



# **Addis Ababa University**

## **College of Business & Economics**

### **Masters of Business Administration**

**The Effect of Relationship Marketing Strategy on Customer Retention: The  
Mediating Role of Commitment**

**(The Case of Wegagen Bank in East District Branches of Addis Ababa)**

**A Thesis Submitted to the School of Graduate Studies of Addis Ababa  
University in Partial Fulfillment of the Requirements for the Degree of  
Masters of Business Administration**

**By: Desnet Teweledmedhin**

**Advisor: Dr. Ethiopia Legesse**

**June, 2019**

**Addis Ababa**

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**Approved by Board of Examiners:**

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<b>External Examiner</b>	<b>Signature</b>	<b>Date</b>

## DECLARATION

I, the undersigned, declare that this study entitled “**The Effect of relationship marketing strategy on customer retention: the mediating role of commitment (the case of Wegagen bank S.C. in East district branches of Addis Ababa)**” is my original work prepared under the guidance of my advisor and has not been presented for a degree in any other university. Furthermore, all sources of materials used for the study have been duly acknowledged.

Name: Desnet Teweledhin

Signature \_\_\_\_\_

Date \_\_\_\_\_

## **CERTIFICATION**

This is to certify that Desnet Teweledmedhin has done a study on the topic “The Effect of relationship marketing strategy on customer retention: the mediating role of commitment (the case of Wegagen bank S.C. in East district branches of Addis Ababa)” for the partial fulfillment of the requirements for the Degree of Masters of Business Administration-in management at Addis Ababa University with my guidance and approval as a university advisor.

**Advisor’s Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

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## **LIST OF ACRONYMS**

<b>ANOVA</b>	<b>Analysis of Variances</b>
<b>ATM</b>	<b>Automated Teller's Machine</b>
<b>COMM</b>	<b>Commitment</b>
<b>CR</b>	<b>Customer Retention</b>
<b>CS</b>	<b>Customer Satisfaction</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>POS</b>	<b>Point of Sale or Point of Service</b>
<b>RMS</b>	<b>Relationship Marketing Strategy</b>
<b>RP</b>	<b>Reward Program</b>
<b>S.C.</b>	<b>Share Company</b>
<b>SPSS</b>	<b>Statistical Package for Social Science</b>
<b>T</b>	<b>Trust</b>
<b>VIF</b>	<b>Variance Inflation Factor</b>

## **ABSTRACT**

*The main objectives of this study was to determine the effect of relationship marketing strategy (RMS) on customer retention (CR) with the mediating role of commitment in Wegagen Bankeastdistrict branches of Addis Ababa. Both descriptive and explanatory research design was used to investigate and determine the effect of relationship marketing strategy on customer retention. A cross sectional data was collected using representativeness of the sample respondents by using convenience sampling technique there by 350 out of 383 survey questionnaires wascollected from the sample respondents. This study was a quantitative study and to analyze the collected data both descriptive statistics includingpercentage and frequency to analysis the background information of the respondents of the questionnaire and inferential statistics of multiple linear regression is used. The finding on the base of correlation analysis of the relationship between RMS and CR is analyzed and the result shows all RMS dimensions have positive and significant relation with CR. The finding of the study also shows that the predicting variables such as customer satisfaction, reward program and mediating variable (commitment) have positively and significantly impact on customer retention; trust has also positive and significant impact on commitment and commitment had significant impact on customer retention. Therefore, commitment have a mediation role beteween customer satisfaction and customer retention and commitment have also a mediation role between trust and customer retention. Finally from this finding of the study concluding remarks as well as recommendations are forwarded.*

**Key Words:** Relationship marketing strategy (RMS), customer satisfaction, trust, reward program/loyalty program, commitment, customer retention.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Now a day banking industry is very competitive, and it is troublesome for retail banks to provide unique financial or banking services as required by customers. To succeed in dealing with this difficulty, banks, which can be in to classes as service organizations, can benefit from greater relationship marketing strategy, because customers emphasis on the service aspect and interaction with the service provider when measuring a service firm. Firms' customer relationships in service industries are significant as they influence the satisfaction, support and retention of banking customers (Rootman, Tait & Sharp, 2011). As competition increases, products and services come to be more similar, and markets become mature, it is becoming increasingly harder for companies in both manufacturing and service industries to segregate themselves from other organizations (Wetzels et al., 1998).

According to Chakiso (2015), it is clear that customer is the only source of the companies' current profit and future development. And also generating loyal customers is at the heart of every business. He also states that Customers are vital to all marketing activities all over the world and success and in turn profit is impossible without customers. Chakiso (2015) states that with strong competition and growing globalization of the financial markets, building customer loyalty and retention has become a critical strategy for most financial organizations. Therefore, the banking industry must practice and improve strong relationships with their customers in order to compete and retain successfully and effectively in the competitive retail banking environment.

Many commercial banks have been facing severe competition and major customers' switch off. This has attracted the customers to switch from one bank to another something which is not profitable for both the banks and their clients. In past clients frequently did not have any alternative suppliers on the grounds that the market growth was becoming so quick and competition was extremely low with the end goal that the organization did not worry about fully satisfying its clients (Magasi, 2015). But now a day is the market competition of the banking industry very strong and highly competitive.

Generally speaking, all business organizations and especially financial institutions have been influenced somewhat in what's going on in the global market place. Presently, not only the organizations intend to fulfill the clients but they attempt to do this more efficiently and effectively than their rivals in the competitive market place so as to achieve their objectives and goals. The most critical objective of an organization is to keep their clients satisfactions and focus on customer centric approach in their organizational and marketing strategies (Azzam, 2014).

The survival of organizations relies upon its customers and customers are the sources of profits to be earned by a profit making organization because of that clients are the backbone and lifeline of organizations. Bojei, Julian, Che Wel, and Ahmed, (2013), pointed out that all businesses organizations are working towards distinguishing the best marketing practices or strategies to fulfill client needs. They also states that, most businesses organizations spend more acquiring new customers than they do keeping existing customers. This is because loyal customers are less likely to switch and do make a greater number of purchases than comparable non-loyal clients and creating consumer loyalty systems to hold existing clients. And they explain based on these statistics it provide a strong case for developing customer satisfaction strategies to retain existing customers

Due to the rapid expansion in banks, the intense competitions for customers' retention, and rapidly changing work environment banks and top bank management knows the importance of establishing strong relationships with customers and have started using various marketing strategies to achieve their objectives and to ensure long-term profitability and sustainable core revenues and now a day, the main marketing focus is shifting towards customers (Al-Hersh, Aburoub, and Saaty,2014).

Wegagen bank is a bank in Ethiopia established in June 11, 1997 with a subscribed capital of birr 60 million and a paid-up capital of Birr 30 million (company annual report, 2018). Wegagen bank S.C. provides commercial and international banking services in Ethiopia. It offers various deposit products, including overdraft accounts, checking deposits, negotiable order of withdrawal accounts, zero balance accounts, escrow accounts, savings deposits, and fixed time deposits. Its loan portfolio comprises term loans, merchandise loans, trade and service loans, agricultural production loans, manufacturing loans, building construction loans, bridge loans, consumer loans, and automobile loans. The bank also offers international banking services, Forex bureau services, and local and international money transfer

services (company annual report, 2018). Hence, focus of this study is to investigate the impact of relationship marketing strategy on customer retention in the Ethiopian bank industries the case of Wegagen bank selected branches will help to understand the impact of these relationship marketing dimensions and the response of the responsible bodies towards customer retention based on the variables.

## **1.2 Background of the Organization**

Wegagen Bank is a privately owned share company which started operations on June 11, 1997 with a subscribed capital of Birr 60 million and a paid up – capital of Birr 30 million. The number of shareholders reached 2,262 while the total capital (including paid-up capital, share premium and legal reserves) reached over Birr 2.3 Billion as at March 31, 2015. Currently Wegagen bank has 1,094,983 number of customers in Ethiopia are provided services by the bank (Management information system departments as of January, 2019).

### **Vision**

“To be one of the ten most reputable and competent Banks in Africa by the year 2025”.

### **Mission Statement**

“To provide a wide range of quality banking services through a dynamic workforce and up-to- date IT solutions to satisfy the desires of all stakeholders”.

### **Principles and Values of the bank**

- Outstanding customer services,
- Business integrity, honesty and loyalty,
- Effective, efficient and expanding operations,
- Strong capital and liquidity position,
- Prudent lending,
- Reasonable cost control discipline,
- Fair & objective employment practices,
- Play a responsible role in aligning objectives with those of the local communities, and
- Commitment to comply with the spirit and letter of the Law.

### **Main Objectives of the bank**

- Maximizing profitability through increased efficiency
- Enhance growing market share
- Expanding the bank's capital base
- Ensuring excellence in customer services
- Provide differentiated, varied and value added banking services

### **Major Services provided by the bank**

- Accept different types of deposits,
- Grant varieties of loan facilities,
- Offer full-fledged international banking services,
- Render local and international money transfer services and
- Payment Card services through ATM and POS network.

### **Branch Network of the bank**

Wegagen Bank has a network of 366 branches of which 178 are in Addis Ababa and the remaining 188 are located in other cities and towns of the country. To expand its service coverage, the Bank keeps on opening additional branches both in Addis Ababa and regional towns.

### **1.3 Statement of the Problem**

Regardless of the significant contribution to GDP, and the increased competition due to the Participation of private banks in the banking sector, there is a lack of/ problem of studies undertaken to inspect the marketing practices such as relationship marketing or relationship banking in corporate banking sector in Ethiopia. Hence there is no doubt that to reacting to customers' needs, keeping customers' relationship needs, purchasing patterns and practices, is one of the most significant factors that organizations use to maintain a competitive advantage. So as to choose the best possible proper marketing strategy, banks ought to have great information and good data about their customers and their buying behaviors, competitors, and markets. One of the best approaches to achieve the above is to use customer relationship marketing and customer satisfaction surveys to provide the best indications of what drives customer satisfaction (Al-Hersh, Aburoub, and Saaty, 2014).

A number of studies in relationship marketing strategy have addressed the relationship between RMS and CR; and many of them concluded positive relationship (Akintunde and Akaighe, 2016, Gustafsson, Johnson and Roos, 2005 and Hang-kit Yim, Anderson and Swaminathan, 2004, Morgan and Hunt, 1994, Moorman, Zaltman, and Deshpande, 1992, Venetis and Ghauri, 2004). This shows that RMS is significant concept in customer retention. Whereas, some other found out that relationship marketing strategy like customer satisfaction have negative relationship with customer retention (Wetzels, De Ruyter and Van Birgelen, 1998 and Verhoef, 2003). This justifies need for further studies in different contexts for comprehensive generalizability of this strategic posture for better customer retention.

As Helgesen (2007) & Rao and Abegaze (2017), also agreed on the issue of companies are developing relationship marketing so as to retain their customers and to increase profit per user through customer retention. They stated on the issue of many arguments which are a 5% improvement in customer retention can result in an increase in profits of between 25% to 85%, depending upon the business industry. Peterson and Smith (2003) & Rao and Abegaze (2017), have also described relationship marketing as developing and promoting strong relationships with customers, keeping insight the long term success of the company. The authors also further elaborated that, in the increasingly competitive market where customers are becoming less loyal to a company, relationship marketing helps in retaining customers and building a competitive advantage.

Customer retention is the key business goal to retain in front of its competitors, increase profitability and improve investor confidence (Rao and Abegaze, 2017). They also said that, it is evident in the increasing the rate of customer retention lead to a relative increase in profit.

Retaining customers in the service industry has become a major objective of relationship marketing. Therefore, relationship marketing is considered to be essential for building long-term relationships with customers in order to achieve mutual benefits of all parties. Although relationship marketing has been implemented by service providers, customers still tend to switch to competitors (Awwad and Al-Qrallah, 2014). Many of the traditional marketing approaches are used to build awareness about the company's offerings as a tool for attracting more customers. A little attention has been given none developing the marketing strategies and programs which could retain the existing customers (Magasi, 2015).

A Study found out that in the global literature sense, a number of studies have been done in the more developed economies on various dimensions of relationship marketing towards customer retention. However, in Ethiopia, a very little attention had been paid to the concept of customer relationship marketing towards customer retention until recent times. Even in the empirical review of the studies in Ethiopian, the researcher have found that a shortage of study related to the impact of relationship marketing strategy on the customer retention specially in bank industries.

In tandem with the foregoing argument customer retention is central to the overall success of banks. The regularly expanding number of already banked individuals opening accounts with new banks while closing accounts with other banks implies that many banks are currently facing a problem of losing customers to their competitors. This combined with different factors has led to collapse of certain banks or bank branches. Some people complain that little attention has been given to the practices of relationship marketing in Wegagen bank in Addis Ababa selected branches. Therefore, this study was examining this gap in banking industries.

The ever-growing competition in the banking sector and the national bank of Ethiopia and the branch expansion for private commercial banks, it is obvious that relationship marketing is significant to strengthen financial capacity of banks. However, banks these days fail to satisfy their customers due to problem of relationship marketing strategy. Hence, this study was conducted to examine the direct impact/association of relationship marketing dimensions or Variables such as Customer Satisfaction, trust, commitment, reward/Loyalty program on customer retention, with Wegagen bank of S.C. and is

intended to bridge the above gaps and to contribute to literature on the effect of relationship marketing strategy on customer retention and help the banks to improve their customer retention practices. For better investigation of the study, the following questions were raised.

## **1.4 Research Questions**

1. What is the direct relationship between customer satisfaction with customer retention?
2. What is the direct relationship between loyalty program with customer retention?
3. What is the direct relationship between customer satisfaction with commitment?
4. What is the direct relationship between trust with commitment
5. What is the direct relationship between commitment with customer retention?
6. What is mediating role of Commitment between customer satisfaction and customer retention?
7. What is mediating role of Commitment between trust and customer retention?

## **1.5 Objective of the Study**

### **1.5.1 General Objective**

The general objective of this study is to investigate the effect of relationship marketing strategy dimensions on customer retention with in Wegagen bank by analyzing the relationship marketing dimensions of the conceptual frame work in depth.

### **1.5.2 Specific Objectives**

In assuring that the above general objectives, specifically the study were the following objectives need to be accomplished in the case of Wegagen bank, these specific objectives are:

- To identify the direct relationship between customer satisfaction with customer retention;
- To identify the direct relationship between loyalty program with customer retention;
- To identify the direct relationship between customer satisfaction with commitment;
- To identify the direct relationship between trust with commitment;
- To identify the direct relationship between commitment with customer retention;
- To examine mediating role of Commitment between customer satisfaction and customer retention;
- To examine the mediating role of Commitment between Trust and customer retention

## 1.6 Definition of Key Terms

The study uses some important words that are related to the research objectives. Hence, the following essential terms are defined based on their usage in the study:

**Relationship marketing:** is building, developing and managing the long term relationships between the banks and bank customers. And also refers to all marketing activities directed towards establishing, developing and maintaining successful relational exchanges. Relationship marketing is a philosophy of doing business, a strategic orientation that focuses on keeping and improving current customers rather than on acquiring new customers.

**Customer satisfaction:** is defined as a customer's overall evaluation of the performance of an offering to date, can be also defined as the extent to which a products or services perceived performance in delivering value matches of buyer's expectations.

**Trust:** Trust is defined as one party's belief that its needs will be fulfilled in the future by actions undertaken by the other party.

**Reward/Loyalty Program:** is defined as a membership program or scheme that provides tangible and psychological rewards to customers.

**Commitment:** defined as "an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it. Commitment is recognized as an essential ingredient for successful long term relationships and they also defined as commitment is" an ending desire to maintain a valued relationship.

**Customer retention:** is the development of the mutual commitment has the same process as creating long term buyer-seller relationships. Customer retention is the longevity of a consumer's relationship with affirms.

## **1.7 Significance of the Study**

The finding of this study is significant in various dimensions:-

- ❖ To help understand the impact of these relationship marketing dimensions and the response of the management towards customer retention strategy based on the dimensions.
- ❖ To help the management of the bank look in to alternative actions based on these four basic relationship marketing dimensions.
- ❖ To show the effect of relationship marketing strategy on customer retention while they give the service for their customers and to implicate possible solutions for their problems.
- ❖ To help other researchers guiding as a source who will be conducting on similar topic.

## **1.8 Scope and Delimitation of the Study**

The study sought to identify the effect of relationship marketing strategy to customer retention in the east district branches of Addis Ababa of Wegagen bank. Though the study was specific on doing the case of Wegagen bank in Addis Ababa east district branches. It was aimed at investigating the effect of relationship marketing strategy to customer retention on this area and the scope of this study revolves around this industry. In terms of the constructs showing in the conceptual framework, only the independent variables such as Customer Satisfaction, trust, reward/Loyalty program and mediating variable of commitment were considered to predict the effect towards dependent variable of customer retention in the bank industry.

Moreover, the catchment area of the study was delimited only to East district branches of Wegagen Bank S.C. selected branches that are located in Addis Ababa due to time and financial constraints to include and manage all the Ethiopian banks.

## **1.9 Organization of the Study**

Organization of the research report is divided in to five chapters. The first chapter includes introduction, statement of the problem, research question, objective of the study, research hypothesis, and significance of the study, scope and delimitation of the study. The second chapter of the research paper deals review of literature which consists theoretical, empirical concepts and conceptual framework of the study. The third chapter of this study presents the research design and methodology. The fourth chapter contains data presentation, analysis, interpretation and hypothesis testing. The last chapter of the study finalizes the central point of the research. It features summery, conclusion and recommendations of the study.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter explores the detail literature review on what other researchers have discussed on relationship marketing and customer retention in the banking industry. The literature review is discussed under the following sub-headings: theoretical literature review/concepts with the review of literature related to relationship marketing and its impacts to customer retention that provide a good background to carry out the research work. Empirical literature on customer retention in the banking industry. And conceptual framework showing the independent, mediating and dependent variables.

The chapter ends up with the presentation of conceptual framework that serves as a road map towards realizing the objectives of the study.

### **2.2 Theoretical Literature Review**

#### **2.2.1 Relationship Marketing Formation**

The relationship marketing term was used by Berry in early 1983s and tried to develop general theory about marketing which already exist in relationship perspective. Relationship marketing was not important in early stage what has gained today, because environmental factor was so weak on that period than today's. There were two ways to develop relationship marketing. The first, relationship marketing was realized in service marketing then in industrial marketing. The next process was that, when business is widely transformed in to general due to dynamic change in business environment. This environmental dynamism leads to emphasized on service, close communication with customer and customer well-being. The basic objective of marketing is to create customer and retaining them, but marketers have been given more emphasis on creating customer rather than retaining customers. Now the business environment is opposite than before which fallout in "Relationship Marketing" (Mollah, 2014). Relationship marketing considers effective and efficient ways that how a company can achieve permanent competitive advantages and ensure growth as well as survive in the long run (Mollah, 2014).

### **2.2.2 The Commitment-Trust Theory**

Morgan and Hunt (1994), in “The Commitment-Trust Theory of Relationship Marketing” which is the most influential Relationship Marketing suggest that “presence of relationship commitment and trust is central to successful relationship marketing, not power.” They claimed that trust and relationship commitment are the fundamental mediators in exchange between participants, which essentially lead to building a relational co-cooperation. Therefore, when both commitment and trust not just one or the other are present, they produce outcomes that encourage efficiency, productivity, and effectiveness. Generally, commitment and trust are a means to cooperative behaviors that are conducive to relationship marketing success (Morgan and Hunt, 1994). In the relationship marketing literature the idea of commitment plays a central role, as it is a main characteristic of relationship marketing models (Wetzels, De Ruyter, Van Birgelen, 1998). Commitment refers to an implicit or explicit pledge of the continuity of a relationship between exchange partners. This study was expected to view a preliminary attempt to integrate concepts from the satisfaction area with concepts from the relationship marketing area. According to Wetzels, De Ruyter, Van Birgelen, 1998; Morgan and Hunt, 1994 satisfaction and Trust were treated as antecedents of commitment in addition to the concepts of trust.

### **2.2.3 Relationship Marketing Strategies in Banking Sector**

Studies showed that relationship marketing can make a huge difference case of banking sector. Clients want more than to loan money or make use of their savings. They want a personalized long term relation with the bank, built upon trust. This elaborates client wants more than just a name in a database (Madan, Agarwal, and Matta, 2015). The bank industry is increasing becoming a center of competition through offering incentives or tip to their customers thus banks must extend database with specific financial needs which have room for customization, focusing on gaining more clients’ trust, during win-win long-term relations. The desired difference arises from trust and satisfaction. Today we speak relationship building strategies focused on clients and their real desires, run through economic, behavioral, emotional, and moral filters. Clients’ satisfaction during the entire life cycle is a main ground for their retention and future loyalty (Madan, Agarwal, and Matta, 2015).

#### **2.2.4 Relationship Marketing Definition**

Alrubaiee and Al-Nazer, (2010), noted that relationship marketing is all marketing activities directed toward establishing, developing, and maintaining successful relationship exchanges. An organization engaged in proactively creating, developing, and maintaining committed, interactive and profitable exchanges with selected customer (partners) over time is engaged in relationship marketing. They described that purpose of relationship marketing is to identify and establish, maintain and enhance relationships with customers and other stockholders, at a profit. The objectives of all parties involved in banks are met in a mutual exchange and fulfillment of promises and a relationship marketing competence as a firm's ability to identify, develop, and manage cooperative relationships with key customers characterized by trust and relationship commitment. Wetzels, De Ruyter, Van Birgelen (1998); Morgan and Hunt (1994) defined relationship marketing as “attracting, maintaining and enhancing customer relationships in multi- service organizations”. Morgan and Hunt, (1994) intend that relationship marketing refers to all marketing activities directed towards establishing, developing and maintaining successful relational exchanges.

According to Muketha, Thiane and Thurania (2016), relationship marketing means building, developing and managing the long term relationships between banks and their customers. A successful relationship will be maintained when the bank offers quality services, and observes trust in the banking industry.

Relationship marketing is a philosophy of doing business, of a strategic direction that focuses on keeping and improving existing customers rather than on acquiring new customers (Chakiso, 2015).

Relationship marketing contains all marketing activities done to create, develop, and maintain long term and successful relationship with customers. In relationship marketing three goals should be considered: management of starting the relationship, keeping and enhancing the existing relationships, and investigating the time of ending this relationship. Compared to traditional marketing, in relationship marketing establishing a relationship with customers in order to gain long term and mutual benefit is more important (Niko, Askarinia, Khalafi & Joyami 2015).

Morgan and Hunt (1994) state, the concerns of relationship marketing is attracting, developing, and retaining customer relationships. “In industrial marketing, refers to relationship marketing as” marketing oriented toward strong, lasting relationships with individual accounts.

**Table 2.1: Definition of Relationship Marketing - Summary**

<b>Author</b>	<b>Definition</b>
<b>Wetzels, DeRuyter, Van Birgelen, (1998, p.407)</b>	Relationship marketing is attracting, maintaining and in multi-Service organizations enhancing customer relationships.
<b>Muketha, Thiane and Thurairaja, (2016, p. 23)</b>	Relationship marketing is building, developing and managing the Long term relationships between the banks and bank customers.
<b>Morgan and Hunt (1994, p.22), Alrubaiee and Al-Nazer (2010, p. 157)</b>	Relationship marketing refers to all marketing activities directed towards establishing, developing and maintaining successful relational exchanges.
<b>Chakiso (2015, p.60)</b>	Relationship marketing is a philosophy of doing business, a strategic orientation that focuses on keeping and improving current customers rather than on acquiring new customers

**Source:** Adopted from own literature review

### **2.2.5 Impact of Relationship Marketing on Customer Retention and Loyalty**

A number of empirical studies have provided evidence on the impact of relationship marketing on behavioral loyalty that affects customer retention. Loyal customer relationships have been found to increase profitability for a firm over time. Scholars on the field highlighted the importance of relationship marketing orientation yields a significant impact on the determination of the firms' performance. Successful relationship marketing efforts improve customer loyalty and firm performance through stronger relational bonds (Alrubaiee, Al-Nazer, 2010).

Relationship marketing represents a strategic response by firms to gain competitive advantage. It is based on the theory that appreciation of the interdependence of market players, and mutual effort based on trust and commitment, would allow firms to remain competitive. In an ever expanding and rapidly changing environment, companies cannot maintain attitudes characterized by attracting customers or expanding in new markets. The key successful factor to survive in matured markets relies

on sustaining long-term relationships with stockholders. Relationship marketing has been found to be successful at building trust and commitment with external stakeholders to create those loyal customer relationships (Alrubaiee, Al-Nazer, 2010).

Dambush, (2016) writes about the final goal of customer relationship marketing is customer retention which is the key to survive in competitive market for any firm.

### **2.2.6 Relationship Marketing and Customer Retention**

According to Ntabo, and Aunda, (2016) customer relationship management consists of the principles, practices, and guidelines where an organization follows interactions with its customers. From the organization's point of view, this entire relationship not only encompasses the direct interaction aspect, such as sales and/or service related processes, but also in the forecasting and analysis of customer trends and behaviors, which ultimately serve to enhance the customer's overall experience. Customer retention is increasingly being seen as an important managerial issue, especially in the context of saturated market or lower growth of the number of new customers. Customer retention focuses a firm marketing effort towards the existing customer's base. Thus, it explain the view that instead of trying to acquire a new customers, firms engulfed in customers retention efforts must make sure that if the existing customers are satisfied so as to create and maintain long term relationship (Ntabo, and Aunda, 2016).

Many companies recognize the importance of customer's retention but relatively few understand the economics of customer retention within their own firms. The small increase in customer retention produced a dramatic and positive effect on profitability (Ntabo, and Aunda, 2016).

Rootman, Tait and Sharp, (2011) highlights that relationship marketing is a core strategy used by firms to establish, maintain and enhance profitable relationships with clients, while ensuring benefits for both the firm and its clients. They also defined that relationship marketing is an activity implemented by banks in order to attract, interact with, and retain more profitable clients. Customer retention refers to a firm's "zero defections" of profitable consumers or no switches from profitable consumers to competitors. Hence, enhancing relationship marketing in the bank industry will help to develop and strengthen the saving culture of the society.

## **2.2.7 Dimensions of Relationship Marketing Strategy**

### **2.2.7.1 Trust**

Trust is defined as one party's belief that its needs will be fulfilled in the future by actions undertaken by the other party (Wetzels, De Ruyter, Van Birgelen, 1998). The first aspect of relationship marketing is trust, which has given more attention by different authors. As in Henning-Thurau and Klee, 1997; Wetzels, De Ruyter, Van Birgelen, 1998 trust has basic elements of relationship marketing and defined as "a willingness to rely on an exchange partner in who has confidence". Confidence is associated with consistency, healthy, sacrificing mentality and cooperative as well as willingness to help. Trust helps to feel secured, lessen the uncertainty, make friendly environment. Trust increases dedication to maintain relationship and make the relation strengthen which ultimate result is success of relationship marketing (Wetzels, De Ruyter and Van Birgelen, 1998). As in Chattananon, and Trimetsoontorn (2009) trust is defined as a belief or conviction about the other party's intentions within the relationship. In the context of relationship marketing, trust is defined as the dimension of a business relationship that determines the level to which each party feels they can rely on the integrity of the promise offered by the other. According to Chattananon and Trimetsoontorn (2009); Morgan and Hunt, (1994) trust identified as a key construct in modeling relationship marketing.

Trust is part of the mutual relationship between both parties (customer and company) where consumer has trust on company to meet demand or utility according to customer expectation and other party (company) defined trust means that customers are loyal to the company. So, trust is a component to secure relies on each other where company seeks to retain customer and customer seek to meet demand according to the expectation (Mollah, 2014). As Juscius, Grigaite et al., (2011) as cited in Dambush, (2016), trust is the "corner stone" for building and developing long term relationship with customers. It is also defined as the dimension of relationship marketing that determines the level in which each party feels it relies on the reliability of the promise offered by the other party. This relationship involves both parties sharing information and working together effectively to solve problems. Generally, trust is shown to have a positive influence on key relational outcomes of customer retention.

In the banking context, trust is defined as customer confidence in quality and reliability of the services offered by the organization. It becomes the moral values that are established to enhance their business relationship between banks and customers. Trust is also considered as a key element in establishing long term relationships with customers and in maintaining a company's market share (Rizan, Warokka and Listyawati, 2014). Morgan and Hunt (1994) define trust as the perception of "confidence in the exchange partner's reliability and integrity."

Trust has been considered as an integral factor in encouraging a customer to establish long term relationship with service provider (Siddiqi, Khan & Sharna, 2018). Akintunde and Akaighe (2016) underscores that trust is a vital element and a reason for parties to engage in business exchanges which is observed as a key part of business relationships. This could be identified as a strong element in building and sustaining relationship with customers.

According to Muketha, Thiane and Thurairaja, (2016) trust refers to the confidence a customer has on the bank and its employees. The bank observes trust on bank products/ services, trust on bank transactions, trust on bank handling customers concern. Trust on loan information and trust on bank information confidentiality. When the bank customer loses trust with the bank, they shift to another bank, buy less bank products and talk ill of the bank.

In the marketing channel literature, trust is given due attention in relationship marketing. Only if the partner is considered a trustworthy, he/she will be willing to invest in and become committed to the relationship (Venetics and Ghauri, 2004). And they defined Trust as a firm's belief that another party will perform actions that will lead to positive outcomes for the firm, as well as not take unexpected actions that can lead to negative outcomes. According to Garbarino and Johnson (1999), trust generally is viewed as an essential ingredient for successful relationships. As Moorman, Deshpande, and Zaltman (1993) as cited in Garbarino and Johnson (1999) trust is "a willingness to rely an exchange partner in whom one has confidence." They propose that an expectation of trustworthiness results from the ability to perform (expertise), reliability, and intentionality. Trust exists when one party has confidence in the reliability and integrity of the exchange partner (Morgan and Hunt, 1994).

### **2.2.7.2 Customer Satisfaction**

According to Gustafsson, Johnson and Roos, (2005) customer satisfaction is defined as a customer's overall evaluation of the performance of an offering to date. The overall satisfaction has a strong positive effect on customer loyalty intentions across a wide range of product and service categories and it also contains a significant affective component, which is created through repeated product or service usage. In a service giving aspects, satisfaction is similar to overall evaluations of service quality. Boulding et al (1993) as cited in Gustafsson, Johnson and Roos, (2005) said that compared with more episode-based or transaction specific measures of performance, over all evaluations are more likely to impact the customer behaviors that help a firm, such as positive word of mouse and repurchase. Satisfaction defined as the emotional state that occurs as a result of customer's interactions with the firm over time (Verhoef, 2003).

Satisfaction has been defined as a consumer's evaluative judgment related to the pleasurable level of consumption-related fulfillment (Wetzels, De Ruyter and Van Birgelen, 1998). Many company mission statements and marketing plans are designed around the goal of increasing customer satisfaction. Customer satisfaction can be defined as the extent to which products perceived performance in delivering value matches of buyer's expectations (Hong-kitYim, Anderson, and Swaminethan, 2004).

In recent times, customer satisfaction has gained new attention within the context of the paradigm shift from transactional marketing to relationship marketing (Henning-Thurau and Klee, 1997), refers "to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges" (Morgan & Hunt,1994).

Overall satisfaction is an overall evaluation based on the total purchase and consumption experience with a good or service overtime (Anderson, Fornell and Lehmann, 1994). It can be distinguished from transaction-specific customer satisfaction, which is an immediate post purchase evaluative judgment or an affective reaction to the most recent transactional experience with the firm (Garbarino and Johnson, 1999). Hence, satisfied customers highly valued the offered services (Verhoef, Franses and Hoekstra, 2002). Consequently, they will be more inclined to behave in a way that is beneficial to the company. Hence, a number of empirical studies support this finding by reporting positive effects of satisfaction on customer referrals, purchase intentions, usage of a service, and relationship duration.

### **2.2.7.3 Commitment**

The literature on relationship marketing is familiar with another possible antecedent of customer loyalty, which is relationship commitment. Based on literature of organizational behavior, commitment is defined in different ways like as an aspiration sustain a relationship, an undertaking of bond among parties, they give up or sacrifice if a relationship split, and with the lack of viable or attracting offerings. Due to these varieties of basis generate “stickiness” that stickiness sustains customers loyal to firm. As Oly Ndubisi (2007) & Dambush, (2016) noted that commitment is a critical issue in building customer loyalty, in identifying customers' requirement, and the existence of flexibility in customer relationship is a key issue to improve the service. As mentioned before, commitment plays a central role in relationships. An exchange partner of relationship with another is so important in Commitment as to warrant maximum efforts at maintaining it (Morgan and Hunt, 1994).

As Moorman et al., (1992); Morgan and Hunt (1994) & Venetis and Ghauri (2004) noted that commitment is regarded as a central outcome variable in business relationships, that ensures the strength, stability, durability, and even profitability of a relationship. A partner's relationship commitment is not built overnight and needs an ongoing process of the relationship. Relationship commitment is thus the crucial variable that determines the long-term retention of customer (Venetis and Ghauri, 2004).

Gustafsson, Johnson, and Roos, (2005) said that relationship commitment has two major dimensions, these are: calculative, continuance commitment and affective commitment. Calculative commitment is the colder or more rational, economic based depend on reason rely on benefits of product due to a lack of choice or switching costs and Affective commitment is hot concept, or more touching, emotional that builds up through reciprocity or personal involvement of customer with a firm, which lead towards high level of trust and commitment (Garbarino and Johnson 1999; Morgan and Hunt 1994). In the context of services, relationship development and relationship maintenance (retention) both are affected by affective commitment. Relationship benefits are directly and positively linked to commitment level that the customer may experience with the service provider. In most of the service firms, customers pay's before acquiring the service, that's why open communication service is vital and leads to less problems and increase customer expectation favorably. So open communication among partners is significant for long lasting relationship and commitment (Husnain, and Akhtar, 2016).

Affective commitment is ensured personal sharing, identifying with, or internalizing the values of the organization (Morgan and Hunt, 1994). According to Henning-Thurau and Klee, (1997) commitment is defined as a customer's long-term ongoing orientation toward a relationship grounded on both an emotional bond to the relationship (affective aspect) and on the conviction that remaining in the relationship will yield higher net benefits than terminating it (cognitive aspect).

Garbarino and Johnson (1999); Chakiso, (2015) describes that similar to trust, commitment is recognized as an essential ingredient for successful long term relationships and they also defined as commitment is "an ending desire to maintain a valued relationship".

According to Gustafsson, Johnson and Roos, (2005) & Verhoef (2003) in a financial services context demonstrates an important conceptual difference between customer satisfaction and the commitment dimensions is that satisfaction is "backward looking" whereas the commitment dimensions are more "forward looking". Satisfaction has become a performance to date, whereas affective and calculative commitment captures the strength of the relationship and the resultant commitment to proceed forward. Commitment always has been 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 or customer retention (Oly Ndubisi, 2007).

Commitment is a significant element for building a successful long-term relationship and defined as "an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it". It is hard to maintain relationship without commitment; customer satisfaction influences the customer commitment and enhances customer loyalty (Magasi, 2015). According to Venetis and Ghauri (2004) relationship commitment is thus the crucial variable that determines the long-term retention of customers. And also relationship commitment reflects different aspects of the commitment concept. Some stress its behavioral dimension, an explicit or implicit intention to continue the relationship, whereas others refer to Attitudes, for example, a desire for a stable relationship, a willingness to make short-term sacrifices for the sake of maintaining the relationship and belief in relationship stability.

#### **2.2.7.4 Reward Program/ Loyalty Program**

As Bojei, Julian, Che Wel, and Ahmed, (2013) rewards program was defined as a membership program or scheme that provides tangible and psychological rewards to customers. This construct was operationalized on the basis of customer's perceptions of the extent to which the store membership

program offered them tangible and psychological rewards for their loyalty. Reward programs are schemes that offer delayed, accumulated economic benefit to consumers who purchase certain brands or at certain stores. A reward program is also organized to offer to those who save high amount of money in banks for a long time. These clients are sometimes named brands for their consistent saving. This economic benefit is normally in terms of tangible rewards, that is, pricing and gift incentives to the customers based on their purchase frequency. The reward is given as an incentive to encourage customer loyalty and retention towards a certain retailer, product or brand. Some researchers have found a positive relationship between reward/loyalty program membership and customer loyalty and customer retention. Others, however, have found that the relationship was mixed or nonexistent.

Verhoef (2003) briefed that there are several theoretical reasons the reward based loyalty program being studied should positively affect customer retention. First psychological investigations revealed that rewards can be highly motivating. Second, because the program's reward structure usually depends on prior customer behavior, loyalty programs can provide barriers to customers' switching to another supplier. For example, when the reward structure depends on the length of the relationship, customers are less likely to switch (because of a time lag before the same level of rewards can be received from another supplier). It is well known that switching costs are an important antecedent of customer loyalty. As Bolton Kannen and Bramlett (2000) and Rust, Zeithaml, and Lemon (2000) as cited in Verhoef (2003) show that loyalty programs have a significant and positive effect on customer retention. In this study, I build on the theoretical argument in favor of the positive effect that loyalty programs have on customer retention.

Tangible reward model the customer behavior by transforming their mind from "loving the service" to "getting a benefit from the service", and this new perception of customer makes the market more active and helps the service more acceptable and generate customer loyalty and customer retention (Doaei, Rezaei, Khajei, (2011).

#### **2.2.7.5 Customer Retention**

Every organization needs to know how to retain its customers, even if they appear to be satisfied. Behavioral intentions are very important to understand whether customers will remain or defect from a company and will be influenced by service quality dimensions. Customers are retained if customer service quality and satisfaction are improved. Service quality can increase customer loyalty, retention and improved business performance (Magasi, 2015). As in Ang and Buttle, (2006) Customer retention

has been shown to be a primary goal in firms that practice relationship marketing.

Rootman, Tait and Sharp, (2011) stated customer retention as the longevity of a consumer's relationship with a firm. According to Menon and O'connor (2007), as cited in Dambush, (2016), customer retention is defined as holding and maintaining customers to maximize customer life time value by creating effective relationship with the firm. Customer retention can be seen as the mirror image of customer defection, where a high retention rate has the same significance as a low defection rate (Dambush, 2016).

Defining customer retention in terms of percentage share of customer savings, borrowing, spends or purchasing may be more useful instead of the absolute numbers of customers. A bank customer may have several accounts with the same bank and may decide to close one of them. Alternatively, a customer may still keep an account but transfer a substantial amount of money to an account in another bank. In these cases, the customer's existing banks are unknowingly, experiencing a defection. The use of aggregate figures and averages in calculating retention rates can be problematic and as misleading as treating bank accounts as customers. This is due to customers' significant different spending power and buying behaviors. It is not unusual for a small proportion of customers to account for a large proportion of company revenue (Dambush, 2016).

Moreover, defection rates tend to be much higher for new customers than long tenure customers. This is due to that high proportion of new customers could bring down the rate of retention and vice versa. Hidden defections occur when firms fail to recognize a slower growth in sales to a particular retained customer relative to the growth of the market (Ahmad & Buttle, 2001). Customer retention implies a long-term commitment on the part of the customer and the firm to maintain the relationship. The development of the mutual commitment has the same process as creating long term buyer-seller relationships (Venetis and Ghauri, 2004).

According to Bojei, Julian, Che Wel, and Ahmed, (2013), customer retention is realized and sustained making them to feel loyal, and committed to a particular bank measured via their repeat purchase behavior where their client is. Loyalty is used as a measure for customer retention as it is believed important to differentiate between the term loyalty and retention. This is because loyal customers normally stay with the firm and make repeat purchase (retain), but customers who make a repeat purchase (retain) are not necessarily loyal to the firm.

## 2.3 Empirical Review of Related Literatures

In the following section empirical review of related literature that are carried out by different scholars and supposed to be relevant for the proposed conceptual frame work as well as hypothesized statements of the study were presented.

In the relationship between relationship marketing strategies some theoretical review and findings suggested that commitment is a key mediator or a central role play in relationship marketing (Morgan and Hunt, (1994); Garbarino and Johnson, (1999), Venetis, Ghauri, (2004) and Wetzels, De Ruyter, Van Birgelen, (1998). Rootman, Tait and Sharp, (2011) & Shume, (2015) conducted a study on relationship marketing and customer retention. In the investigation, insight has been given in to the relationship marketing and customer retention strategies and its contribution. More specifically, the article provided insight in to the extent to which selected independent variables (relating to banks' activities, actions and methods) influence banks' relationship marketing and customer retention, and in to practical strategies that can be learned from successful international Banks. As banks are important contributors to any economy, sustained client relationships and stability through maintained clients, or customer retention, are essential for the survival of these institutions. Banks therefore need to familiarize themselves with service delivery activities and methods should constantly adjust to improve their relationship marketing efforts and customer retention levels (Shume,2015).

The empirical findings of this study have established relationship marketing variables of trust, commitment, have a positive influence on the customer retention.

The study conducted by Morgan and Hunt (1994) on influence of customer trust and commitment on long-term relationship, described that successful relationship marketing requires relationship commitment and trust. And they identify commitment and trust as key mediating variables is critical to the study and management of relationship marketing and trust is a significant positive impact on the commitment, determined based on the analysis. According to Moorman, Zaltman, and Deshpande (1992) finding trust by marketing research users in their research providers significantly affected user commitment to the research relationship. Satisfaction and affective commitment is significant and positive predictor on customer retention (Gustafsson, Johnson and Roos, 2005). Evidence determined from the result of hypothesis of Hong-kit Yim, Anderson and Swaminathan (2004) customer satisfaction is positively and significantly affects to customer retention. According to Morgan and

Hunt (1994) commitment is key mediating variable model of relationship marketing. Hence, this study employs commitment as a mediating variable.

Furthermore, Cohen et al., (2006) as cited in Magasi, (2015) examined empirically the potential constructs in customers' retention in the banking industry found that consumers can be highly satisfied but still leave their service providers. Jemaa (2014) as cited in Magasi, (2015) in the study of "Relationship Marketing key concepts as relationship value determination", and found that there is a positive relationship between customer's commitment and relationship value or customer retention. A study conducted in Magasi, (2015) come up with the conclusion that a long term customer organization relationship is crucial in creating longer-term customer retention. Thus, without good relationship among banks and their customers, customer retention cannot longer be ensured and if any that cannot be longer. He recognizes that relationships marketing dimensions and then planning strategies and strengthen these dimensions are important requirements for customer retention.

Dambush, (2016) conducted research on the role of relationship marketing on customer retention and concluded that marketing relationship strategy like commitment are positively and significantly correlated with the dependent variable (customer retention).

According to Bojei, Julian, Che Wel, and Ahmed, (2013), the results of the study support the hypothesized relationships to a large extent with rewards program having strong and a significant impact on customer retention. Bojei, Julian, Che Wel, and Ahmed (2013) analysis determine the relationship between the relationship marketing strategies like rewards program with customer retention. The result also show that this relationship marketing (rewarding) have significant influence on customer retention.

Therefore, the researcher claims that reward relationship/loyalty program marketing strategy has significant influence on the customer retention of the retail organization.

According to Hettiarachchy and Samarasinghe (2016), commitment has a strong and significant effect on customer retention. Mahmoud, Hinson and Adika, (2018) argued that relationship marketing commitment did not have a direct significant relationship with customers retention.

According to Venetis and Ghauri (2004) commitment is significantly and positively correlated with the intentions to stay (customer retention) and from the result of analysis trust is significantly related

to commitment. The result from Bojei, Julian, Che Wel, and Ahmed, (2013) showed that loyalty/reward program has significant and positive impact on customer retention. Furthermore, the main role of all RMS, especially the loyalty/ rewards program is to retain customers who are already showing loyalty to the store. By signing as a loyalty or reward program member, customers actually show their commitment to a relationship with the merchant usually for something tangible in return, in customer loyalty bonuses, free gifts, personalized cents-off coupons or some sort of financial reward. The reward is given as an incentive to encourage customer loyalty towards a certain service and product. The participant of a loyalty program normally makes a higher number of visits to the company than do non-participants, there-by benefiting both the customer and the store. The significant effect of tangible rewards is because financial rewards are one of the most important factors used by customer in selecting a loyalty program.

According to Gustafsson, Johnson and Roos, (2005) finding customer satisfaction and affective commitment are highly correlated latent variable and customer satisfaction and relationship marketing literature suggests three predictors of retention: overall customer satisfaction, affective commitment and calculative commitment and with their finding customer satisfaction has a consistent positive effect on customer retention. Verhoef (2003) finding states that commitment and loyalty program has a significant and positive effect on customer retention but satisfaction or payment equity found that no effect for customer retention. However, it confirms previous claims in the relationship marketing literature that commitment is a significant variable in customer relationships (Morgan and Hunt, 1994), more precisely; it affects both relationship maintenance and relationship development. According to Bolton, Kannan, and Bramlett (2000) report that loyalty programs have a strong, positive effect on customer retention. These results show that the significant variables are remarkably consistent across the two models (i.e., affective commitment and loyalty programs are significant predictors of both customer retention). Akintunde and Akaighe, (2016) finding study concluded that customer's relationship management/strategy has a significant relationship with customer retention. Customer relationship marketing strategy is imperative in the banking industry so as to retain customers for better capital adequacy, earnings, profitability and liquidity because it is the customers of the banks that provide depositors funds in which banks use for banking business aside from the shareholders equity and borrowing.

According to Wetzels, De Ruyter, Van Birgelen, 1998 finding the relationship between satisfaction and affective commitment is significant and positive relationship. More satisfied customers will be

more affectively committed to the supplier. Furthermore, it is also found a significant relationship between satisfaction and calculative commitment, more satisfied customers will be more calculatively committed to the supplier. Next, the relationships between commitment, trust and dependence were studied by Wetzels, De Ruyter and Van Birgelen, (1998). On the basis of a significant positive relationship between trust (benevolence) and affective commitment. The more a customer believes that its supplier is interested in its welfare and that the supplier will not take any unexpected actions which negatively impact the customer, the higher the level of affective commitment of the customer in the relationship. Apparently, more trust in the partner's benevolence leads to increased calculative commitment of a customer.

According to Wetzels, De Ruyter, Van Birgelen (1998) finding the higher the belief of the customer that the supplier will stand by its word, the higher the affective commitment of the customer in the relationship and the lower the calculative commitment. Wetzels, De Ruyter, Van Birgelen (1998) were tested the consequences of satisfaction and commitment in a relationship marketing context and no significant relation between customer satisfaction and the intention to stay in the relationship was found. However, Wetzels, De Ruyter and Van Birgelen, (1998) concluded that both types of commitment do influence the intention to stay, that is the more affectively committed customers intend to stay longer in the relationship with the supplier and also more calculative committed customers have a higher intention to continue that relationship. In turn, this higher satisfaction also contributes to more affectively committed customers. Satisfaction in turn has, through affective commitment, an indirect positive effect on intention to stay in the relationship.

**Table 2.2: Theoretical evidence for identifying representative of variables**

No	Journal Name	Title of the article	Context	Author(s):	Independent Variables selected by the Authors	Mediating variables	Dependent variables
1	Journal of Marketing	The commitment-trust theory of relationship marketing	Automobile tire retailers	Morgan and Hunt(1994)	<ul style="list-style-type: none"> <li>➤ Relationship benefits,</li> <li>➤ Relationship termination cost,</li> <li>➤ Shared value,</li> <li>➤ communication,</li> <li>➤ Opportunistic Behavior</li> </ul>	<ul style="list-style-type: none"> <li>➤ Relationship</li> <li>➤ Commitment</li> <li>➤ Trust</li> </ul>	<ul style="list-style-type: none"> <li>➤ Acquiescence,</li> <li>➤ cooperation,</li> <li>➤ propensity to leave,</li> <li>➤ Functional conflict,</li> <li>➤ uncertainty</li> </ul>
2	Journal of Marketing	The different Roles of Satisfaction, Trust, and Commitment in Customer Relationships	Customers of a professional nonprofit repertory theater company's in New York city	Garbarino and Johnson (1999)	<b>Exogenous constructs</b> <ul style="list-style-type: none"> <li>➤ Actor satisfaction</li> <li>➤ Preference for familiar actors</li> <li>➤ Play attitudes</li> <li>➤ Theater facility attitudes</li> </ul>	<b>Endogenous constructs</b> <ul style="list-style-type: none"> <li>➤ For the low relational customers overall satisfaction</li> <li>➤ For the high relational customers Trust and commitment</li> </ul>	<ul style="list-style-type: none"> <li>➤ Customer Relationships</li> <li>➤ Future intentions</li> </ul>
3	Journal of Marketing	Understanding the effect of customer relationship management efforts on customer Retention and Customer Share Development	Customers of a Dutch Financial Services Company	Verhoef (2003)	<ul style="list-style-type: none"> <li>➤ Satisfaction,</li> <li>➤ Payment equity,</li> <li>➤ Affective commitment,</li> <li>➤ Loyalty program,</li> <li>➤ Direct mailings, and</li> </ul> <b>control variable of :</b> <ul style="list-style-type: none"> <li>customer share,</li> <li>Relationship age and</li> <li>• Type of service purchased</li> </ul>		<ul style="list-style-type: none"> <li>➤ Customer Retention,</li> <li>➤ Customer share,</li> </ul>

4	Journal of marketing	The effects of customer satisfaction, Relationship Commitment Dimensions, and Triggers on customer Retention	Customers of Swedish Telecommunications services company	Gustafsson, Johnson and Roos (2005)	<ul style="list-style-type: none"> <li>➤ Customer satisfaction,</li> <li>➤ Commitment(Affective calculative),</li> </ul> <p><b>Moderator to satisfaction and retention</b></p> <ul style="list-style-type: none"> <li>• Situational and</li> <li>• Reactional Triggers and</li> </ul>	➤ Customer retentions
5	Journal of consumer behavior	The empirical link between relationship marketing tools and consumer retention in retail marketing	Three retail stores in Malaysia	Bojei, Julian, Che Wel, and Ahmed (2013)	<ul style="list-style-type: none"> <li>➤ Customer service,</li> <li>➤ Loyalty/ Rewards program,</li> <li>➤ customization,</li> <li>➤ Personalization and</li> <li>➤ Brand/ store community,</li> </ul>	➤ customer retention
6	Journal of personal selling and sales management	Customer Relationship Management: Its Dimensions and effect on Customer Outcomes	Selected service firm from business directory of Honk Kong (Banks, investment companies, insurance companies, and other firms characterized by a high degree of relationship orientation)	Hong-kit Yim, Anderson and Swaminethan (2004)	<ul style="list-style-type: none"> <li>➤ Focusing on key customers</li> <li>➤ Organizing around CRM,</li> <li>➤ Managing Knowledge,</li> <li>➤ Incorporating CRM-based technology,</li> </ul>	<ul style="list-style-type: none"> <li>➤ Customer satisfaction</li> <li>➤ customer retention, and sales growth</li> </ul>

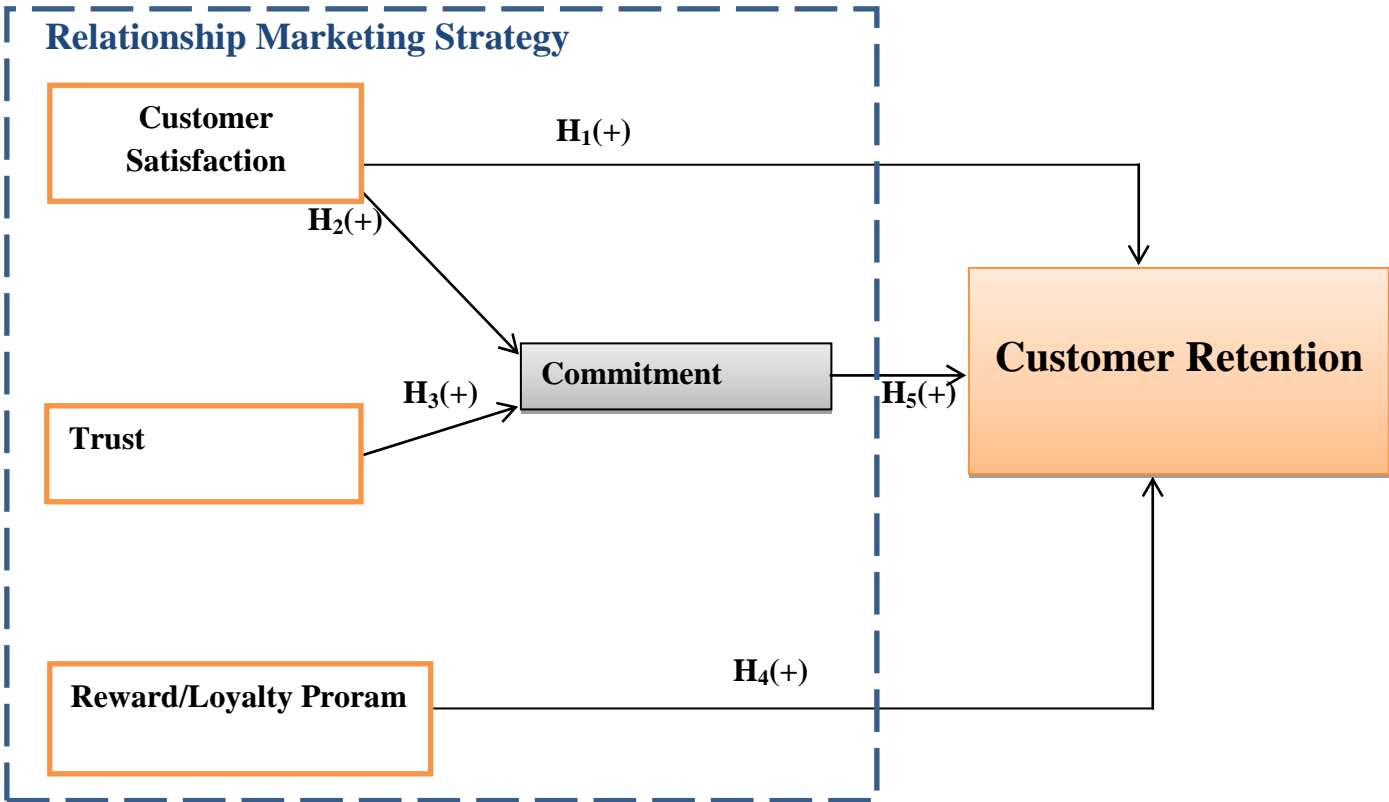
7	European journal of marketing	Service quality and customer retention: building long-term Relationships	Advertising Sector (service market)	Venetis, Ghauri(2004),	<ul style="list-style-type: none"> <li>➤ <b>Service quality,</b></li> <li>➤ <b>Trust,</b></li> <li>➤ <b>Social bond and</b></li> <li>➤ <b>Structural bond</b>( Investment bonds, switch bonds, stock bonds)</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Relationship commitment</b> (Affective Commitment and Calculative Commitment)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Relationship Intentions(Intention to stay)</li> </ul>
8	Journal of Business and Industrial Marketing	Marketing service relationships: the role of commitment	Service Industry	Wetzels, De Ruyter, Van Birgelen (1998)	<ul style="list-style-type: none"> <li>➤ <b>Technical quality</b></li> <li>➤ <b>Functional quality</b></li> <li>➤ <b>Trust(Benevolence)</b></li> <li>➤ <b>Trust(Honesty)</b></li> <li>➤ <b>Dependence</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ Customer satisfaction as mediator to <b>Technical quality and Functional quality only</b></li> <li>➤ <b>Affective Commitment</b></li> <li>➤ Calculative Commitment</li> </ul>	<ul style="list-style-type: none"> <li>➤ Intention to stay</li> </ul>
9	Journal of the academy of marketing science	The effect of relationship constructs on customer referrals and number of services purchased from a multi service provider: Does age of relationship matter?	Customers of insurance company in the Netherlands	Verhoef, Franses and Hoekstra (2002)	<ul style="list-style-type: none"> <li>➤ Trust</li> <li>➤ Affective Commitment</li> <li>➤ Calculative Commitment</li> <li>➤ Satisfaction</li> <li>➤ Payment Equity</li> </ul> <p style="text-align: center;"><b>Moderating Variable</b> Relationship Age</p>	<ul style="list-style-type: none"> <li>➤ Customer Referrals</li> <li>➤ Number of Services Purchased</li> </ul>	

**Source:** Summary of theoretical and empirical findings from literature review, 2019

### 2.4 Conceptual Framework of the Study

Based on the above theoretical literatures and empirical review, the conceptual framework model were developed to show how the series of independent variables (Customer satisfaction, trust and reward/ Loyalty Program), Mediating Variable of commitment are related with the dependent variable (customer retention). Along term customer marketing relationship strategy is very important to create longer term customer retention. The researcher proposed the model in **figure 2.1**to predict how the antecedents of customer relationship marketing influence the overall impact on customer retention.

**Figure 2.1: Conceptual framework on RMS and its impact on customer retention**



*Source: Developed based Magasi (2015) and literature review, 2019*

## 2.5 Research Hypotheses

Quite often a research hypothesis is a predictive statement, capable of being tested by scientific methods, that relates an independent variable to some dependent variable (Kothari, 2004). Besides to the research question statement of this study the following hypothesis was quantitatively tested:

- ❖ H1: Customer Satisfaction is positively and significantly related with customer retention towards their bank.
- ❖ H2: Customer Satisfaction is positively and significantly related with Commitment towards their bank.
- ❖ H3: Trust is positively and significantly related with Commitment towards their bank.
- ❖ H4: Reward/Loyalty program is positively and significantly related with customer retention towards their bank.
- ❖ H5: Commitment is positively and significantly related with customer retention towards their bank.

## **CHAPTER THREE: METHODOLOGY**

### **3. Research Design and Methodology**

#### **3.1 Introduction**

In order to achieve the objective stated in the first chapter this chapter contains research design and employed different method. Specifically the study area, the research design, research approach, the target population, sample size and sampling technique used, measurements of variables, sources of data, the statistical technique used in analyzing the collected data that would be presented, and data collection instruments and ethical considerations that will follow in collecting data are the study area of this chapter.

#### **3.2 The Study Area**

The study area is Wegagen Bank S.C. The bank was established on June 11, 1997. The bank came in to being with 16 founding members who recognized the critical role that financial institutions would play to create a sustainable economic development and raised an initial capital of birr 30 million (company annual report, 2018). The Bank has a network of 366 branches of which 178 are in Addis Ababa and the remaining 188 are located in other cities and towns of the country. The bank has currently 1,094,983 numbers of customers in Ethiopian of which 475,212 numbers of customers are found in Addis Ababa and the number of customers in east district Addis Ababa is currently 112,602( Management information system departments as of January, 2019).

#### **3.3 Research Design**

According to Kothari, (2004) Research design is the arrangement of conditions for collection and analysis of data in a way that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is conceptual structure with in which research is conducted; it consists the blueprint for the collection, measurement and analysis of data.

Therefore, the research design used in this study is both descriptive and explanatory type of

research design to investigate and determine the effect of relationship marketing strategy of Wegagen bank on customer retention with existence of mediating variable (commitment) shown in the conceptual framework. Descriptive research design was used to describe the current condition of Wegagen bank with regard to RMS & CR. The explanatory research design was used to explain the cause and effect relationship between variables. The study employed cross sectional study design because the data was collected at one point of time.

### **3.4 Research Approach**

The two basic approaches in this study is both quantitative and qualitative approach. The former involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. Qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior (Kothari, 2004).

This study employed more of quantitative case study method to answer the research questions and used some qualitative information to know the current conditions of Wegagen bank S.C with regard to relationship marketing strategy and customer retention. The quantitative approach applied to identify the impact of relationship marketing on customer retention. Some qualitative information was gathered from the organization by using semi-structured interview.

### **3.5 Target Population, Sample Size, and Sampling Technique**

#### **3.5.1 Target Population**

The target population of this study was customers of Addis Ababa branch under East Addis Ababa district of Wegagen bank S.C... Wegagen bank currently it has 366 branches and 1,094,983 customers in Ethiopia. And 178 branches, 475,212 customers are exist in Addis Ababa of which 40 branches and 112,602 customers are in east district branches of Addis Ababa (Management information system departments as of January, 2019).

Begin with this the target population for the study were the customers, those who are in East Addis Ababa district branches who are registered until January, 2019 and their total number that found 112, 602 customers who are listed in 40 branches located in East district Addis Ababa city and selected branch managers of the bank. Wegagen bank was purposely chosen among different

banks and this district be selected from others districts using convenient sampling expecting that the researcher would get the necessary data in this district and also due to its cost and time constraints.

### 3.5.2 Sample Size

In East Addis Ababa branches of Wegagen bank there are about 112,602 total customers as at January, 2019 (management information systems of Wegagen bank). The sample size is determined based on the following simplified formula proposed by (Kothari, 2004).

$$\text{Sample size (n)} = \frac{(z^2 \cdot p \cdot q \cdot N)}{(e^2 (N-1) + z^2 \cdot p \cdot q)}$$

Where, **n** is sample size, and **N** is the total population size, which is 112,602.

**P**= sample proportion of success and **q** is sample proportion of failure, **q=1-p**, **p** is 0.5

**e**= the level of precision (acceptable error) and its value is 0.05

**Z**= the value of the standard variant at a given confidence level which is 1.96

Accordingly, the sample size for the study would be calculated as follows.

$$\begin{aligned} \text{Sample size (n)} &= \frac{(z^2 \cdot p \cdot q \cdot N)}{(e^2 (N-1) + z^2 \cdot p \cdot q)} \\ &= \frac{(1.96)^2(0.5) (0.5) (112,602)}{(0.05)^2(112,602-1)) + (1.96)^2(0.5) (0.5)} \\ &= \frac{(108,126.0705)}{(281.505+0.96025)} \end{aligned}$$

$$\text{Sample size (n)} = 382.79 \approx 383$$

The researcher prepared and distributed a total of 383 questionnaires to collect the primary necessary data from customers of the selected branches according to the proportionality sample in the study.

25 (6.5%) did not return the questionnaires and 8 (2.09%) additional questionnaires were found incomplete response. And all these did not return the questionnaires and the incomplete questionnaires were reduced to the total sample size. The total response rate of the study was 350(91.4%), which is acceptable response rate to conduct the study.

### **3.5.3 Sampling Technique**

The sampling designs are basically of two types these are non-probability sampling and probability sampling (Kothari, 2004).

For the purpose of this study the researcher used non-probability sampling of convenience sampling methods to select the sampling from the available population. The researcher decided to employ convenience sampling method because it is actually impossible to carry on a probability sampling because there is no point in time during which all customers are available due to different reasons and it is not possible to contact everyone who may be sampled. Accordingly, a total of 383 sample customers were selected.

In order to determine respondent of the questionnaire, the researcher classified the customers based on the organization criteria of highest operational activities of branches. These are: (transactional volume, number of years in operation and number of accounts and deposition) used to classify the branches as tiers because most retained customers exist on these categories of branches. So, the researcher stratified based on the bank categories of each branches to select the most retained customer of branches for the purpose of determining fact and good information on the relationship marketing strategy of Wegagen bank based on the questionnaire.

Wegagen bank classify the branches as tier-I, tier-II and tier-III where tier-I refers the highest grade and tier-III refers the lowest grade. But for the purpose of the study the researcher selected only tier-I and tier-II branches because these tiers are high number of years in operation and high number of retained customer accounts and deposits than tier-III. From the total sample population the number of respondents to be included from each selected tier-I and tier-II were

decided based on proportion of customers found at each tier branches is calculated from each branch of selected tiers.

Finally to get the decided number of sample customers the researcher used the selected respondents from each branch to be asked to fill the questionnaire using convenience sampling method.

**Table 3.1: Proportionate sample status of questionnaire to be distributed to each selected branch customers**

Tier	Number of branches at each tier	Name of branches	Total number of customers (a)	Proportionate sample size (b =a÷29,888)	Expected sample size (c=b*sample size)
Tier-I	2	Bole Medhanealem Area Branch	10,001	$(10,001) \div 29,888 = 0.33$	$0.33 * 383 = 126$
		Gerji Branch	10,654	$(10,654) \div 29,888 = 0.36$	$0.36 * 383 = 138$
Tier-II	2	Africa-Avenue Branch	6,871	$(6,871) \div 29,888 = 0.23$	$0.23 * 383 = 88$
		Bole Michael Area Branch	2,362	$(2,362) \div 29,888 = 0.08$	$0.08 * 383 = 31$
Total	4		29,888	$(29,888) \div 29,888 = 1$	$1 * 383 = 383$

**Source:** (Branch Operation directorates and Management information system departments in January (2019).

While for the interviews with four customer service managers of the selected branches of Wegagen bank S.C, the researcher employed non-probability sampling technique of judgmental sampling because for the interview, personal choice is more important than selecting statistically because most of the managers are busy in their work.

### 3.6. Measurements of Variables

**Table 3.2: Measurement of variables**

No.	Variable	Items	Scale	Sources
1	<b>Relationship Marketing Strategy (Independent Variables)</b>	<b>Trust</b> <b>T1:</b> This bank is trustworthy company <b>T2:</b> This bank can be relied on to keep its promises <b>T3:</b> This bank puts the customer's interest first <b>T4:</b> This bank usually keeps the promises that it takes to me <b>T5:</b> I can count on the bank to provide a good service	Five point likert scale with 1=strong disagree to 5= strongly agree	Verhoef, Franses and Hoekstra (2002), Crosby, Evans and Cowles (1990).
		<b>Loyalty Program/ Reward Program</b> <b>L1:</b> This bank makes greater efforts to satisfy its card members than non-card members <b>L2:</b> This bank offers better service to card-members than non-members <b>L3:</b> This bank offers greater benefits to card-members <b>L4:</b> As a member of the loyalty program I received privileged treatment from this bank	Five point likert scale with 1=strong disagree to 5= strongly agree	Bojei, Julian, Che Wel, and Ahmed, (2013).
		<b>Customer Satisfaction</b> <b>CS1:</b> How satisfied are you with the personal attention of the Bank <b>CS2:</b> How satisfied are you with the willingness of the Bank to explain procedures <b>CS3:</b> How satisfied are you with the service quality of the Bank <b>CS4:</b> How satisfied are you with the responding by the Bank to claims <b>CS5:</b> How satisfied are you with The expertise of the personnel of the bank <b>CS6:</b> How satisfied are you with the relationship with the Bank <b>CS7:</b> How satisfied are you with the alertness of the Bank	Five point likert scale with 1=strongly dissatisfied to 5= strongly satisfied	Verhoef (2003), Verhoef, Franses and Hoekstra (2002) .

2	<b>Commitment (Mediating Variable)</b>	<b>C1:</b> I am proud to belong to this Bank <b>C2:</b> I feel a sense of belonging to this Bank <b>C3:</b> I care about the long-term success of this Bank <b>C4:</b> I am a loyal patrol of this Bank	Five point likert scale with 1=strong disagree to 5= strongly agree	Garbarino and Johnson(1999)
3	<b>Customer Retention (dependent variable)</b>	<b>CR1:</b> I feel loyalty towards this bank <b>CR2:</b> Even if this bank was difficult to reach I would still keep serving with this bank <b>CR3:</b> I think of myself as a loyal customer to this bank <b>CR4:</b> I am very committed to this bank <b>CR5:</b> I am willing to make an effort to get service at this bank <b>CR6:</b> I am willing to go the extra mile to remain as a customer of this bank <b>CR7:</b> I would rather stay with the bank I usually frequent than trying a different bank I am unsure of. <b>CR8:</b> I do most of my service at this bank <b>CR9:</b> I intend to continue serving at this bank over the next future years <b>CR10:</b> I prefer to use a service frequently at one bank only <b>CR11:</b> I care a lot about which bank I frequent	Five point likert scale with 1=strong disagree to 5= strongly agree	Bojei, Julian, Che Wel, and Ahmed, (2013)

**Source:** Adopted from theoretical and empirical findings from literature review, 2019

### **3.7 Sources of Data**

The study used mainly primary data sources through appropriate structured questionnaire from the respondents/customer of the selected bank branches. Detail information on customer demographic characteristics, trust, commitment, Customer Satisfaction, reward/Loyalty program and customer retention data was collected by questionnaire. In order to support the questionnaire survey, primary data was also being obtained through interview with branch customer managers of each selected branches. Secondary sources of data was gathered from different books, journals, websites, empirical evidences and documents related with relationship marketing strategy and customer retention to supplement the finding of primary data.

### **3.8 Validity and Reliability**

#### **3.8.1. Validity**

According to Kothari (2004), validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested.

The following steps were taken to ensure the validity of the study:

- All items applied to measure constructs were adopted from validated sources from literature as indicated in **table3.2**.
- Data was collected from the most retained customers of the bank to determine the valid information.
- Data were initially cleaned for potential non-response, invalid answers, or any incomplete questionnaires.

The content validity of this research study is the extent to which a measuring instrument provides adequate coverage of the topic under my study and the instruments contain a representative sample of the universe.

### 3.8.2 Reliability

The test of reliability is another important test of sound measurement. A measuring instrument is reliable if it provides consistent results. The quality of reliability is satisfied by an instrument adopted from validated sources from literature as indicated in **table 3.2**.

Hair, Black, Babin and Anderson, (2010) and Cohen (2013) stated that alternative measure of reliability as internal consistency is the Cronbach's alpha, and also frequently referred to as the alpha coefficient of reliability. The Cronbach's alpha provides a coefficient of inter-item correlations, that is, the correlation of each item with the sum of all the other relevant items, and is useful for multi-item scales.

In this study, Cronbach's Alpha is used to measure the internal consistency of the items used. According to Hair, Black, Babin and Anderson, (2010) the general consistency of the entire scale agreed upon lower limit for Cronbach's alpha is 0.70 see **table 3.3**.

**Table 3.3: Cronbach's alpha value result**

<b>S.No.</b>	<b>Variables of the study</b>	<b>No. of items</b>	<b>Cronbach's alpha Values</b>
1	Trust	5	0.912
2	Reward Program /Loyalty Program	4	0.862
3	Customer Satisfaction	7	0.930
4	Commitment	4	0.904
5	Customer Retention	11	0.924
<b>Overall score</b>		<b>31</b>	<b>0.964</b>

**Source:** Survey Finding, (2019)

Based on the idea proposed by Hair, Black, Babin and Anderson, (2010) the higher the Cronbach's alpha value, the higher the internal consistency is and based on their suggestion proposed if the value Cronbach's alpha was higher than 0.70, then it showed that the reliability of measurement was high. All items applied to measure constructs were adopted from validated sources which have an acceptable internal consistency. The above **table3.3** shows that the value

of the Cronbach's alpha of the study to measure constructs ranges from 0.862 to 0.930. This indicates the items in scale used in this study were good and acceptable internal consistency.

Furthermore, the result of Cronbach's alpha value for the whole variables used in this study was 0.964 which is considered as good and acceptable consistency.

### **3.9 Data Analysis Technique**

Data processing and analysis an important part of the whole survey operation. Descriptive and inferential statistics of correlation and regression analysis were used to analysis the empirical data. Regression analysis used to know by how much the independent variable (trust, customer satisfaction, reward program) and mediating variable of commitment explains or influences the dependent variable which is customer retention.

To analyze the effect of relationship marketing strategy on customer retention with the existence of independent and mediating variables and test the proposed hypothesis, the researcher used multiple linear regression. In multiple linear regressions, the study used any number of independent variables to predict the dependent variable (Kothari, 2004). To test the direct effect of customer satisfaction and reward program on customer retention, the researcher used the multiple linear regression. The reasons behind choosing multiple linear regression for the study was the data collection tool had been prepared in the form of likert scale where a series of minimum four or more mutually inclusive Likert items that are combined into a single composite score/variable and should be analyzed at the interval measurement scale (Boone & Boone, 2012). Therefore, the study treated Likert data as scale data. For the analysis of predictor variables (i.e. customer satisfaction and trust) and the mediator (commitment) were also used a SPSS Process Version 3.3 by Andrew F. Hayes at different stages.

To test for mediation role, one should estimate the three following regression equations: first, regressing the dependent variable on the independent variable; second, regressing the mediator on the independent variable; and third, regressing the dependent variable on both the independent variable and on the mediator (Baron and Kenny, 1986). Correlation analysis also conducted to measure the strength of the association between relationship marketing dimensions and customer retention. And also descriptive analysis used for the demographic factors such as gender, age,

education, Occupation and for how many times the customers are using the bank services. The results of semi- structured interview questions were analyzed qualitatively. Tools like tables and percentage are used. Data analysis was performed by using SPSS Version24 software.

### 3.10 Research Model Specification

To identify the relationship between relationship marketing practices and customer retention, multiple linear regression model was estimated using customer retention as the dependent variable and relationship marketing (trust, customer satisfaction and reward program) as the independent variables and commitment is a mediating variable. The model is stated as follows:

$$Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \dots + \beta_n X_{ni} + \epsilon_i$$

Where:  $Y_i$  is dependent variable for  $i^{\text{th}}$  observation;

$X_i$  is independent variable for  $i^{\text{th}}$  observation;

$\beta_0$  is the intercept;

$\beta_n$  are regression coefficients

$\epsilon_i$  is the error term for  $i^{\text{th}}$  observation

According to Baron and Kenney (1986), the above basic regression model is rewritten in to three stages in terms of the variables used in this research on the research conceptual frame work is stated as follows:

$$CR = \beta_0 + \beta_1 CS + \beta_2 RP + \epsilon \dots \dots \dots 1$$

$$COMM = \beta_0 + \beta_1 CS + \beta_2 T + \epsilon \dots \dots \dots 2$$

$$CR = \beta_0 + \beta_1 CS + \beta_2 COMM + \epsilon \dots \dots \dots 3$$

Where: CR is Customer retention (dependent variable)

RP is Reward program (independent variable)

CS is Customer satisfaction (independent variable)

T is Trust (independent variable)

COMM is Commitment (mediating variable)

### **3.11 Data Collection Instruments and Variables**

The study used both primary and secondary data as its source of information. Primary data was gathered based on structured questionnaire and semi-structured interview. The secondary data were collected using reviewing books, previous research works, articles and related journals.

The questionnaires were prepared according to the 5 point Likert scale items for respondents because it is helpful to choose one option from the given scaling that best align with their views. In addition to this, the semi-structured interview was conducted with the selected branches of customer service managers in order to give opportunities to express their feeling, intention and perception related to the customer relationship marketing practice in Wegagen bank S.C.

### **3.12 Description of Variables of Relationship Marketing**

- ❖ **Dependent Variable:** customer retention
- ❖ **Independent Variables:** dimensions of relationship marketing strategy such as:  
trust, customer satisfaction, reward/Loyalty Program,
- ❖ **Mediating Variable:** commitment.

### **3.13 Ethical Consideration**

As far as the ethical consideration for the rights of the researcher participants, the researcher treated all the information given by customers and a customer service manager kept confidentially without disclosing the respondent's identity and would not be used for any personal interest, and assures that it would be used only for academic purpose.

Furthermore questionnaire was distributed only to voluntary participants. Lastly, all secondary sources were quoted to keep the rights of ownership of all materials.

# **CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND HYPOTHESIS TESTING**

## **4.1. Introduction**

As indicated earlier, the objective of this study was to determine the effect of relationship marketing strategy on customer retention in the East district branches of Wegagen bank Share Company. To achieve these objective this study considers direct effect of customer satisfaction, reward program and indirect effect of customer satisfaction and trust on customer retention and the mediating effect of commitment towards the customer retention. Based on the sample size determined in the study total of 383 functional questionnaires were distributed to the sample respondents and a total of sampled questionnaire 350 useable questionnaires were obtained valid and used for analysis. Multiple linear regression was mainly applied in the quantitative analyses to test the hypotheses from the collected questionnaires.

This chapter emphasis on analysis presentation, interpretation and hypothesis testing of data collected through questionnaire and presentation of semi-structured interview result. The data collected were analyzed using SPSS version 24 and SPSS Process Version 3.3 by Andrew F. Hayes.

## **4.2. Demographic Composition of Respondents**

This section comprises profile of respondents and customer relationship marketing strategies related questions were collected from the selected respondents of customers of the bank and semi-structured interviews were made with the branch managers. The demographic information of the respondents is presented and analyses as per their years serve as a customer with the bank, age, gender, highest educational level of the respondent and Occupation to see the demographic composition of respondents in the study area. This aspect of the data analysis deals with the analysis personal data on the respondents.

Accordingly, analysis and interpretation as the data obtained from the respondents are presented and discussed as follows:

**Table 4.1: Frequency and percentage of Respondents Demographic Information**

No.	Demographic variable	Frequency	Percentage	
1	How long have you been a customer with the bank (in years )	Less than 2 years	55	15.7
		2 – 5 years	77	22.0
		5 - 7years	74	21.1
		More than 7 years	144	41.1
2	Age	19-24	34	9.7
		25-34	132	37.7
		35-44	108	30.9
		45-50	61	17.4
		51-70	15	4.3
3	Gender	Male	172	49.1
		Female	178	50.9
4	Educational Level	Below diploma	44	12.6
		Diploma	94	26.9
		First Degree	175	50
		Post graduate	36	10.3
		PhD	1	0.3
		Other's specify	0.0	0.0
5	Occupation	Government sector	60	17.1
		Private sector	206	58.9
		Own Business	80	22.9
		Student	3	0.9
		If Others, Please Specify	1	0.3

**Source:** Own Survey, 2019

As shown in table 4.1, out of 350 respondents the largest group of respondents which contains 144 (41.1%) of the respondents have used more than 7 years of the banks services as customer of the bank. The next largest group of the respondents which is 77 (22.0%) of the respondents have

used the bank services for 2-5 years long. While the rest group 74(21.1%) is 5-7 years served as a customer of the bank and smaller groups of the respondents which contain 55 (15.7%) have used the bank services Less than 2 years. The study tried to represent the customer respondents, however is concentrated on highest years of services used as a customer of the bank to determine fact and good information about the bank relationship marketing strategies used to serve their customer which is 295 (84.2%) of the respondents are  $\geq 2$  years.

The study shows that 132(37.7%) of the respondents are the age of 25-34 years old, followed by the respondent at the age between 35 – 44, 45-50, and 19-24 years old with 108 (30.9%), 61 (17.4%) and 34(9.7%) respectively. Lowest percentage of the respondents, specifically 15(4.3%) of the total respondents, belongs to the age group of 51-70 years old. According to the survey taken, the gender distribution is comparatively balanced with slight leaning to female 178 (50.9%) and the rest 172(49.1%) are male.

With regard to educational level 175 (50%) of the survey respondents were first degree, 94 (26.9%) are diploma, 44 (12.6%) are below diploma and 36 (10.3%) of the total respondents of the study were post graduate. The remaining 1 (0.3%) respondents were PhD holder.

In the case of occupational status of the respondents, the survey table shows that 206 (58.9%) of the respondents are working in private sector, 80 (22.9%) are having their own business, 60 (17.1%) are working in government sector, 3(0.9%) indicated that they are students and 1 (0.3%) work in other occupation.

In summary, majority of respondents of customer of the bank are more than 7 years having a customer with the bank, at the age of between 25 and 34, female, holder of a first degree, and they are working in private sectors.

### **4.3. Correlation Analysis**

According to Saunders, Lewis, & Thornhill, (2009) Correlation analysis quantify the degree of association between variables and shows the direction in which the variables associate positively or negatively which ranges from  $-1$ (perfect negative correlation) to  $1$ (perfect positive correlation) and the strength of the association can be categorized from weak with correlation

coefficient (r) less than 0.3 to strong relation with correlation coefficient (r) greater than 0.7 and 0 mean the variables are perfectly independent or no correlation among variables.

**Table- 4.2: Pearson Correlations**

Correlations						
		Trust	Reward program	Customer satisfaction	Commitment	Customer retention
Trust	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	350				
Reward Program	Pearson Correlation	.346**	1			
	Sig. (2-tailed)	.000				
	N	350	350			
Customer satisfaction	Pearson Correlation	.785**	.370**	1		
	Sig. (2-tailed)	.000	.000			
	N	350	350	350		
Commitment	Pearson Correlation	.672**	.407**	.765**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	350	350	350	350	
Customer retention	Pearson Correlation	.696**	.386**	.792**	.811**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	350	350	350	350	350

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

**Source:** Own Survey (2019), SPSS v24

**Table 4.2** shows that the correlation coefficients for the associations between all the variables which include independent, mediating and dependent variables and this correlation analysis is relevant to note mainly the relationship that exists between the dependent variable, independent and mediating.

When we see from the **table 4.2**, customer retention has positively significant relationship with Trust, Reward program, Customer satisfaction and Commitment. Customer satisfaction, Trust had also positively significant relationship with commitment. This implies that as one variable increase, the other variable also increases and vice-versa. There is high and positive correlation between Customer retention and Customer satisfaction ( $r=0.792$ ,  $p<0.01$ ). Similarly, Customer retention correlated with Commitment positively and strongly ( $r=0.811$ ,  $p<0.01$ ). Furthermore, the correlation between Customer retention and Trust ( $r = 0.696$ ,  $p < 0.01$ ), Customer retention and Reward program ( $r = 0.386$ ,  $p < 0.01$ ) were moderate.

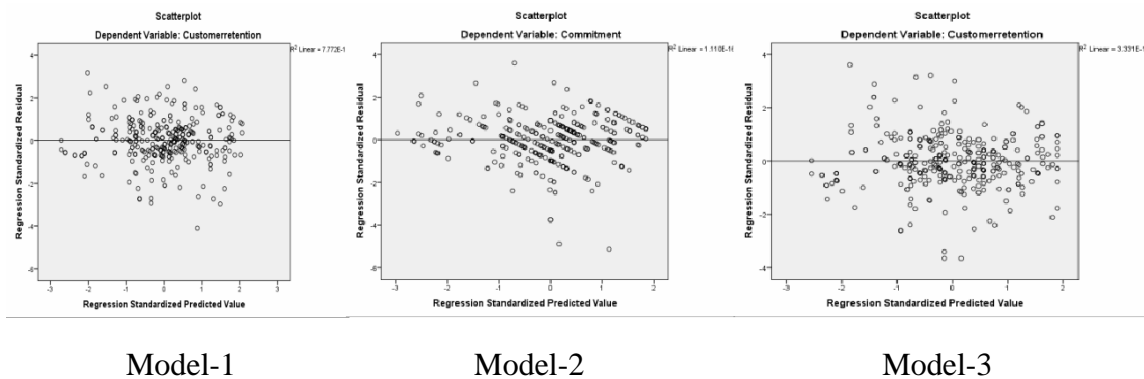
The table also indicates that the correlation among independent and mediating variables. The result showed that the correlation among independent and mediating variables ranges from moderate to strong correlation. For instance, the first strong correlation was between Commitment and Customer satisfaction ( $r = 0.765$ ,  $p < 0.01$ ) and the moderate correlation were between Commitment and Trust ( $r =0.672$ ,  $p < 0.01$ ). Taking their associations tested and assured form the correlation analysis, regression analysis can be conducted to create inferences out of their relationship.

## 4.4 Diagnostics of Assumptions in Regression Model

### 4.4.1 Test of Linearity

To examine the linearity assumptions there must be a linear relationship between the dependent variable and the independent variables. According to Osborn and Waters (2002) linear relationship is a linear relation of the standardized residuals and standardized predicted values. The Scatter plots show that the relationship between dependent, mediating and independent variables is linear (See figure 4.2).

**Fig 4.1: Scatter plot with fit line**



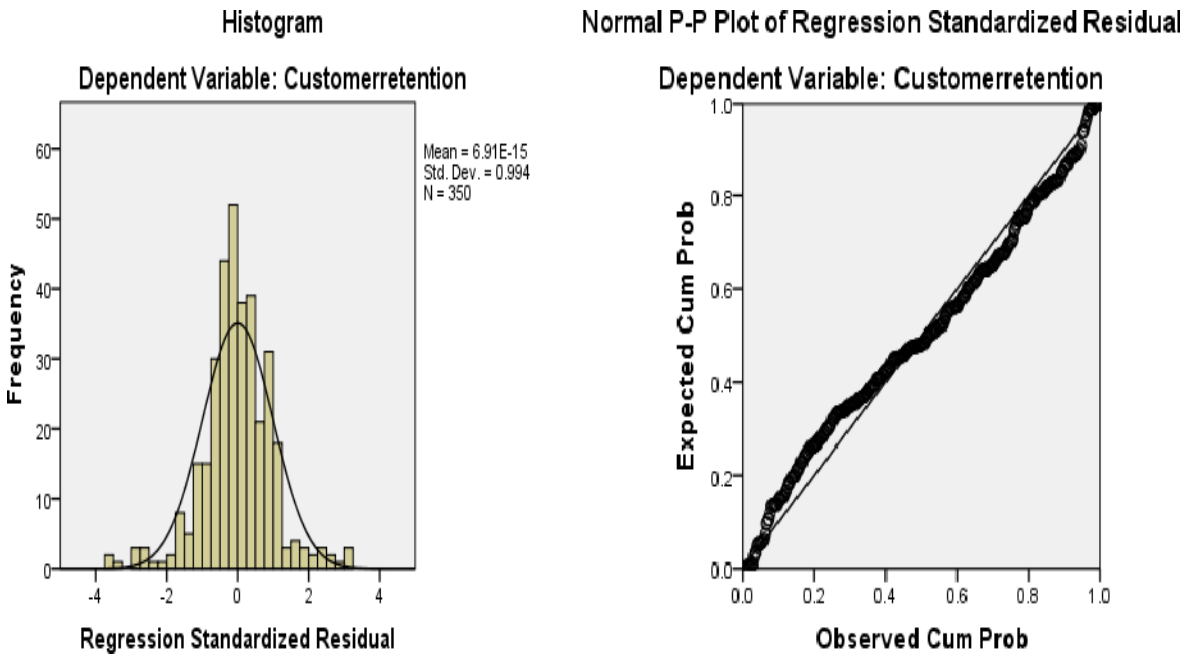
As indicated in **figure 4.1** above, all the three relationship models between dependent and independent variables (CS, RP with CR; CS, T with COMM and CS, COMM with CR respectively) fit reasonably with linear pattern and based on the Scatter plots the assumption of linearity is not violated.

### 4.4.2 Test of Normality

The normality assumption can be tested by looking at the Normal Probability Plot (P-P) for the model of Regression Standardized Residual and the Scatter plot with histogram shown as part of the analysis. The histogram in **figure 4.2** with the normal curve looks normal and the black line in the histogram represents the bell-shaped normal curve of the sample data under the study and the P-P plots in **figure 4.2** also the dots are realistically nearer to the normal line. Therefore, the closer or nearer the dots to the diagonal line, the closer to normal the residuals are distributed.

The combination of both inspections support that the residuals are normally distributed.

**Fig 4.2: Histogram and P-P plot of regression Standardized Residuals**



**Source:** own survey (2019)

Therefore, when we see from the above both histogram and normal P-P plot of regression it is possible to conclude that the residuals are normally distributed.

#### **4.4.3 Test of Multicollinearity**

Multicollinearity occurs when you have two or more independent variables that are highly correlated with each other. Strong relationship between predictive (independent) variables is a problem of multicollinearity and not acceptable for regression analyses. Multicollinearity occurs if some or all of the predictive (independent) variables are highly correlated with each other. Multicollinearity can be tested either from the value of tolerance and VIF or from correlation coefficient results.

The independent variables (Trust, Reward Program, Customer Satisfaction, Commitment) have shown significant relationship with each other but their correlation coefficient were not too high

(See table 4.2). This indicates that no multicollinearity problem or the assumption of multicollinearity was not violated. In addition the assumption of multicollinearity can be tested using collinearity statistics section, Tolerance and VIF values are given. Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model. If the value of tolerance is small than 0.10 it indicates that the possibility of multicollinearity. In the present study the tolerance value for each independent variable was greater than 0.10 and the Variance inflation factor (VIF) values above 10 would indicate multicollinearity. Again in this study the Variance inflation factor value was less than 10 for all predictive (independent) and mediating variables (See table 4.3). Therefore, these result indicates that no multicollinearity problem.

**Table 4.3: Collinearity Statistics Test of predictive Variables Coefficients**

Model	Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.558	.107		5.230	.000		
	Trust	.320	.049	.343	6.530	.000	.281	3.563
	Reward Program	.386	.037	.466	10.423	.000	.386	2.587
	Customer Satisfaction	.094	.042	.102	2.230	.026	.371	2.699
	Commitment	.028	.024	.035	1.127	.261	.823	1.215

Dependent Variable: Customer retention

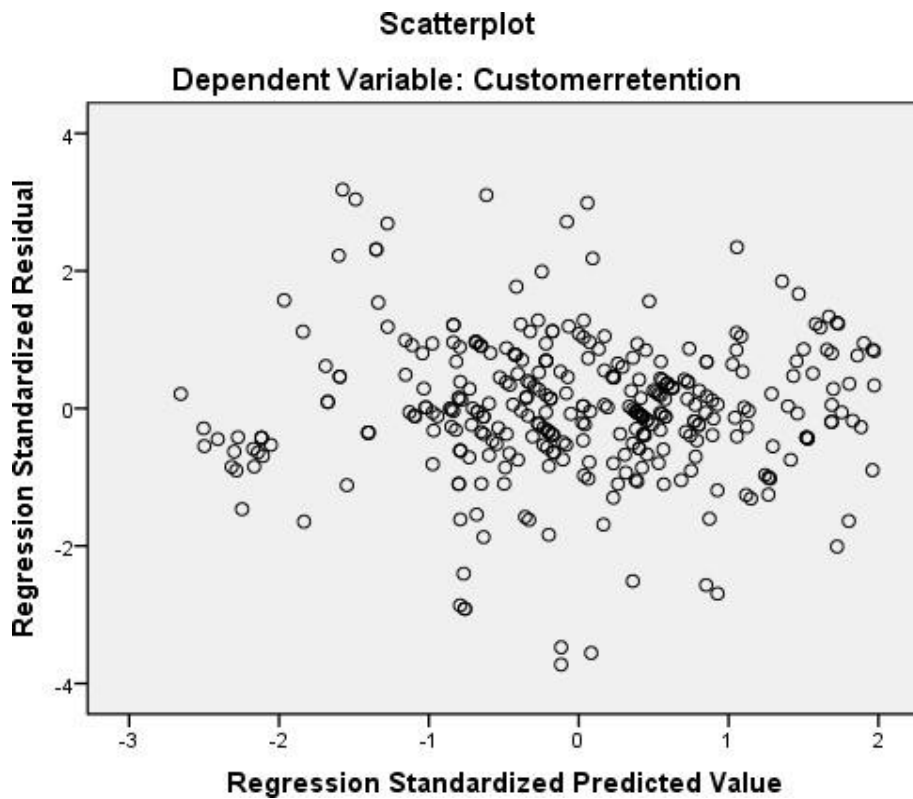
Source: own survey (2019)

#### 4.4.4 Test of Homoscedasticity and Outliers

The standard suggestion for examining the assumption of Homoscedasticity and Heteroscedasticity in regression analysis is to plot the predicted Y values against the residual values. According to Osborn and Waters (2002) Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted

value. Ideally, these residuals are randomly scattered around 0 (the horizontal line) providing a relatively even distribution. Thus, the scatter plot shows that the points are concentrated around 0 which shows that no violation of homoscedasticity. Heteroscedasticity is indicated when the residuals are not evenly scattered around the line (Osborn & Waters, 2002). Heteroscedasticity is indicated when these values spread or fan out from left to right or right to left. **Figure 4.3** below shows that the scatter plot shows the points are concentrated around 0 which shows that no violation of homoscedasticity (See **figure 4.3**).

**Figure 4.3: Scatter plot of Customer Retention**



Source: own survey (2018)

Outliers can also be detected from the Scatter plot. From the above Scatter plot residual we can predict that there were no major outliers because the scatter plot points are around 0.

#### 4.4.5 Test of Autocorrelation

Autocorrelation or independence error occurs when there is a serial correlation between residuals and their own past values and also refers to the assumption that errors are independent of one another. In other words, if the errors are not uncorrelated with one another, it would be stated that they are “auto correlated” or that they are serially correlated.

In this study the Durbin Watson statistic test used to test the assumption that our residuals are independent (or uncorrelated). It tests for autocorrelation in the residuals from statistical regression analysis after selecting the independence, mediating and dependent variables. These statistics always vary from 0 to 4. A value of 2 mean that there is no autocorrelation in the sample. Values approaching zero indicate positive autocorrelation and values towards 4 indicate negative autocorrelation. For this assumption to be met, the DW value must to be close to 2. DW value below 1 and above 3 is problematic and causes for violation of Autocorrelation.

**Table 4.4: Durbin-Watson autocorrelation statistic test Model Summary<sup>b</sup>**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>	<b>Durbin-Watson</b>
1	.856 <sup>a</sup>	.733	.730	.36345	1.755

a. Predictors: (Constant), Commitment, Reward program, Trust, Customer Satisfaction

b. Dependent Variable: Customer retention

Therefore, from the above table the Durbin-Watson result is 1.755 which closes to 2. So that we can conclude that the figure indicates that there is no autocorrelation in the sample.

## 4.5 Regression Analyses and Interpretation

After testing all the relevant assumptions of classical linear regression model for the data used, the researcher deployed multiple linear regression to examine the effect of relationship marketing strategy (customer satisfaction, trust, reward program and commitment) over the dependent variable of customer retention : with the mediation role of commitment on both customer satisfaction and trust over the dependent variable.

### 4.5.1 Regression Analysis of Customer satisfaction, Reward program on Customer Retention

In this part, the Analysis results of multiple linear regression analysis was performed between the customer satisfaction, reward program and customer retention (model 1) to see the direct effect of customer satisfaction on customer retention(  $\beta = 0.703$ ,  $p < 0.05$ ) and direct effect of reward program on customer retention ( $\beta = 0.086$ ,  $p < 0.05$ ) which is reliable with the proposed hypothesis, customer Satisfaction is positively and significantly related with customer retention and reward program is positively and significantly related with customer retention. This indicates that there exists positively and statistically significant related between customer satisfaction and customer retention and there exists positively and statistically significant related between reward program and customer retention.

**Table 4.5: Regression Model 1 Statistics**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.798 <sup>a</sup>	.637	.635	.42279	.637	304.611	.000

a. Predictors: (Constant), Reward Program, Customer Satisfaction

b. Dependent Variable: Customer Retention

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.722	.117		6.169	.000
	Customer Satisfaction	.703	.033	.752	21.605	.000
	Reward Program	.086	.028	.108	3.102	.002

a. Dependent Variable: Customer Retention

**Source:** own survey (2019)

As shown in table 4.5 the value of adjusted R square is 0.635. This value tells the extent of the variance in the dependent variable of Customer retention is explained by the independent variable model (CS and RP). In other words, the model explains 63.5% of the variance in the dependent variable (AR).

**Table 4.6: Goodness of Fit – ANOVA Result**

ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	108.898	2	54.449	304.611	.000 <sup>b</sup>
	Residual	62.026	347	.179		
	Total	170.925	349			

a. Dependent Variable: Customer Retention

b. Predictors: (Constant), Reward Program, Customer Satisfaction

**Source:** own survey (2019)

The goodness of fit/ANOVA results of multiple linear regression with Customer retention as the dependent variable and the variables of both customer satisfaction and reward program as predictors is indicated in **table 4.6**. Since the F test is used to determine whether a significant relationship exists between the dependent variable and the independent variables; we refer to the F test as the test for overall significance. Accordingly, the model reveals a statistically significant relationship between CR and predictor variables,  $F=304.611$ ,  $p < 0.05$ . This implies that the model was significant.

#### **4.5.2 Regression Analysis of Customer satisfaction, Trust on Commitment**

In the second model of analysis results of multiple linear regression which is performed between the customer satisfaction, trust and commitment (model 2) to see the direct effect of customer satisfaction on commitment ( $\beta = 0.698$ ,  $p < 0.05$ ) which is consistent with the proposed hypothesis, this indicates there exists positively and significant related between customer satisfaction and commitment. Model 2 in table 4.7 also illustrates the direct effect of trust on commitment ( $\beta = 0.208$ ,  $p < 0.05$ ) which consistent with the proposed hypothesis which indicate that there is positively and significantly related between trust and commitment.

**Table 4.7: Regression Model 2 Statistics**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
2	.774 <sup>a</sup>	.598	.596	.53720	.598	258.600	.000

a. Predictors: (Constant), Trust, Customer Satisfaction

b. Dependent Variable: Commitment

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	.194	.153		1.270	.205
	Customer Satisfaction	.698	.062	.619	11.277	.000
	Trust	.208	.061	.186	3.395	.001

a. Dependent Variable: Commitment

**Source:** own survey (2019)

**Table 4.7** shows that the value of adjusted R square is 0.596 which tells the extent of the variance in the variable of commitment is explained by the independent variable model (CS and T). This means that, the model explains 59.6% of the variance in the dependent variable (commitment).

**Table 4.8: Goodness of Fit – ANOVA Result**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	149.254	2	74.627	258.600	.000 <sup>b</sup>
	Residual	100.137	347	.289		
	Total	249.391	349			

a. Dependent Variable: Commitment

b. Predictors: (Constant), Trust, Customer Satisfaction

**Source:** own survey (2019)

The goodness of fit/ ANOVA result with commitment as the dependent variable and the

variables of both customer satisfaction and trust as predictors is indicated in table 4.8. According to the ANOVA result the model reveals a statistically significant relationship between commitment and predictor variables,  $F= 258.600$ ,  $p<0.05$ . The result of the ANOVA implies that the model is significant.

### 4.5.3 Regression Analysis of Customer satisfaction and Commitment on Customer Retention

The result of the regression analysis in the third model **table 4.9** shows that the commitment contribute positively and significantly ( $\beta = 0.409$ ,  $p<0.05$ ) related to customer retention which is consistent with the proposed hypothesis, this indicates that there exists positively and significantly related between commitment and customer retention.

**Table 4.9: Regression Model 3 Statistics**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.853 <sup>a</sup>	.728	.727	.36585	.728	465.027	.000

a. Predictors: (Constant), Commitment, Customer satisfaction

b. Dependent Variable: Customer Retention

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.669	.098		6.832	.000
	Customer Satisfaction	.387	.041	.414	9.529	.000
	Commitment	.409	.036	.494	11.370	.000

a. Dependent Variable: Customer Retention

**Source:** own survey (2019)

**Table 4.9** shows that the value of adjusted R square is 0.727 which predicts the extent of the variance in the variable of Customer Retention is explained by the independent variable model (CS and Commitment). Which means that, the model explains 72.7% of the variance in the dependent variable (Customer Retention).

**Table 4.10: Goodness of Fit – ANOVA Result**

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	124.481	2	62.241	465.027	.000 <sup>b</sup>
	Residual	46.443	347	.134		
	Total	170.925	349			

a. Dependent Variable: Customer Retention

b. Predictors: (Constant), Commitment, Customer Satisfaction

**Source:** own survey (2019)

We can also look the regression analysis of the goodness of fit/ ANOVA result of model 3 with customer retention as the dependent variable and the variables of both customer satisfaction and commitment as predictors are indicated in **table 4.10**. Therefore, it is possible to state that the ANOVA result of the model is a statistically significant relationship between customer retention and predictor variables (customer satisfaction and commitment), at  $F=465.027$ ,  $p<0.05$ . Therefore, the result of the ANOVA predicts that the model is significant.

#### 4.5.4 Mediating Role of Commitment

To test for the mediation role/effect of commitment in the association of the independent dimensions (customer satisfaction and trust) with customer retention, another regression was conducted using SPSS Process Version 3.3 by Andrew F. Hayes. **Table 4** Shows the result of this analysis.

**Table 4.11: Mediation Role of Commitment between Customer Satisfaction and Customer Retention.**

**Y= customer retention, X= customer satisfaction and M= commitment**

**a) Model summary(Regression without commitment)**

R	R-sq	MSE	F	p
0.7649	.5851	.2973	490.8205	.0000

**Coefficients**

Model	Coefficients	se	t	P
Constant	.3857	.1445	2.6683	.0080
Customer satisfaction	.8635	.0390	22.1545	.0000

**Predictors: customer satisfaction Outcome variable: commitment**

**b) Model summary (Regression with commitment)**

R	R-sq	MSE	F	p
0.8534	.7283	.1338	465.0273	.0000

**Coefficients**

Model	Coefficients	se	t	P
Constant	.6694	.0980	6.8325	.0000
Customer satisfaction	.3869	.0406	9.5294	.0000
Commitment	.4089	.0360	11.3701	.0000

**Predictors: Constant, Commitment, customer satisfaction Outcome: customer retention**

**Source:** own survey (2019)

From the above **table 4.11** it is observed that there is positively and significantly related customer satisfaction and commitment ( $\beta=0.8635$ ,  $p<0.05$ ) and also customer satisfaction and commitment is positively related with customer retention ( $\beta=0.3869$ ,  $p<0.05$  and  $\beta=0.4089$ ,  $p<0.05$  respectively). Therefore from the analysis it is concluded that commitment have a mediation role between customer satisfaction and customer retention. Commitment is partially mediates the effect of customer satisfaction on customer retention( $p<0.05$ ).

**Table 4.12: Mediation Role of Commitment between Trust and Customer retention**

**Y= customer retention, X= trust and M= commitment**

**c) Model summary( Regression without commitment)**

R	R-sq	MSE	F	P
.6718	.4513	.3932	286.2540	.0000

**Coefficients**

Model	Coefficients	se	T	P
Constant	.6714	.1718	3.9079	.0000
Trust	.7493	.0443	16.9190	.0000

**Predictors: (constant), trust Outcome variables: commitment**

**d) Model summary (Regression with commitment)**

R	R-sq	MSE	F	P
0.8360	.6988	.1484	402.5648	.0000

**Coefficients**

Model	Coefficients	se	T	P
Constant	.7231	.1078	6.7069	.0000
Trust	.2544	.0367	6.9269	.0000
Commitment	.5179	.0329	15.7286	.0000

**Predictors: (Constant), Commitment, trust Outcome: customer retention**

**Source:** own survey (2019)

The above table features that there is positively and significantly related trust with commitment ( $\beta=0.7493$ ,  $p<0.05$ ) and also commitment is positively and significantly related with customer retention ( $\beta=0.5179$ ,  $p<0.05$ ). The analysis implies that commitment have mediation role between trust and customer retention. Commitment is fully mediates the effect of trust on customer retention ( $p<0.05$ )

Hence, the two independent dimensions (customer satisfaction and trust) have an indirect relationship with customer retention through commitment. Therefore we conclude that commitment has a mediation role between the two independent variable and customer retention.

## **4.6 Hypothesis Testing**

❖ **H1: Customer Satisfaction is positively and significantly related with customer retention towards their bank.**

As we see from result of the regression analysis, the relationship between Customer Satisfaction and customer retention is positive and significant ( $\beta = 0.703$ ,  $p<0.05$ ). This showed that for every single unit increase in customer satisfaction, there would be 0.703unit increase on customer retention in the organization keeping other variables constant. Thus, based on the result the  $p$  value is less than 0.05 so H1 is accepted.

The positive and significant relation between customer satisfaction and customer retention in this study result is consistent with the prior empirical researches as mentioned in the empirical review (Gustafsson, Johnson and Roos, 2005 and Hang-kit Yim, Anderson and Swaminathan, 2004) But opposite with Wetzels, De Ruyter and Van Birgelen, 1998 and Verhoef, 2003).

❖ **H2: Customer Satisfaction is positively and significantly related with Commitment towards their bank.**

The study found out that of all the independent variables customer satisfaction has significant influential variables to commitment in the bank ( $\beta = 0.698$ ,  $p<0.05$ ) which is acceptable and significant. Means one unit increases in customer satisfaction then commitment will be increased by 0.698 units in the bank keeping other variables constant which accept H2.

This finding also had similar results to previous empirical studies, in which it was found out that

the customer satisfaction is positively and significantly related with commitment. It's important to know the organizations the more satisfied customers are committed to the organizations (Wetzels, De Ruyter and Van Birgelen, 1998).

❖ **H3: Trust is positively and significantly related with Commitment towards their bank.**

As per the result of the study, H3 is accepted since trust has a positively and significantly related with customer commitment which indicate that, as trust increases by 1 unit, commitment increases by 0.208 unit with  $\beta = 0.208$  and  $\rho$  value is less than 0.05.

Therefore, the finding was also consistent with the previous studies in which it was found out that trust is positively and significantly related with commitment. The more a customer believes that its supplier is interested in its welfare and that the supplier will not take any unexpected actions which negatively impact the customer, the higher the level of commitment of the customer in the relationship (Morgan and Hunt, 1994, Moorman, Zaltman, and Deshpande, 1992, Venetis and Ghauri, 2004).

❖ **H4: Reward/Loyalty program is positively and significantly related with customer retention towards their bank.**

The result of the study concluded that the independent variables reward program/loyalty program had the positively and significantly related to customer retention in the bank having  $\beta = 0.086$ , p-value less than 0.05 which is significant. Therefore, there would be 0.086 unit increase in customer retention in the bank if a single unit increases in the reward program of the bank while keeping other variables constant. Thus based on the result, which indicated that the fourth research hypothesis H4 is accepted.

This finding is also similar to results from previous empirical studies, in which reward/loyalty program is positively and significantly related with customer retention which is supported by Bojei, Julian, Che Wel, and Ahmed, 2013, Bolton, Kannan, and Bramlett, 2000 and Verhoef, 2003).

❖ **H5: Commitment is positively and significantly related with customer retention towards their bank.**

The relationship of commitment and customer retention was found significant as per the regression analysis result in which  $\beta = 0.409$ , with sig. value 0.000 which is  $p < 0.05$ . This result indicates that 0.409 unit increases in customer retention if a one unit increases in commitment while keeping other variables constant. In this study the research hypothesis H5 is accepted.

Therefore, according to the previous empirical studies our finding is supported by Venetis and Ghauri, (2004), Verhoef, (2003), Hettiarachchy and Samara single, (2016), Shume, (2015), Dambush, (2016), Wetzels, De Ruyter and Van Birgelen, (1998), and Gustafsson, Johnson and Roos, (2005) in which the commitment is positively and significantly related with customer retention.

#### 4.7 Summary of Analysis Result and Hypothesis Testing

The Analysis and hypothesis testing of the study are tested through multiple linear regression analysis by taking direct main effect, mediating effect and their statistical significance relation. The results are summarized below:

**Table 4.13: Summary of Analysis result and Hypothesis Testing**

S.NO.	Hypothesis statements	Test result	Decision rule
<b>H1</b>	Customer Satisfaction is positively and significantly related with customer retention towards their bank	( $\beta = 0.703$ , $p < 0.05$ )	Supported
<b>H2</b>	Customer Satisfaction is positively and significantly related with Commitment towards their bank	( $\beta = 0.698$ , $p < 0.05$ )	Supported
<b>H3</b>	Trust is positively and significantly related with Commitment towards their bank	( $\beta = 0.208$ , $p < 0.05$ )	Supported
<b>H4</b>	Reward/Loyalty program is positively and significantly related with customer retention towards their bank	( $\beta = 0.086$ , $p < 0.05$ )	Supported
<b>H5</b>	Commitment is positively and significantly related with customer retention towards their bank	( $\beta = 0.409$ , $p < 0.05$ )	Supported

## **4.8 Data Analysis Obtained from the Interview**

This part contains an interview analysis conducted with managers of four branches of Wegagen bank specifically in the eastern district of Addis Ababa. The interview questions span about customer relationship marketing strategy and its implementation in those selected branches of the bank.

Before conducting the interview, the researcher was able to highlight the topic regarding its importance to the banking industry. So interviewees were briefed. Then, the interview was conducted face to face meant to realize its clarification.

During our interview with respondents regarding the practice of customer relationship marketing strategy in Wegagen bank, respondents mentioned that to some extent Wegagen bank applies relationship marketing strategy but just in a traditional way or business as usual; means it does not practice the strategy according to the fundamental/ scientific principles of customer relationship marketing strategy. As to the respondent, there is no researched strategy to assign marketing officers and human resource employees separately to help strengthen and practice customer relationship marketing on the other hand some respondents replied that the head office of Wogagen bank has recently introduced a system that help its customers more retained. According to these respondents, the bank used family relationship approach which makes customers develop strong sense of belongingness. Customers openly and freely express their ideas and even complaints on what so ever issue about the bank.

The respondents added the new strategy helps develop strong bond among all employees from security guard to bank managers. The new family approach strategy is functioned by a supervisor and team leader stretched down to customer officers. It aims to address challenges facing customers and when necessary, bank employees go to customers' residences to deal with complaints that customers may raise.

An open group discussion is also set to talk with customers about their feelings toward the bank and this helps to get input from customers and apply it in the bank's strategy when necessary. Customers then get service according to their interests.

The respondents' answers implied that the customer relationship strategy of the bank is used to make its customers satisfied and more retained. And a strategy is designed as to what customer demands at a corporate level.

The bank currently adopted best strategy of competent banks in which how these banks give service to their customers. Thus, one of the strategies is employing modern technologies so as to accelerate service delivery in the bank. These could be through empowering the bank using ATM service, service network, utility payment, airport ticketing service among others. These would help customers get quick service delivery with no need of going to bank that cuts a long process.

In addition to this, customers are encouraged to develop and strengthen reliability and trust upon the bank. Giving quick response to their complaints is also another strategy of the bank meant to satisfy its customers. Creating conducive/inviting environment also guides to realize competent bank where employees and customers stay comfortable.

However, the respondents stated some sort of challenges regarding the slow speed of network system and sometimes even total system shut. Besides, lack of foreign currency cited as a bottleneck to the sector. These and other related contributing factors mentioned as a source of dissatisfaction among customers of the bank, it is learned from the respondents.

Whereas, the bank follows its own short term resolution mechanisms when problems happen. For instance, frontline employees/ officers are there to serve customers according to their interests. And when there is impossibility with the frontline officers or if that is beyond them and needs extended solution, the case is let to be seen by a supervisor or deputy manager of the bank. Moreover, the way to contact head office is open and problems are solved through smooth communications.

Regarding the management process of customer relationship marketing: The respondents said, there are supervisors studying customers' interests and complaints. When a complaint is coming out of customers, the supervisor is responsible to discuss with and address problems through legal procedures.

Secondly, the management body of the bank (including from the frontline officers to the manager) supervises issues of cash and non-cash services which may be raised by customers. They communicate with customers to create friendly environment that helps them solve problems easily.

According to the respondents, there are three teams organized to strengthen and make follow up relationship marketing in Wegagen Bank. These are: one team belongs to a branch office; this team follows activities and practice of relationship marketing in one of the branches of the bank. The second team belongs to a district for supervising different branches and communicates with the teams organized in those branches as well as directly with customers.

The third team heads all the teams; it is organized under the head office of the bank. These three teams have their own contact time and procedures to evaluate how things are going on; the system is decentralized where customers could take part directly in the activities done by these teams.

Concerning issues of evaluations of the relationship marketing activities of the bank, respondents' reply implies that the evaluation system of the bank is not formally articulated or organized well. But one respondent replied that the bank organizes suggestion box where everybody puts his/her feedbacks, suggestions or even complaints freely. Through this system, the bank collects feedback from customer. Meanwhile, branch manager's telephone number is also posted clearly where customers easily reach out and make conversations whatever they have when necessary.

In addition to this, the bank's relationship marketing activity could be evaluated just by reviewing its plan and performances. One respondent added that the bank organizes meetings every month; so that customer relationship marketing is evaluated in those meetings brought all stakeholders together. Using integrated performance management employees scorecard, they evaluated how employees serve customers with regard to the bank's strategic plan. Moreover, direct observation is made to evaluate the relationship among employees and customers.

According to the opinions of the banks' managers, the extent of good relationship with customer result in customer retention because the bank's equal treatment to all customers with different interests. Based on this good relationship between the bank and its customers a positive effect is

created on customer retention which is highest degree of customer retention. Thus, customers' retention of this year is much greater than that of last year, the managers stated.

The respondents disclosed that relationship marketing process of the bank enabled the bank customers be retained for a long time because of the strategy that the bank has.

With regard to the employees' impact on customer retention, it is said high. This is to mean that employees/ particularly frontline employees approach determines the satisfaction/ dissatisfaction. Respondents' unveiled that contribution of employees approach is high for the customers' retention as they do following the choices of customers. Aside the frontline customer officers, every employee in the bank has been given training and let them know everything how to serve customers. This helps the bank get additional replacement working on duty in the absence of the responsible employees in charge.

The respondent further mentioned the healthy relationship of the employees as a factor to serve customers with a good communication. Whatever complains do customers have, the bank addresses it as soon as possible. The employees are committed enough to serve customers and communicate with them friendly.

Managers of the bank reaffirmed that Wegagen bank still remains committed to satisfy its customers in all banking aspects. It prioritizes customers' interests and works for technologically advancement for creating better working system. But the shortage of foreign currency does not fit the interest of its customers. Poor networking system is another bottle neck staggering the sector. But these all are common facing all the banking industry in Ethiopia. And customers seem to recognize them.

According to the respondents employees'treatment customers with respect to trust and commitment is inviting or encouraging. Employees warmly welcome customers and serve them with great polite and commitment. Even if customers are in hurry, they give their money to the employees to deposit them on behalf and get service on telephoning. The relationship between employees and customers reached this level in Wegagen bank.

## **CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

This chapter is the final chapter which divided in to three sections. The first section contains summary of the major findings of the study, the next section drawing conclusions from the findings and the last section deals making recommendations to the established finding and conclusions that could be useful and viable for the organization and finally, limitations and future implication for further research about these area was located.

### **5.1. Summary of Findings**

The main purpose of the study was to investigate the impact of relationship marketing strategy on customers' retention with mediating role of commitment in case of Wegagen bank in East district branches of Addis Ababa. The major goal of relationship marketing strategy is to make lasting relationship with customers. The relationship marketing strategy dimensions that were included in this study are customer satisfaction, reward program, trust, commitment, customer retention. These relationship marketing strategies are surveyed using convenience sampling method from the selected branches of Wegagen bank in east district of Addis Ababa. And all the variables and their measurements used in research are based on the theoretical literature concepts adopted from the literature and the empirical findings of the study.

The reliability and validity of the constructs and items were tested as per the recommendations made in various literatures. The result of the reliability test shows that all the values of the Cronbach's alpha are greater than 0.7 which shows that the items in each of the domains are well understood by the respondents. To test the hypotheses of the research, multiple linear regression analysis was applied and the findings of the study are summarized as follows.

Descriptive statistics like frequency and percentage were employed to analyze background information of respondent. Based on the descriptive statistical analysis of the respondents' information the result of the study indicates that the gender distribution is comparatively balanced with slight leaning to female 50.9% and the rest 49.1% are male. Majority of the respondents are used more than 7 years and 2 - 5 years long of the banks services as customer of the bank, with a percentage of 41.1%, 22.0% of the respondents respectively, and the remaining

21.1%, & 15.7% of the respondents are 5 - 7 years and Less than 2 years long served as a customer of the bank respectively. The study shows that 37.7% of the respondents are the age of 25-34 years old, followed by the respondent at the age between 35 – 44, 45-50, and 19-24 years old with 30.9%, 17.4% and 9.7% respectively. Lowest percentage of the respondents, specifically 4.3% of the total respondents, belongs to the age group of 51-70 years old. This indicates that majority of the respondents are in active workable age.

The study also demonstrates that 50% of the respondents are first degree holders, 26.9% of the respondents were diploma holder, 12.6% are below diploma, 10.3% of the total respondents are post graduate and the remaining 0.3% of the respondents were PhD holder. This implies that the respondents have good educational background.

Regarding to the occupational status of the respondents, the study indicates that 58.9% of the respondents are working in private sector, 22.9% are having their own business, 17.1% are working in government sector, 0.9% indicated that they are students and 0.3% work in other occupation. Accordingly majority the respondents are working in private sector.

Before the regression analysis the correlation between the independent, mediating and dependent variable tested and it is showed that there is moderate and strong correlation between all the variables. The study shows that the correlation coefficient ranges between 0.386 and 0.811 and this indicates that there is moderate and strong relationship of the variables (customer satisfaction, trust, reward program and commitment) with the dependent variable of customer retention. The correlation among the independent variable of customer satisfaction, trust and mediating variables commitment is 0.765 (moderate) and 0.672 (strong) respectively.

In case of the assumptions of the study when we see the linearity assumption from the scatter plot it illustrates that the points are scattered with the horizontal line and the independent variables are linearly related with the dependent variables. Therefore, there is no problem linearity assumption. Having tested the relationship of all independent, mediating and dependent variables, it is checked that there is no multi-collinearity problem among the predictor variables with tolerance value more than 0.1 and VIF value less than 10.

The normality assumptions was tested by looking at the P-P plot and scatter plot with histogram of normal curve which looks normal and the normal probability(P-P) plot dots are realistically

nearer to the normal line. Therefore, the residuals are normally distributed. The residuals are randomly scattered around the horizontal line and the scatter plot shows that the points are concentrated around 0 which shows no violation of homoscedasticity and no major outliers. Since the Durbin-Watson result of the study 1.755 which closes to 2, there is not autocorrelation in the sample.

The study also intended to test if there is significant relationship between relationship marketing strategy practices, and customer retention. Based on the results of the study the major findings are as follows. The regression result indicates that the customer satisfaction has positive and significant relation with customer retention ( $\beta = 0.703$ ,  $p < 0.05$ ). Reward program also has significant relation and effect with customer retention ( $\beta = 0.086$ ,  $p < 0.05$ ). Both customer satisfaction and reward program explained significant variance in customer retention ( $R^2 = 0.635$ ). On the other hand the regression result on commitment were examined and both positive and significant effect with  $\beta = 0.698$ ,  $0.208$  for customer satisfaction and trust respectively at  $p < 0.05$  and both customer satisfaction and trust together explained significant variance on commitment ( $R^2 = 0.596$ ).

Finally, the result of regression in which commitment has positive and significant effect on customer retention ( $\beta = 0.409$ ,  $p < 0.05$ ). Together with CS, the mediator explained significant variance in customer retention ( $R^2 = 0.727$ ). The mediating role of commitment is significant to both customer satisfaction and trust on customer retention at  $\beta = 0.409$ ,  $0.5179$  at  $p < 0.05$  respectively. Generally, the research hypothesis of the study has tested and consistent that all the relationship marketing strategy dimensions have significant and positive impact on customer retention.

From the interview analysis of the results of the study respondents mentioned that to some extent Wegagen bank applies relationship marketing strategy but just in a traditional way or business as usual; means it does not practice the strategy according to the fundamental/ scientific principles of customer relationship marketing strategy. the evaluation system of the bank's and relationship marketing activity of the bank is not formally articulated or organized well and also there is a problem regarding the slow speed of network system and sometimes even total system shut. Besides, lack of foreign currency cited as a bottleneck to the sector.

## 5.2. Conclusion

Based on the main objective and findings of the study summarized in **section 5.1** the following major conclusions are drawn.

- From the correlation analysis it is concluded that there is a moderate and strong relation/association between relationship marketing strategy dimensions and customer retention.
- Based on previous theories and researches regarding relationship marketing strategy and its outcomes, this study shows clear links between relationship marketing strategy and customer retention, which helps to deeply understand the relationship and interaction between relationship marketing and customer retention. From the finding of the hypothesis testing, it also shows that marketing relationship strategies (customer satisfaction, trust, reward program and commitment) explains reasonable variation in customer retention and it indicates that they are strong predictors of customer retention.
- As indicated from the finding of the study the relationship of customer satisfaction and customer retention is positive and statistically significant, which is in line with Gustafsson, Johnson and Roos (2005) and Hong-kit Yim, Anderson and Swaminathan (2004). But it contradicts with Wetzels, De Ruyter and Van Birgelen (1998) and Verhoef (2003). It is also concluded that reward program has positive and statistically significant with customer retention. This direct effect relationship is also supported by Bojei, Julian, Che Wel, and Ahmed (2013), Bolton, Kannan, and Bramlett (2000) and Verhoef(2003).
- From the finding of the regression analysis it is concluded that customer satisfaction has positively related and statistically significant with commitment, which is supported by Wetzels, De Ruyter and Van Birgelen (1998). Trust is also positively and significantly related with commitment. This finding is also consistent with the literature of Morgan and Hunt (1994), Moorman, Zaltman, and Deshpande (1992), Venetis and Ghauri (2004).
- Commitment and customer retention are positively related and statistically significant. This finding is in line with Venetis and Ghauri, (2004), Verhoef (2003), Hettiarachchy and Samara single (2016), Shume (2015), Dambush (2016), Wetzels, De Ruyter and Van Birgelen (1998), and Gustafsson, Johnson and Roos (2005). It is, therefore, concluded that this relationship marketing strategy plays a great role in customer retention.

- From the finding of the regression analysis it is concluded that these RMS dimensions (CS, RP and COMM) are directly positive relation with customer retention and RMS dimensions (CS and T) are also indirectly positive relation with customer retention. This implies that the higher MRS (customer satisfaction, trust, reward program and commitment) is the highest customer retention. It indicates that those marketing relationship dimensions are basic and important strategies to retain customers on the bank and they are strong predictors of customer retention.
- From the interview analysis of the results of the study the evaluation system of the bank's and relationship marketing activity of the bank is not formally articulated or organized well and also there is a problem regarding the slow speed of network system and sometimes even total system shut. Besides, lack of foreign currency cited as a bottleneck to the sector.
- From the customers and managers perspective finding, the researcher was determined customers are not fully satisfied with the relationship marketing strategy of the bank.

### **5.3 Recommendations**

In order to mitigate the problems that were determined by the study, the following recommendations were provided.

- Since the study has revealed that relationship marketing strategy enhances customer retention hence, it is important that Wegagen Bank S.C. should observe the necessary measures need to improve the relationship marketing strategy that will keep their trust, customer satisfaction and commitment to sustained customers so that they may establish better relationships with them.
- The bank should plan and design strategies to capture needs and expectations of customers in order to create continuous long-term relationships with them instead of using a lot of resources for searching new ones. Recognizing relationship marketing dimensions and then planning strategies to strengthen these dimensions are important requirements for customer retention. Specifically banks must learn from their customers and implement all activities directed towards establishing, improving and maintaining successful rational exchanges.

- All the branches of Wegagen bank should have to establish departments of customer relationship marketing to be the most powerful and competent marketing practice toward their customers.
- Reward program that the bank provides to its customers has also been found to be important to customers of the Wegagen bank. It is therefore recommended that Wegagen bank to integrate this in to the relationship marketing strategy that will help the bank customers to stay long period of time as customers' of the bank.
- The bank needs to have additional customer handling system to attract more diaspora customers so that it could help get more foreign currency to satisfy the customer needs to foreign currency. And Wegagen Bank needs to upgrade its networking system.
- The study found out that customer satisfaction has significant relation with customer retention in Wegagen Bank S.C. It was also the highest value of independent variable of significantly impact on customer retention (dependent variable). Therefore, the bank should further deploy a concerted effort in maintaining strongly satisfied customers' by fulfilling the needs of customers.
- Commitment has also significant influence to customer retention and these customer satisfaction and trust had significant impact on commitment. Therefore, the bank should further strengthening its customer satisfaction and trust on the bank by building strong relationship with the customers.

#### **5.4 Limitation of the Study**

- In this research, the research samples were taken from the customers of east district selected branches of Wegagen bank in Addis Ababa. Due to time and resources constraints the survey was not be collected across other group of population of the bank. It will bring limitation to complete a deeper research about the impact of relationship marketing strategy on customer retention.
- The research were challenging in proceeding smoothly because empirical research in the impact of relationship marketing strategy on customer retention area in Ethiopia is limited. But the study was used other countries empirical research.
- Since some customers of the bank do not have interest to fill the questionnaire, data collection was challenging; besides, managers of the bank not easily accessible to give the response for the interview.

## **5.5 Direction for Further Research**

- I believe that, the finding is very useful for further research in wider scope on the same or related topics. And further researches are required to taste with incorporating additional variables to see positive and direct relationship of relationship marketing strategy and customer retention within the industries.
- In order to increase representativeness as well as generalizability of the study to the industry at large, the scope of the study could be further broadened by incorporating samples from other banks to make a certain effect relationship between the relationship marketing strategy and customer retention.

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**Dear Respondents:**

This questionnaire is intended to be used as primary data for master's thesis of my MBA in management at Addis Ababa University on the Effect of Relationship Marketing Strategy on Customer Retention: The Case of Wegagen Bank SC, East District Branches of Addis Ababa. As a Customer of this organization, your participation in this study will be valuable and greatly appreciated.

**Dear respondent**, please lend me few minutes of your time to fill out this questionnaire. Information gathered will be strictly used for academic purpose and will not be used for any other purpose and therefore all information provided shall be treated with maximum caution, confidentiality. All personal data provided shall be treated collectively and not on personal levels. The expected respondents of this questionnaire will be customers of selected branches from East district in Addis Ababa area. The respondents will be expected to give accurate data to make proper analysis.

I would like to thank you in advance for your generous time, honest and prompt responses.

**General Instructions**

- There is no need of writing your name.
- In all cases where answer options are available please tick (✓) in the appropriate box.

# APPENDIX-I

## Questionnaire to be filled by customers of the bank

### Section One: Demographic Information:

1. How long have you been a customer with the bank (in years):

Less than 2 years  2– 5 years  5 -7 years  More than 7years

2. Which of the following age categories describes you?

19-24  25-34  35-44  45-50  51-70

3. Gender: Male  Female

4. What is your highest level of Education?

Below diploma

Diploma

First Degree

Post graduate

PhD

Other's specify.....

5. Occupation: Government sector  Private sector  Own Business  Student

If Others, Please specify.....

## Section Two:

The table here below consists list of items to be rated based on your level of agreement, please indicate or tick “√” mark on each statements of your agreement in the box corresponding to a number from 1 to 5 that represents your level of agreement.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Strongly disagree</b>	<b>Disagree</b>	<b>Medium</b>	<b>Agree</b>	<b>Strongly agree</b>

<b>No.</b>	<b>Trust</b>	<b>Strongly disagree (1)</b>	<b>Disagree (2)</b>	<b>Medium (3)</b>	<b>Agree (4)</b>	<b>Strongly agree (5)</b>
1	This bank is a trustworthy company					
2	This bank can be relied on to keep its promises					
3	This bank puts the customer’s interest first					
4	This bank usually keeps the promises that it takes to Me					
5	I can count on the bank to provide a good service					
<b>No.</b>	<b>Reward Program /Loyalty Program</b>	<b>Strongly disagree (1)</b>	<b>Disagree (2)</b>	<b>Medium (3)</b>	<b>Agree (4)</b>	<b>Strongly agree (5)</b>
6	This bank makes greater efforts to satisfy its card members than non-card members					
7	This bank offers better service to card-members than non-members					
8	This bank offers greater benefits to card-members					
9	As a member of the loyalty program I received privileged treatment from this bank					

Please indicate or tick “√” mark on each statements of your agreement in the box corresponding to a number from 1 to 5 that represents your level of satisfaction.

<i>1</i> <b>Strongly Dissatisfied</b>	<i>2</i> <b>Dissatisfied</b>	<i>3</i> <b>Medium</b>	<i>4</i> <b>Satisfied</b>	<i>5</i> <b>Strongly Satisfied</b>
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<b>No.</b>	<b>Customer Satisfaction</b>	<b>Strongly Dissatisfied (1)</b>	<b>Dissatisfied (2)</b>	<b>Medium (3)</b>	<b>Satisfied (4)</b>	<b>Strongly Satisfied (5)</b>
10	How satisfied are you with the personal attention of the Bank					
11	How satisfied are you with the willingness of the Bank to explain procedures					
12	How satisfied are you with the service quality of the Bank					
13	How satisfied are you with the responding by the Bank to claims					
14	How satisfied are you with the expertise of the personnel of the bank					
15	How satisfied are you with the relationship with the Bank					
16	How satisfied are you with the alertness of the Bank					

Please indicate or tick “√” mark on each statements of your agreement in the box corresponding to a number from 1 to 5 that represents your level of agreement.

<b>1</b> <b>Strongly disagree</b>	<b>2</b> <b>Disagree</b>	<b>3</b> <b>Medium</b>	<b>4</b> <b>Agree</b>	<b>5</b> <b>Strongly agree</b>
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<b>No.</b>	<b>Commitment</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Medium (3)</b>	<b>Agree (4)</b>	<b>Strongly agree (5)</b>
17	I am proud to belong to this Bank					
18	I feel a sense of belonging to this Bank					
19	I care about the long-term success of this Bank					
20	I am a loyal patrol of this Bank					
<b>No.</b>	<b>Customer Retention</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Medium (3)</b>	<b>Agree (4)</b>	<b>Strongly agree (5)</b>
21	I feel loyalty towards this bank					
22	Even if this bank was difficult to reach I would still keep serving with this bank					
23	I think of myself as a loyal customer to this bank					
24	I am very committed to this bank					
25	I am willing to make an effort to get service at this Bank					
26	I am willing to go the extra miles to remain as a customer of this bank					
27	I would rather stay with the bank I usually frequent than trying a different bank I am unsure of.					
28	I do most of my service at this bank					
29	I intend to continue serving at this bank over the next future years					
30	I prefer to use a service frequently at one bank only					
31	I care a lot about which bank I frequent					

**Thanks for your honest and prompt assistance!!**

## APPENDIX II

### Semi-structured Interview Questions

**Dear respondents,** the purpose of this interview is to gather data regarding the Effect of Relationship Marketing Strategy on Customer Retention: The Case of Wegagen Bank SC, East District Branches of Addis Ababa. The study is purely for academic purpose and thus does not affect you in any case. Your genuine, frank, timely response is vital for the success of the study. Therefore, I kindly request you to respond to each question item carefully.

1. Does your bank have practice of customer relationship marketing?
2. What kind of Customer relationship marketing do you practice?
3. What are the relationship marketing strategies that your bank used to make customers satisfied and retained?
4. Describe the process of customer relationship marketing in your bank?
5. How do you manage the process of customer relationship marketing?
6. How do you evaluate the relationship marketing activities of your bank?
7. According to your opinion, to what extent does good relationship with the customer result in customer retention?
8. How has relationship marketing process enabled you in customer retention in your bank?
9. How much do you think that the acts of employees of the bank, especially those on the front line, affect the level of customer satisfaction and intent to remain in your bank? Why?
10. How do you see your employees' efforts in the bank to create good relationship with customers?
11. How do you see the bank's willingness to listen to customers?
12. How do you see your employees of the bank in treating customers with respect to trust and commitment?



**አዲስ አበባ ዩኒቨርሲቲ**

**የቢዝነስና ኢኮኖሚክስ ኮሌጅ**

**የማኔጅመንት ትምህርት ክፍል ድኅረ-ምረቃ መርሀግብር**

**የተማሪ ስም: ደስነት ተ/መድህን**

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**ውድ መጠይቁን የምትሞሉ ደምበኞች:-**

ይህ የጥናቱ መጠየቅ “The Impact of Relationship Marketing Strategy on Customer Retention: The Case of Wegagen Bank SC, East District Branches of Addis Ababa” በሚል ርዕስ ለሚቀርብ ጥናታዊ ጽሑፍ መረጃ ለመስብሰብ የተዘጋጀ ነው። የዚህ ድርጅት ደንበኛ እንደመሆንዎ መጠን በዚህ ጥናት ውስጥ ያለዎት ተሳትፎ እጅግ በጣም ጠቃሚ ነው።

ውድ የጥናቱ ተሳታፊ ይህንን መጠይቅ ለመሙላት እባክዎን ጥቂት ደቂቃዎችን ይስጡኝ፤ ጥናቱ የሚሠራው አዲስ አበባ ዩኒቨርሲቲ በቢዝነስ አድሚኒስትሬሽን ለሁለተኛ ደረጃ (MBA in Management) ያስቀመጠውን መስፈርት ለማሟላት በመሆኑ የሚሰበሰበው መረጃ ሙሉ በሙሉ ለትምህርታዊ ዓላማ ብቻ የሚውል ይሆናል። በመሆኑም መረጃው ምስጢራዊ ሆኖ የሚጠበቅ ሲሆን ከትምህርታዊ ሥራ በስተቀር ለሌላ ለምንም ዓላማ ጥቅም ላይ አይውልም። በመሆኑም ትክክለኛ መረጃ እንዲሰጡን በታላቅ ትህትና እጠይቃለሁ። ምላሽ ሰጪዎች ትክክለኛ ትንታኔ ለማድረግ ትክክለኛ መረጃ ይሰጣሉ ተብሎ ይጠበቃል።

**ስለትብብርዎና ላሳዩት ለጋስ ጊዜ ሐቀኛ እና አፋጣኝ ምላሾች አስቀድሜ ከልብ አመሰግናለሁኝ!**

**ማሳሰቢያ:**

- በመጠይቁ ላይ ስም መጻፍ አያስፈልግም።
- እባክዎት የመልስ አማራጮች የሚገኙበት ለሁሉም ጥያቄዎች (✓) ምልክት በማድረግ መልስ ይስጡ።

## Appendix III

### በባንኩ ደንበኞች የሚሞላ መጠይቅ

ክፍል አንድ፡ መረጃ ሰጪውን የተመለከተ መሠረታዊ መረጃ፤

1. በዚህ ባንክ ውስጥ ምን ያህል ጊዜ ደንበኞች ነዎት (በዓመት)?

ከ2 ዓመት ያነሰ

2-5 ዓመት

5 - 7 ዓመት

ከ7 ዓመት በላይ

2. ዕድሜ 19-24  25-34  35-44  45-50  51-70

3. የታወቀውን ወንድ  ሴት

4. ያጠናቀቁት ክፍተኛው የትምህርት ደረጃ

- ከዲፕሎማ በታች

ዲፕሎማ

- የመጀመሪያ ዲግሪ

ሁለተኛ ዲግሪ

- ሶስተኛ ዲግሪ

ሌላ ካለ ይግለጹ \_\_\_\_\_

5. የስራ ሁኔታ፡

መንግስታዊ

የግል ተቀጣሪ

የግል ስራ

ተማሪ

ሌላ \_\_\_\_\_

**ክፍል ሁለት፡ የደምበኞች ግንኙነት ማርኬቲንግ የተመለከቱ ጥያቄዎች**

ከዚህ በታች ያለው ሠንጠረዥ በእርስዎ ደረጃ ላይ ተመስርቶ ደረጃ ሊሰጣቸው የሚገባቸው ዝርዝር መግለጫዎች በእያንዳንዱ መግለጫዎች ላይ እባክዎን “✓” ምልክት በማድረግ በተሰጡት መለኪያዎች መሠረት የሚስማሙትን መልስዎን ይስቱ።

እባክዎን በሚከተሉት ጥያቄዎች ምን ያህል እንደሚስማሙ ከ 1 እስከ 5 በተመለከቱ መለኪያዎች ከጎን ባለው ክፍት ቦታ “✓” ምልክት በማድረግ መልስዎን ይስቡ።

ምን ያህል እንደሚስማሙ ሲገልጹ እነዚህን ነገሮች ግምት ውስጥ ያስገቡ።

1 በፍፁም አልስማማም	2 አልስማማም	3 አማካይ/መካከለኛ	4 እስማማለሁ	5 በጣም እስማማለሁ
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ተ.ቁ	እምነትን በተመለከተ (Trust)	1 በፍፁም አልስማማም	2 አልስማማም	3 አማካይ/መካከለኛ	4 እስማማለሁ	5 በጣም እስማማለሁ
1	ባንኩ ታማኝ ከባንያ ነው					
2	በባንኩ እምነት የሚጣልበትና ቃሉን አክባሪ ነው					
3	ባንኩ የደንበኞችን ፍላጎት ያስቀድማል					
4	ባንኩ አብዛኛውን ጊዜ ለእኔ የሚገባልኝ ቃል ይፈፅማል					
5	ጥሩ አገልግሎት ለማቅረብ በባንክ ውስጥ መቆየት እችላለሁ					
ተ.ቁ	የሽልማት ፕሮግራም/የታማኝነት ፕሮግራም በተመለከተ	1 በፍፁም አልስማማም	2 አልስማማም	3 አማካይ/መካከለኛ	4 እስማማለሁ	5 በጣም እስማማለሁ
6	ይህ ባንክ የከፍተኛና ቋሚ ቆጣቢ ተሸላሚ ካርድ አባል ካልሆኑ ደንበኞች በበለጠ የከፍተኛና ቋሚ ቆጣቢ ተሸላሚ ካርድ አባል የሆኑትን ደንበኞች ለማርካት የበለጠ ጥረት ያደርጋል					
7	ይህ ባንክ የከፍተኛና ቋሚ ቆጣቢ ተሸላሚ ካርድ አባል ካልሆኑ ደንበኞች ይልቅ የከፍተኛና ቋሚ ቆጣቢ ተሸላሚ ካርድ-አባል የሆኑትን ደንበኞች የተሻለ አገልግሎት ይሰጣል					
8	ይህ ባንክ የከፍተኛና ቋሚ ቆጣቢ ካርድ-አባል የሆኑትን ደንበኞች የበለጠ ይጠቅማል					
9	የታማኝነት ፕሮግራም ቋሚ አባል/ደንበኛ እንደመሆኔ መጠን ልዩ መብት እና ጥቅም አግኝቻለሁ					

**የደንበኛ እርካታ በተመለከተ ምን ያህል አንደረኩ ሲገልፁ እነዚህን ነገሮች ግምት ውስጥ ያስገቡ**

1	2	3	4	5
በፍጹም አልረካሁም	አልረካሁም	አማካይ/መካከለኛ	እረክቻለሁ	በጣም እረክቻለሁ

ተ.ቁ	Customer Satisfaction የደንበኛ እርካታ በተመለከተ	1 በፍጹም አልረካሁም	2 አልረካሁም	3 አማካይ/መካከለኛ	4 እረክቻለሁ	5 በጣም እረክቻለሁ
10	ባንኩ ለእርሶ ትኩረት ከመስጠት አንጻር ምን ያህል ረክቷል					
11	ባንኩ አሰራሮቹን ለማብራራት በሚሄድበት ርቀተ ምን ያህል ረክቷል					
12	ባንኩ በሚሰጠው የአገልግሎት ጥራት ምን ያህል ተደስተዋል/ረክቷል					
13	የይገባኛል ጥያቄን በተመለከተ በባንኩ ምላሽ ምን ያህል ረክቷል					
14	በባንኩ አመራሮች ሆነ በሁሉም ሰራተኞች ሙያዊ ብቃት ምን ያህል ረክቷል					
15	ከባንኩ ጋር ያለዎት ግንኙነት ምን ያህል ረክተዋል					
16	በባንኩ ጥንቃቄና ዝግጅት ምን ያህል ደስተኛ ኖት					

**ምን ያህል እንደሚስማሙ ሲገልፁ እነዚህን ነገሮች ግምት ውስጥ ያስገቡ**

1	2	3	4	5
በፍጹም አልስማማም	አልስማማም	አማካይ/መካከለኛ	እስማማለሁ	በጣም እስማማለሁ

ተ.ቁ	እምነትን በተመለከተ (Trust)	1 በፍጹም አልስማማም	2 አልስማማም	3 አማካይ/መካከለኛ	4 እስማማለሁ	5 በጣም እስማማለሁ
17	የዚህ ባንክ ደንበኛ በመሆኔ እኮራለሁ					
18	ለዚህ ባንክ የባለቤትነት ስሜት ይሰማኛል					
19	ስለዚህ ባንክ የረጅም ጊዜ ስኬት አስባለሁ					
20	እኔ የዚህ ባንክ ቋሚ ተሟጋች ነኝ					

ተ.ቁ	ደንበኛ ማቆየትን በተመለከተ (Customer REtention)	1 በፍፁም አልስማማም	2 አልስማማም	3 አማካይ/መካከለኛ	4 እስማማለሁ	5 በጣም እስማማለሁ
21	ለዚህ ባንክ እምነት አለኝ					
22	እዚህ ባንክ ለመድረስ አስቸጋሪ ሁኔታ ቢፈጠር እንኳ ይህን ባን መጠቀሜን እቀጥላለሁ					
23	ለዚህ ባንክ ታማኝ ደንበኛ ነኝ ብዬ አስባለሁ					
24	ለባንኩ ሁሌም ትጉ ነኝ					
25	እኔ በዚህ ባንክ አገልግሎት ለማግኘት ጥረት ለማድረግ ፈቃደኛ ነኝ					
26	እዚህ ባንክ በደንበኝነት ለመቆየት ስል አስፈላጊውን ርቀተ ሁሉ ለመጓዝ ፈቃደኛ ነኝ					
27	የማላውቀው ባንክ ጋር ከመሄድ ይልቅ እማውቀውንና የማዘወትርበት ባንክ ጋር መቆየት እመርጣለሁ					
28	ብዙ አገልግሎት የማገኘው ከዚህ ባንክ ነው					
29	በሚቀጥሉት ዓመታት የዚህን ባንክ አገልግሎት ተጠቃሚ ሆኜ ለመቀጠል እፈልጋለሁ					
30	ሁሌም አንድ ባንክ ብቻ ብጠቀም ደስ ይለኛል					
31	ሁሌ ስለምጠቀምበት ባንክ እጠነቀቃለሁ					