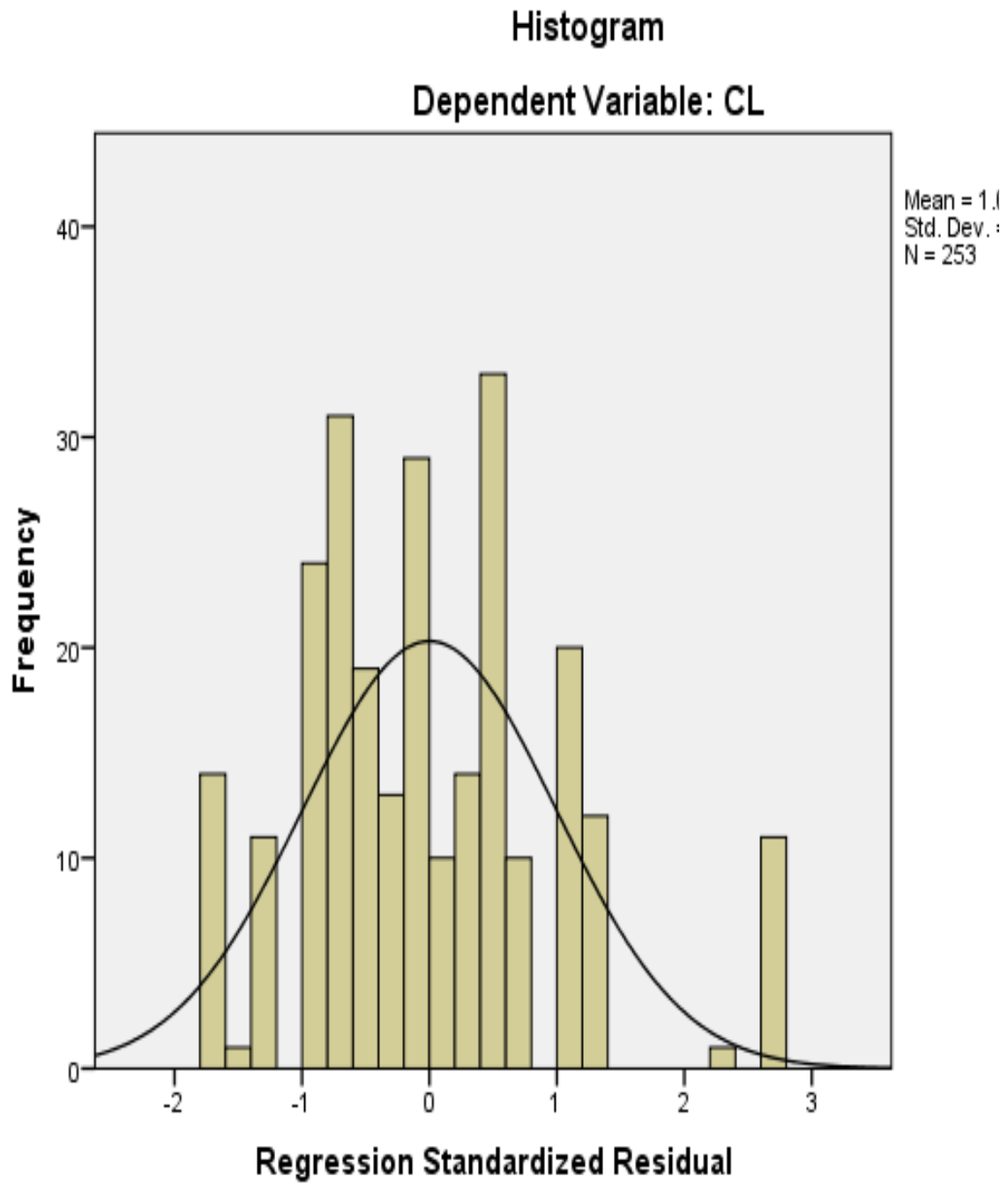
1. Gender Female Male
2. Age Below 25 years 26-35 years 36-45 years 46 years and above
3. Type of the Retail Pharmacy you are working now? Private Public
4. What is your position within the Pharmacy? (You can tick on more than one box)
 Dispenser Technical Manager Owner

	Scale Items	Scaling				
		1	2	3	4	5
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
12	My supplier offers personalized services to meet customers need					
13	My supplier is flexible when its service are changed					
14	My supplier is flexible in serving my needs					
15	My relationship with my supplier is one that I am very committed to continuing it					
16	My relationship with my supplier is very important to me					
17	My relationship with my supplier is one that I really care about					
18	My relationship with my supplier is worth my effort to maintain					
19	I am satisfied with the services provided by my supplier					
20	I am satisfied with my supplier's customer handling procedure					
21	I am satisfied with the quality of products and services provided by my supplier					
22	I am satisfied with the speed of products and service delivery					
23	I am satisfied with my relationship with my supplier					
24	The products and services of my supplier comes up to my expectation					

	Scale Items	Scaling				
		1	2	3	4	5
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
25	My supplier is a good company to do business with					
26	My supplier comes first to my mind when making purchase decision on pharmaceutical supplies					
27	If I had to do it over again, I would still choose to use my supplier					
28	I do not like to change to another supplier because I value my supplier					
29	I am a loyal customer to my supplier					
30	I would always recommend my supplier to someone seeking my advice					
31	It would be difficult to change my beliefs about my supplier					
32	I would always use my supplier's products and services					
33	Even if friends recommend another supplier, my preference for my supplier would not change					
34	My intention to use the products and services of my supplier would not be changed					
35	I do not like to change to another supplier because my supplier sees my needs					

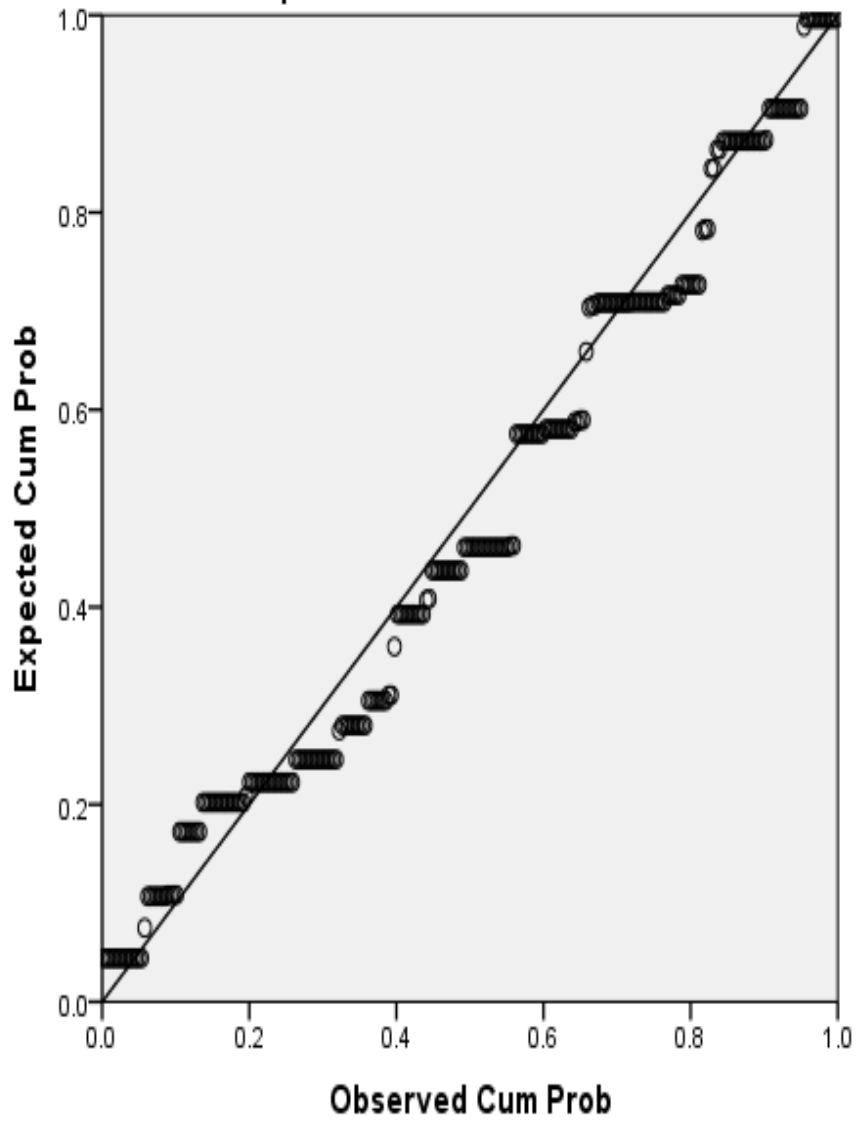
Thank you for your assistance!!

Appendix 2:



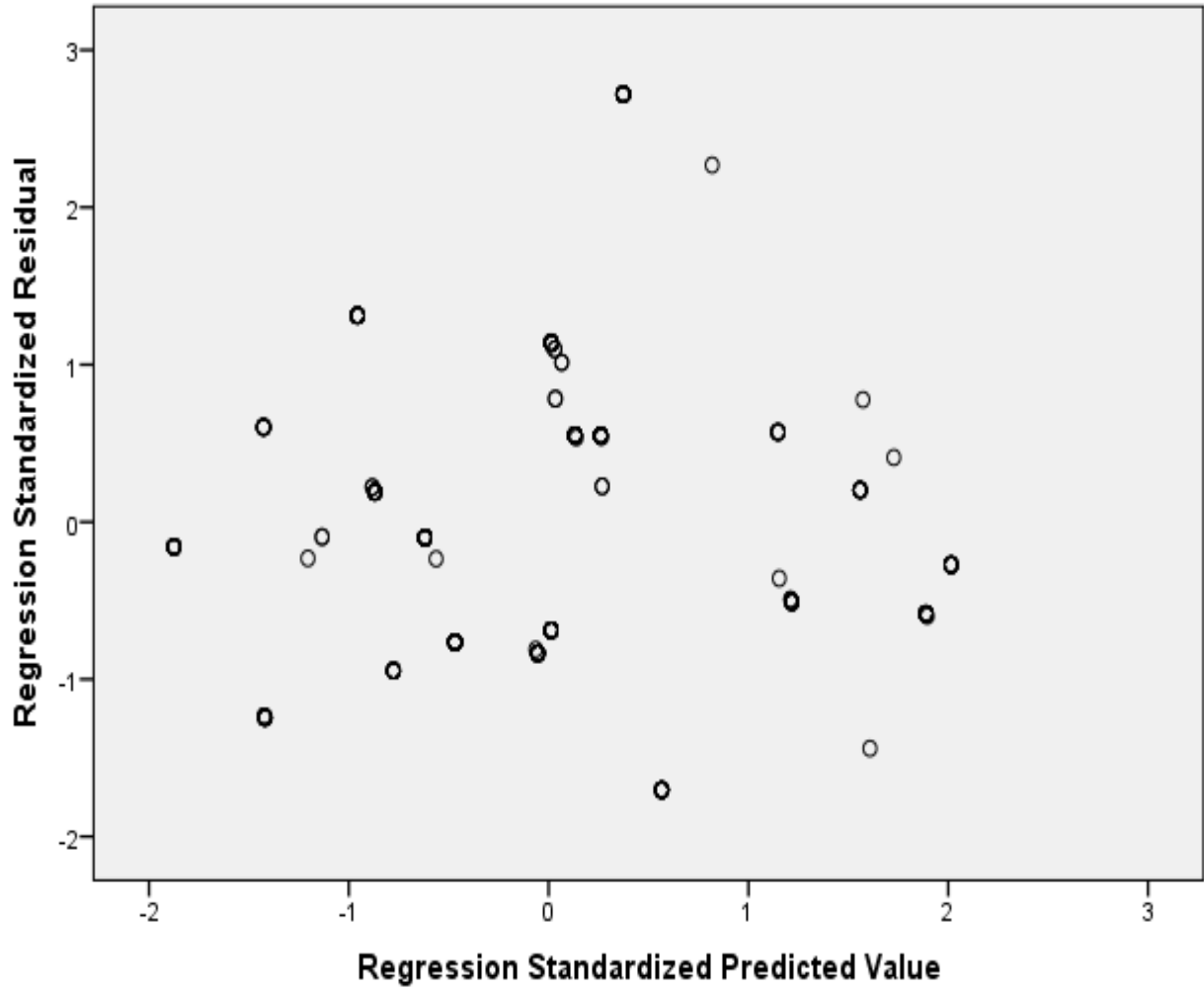
Normal P-P Plot of Regression Standardized Residual

Dependent Variable: CL



Scatterplot

Dependent Variable: CL



Correlation Analysis

		Customer Loyalty	Gender
Customer Loyalty	Pearson Correlation	1	-.089
	Sig. (2-tailed)		.157
	N	253	253
Gender	Pearson Correlation	-.089	1
	Sig. (2-tailed)	.157	
	N	253	253

		Customer Loyalty	AGE
Customer Loyalty	Pearson Correlation	1	.027
	Sig. (2-tailed)		.672
	N	253	253
AGE	Pearson Correlation	.027	1
	Sig. (2-tailed)	.672	
	N	253	253

		Customer Loyalty	type of pharmacy
Customer Loyalty	Pearson Correlation	1	-.064
	Sig. (2-tailed)		.313
	N	253	253
type of pharmacy	Pearson Correlation	-.064	1
	Sig. (2-tailed)	.313	
	N	253	253

		Customer Loyalty	POSITION
Customer Loyalty	Pearson Correlation	1	-.012
	Sig. (2-tailed)		.854
	N	253	253
POSITION	Pearson Correlation	-.012	1
	Sig. (2-tailed)	.854	
	N	253	253

		Customer Loyalty	EXPERIENCE
Customer Loyalty	Pearson Correlation	1	.008
	Sig. (2-tailed)		.903
	N	253	253
EXPERIENCE	Pearson Correlation	.008	1
	Sig. (2-tailed)	.903	
	N	253	253

Regression analysis

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.839 ^a	.705	.702	.46165	2.274

a. Predictor: (Constant), Relationship Marketing

b. Dependent Variable: Customer Loyalty

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	127.169	2	63.585	298.347	.000 ^b
	Residual	53.281	250	.213		
	Total	180.450	252			

- a. Dependent Variable: Customer Loyalty
 b. Predictor: (Constant), Relationship Marketing

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.136	.114		9.968	.000
	Trust	.605	.037	.722	16.523	.000

- a. Dependent Variable: Customer Loyalty

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.765	.093		8.257	.000
	Commitment	.718	.029	.839	24.450	.000

- a. Dependent Variable: Customer Loyalty

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.902	.061		14.696	.000
	Customer Satisfaction	.697	.020	.912	35.126	.000

- a. Dependent Variable: Customer Loyalty

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	94.015	1	94.015	273.012	.000 ^b
	Residual	86.435	251	.344		
	Total	180.450	252			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Trust

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.722 ^a	.521	.519	.58682	2.194

a. Predictors: (Constant), Trust

b. Dependent Variable: Customer Loyalty

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	127.090	1	127.090	597.808	.000 ^b
	Residual	53.361	251	.213		
	Total	180.450	252			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Commitment

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.839 ^a	.704	.703	.46108	2.292

a. Predictors: (Constant), Commitment

b. Dependent Variable: Customer Loyalty

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	149.946	1	149.946	1233.823	.000 ^b
	Residual	30.504	251	.122		
	Total	180.450	252			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Customer Satisfaction

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.912 ^a	.831	.830	.34861	2.109

a. Predictors: (Constant), Customer Satisfaction

b. Dependent Variable: Customer Loyalty

Statistics

		Trust	Commitment	Customer Satisfaction	Customer Loyalty
N	Valid	253	253	253	253
	Missing	0	0	0	0
Mean		2.9443	2.9956	2.8910	2.9166
Median		2.5000	2.7500	2.7143	2.7000
Mode		2.20	2.75	2.29	3.30
Std. Deviation		1.00976	.98873	1.10707	.84621
Minimum		1.50	1.00	1.00	1.40
Maximum		4.70	5.00	5.00	4.40

Mediation analysis using baron and kenny

Variables	Customer satisfaction	Customer loyalty	
		Without mediator	with mediator
Trust	0.806	0.605	0.09
Commitment	0.934	0.718	0.22
P value	0.00	0.00	0.00

***** PROCESS Procedure for SPSS Version 3.3 *****

Model: 4
 Y: Customer Loyalty (CL)
 X: Trust (T)
 M: Customer Satisfaction (CS)

Sample
 Size: 253

OUTCOME VARIABLE: CS

Model Summary

R	R-sq	MSE	F	df1	df2	p
.7351	.5404	.5656	295.0701	1.0000	251.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
Constant	.5182	.1460	3.5490	.0005	.2306	.8057
T	.8059	.0469	17.1776	.0000	.7135	.8983

OUTCOME VARIABLE:

CL

Model Summary

R	R-sq	MSE	F	df1	df2	p
.9148	.8368	.1178	640.8225	2.0000	250.0000	.0000

Model

	Coeff	se	t	p	LLCI	ULCI
Constant	.8073	.0683	11.8227	.0000	.6729	.9418
T	.0943	.0316	2.9858	.0031	.0321	.1565
CS	.6335	.0288	21.9921	.0000	.5768	.6903

***** TOTAL EFFECT MODEL *****

OUTCOME VARIABLE:

CL

Model Summary

R	R-sq	MSE	F	df1	df2	p
.7218	.5210	.3444	273.0116	1.0000	251.0000	.0000

Model

	Coeff	se	t	p	LLCI	ULCI
Constant	1.1356	.1139	9.9681	.0000	.9113	1.3600
T	.6049	.0366	16.5231	.0000	.5328	.6770

Indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
CS	.5106	.0359	.4412	.5814

Model: 4

Y: Customer Loyalty (CL)

X: Commitment (C)

M: Customer Satisfaction (CS)

Sample

Size: 253

Model Summary

R	R-sq	MSE	F	df1	df2	p
.8346	.6966	.3734	576.1979	1.0000	251.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
Constant	.0917	.1228	.7468	.0000	.0501	.3335
C	.9345	.0389	24.0041	.0000	.8578	1.0112

OUTCOME VARIABLE:

CL

Model Summary

R	R-sq	MSE	F	df1	df2	p
.9226	.8512	.1074	715.1885	2.0000	250.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
Constant	.7163	.0659	10.8656	.0000	.5864	.8461
C	.2212	.0379	5.8358	.0000	.1465	.2958
CS	.5319	.0339	15.7131	.0000	.4652	.5986

***** TOTAL EFFECT MODEL *****

OUTCOME VARIABLE:

CL

Model Summary

R	R-sq	MSE	F	df1	df2	p
.8392	.7043	.2126	597.8080	1.0000	251.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
Constant	.7650	.0926	8.2575	.0000	.5826	.9475
C	.7182	.0294	24.4501	.0000	.6604	.7761

Indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
CS	.4971	.0392	.4199	.5755