



**FACTORS AFFECTING CUSTOMER LOYALTY:
THE CASE OF ETHIOPIAN AIRLINES**

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Declaration page

I, Senait Gebreyohannes, hereby declare that this research paper entitled “Factors Affecting Customer Loyalty, A case of Ethiopian airlines” is my original work and has not been used by others for any other requirements in any other university and all sources of information in the study have been appropriately acknowledged.

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Statement of Certification

This is to certify that Senait Gebreyohannes has carried out her research work on the topic entitled "*Factors affecting customer loyalty: A case of Ethiopian airlines*" and it is her original work and is suitable for submission of the award of Master's Degree in Marketing Management.

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Thesis Advisor

June 2016

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Acronyms and Abbreviations

C:	Commitment
Ethiopian:	Ethiopian airlines
IM:	Image
L:	Loyalty
MofC:	Mean of Commitment
MofIM:	Mean of image
MofL:	Mean of loyalty
MofS:	Mean of Satisfaction
MofSC:	Mean of Switching Cost
MofT:	Mean of Trust
S:	Satisfaction
SC:	Switching Cost
T:	Trust
VIF:	Variance Inflation Factor

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ABSTRACT

This study aimed at examining factors affecting customer loyalty within Ethiopian airlines. The research used proportional stratified random sampling. In order to select respondents from each stratum, a modified version of systematic sampling was used. Data were collected from 388 passengers of Ethiopian airlines using self-administered questionnaire. Both descriptive and inferential statistics have been used for data analysis. Finding of the study indicated that there is a positive relationship between image, trust and switching cost with customer loyalty. Image was found to be the most critical factor in affecting customer loyalty. It was also founded that satisfaction and organizational commitment have insignificantly effecting customer loyalty. Based on the findings, it is recommended that the management of Ethiopian airlines should focus on building positive image, give more attention to find ways of building a feeling of intimacy between the consumer and the image of the airline. The airline should attempt to get customers trust through keeping promises, on time departure and arrival, (no delay, cancellation of flights). Regular customer need assessment platform should be created that can inform the company about unmet needs of customers so that it will be able to make adjustments to suit customer's needs. By doing so the level of the organization's commitment will be upgraded. As the airline industry is moving to a very intense competition and those airlines with high quality service delivering at a lower price are aggressively competing, there is an urgent need to find other means of competition. Therefore, the company should conduct different survey to generate new marketing strategy.

Keywords: *customer loyalty, Customer Satisfaction, Trust, Commitment, corporate image and switching costs.*

CHAPTER ONE

INTRODUCTION

In this section will present the of background of the study, background of the organization, statement of the problem, objective of the study, research questions, operational definition of terms, conceptual framework, significance the study, scope of the study and organization of the study.

1.1 Background of the study

In today's globalization and highly competitive environment, companies fight to share the given market in order to survive in the business and secure long-term profitability. This can be done both by retaining customers and/or attracting new ones. According to Gilmore (2003), in such dynamic environment, organizations need to focus on retaining existing customers through effective marketing relationships. Such environments have enhanced customer awareness which leads to a great transformation from traditional product oriented strategy to customer oriented strategy in accordance with the basic principle of relational marketing, that focus on customer loyalty. The objective of relationship marketing is to build loyalty by creating and maintain positive attitude towards the company, thus businesses are shifting from adapting profit oriented strategy to customer oriented strategy in order to win the competitive environment and become profitable. Nowadays business decision makers are searching for new innovative strategies to keep their existing customers loyalty towards their products and services, and also to further increase the base of loyal customers (Lauren and Lin, 2003).

According to Oliver (1999), Customer loyalty means that the customers will repurchase the same brand product or services consistently in the future without being affected by situation that could cause switching behavior. According to Reich held F. (1993) and Reinartz and Kumar, (2003), in highly competitive environment, customer loyalty has becoming effective means for securing a firm's profitability. According to Andres Kuusik (2007), these days customer loyalty is becoming the main goal of organizations. Globalization and development of information technology have enhanced customer awareness and created a situation where long-term success is no longer achieved without long-term customer relationship.

According to Kotler, Armstrong, Sanders & Wong (1999), as competition increased, the cost of attracting new customers will increase and attracting new customers may cost five times as much as to keep a current customer happy. And by reducing customer defection by 5%, companies can improve profit from 25% to 85%. According to Rosenberg and Czepiel (1984), it is possible to increase profit by up to 60% after reducing potential migration by 5%. Increase and retention of loyal customers has become a key factor for long-term success of companies (Reichheld 1993).

In today's very competitive aviation industry, where airlines basic offer are more or less the same and standardized, customer loyalty has become a key factor for long-term success of organizations. Businesses need to build long-term relationships with customer to increase retention. These relationships and interaction are needed to create loyal customer base. Ensuring a loyal customer base have financial benefits, and ensure the long-term success for the business (Zhang, Dixit and Friedman, 2010).

Nowadays, Ethiopian is facing global competitors that are flying to and from Ethiopia and in large Africa to share the market. The number of competitors is increasing fast from time to time. Recently the number of competitor airlines that fly to Ethiopia have reached 11 (these are Lufthansa, Qatar airways, Turkish, Emirate, Guelf air, Fly Dubai, Air-China, Saudi air, Egypt Air, Kenya airways, Sudan air). Thus due to intense completion in aviation industry, creating loyal customer is the main way to achieve long-term success (Zhang al. et., 2010).

Currently the aviation industry in Ethiopia is operating in an increased competition. Retaining valuable customers of Ethiopian airlines is a prerequisite to survive in the business and build strong long term customer relationship. But what are the main factors that influence customer loyalty in the case of Ethiopian airlines. The potential for establishing loyalty depends on the product, customer and market environment. Therefore the objective of the study is to investigate the key factors that affect customer loyalty in Ethiopian airlines.

This research will try to examine the main factors affecting customer loyalty in Ethiopian airlines by focusing on only five factors: customer satisfaction, trust, commitment, company image, and switching cost.

1.2 Background of the organization

Ethiopian Airlines (Ethiopian) is the flag carrier of Ethiopia. “The New Spirit of Africa” is its slogan. Ethiopian airlines was founded on December 21, 1945, and started its operation on April 08, 1946. It is 100% owned by the government of Ethiopia. During the past seventy years, Ethiopian has become one of the continent’s leading carriers, unrivalled in Africa for efficiency and operational success, turning profits for almost all the years of its existence. Operating at the forefront of technology, the airline has also become one of Ethiopia’s major industries and a veritable institution in Africa. It commands a lion’s share of the pan African network including the daily and double daily east-west flight across the continent. Ethiopian currently serves 90 international destinations operating the newest and youngest fleets.

Vision 2025 of the airline is:-

To become the most competitive and leading aviation group in Africa by providing safe, market driven and customer focused passenger and cargo transport, aviation training, flight catering, MRO and ground services by 2025.

Mission statements of the airline are:-

- To become the leading Aviation group in Africa by providing safe and reliable passenger and cargo air transport, Aviation Training, Flight Catering, MRO and Ground Services whose quality and price “value proposition” is always better than its competitors,
- To ensure being an airline of choice to its customers, employer of choice to its employees and an investment of choice to its Owner,
- To contribute positively to socio economic development of Ethiopia in particular and the countries to which it operates in general by undertaking its corporate social responsibilities and providing vital global air connectivity,

Value statement of the airline

- As an airline, safety is our first priority,
- Ethiopian is a high performance and learning organization with continuous improvements, innovation and knowledge-sharing. We accept change for the growth

opportunity it brings and always seek for and apply the best ideas regardless of their source,

- We recognize and reward employees for their performance and demonstrate integrity, respect to others, candor and team work,
- Act in an open fashion and be result-oriented, creative and innovative,
- Adopt Zero tolerance to indifference, inefficiency and bureaucracy,
- Encourage 360° free flow and sharing of information,
- Treat our customers the same way we would like to be treated and always look for ways to make it easier for customers to do business with us,
- We are an equal opportunity employer

During the past sixty nine years, Ethiopian has become one of the continents leading aviation group, it operate the continent's youngest fleet, connect Africa with the widest international network spanning five continents: host the premier aviation academy: command the larges cargo (Selamta 2015). Ethiopian airlines is a member of IATA (International Air Transport Association) since 1959 and a member of star alliance group. Currently it is the biggest airlines in Africa, it owned 68 passenger and 8 cargo different aircrafts. Currently it serves 90 international destinations operating the newest and youngest fleets. Operating at the forefront of technology, the airline has also become one of Ethiopia's major industries and a vertebrate institution in Africa.

Ethiopian airlines is expanding its business by obtaining the world's best technological outcomes (by operating the youngest and newest fleets), extending its service coverage and increasing flight frequency, extending its services like online bookings, offering sophisticate waiting lounges, upgrading its in-flight services to meet the airline's customer expectations through meeting its service vision statement "To become the airline of customer choice by delivering friendly, global standard and superior level of service". Furthermore, it is working diligently to make the Ethiopian Aviation Academy the leading aviation academy in Africa (Ethiopian, 2012).

Ethiopian Airlines operates the Youngest Fleet in Africa. The following are the major categories of owned and leased aircrafts:

According to Ethiopian airlines customer service statement, in order to satisfy customers and eventually retain them, the airline need to delight its customers and significantly exceed their

expectation so as to make them highly satisfied with its service and product standard and say “yes I will fly Ethiopian Airlines again”. It is this satisfaction level that makes people to fly again and that’s what is called customer retention. And it is this retention that directly goes into the airlines revenue. Research has shown that 2% customer retention brings about a 10% rise in profit. Highly satisfied customers tell others about their experience (Ethiopian, 2012). So keeping passenger loyal to the brand is the only pathway to achieve the airline goal to be the first choice among customers mind. One of the mechanism that Ethiopian airlines used to retain passengers is the loyalty program is called Sheba-miles. The Business strategy of the airline is integrated business model; cost leadership and differentiation strategies to be pursued where seen fit. The passenger service cycle starts from reservation office, ticket office, check-in counter, waiting area or lounges, boarding gate, in-flight service, arrival and transit office, baggage handling area.

Today meeting customer’s expectation is not alone enough, as this is the bare minimum requirement that does not result in customer satisfaction and subsequent retention (Ethiopian,2012). To retain passengers and sustain profitability, the researcher believes that it is important to find out the main factors that affect customer loyalty and need to work on it.

1.3 Statement of the problem

Currently aviation industry in Ethiopia is operating in an increased competition. Many airlines have been attracted by the market found in Ethiopia and in large Africa which was covered by Ethiopian airlines. The number of other airlines that fly to and from Addis Ababa (Lufthansa, Turkish, Emirate, Guelf air, Fly Dubai, Air-China, Saudi air, Egypt Air, Kenya airways, Sudan air) and the frequency that they fly per week is increasing, which leads to intense competition. The choice of airlines by customer is increased within this competitive aviation industry. As the competitive environment becomes more turbulent, the most important issue the seller faces is no longer to provide excellent, good quality products or service, but also to keep loyal customers who will contribute long term profit to organizations (Tseng, 2007).

According to The US Department of Transport (DOT),“meeting the basic services like providing clean, reliable and safe flights is only a license to enter in to the competition; winning in the

competition is a different ball game. In order to satisfy customers and eventually retain them, the airline need to delight its customers and significantly exceed their expectation”(Ethiopian, 2012).

One way to strengthen an airline’s competitive position is to retain passengers as loyal users of the airline so that they will be less sensitive and require a low effort to communicate with (Gomez, Arranz and Cillan, 2006). Ensuring a loyal customer base have financial benefits, and ensure the long-term success for the business (Zhang, Dixit and Friedman, 2010).

In order to strengthen an airline’s competitive position, to become the choice of customers and more profitable, management of the airline need to deepen its understanding of the factors that affect customer loyalty. To the best of the researcher’s knowledge, there is no published research work on factors affecting customer loyalty to the aviation industry in Ethiopia. Therefore, it is important to examine factors affecting customer loyalty to fulfill the literature gap.

1.4 Basic Research Questions

This research will address the following research questions:

- Does customer satisfaction enhance customer’s loyalty in the context of Ethiopian airlines?
- Does trust enhance customer loyalty in the context of Ethiopian airlines?
- Can organizational commitment enhance customer’s loyalty in the context of Ethiopian airlines?
- Will corporate image enhance customer’s loyalty in the context of Ethiopian airlines?
- Does switching cost enhance customer’s loyalty in the context of Ethiopian airlines?

1.5 Objectives of the study

1.5.1 General objective

The general objective of the study is to examine the factors that affecting customer loyalty within Ethiopian airlines.

1.5.2 Specific objectives

The following are specific objectives of the study:

- To examine whether customer satisfaction has an influence on customer loyalty in Ethiopian airline.
- To examine whether trust has an influence on customer loyalty in Ethiopian airline.
- To assess if organizational commitment has an influence on customer loyalty in Ethiopian airline.
- To examine if airline image has an influence on customer loyalty in Ethiopian airline.
- To examine whether switching cost has an influence on customer loyalty in Ethiopian airline.
- To examine the factors that have more influence on customer loyalty in Ethiopian airlines.

1.6. Operational Definition of terms

Satisfaction: - passenger's feeling of pleasure resulting from comparing the Ethiopian airline's service perceived performance in relation to the passenger's expectation (Kotler, 1999; pp. 98)

Trust: - is defined as the degree of confidence passengers of Ethiopian airlines has towards the airline (Morgan and Hunt, 1994).

Organizational Commitment: - is defined as a dedication of the airline towards providing the expected quality service to its passengers, as perceived by its customers(Morgan and Hunt, 1994, pp.20-38).

Organizational Image:-is the overall perception of Ethiopian airlines that passengers' hold in their memories with related to physical and behavioral attribute of the airline(Nguyen and LeBlanc, 2001).

Switching cost: - Switching cost is a cost that passengers incur when changing from Ethiopian airlines to another competitor airlines (Porter, 1998)

Customer loyalty: - passenger's commitment to re-buy Ethiopian airline's service consistently in the future, causing repetitive same brand purchasing, despite situational influences on marketing efforts (Oliver,1999; pp.34)

1.7. Significance of the study

This study is expected to have the following significances:-

- ❖ This study helps the management of Ethiopian airlines to identify the essential factors affecting customer loyalty and to indicate areas that need improvement in order to retain customers.
- ❖ Through the actions to be done by the airlines management to improve the customer relationship, passengers will get improved service.
- ❖ This study can be used as a literature for further research in the areas of customer loyalty in the airline industry.
- ❖ It may initiate other academicians to carry out more extensive studies in the area.

1.8. Scope of the study

The aim of this study is to examine only five factors (satisfaction, trust, commitment, image and switching costs) affecting customers' loyalty in Ethiopian airlines through identifying the relationship between these different loyalty factors and the overall customer loyalty of Ethiopian airlines. Other factors of loyalty and the effect of loyalty on performance, profit and repurchase intention is left to be covered by the future studies. Loyalty concept has great importance. Thus its different aspects can be studied in different situation. Ethiopian airlines is engaged in providing services like passenger transport, cargo transport, aviation training, flight catering, Maintenance and Repair and Overhaul (MRO) and ground service. However, due to time and money constraints, the research will only focus on the passenger transport service of the airline. This research did not examine factors across different competitive airlines. This will give the opportunity to make comparison between different airlines. Ethiopian airlines has 90 international destinations including Addis Ababa. The study will be restricted to only passengers transiting and departing from Addis Ababa Bole international airport, from which the survey is

going to be conducted. Those passengers destined to Addis Ababa and those not transiting Addis Ababa are not included.

1.9 Organization of the study

The research report is organized under five chapters. Chapter one constitutes background of the study, background of the organization, statement of the problem, objective of the study, the research question, definition of terms, conceptual framework, significance of the study, scope of the study and organization of the study. Chapter two constitutes the theoretical review, empirical review, conceptual framework and research hypotheses. Chapter Three includes, research approach, research design and research methodology. Chapter four presented the Analysis of data. And chapter five presented summary, conclusion and recommendation of future research.

CHAPTER TWO

LITRATURE REVIEW

This chapter presented introduction part, theoretical review, empirical review, conceptual framework and hypothesis of the research.

2.1 Introduction

Customer loyalty is a deeply held commitment to rebuy or re-patronize a preferred products or services consistently in the future (Oliver 1999, pp. 34). According to Jones and Sasser (1995), loyalty is the feeling, the attachment or affection for a company's people, products or services. It is often recognized as being a strategic objective for firms and it is a critical aspect for firms. Loyalty of a firm's customers has been recognized as the dominant factor in a business organization's success and sustainability. Loyal customers build business by buying more, paying premium prices, and providing new referrals through positive word of mouth, overtime (Ganesh, Arnold and Reynolds, 2000).

Now a days, globalization, concentrated market, competitive economy and continuous technological advancement have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product price and customers qualities only instead through customer retention. Without the awareness of consumer behavior, it is impossible for companies to take appropriate measures to meet their customers' needs and wants, to survive and improve. How to build good relationship with customers becomes more and more important. Therefore companies need to concentrate on loyalty as a main strategy for the future (Vilares and Coelho, 2003). One of the ways to enhance the customer loyalty in airline industry is to identify factors influencing customer loyalty and focusing on offering excellent services and meeting the needs of customers. The decision making process for a customer in choosing an airline can be affected by many variables. With the strategic importance of customer loyalty highlighted, it is necessary to understand, in depth, factors that drive customer loyalty. This section includes theoretical review, empirical review and the conceptual frame work and hypotheses of the research.

2.2 Theoretical Review

The idea of customer's loyalty has been rooted around many years. It has become more important undergoing brisk change in service sector. Beerli, Martin, and Quintana (2004, p. 254) describe the essence of loyalty has summarized as "repeat purchasing frequency or relative volume of same-brand purchase." Several definitions that examine loyalty from a behavioral standpoint (e.g., repeat purchase) without delving into the psychological meaning of the term are considered problematic (Oliver, 1999). Jacoby and Chestnut (1978) investigated the psychological meaning of loyalty in order to separate it from behavioral (i.e. repeat purchase) loyalty. Customer loyalty is all about attracting the right customers, getting them to buy, buy often, buy higher quantities & bring even more customers for the firms.

According to Ganesh, Arnold & Reynolds, (2000) customer loyalty is often recognized as being a strategic objective for firms and it is a critical aspect for firms. Loyalty of a firm's customers has been recognized as the dominant factor in a business organization's success and sustainability. Loyal customers build business by buying more, paying premium prices, and providing new referrals through positive word of mouth, overtime.

2.2.1 Approaches of customer loyalty

There are multiple approaches to customer loyalty. Theories of behavioral loyalty were dominating until 1970 considering loyalty as the function of the share of total purchases (Cunningham 1956:118; Farley 1964:9), function of buying frequency or buying pattern (Tucker 1964; Sheth 1968) or function of buying probability (Harary et al. 1962; McConnell 1968:14; Wernerfelt 1991: 231). These approaches looked at brand loyalty in terms of outcomes (repeat purchase behavior) rather than reasons. In 1969 a two dimensional concept of brand loyalty is introduced which stated that loyalty should be evaluated with both behavioral and attitudinal criteria (Jacoby et al. 1973:2). Jacoby and Chestnut (1978) investigated the psychological meaning of loyalty in order to separate it from behavioral (i.e. repeat purchase) loyalty. They concluded that using repetitive purchasing as a measure of loyalty could be invalid due to happenstance purchasing or a need for convenience. Also, where consumers are multi-brand loyal, inconsistent buying could mask loyalty.

Similarly, Dick and Basu (1994), also suggested that loyalty should be evaluated with both behavioral and attitudinal criteria and also determined by the strength of the association between relative attitude and repeat purchase. These different approaches allow distinguishing customers as whether behaviorally or emotionally (attitudinal) loyal. Behaviorally loyal customers act loyal but have no emotional bond with the brand or the supplier. Behavioral dimension refer to issues related to frequency of repeated purchases and brand switches (Santouridis and Trivellas, 2010; Bowen and Shoemaker (1980). whereas the attitudinal loyal customers do have emotional bonds and it give more emphasis on psychological involvement and preference with a unique focus on issues such as brand recommendation, resistance to superior products, repurchase intentions and willingness to pay a premium price (Cronin and Taylor, 1992). Emotional loyalty is much stronger and longer lasting than behavioral loyalty. The relationship is so important for the customer that he or she makes maximum efforts to maintain it. Highly bonded customers will buy repeatedly from a provider to which they are bonded, recommend those providers to others, and strongly defend these choices to others – insisting that they have chosen the “best” product or service. Santouridis and Trivellas, (2010) has similarly proposed that both behavioral and attitudinal elements must be included when defining and conceptualizing customer loyalty.

According to Uncles et al. (2003), customer loyalty can be characterized as

- i. Attitudinal-loyalty to the brand whereby customers have a favorable set of stated belief towards the brand purchased.
- ii. Behavioral-loyalty to the brand where loyalty to a certain brand is defined mainly with reference to the pattern of past purchases. Behavioral loyalty is repeated transactions and can sometimes be measured quite simply with observational techniques. Attitudinal loyalty is sometimes defined equivalently with relationship commitment (Morgan & Hunt, 1994).
- iii. Co-determinants of buying brand where loyalty is moderated by contingency variables such as individual’s current circumstances, their characteristics, and/or the purchasing situation faced.

A common approach to distinguish customer loyalty is consumer’s attitudinal loyalty and behavioral loyalty (Dick and Basu, 1994; Zeithaml, 2000; Choudhuri & Hol Brook, 2001).

Loyalty as a concept has its root from the consumer behavior theory and is something that consumer expose to brand, product, service or activities (Rosemond & Gloria, 2011). Similarly, according to Rosemond and Gloria (2011) customer loyalty has been defined as the attitude and behavior of customer to commit to the firm's product or by making frequent purchase, repurchase and product recommendation; engage in brand defense as well as establishing a long term relationship with the firm. In this study, the concept of customer loyalty is based on both user's attitudinal-loyalty and Behavioral-loyalty

Behaviorally loyal customers could be divided to sub-segments by the reason of acting:

- i. Forced to be loyal: - Customers are forced to be loyal when they have to be clients even if they do not want to. E.g. when the company acts as a monopoly or the poor financial status of the customer is limiting his selection of goods. Grönholdt, Martensen and Kristensen have found that companies with low price strategy had a much higher loyalty than expected from their customer satisfaction.
- ii. Loyal due to inertia: - customer does not move to another vendor due to comfort or relatively low importance of operation – if the choice has low importance, there is no point to spend time and effort on searching for alternatives.
- iii. Functionally loyal: - customers are loyal because they have an objective reason to be. Wernerfelt points out “cost-based brand loyalty” where brand utilities have a positive influence on brand choice (Wernerfelt 1991:231) Functional loyalty can be created by functional values using price, quality, distribution, usage convenience of a product or through different loyalty programs (points, coupons, games, draws etc.) giving a concrete reason to prefer certain supplier.

Oliver (1999) has proposed four ascending brand-loyalty stages according to the cognition–affect–conation pattern.

- The first stage is cognitive loyalty. Customers are loyal to a brand based on their information on that brand.
- The next phase is affective loyalty, which refers to customer liking or positive attitudes toward a brand.
- The third step is conative loyalty or behavioral intention. This is a deeply held commitment to buy a “good intention.” This desire may result in unrealized action.

- The last stage is action loyalty, where customers convert intentions into actions. Customers at this stage experience action inertia, coupled with a desire to overcome obstacles to make a purchase. Although action loyalty is ideal, it is difficult to observe and is often equally difficult to measure.

According to Jones and Sasser (1995:94), there are three measures of loyalty that could be used in segmentation by loyalty:

- i. Customer's primary behavior – recency, frequency and amount of purchase;
- ii. Customer's secondary behavior – customer referrals, endorsements and spreading the word;
- iii. Customer's intent to repurchase – is the customer ready to repurchase in the future.

Marketing literature identifies different factors of loyalty from the theoretical and practical point of view. Loyalty dimensions can be divided in two different categories: Perceptual factors such as satisfaction and trust, behavioral factors such as the number of purchased articles. According to Rai and Medha (2013) framed dimensions of customer loyalty as evaluative judgments (service quality and customer satisfaction), relational outcomes (trust and commitment) and company dynamics (corporate image, communication, switching costs).

According to Ball et. al. (2004), loyalty determinants are classified as

- i. Characteristics of the environment:- competition amenity, perceived switching costs, technological legal, economical and natural changes
- ii. Clients:- company relation characteristics:-flexibility, complaints solving, the duration of the relation
- iii. Consumer characteristics: his desire to maintain the relation with the company, involvement;
- iv. Consumers' perceptions about the company:- satisfaction, trust communication, brand image, the quality of the relation.

Customer loyalty in airline sector has been a major concern to practitioners due to severe competition and higher expectations. It expresses an intended behavior related to the service or the company.

According to Cheng, Lai, and Yeung, (2008), loyal customers are more likely to increase their repurchase activities, make business referrals, give favorable word of mouth and are also less likely to switch to alternative suppliers in the face of attractive price inducements as compared to

less loyal customers. Thus, customers who exhibit both attitudinal and behavioral features of loyalty tend to act with high commitment to their relationship with their service provider. With the strategic importance of customer loyalty highlighted, it is necessary to understand, in depth, factors that drive customer loyalty. A number of scholars in the field of customer loyalty have attempted to classify factors that may influence it. (Kracklauer, Mills et al. 2004) were convinced that customer loyalty should be viewed as a combination of customer satisfaction and customer trust. (Stone, Woodcock et al. 2000) agreed that commitment and customer satisfaction prove to be important determinants of customer loyalty. (Duffy 2003) said that customer loyalty yields significant benefits when its pursuit is part of an overall business strategy.

2.2.2 Relationship and loyalty

According to Bendapudi and Berry (1997) customers stay loyal to a service provider either because they want to, or because they do not perceive any other options. Therefore, the factors that support relationships may be classified in two distinct categories:

- i. Factors that contribute to the customer willingness to be involved in a relationship based on a high level of customer satisfaction, good service quality, customer feelings of trust and affective commitment toward bank, the positive image of the company, the relational benefits perceived by the customer that enhance the value of the core products and services, and
- ii. Factors that constrain the customer to maintain the relationship due to some negative bonds which prevent customer switching behavior. The main exit barriers perceived by the customer are considered to be: legal bonds (contractual arrangements), economic bonds (financial penalties or the loss of some monetary rewards), costs of searching information and evaluation, learning costs, uncertainty costs, a small number of attractive alternatives in the market, and also geographic bonds (there is no other bank in the geographical location of the customer). Habit, inertia or customer passivity cannot be included in the first category because they prove a neutral or a lack of attitude rather than a positive feeling toward the current airline. In this situation, the customer maintains the relationship with the current organization due to habit or convenience and not because of a high level of satisfaction. Although, both categories of factors have a favorable

influence toward customer relationships, there is a difference regarding their impact on the behavioral and attitudinal dimensions of loyalty.

According to Shrestha (2014), there are two reasons that make customer loyalty so important in this modern-day business. The first is it is easier to obtain purchase from old customers compared to new customers. This is supported by past studies. For instance, Berry (2007) observed that “having customers not merely acquiring customers is crucial for service firms.” The criticality of this assumption is based on the notion that it costs as much as 6 times more to win new customers than it does in keeping an existing one (Rosenberg and Czepiel, 1984, p. 45). Reichheld (1993) posit that, in relation to a specific industry, the likelihood of increasing profits by up to 60% is greater when potential customer migration is reduced by only 5%. The second reason is that customer loyalty has a positive significant relationship with the company’s profit. Customer loyalty can translate into profit through various ways such as cross-selling and up-selling, gain new customers by word of mouth, price insensitivity of loyal customers and cost reduction (Chen & Hu, 2012).

The fundamental principle underlying these assumptions is rooted in relationship marketing’s emphasis on the maintenance of relations between the company and its external actors, with customers classified as the most important actor. This activity facilitates the creation of customer loyalty so that a stable, mutually beneficial, and long-term relationship is sustained. Thus, a leading business strategy depends on the ability to build and maintain loyal and valued customer relationship; resulting in positive consequences including reducing alternative search behaviour, repeat purchase, spending on ancillary services, creating exit barriers, stimulating consumer cooperative behaviour etc. (Baloglu, 2002; Andeleed, 1996).

According to Gerpot et, al. (2000), customer long-term relationship with a service provider is of greater importance to the success of a company in a challenging and competitive market. Customer loyalty is considered a vital link and aspiration to organizational success, profit and business performance (Oliver, 1997: Rechheld, 1993: Sheth, 1998). The consumers that show the greatest levels of loyalty towards the product, or service quality, tend to repurchase more often, and spend more money. Thus loyal customers do not only increase the value of the business, but also enable business to maintain cost and lower those associated with attracting new customers (Barroso &Martine, 1999). According to Shrestha (2014), the airline industry has started to

emphasize on customer loyalty rather than customer acquisition, for example, the cost of frequent flyer programs is always higher than the advertising spending. It is because they clearly understand that competing solely on price is a no win proposition, therefore, they use various kinds of strategies such as frequent flyer program which is to reward those customers who often purchase and in substantial amount. Besides, there is a continuous increase of customers' expectation in the present condition of increased global competition (Jan, Abdullah, & Smail, 2013).

2.2.3 Factors affecting customer loyalty

Customer satisfaction:- Kotler and Armstrong (1996) define customer satisfaction as “a person's feeling of pleasure or disappointment resulting from comparing a product or service's perceived performance in relation to his or her expectation. Therefore, satisfaction is closely related to customer's expectation and experience, hence, customer satisfaction represents the difference between what customers actually expect to get and the actual service performance exceeding such expectation. Bolton & Drew, (1991); Cronin & Taylor, (1992) defined customer satisfaction as a judgment made on the basis of a specific service encounter.

Oliver (1981) defined satisfaction as “a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations”. According to Wiele, Boselie & Hesselink (2002), satisfaction is a positive, affective state resulting from the appraisal of all aspects of a party's working relationship with another. Customer satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive regarding the fulfillment of some needs, goals or desire (Hansemark & Albinsson, 2004). It is defined that customer retention as the future propensity of a customer to stay with the service provider. In the marketing literature, at least, two dominant categorization of customer satisfaction have been suggested: transaction-specific and cumulative perspective (Anderson, Fornell and Lehmann, 1994).

Researchers following the transaction-specific logic (e.g., Bitner, 1990; Oliver, 1993; Cronin and Taylor, 1992, p.56) have described satisfaction as a “post choice evaluative judgment of a specific purchase occasion”. By contrast, cumulative customer satisfaction adherents, including Fornell (1992), and Anderson et al., (1994, p. 54) have suggested that customer satisfaction be

viewed as an overall evaluative process based on the complete purchase consumption and experience of products or services over time. According to Livelock and Wirtz (2007) the foundation for true loyalty lies in customer satisfaction. Highly satisfied or even delighted customers are more likely to become loyal apostles of a firm, consolidate their buying with one supplier, and spread positive word of mouth.

The level of satisfaction is always high when customer get maximum usage and profit at a minimum price (Jamal and Kamal, 2004). According to Mittal & Kamakura (2001), satisfaction is a key factor in formation of customer's desire for future purchase and it is an overall attitude that is based on customer experience. According to Giese & Cote, (2000), satisfied customer will remain with the current providers for a longer and longer period of time.

According to Anderson and Sullivan (1993), achieving customer satisfaction has been identified as the key to customer loyalty, is why service providers seek manage and increase satisfaction. Reichheld F. (1993), customer satisfaction is the key factor determining how successful the organization will be in customer relationship, therefore, it is important to measure those factors.

Determining customer satisfaction has an important role in distributing the services effectively. In addition, satisfied customers provide numerous benefits to the companies. They include: increased repeat patronage, including fulfilling more needs from the firm's portfolio; positive word-of-mouth communications; increased brand loyalty; greater new offer acceptance; ability to engage in premium pricing; reduced price elasticity; an enhanced reputation for the firm and increased customer-life time value, (Cronin & Taylor, 1992; Boulding et al., 1993; Anderson, 1998; Yüksel & Rimmington, 1998; Bolton et al., 2000; Reinartz & Kumar, 2003; Russ, 2006; Fornel, 1992). Therefore, for airline companies also, understanding passengers' needs and expectations and then developing high quality service which meet them will provide airline companies a competitive advantage in comparison with their rivals.

Trust:- According to Ostrom and Lacobucci (1999), trust is defined as the willingness to rely on an exchange partner in which one has confidence. Trust causes dedication because it reduces the costs of negotiating agreements and lessens customer's fear of opportunistic behavior by the provider (Bendapudi and Berry, 1997). Morgan and Hunt (1994), define trust as a willingness to rely on an exchange partner in whom one has confidence. He suggest that brand trust leads to brand loyalty and commitment because trust creates exchange relationships that are highly valued. Ganesan (1994) proposed that a key component of trust is the extent to which the

customer believes that the vendor has intentions and motives beneficial to the customer and is concerned with creating positive customer outcomes. Suppliers who are perceived as being concerned with positive customer outcomes will therefore be trusted to a greater extent than suppliers who appear interested only in their own welfare.

According to Berry (2007), trust causes dedication because it reduces the costs of negotiating agreements. According to Aydin & Ozer, Chen & Xie and Du Plessis (as cited in Vuuren, Lombard and Tonder, 2012). Trust as an element of customer loyalty has influence on building customer loyalty. Trust is an important factor in affecting relationship commitment and customer loyalty.

If one party trusts another, such a party is willing to develop a positive behavioral intention toward the other party. Accordingly, when a customer trusts a business or brand, that customer is willing to form a positive buying intention towards the business. The relationship between customer trust and loyalty is supported by reciprocal arguments. When service providers act in a way that builds customer trust, the perceived risk with the service provider is reduced, thus enabling the customer to make confident predictions about the service provider's future dealings. Trust influences loyalty by affecting the customer's perception of congruence in value with the service provider, and such value congruence is significantly related to the customer's satisfaction and loyalty.

Trust has been widely recognized as the most critical factor in relationship marketing, where trusting customers are needed in order to retain a business relationship. In airlines, relationship managers can reveal trust by taking actions on behalf of their customer and by that increase the reliability and confidence of the airline among customers. Furthermore, as trust is highly depended on airline management actions performed in the interests of customers, the airline can add to the emotional relations customers have with their airlines. Hence, important emotional relational variables such as connectedness and empathy can be increased, which leads to more trusting customers (Gill, Flaschner and Shachare, 2006).

Ndubisi (2007) emphasized that an integral element of the relationship marketing approach is the promise concept which maintains and enhances evolving relationship as a means of achieving customer satisfaction, retaining the customer base, and securing long-term profitability

In social psychology trust is considered to consist of two elements: trust in the partner's honesty, and trust in the partner's benevolence (Wetzels et al., 1998). Honesty is the belief that a partner stands by his word, while benevolence is the belief that the partner is interested in the customer's welfare, and will not take actions with negative impact on the customer. Many scholars as (Lim and Razzaque 1997); (Garbarino and Johnson 1999); (Chaudhuri and Holbrook 2001); (Singh and Sirdeshmukh 2000) and (Sirdeshmukh, Singh et al. 2002) supported the idea that trust is one of the main factors of loyalty.

Trust is the driver of Commitment in the form of consumer attitudinal loyalty argued by (Morgan and Hunt 1994). Trust seems to be important factor in true consumer attitudinal loyalty argued by (Oliver 1999).

Commitment is described as a psychological state where customers have plans to continue the relationship with their existing supplier, it is important determinant of the strength of a marketing relationship, and a useful construct for measuring the likelihood of customer loyalty and predicting future purchase frequency (Morgan and Hunt, 1994). They defined commitment as an enduring desire to maintain a valued relationship. Commitment is defined as a desire to maintain a relationship (Moorman, Deshpande & Zaltman 1993; Morgan & Hunt, 1994). Dwyer et al. (1987) describe it as a pledge of continuity, and Pritchard, Havitz and Howard (1999) as resistance to change.

This implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial. They also suggested when commitment is higher among individuals who believe that they receive more value from a relationship, highly committed customers should be willing to reciprocate effort on behalf of a firm due to past benefits received and highly committed firms will continue to enjoy the benefits of such reciprocity.

According to Dick and Basu (1994), commitment is derived from:-

- i. Affective commitment, referring to the fact that customers like to maintain a relation with a supplier:
- ii. Calculative commitment, describing customer's necessity to maintain the commercial relation.

According to Ndubisi (2007, pp.98-106) commitment is a critical factor in building customer loyalty, consisting in the study of accommodating customers' needs, tailoring products to requirements, and being generally flexible in their customer relationships is needed.

Corporate Image: - According to Barich and Kotler (1991) corporate image is “the overall impressions made on the minds of the public about a firm” (cited in Wang, 2010, p. 255). Treadwell and Harrison (1994, pp. 64) also defined it as “an individual’s current idiosyncratic representation of a particular organization, including related attitudes, beliefs, and impressions about the organization and its behavior”.

According to Nguyen and Leblanc (2001, p. 228), corporate image is related to the physical and behavioral attributes of the firm, such as business name, architecture, range of products/services, and to the impression of quality communicated by each person interacting with the firm’s clients. They believe that factors that contribute corporate image might have originated from customer’s awareness of corporations as physical entities and their behaviors including corporation name, tradition, management philosophy, and diversification of products and so on. It also reflects the publics’ evaluations about a company’s performance in areas such as management quality, employment orientation, and communication activities (Wan and Schell, 2007). Image is a key factor that provides satisfaction to the customer regarding attributes of the product. Image of the brand is important for different reasons e.g. to promote one’s own image, to satisfy one’s own esthetic satisfaction or to attain certain comfort associated with the brand (Akhter et al., 2011).

According to Akroush (as cited in Narteh, 2013) image build over time could play a vital role in retaining customers and is very likely to have a significant effect on the relationship between functional quality and customer loyalty. Organizations may portray different images such as reliability of service delivery, courtesy of staff, global connectedness and sometimes affinity to a country of origin. Ball, Coelho and Machas (2004) argue that a consumer may be loyal to a company or a brand because it is viewed having a positive image among other customers.

This can be a critical influence factor in the context of credence goods and services such as in aviation industries. Therefore, a strong and positive company image of current airline may provoke resistance to switch to another airline. It has been suggested that the set of beliefs that determines corporate image will, in turn, determine satisfaction. Image of brand or supplier is one of the most vital factors. Customer may use this preference to present their own image. That

may occur both in conscious and subconscious level. Consumers prefer brands with personality traits that are congruent with the personality traits that constitute their (malleable) self-schemas.

A good brand image perception of the quality of service makes a brand more attractive. Brand image is an important factor which impacts customer loyalty and is considered a vital factor for creating, building and maintaining relationships (Das, 2012). Ismail (2009) defined brand as “a name, term, sign, symbol, or design, or a combination of these that identifies the maker or seller of a product or service.” Corporate image is a key element in the overall service evaluation (Lai et al., 2009).

Switching cost: - According to Jones et al (2002), a switching barrier is any factor that makes it difficult or costly for customers to change providers. According to Porter, M. (1998), switching cost is the cost associated with switching from one service to another which will not incur if a customer stays with the current service provider. Increased in switching cost will result in higher risk and burden on the customer (Jones M. A., Beatty S & Mothersbaugh D., 2002). According to Dick and Basu, (1994), Switching costs are defined as the costs incurred when switching from one service provider to a competitor, with such costs including time, money and psychological cost.

Shergill & Bing, (2006) defined switching cost as the technical, financial or psychological factors which make it difficult or expensive for a customer to change brand. According to Keshvari and Zare (2012) switching cost is a onetime cost customers associate with the process of switching from one service provider to another that occurred when customers have to spend time, effort or money in order to change the service provider. The higher the switching cost it may completely discourage from switching and retain them with their current service provider. Therefore customers may not change the service provider even though the competitor offers new products and low prices. Klemperer (1987) define switching cost as a cost that deters customers from demanding a rival firm’s brand. He said that many customers in the market would face the issue of switching costs. Klemperer (1987) identified three kinds of switching costs – 1. Transaction costs, 2. Learning costs and 3. Artificial or contractual costs.

Transaction costs and learning costs are costs initiated by the customers such as cost incurred when changing carrier or making the effort to become acquainted with new products and/or services to derive the same level of comfort as with the old provider, whereas, artificial are

intentionally designed by the service provider to lock customers into the relationship (Klemperer, 1987).

According to Kim, Y. and Lee, J. (2010), as customers believe that alternative providers are not good enough, they are less inclined to switch. Lack of superior alternatives or no perceived differences among alternatives may create favorable attitudes towards existing service providers .

When the costs of switching brand are high for the customer, there is a greater probability that the customer will remain loyal in terms of repeat purchase behavior, because of the risk or expense involved in switching and because of the accompanying decrease in the appeal of other alternatives (Kim and Lee, 2010). According to Selnes (as cited in Beerli et al., 2004) switching cost is the technical or psychological factors which make it difficult or expensive for a customer to change brand. Vilagine (as cited in Beerli et al., 2004) classify switching costs as follows: The customer's commitment needed to evaluate new alternatives, to the economic advantage associated with loyalty, to the social and psychological risks stemming from making a wrong choice, and to the established contracts with the supplier company; and costs associated with the product, such as the costs of redesigning the process of production or consumption, investment in related equipment, and contractual costs. Dick and Basu (1994) suggested that customers may remain with a company not only because of loyalty to the brand, but also due to high perceived switching barriers.

2.3 Empirical Review

Numerous studies have been carried out on customer loyalty in the several service sectors. According to Serkan and Gorhan (2004), there are four dimensions that influence customer loyalty in choosing desired service providers. These dimensions are corporate image, perceived service quality, trust and switching cost.

According to the findings of Beerli, Martin & Quintana (2004) on the factors which have influenced the customer loyalty in banking industry are perceived quality, satisfaction and switching cost. Increase in perceived quality increases the satisfaction and increase in satisfaction increases the perceived quality. Satisfaction influences the loyalty positively which meant that the greater the satisfaction level of the customers, the greater would be their loyalty towards their respective banks.

According to the findings of Dr. Younes, et. al. (2013), the effect of perceived quality and expectations, willingness and trust, bank charge and switching cost and bank commitment on satisfaction is strongly positive and significant. And the effect of customer satisfaction on loyalty is strongly positive and significant.

Ndubisi (2007) investigation showed that trust, commitment, communication and conflict handling has an impact on customer loyalty. Kuusik (2007) identifies antecedents of customer loyalty as satisfaction, trust, image and commitment. Aydin and Ozer (2005) point out that corporate image, perceived service quality, trust and customer switching cost are the major antecedents of customer loyalty. Narteh (2013) found out that satisfaction, image, availability and perceived service quality as determinants of loyalty. Similarly Beerli et al., (2004) found that satisfaction and switching cost are antecedents of customer loyalty. On the contrary, Jones and Sasser (1995) contended that there is no direct link between satisfaction and loyalty, particularly in competitive environments by stating that “merely satisfying customers that have freedom to make choices is not enough to keep them loyal.” Oliver (1999) opinionated that while satisfaction might be seen as an essential stage of loyalty building, ultimately loyalty cannot be achieved without combining superior perceived quality, personal determination, social bonding and their synergistic effects

Findings of Mohammad, el, al. (2013) showed that Services quality; reputation & corporate image of bank, and understanding the specific need of customers have significant impact on their loyalty to the banks. According to the findings of Salmiah M. et. al., (2012), corporate image, perceived service quality, trust and switching cost are positively related to customer loyalty towards telecommunication service provider in Malaysia. Conclusion made by Kuusik (2007) showed that “overall satisfaction and importance of products (or relationship) build the foundation of any kind of loyalty. It also showed that reliability of products or trustworthiness of the vendor is most critical for behavioral loyalists and the image creation is the main tool for getting committed customers”.

Ayob (2012) also investigated the relationship between switching cost, trust and promotion on customer loyalty. Similar findings were reported by Belal and Akter (2012) who demonstrated that switching cost and brand image had a positive influence on customer loyalty. According to

Tariqel, al. (2015) findings, showed that price, quality of service, brand image and trends offer four important factors that influence mobile users to change service providers. Bloemer et al., (as cited in Narteh, 2013) found the relationship between image and loyalty to be mediated by satisfaction with the airline services. However, Brunner et al., (as cited in Narteh, 2013) found a positive and direct relationship between image and loyalty. Ranaweera & Prabhu, (2003) found that satisfaction have strong positive effects on customer retention. It is considered that higher the satisfaction, higher is the level of retention and almost every firm are focusing on managing and increasing customer satisfaction (Ranaweera & Prabhu, 2003). It was indicated in the findings of (Shin & Elliott, 1998) that customer satisfaction is also an essential performance metric and it creates customer retention which in turn increases company's profitability. Furthermore, Lin & Wu (2011) stated that there is statistically significant relationship between quality commitment, trust and satisfaction and customer retention and future use of product, as retention is influenced by future use of product. Ranaweera & Prabhu (2003) have found customer satisfaction have stronger effect on customer retention comparing with the trust. Therefore, customer satisfaction serves as an exit barrier, helping a firm to retain its customers (Fornell, 1992).

According to Rai and Medha (2013) commitment is a significant factor that affects customer's loyalty. The findings of Afsar Bilal (2013) states that:

- “The effect of satisfaction and trust on commitment is positive and significant and the greater the satisfaction the greater is commitment and the greater the trust the greater is the commitment. For Similar results also see (Lin, 2003; Shergill and Li 2006; Aydin and Ozer, 2005).
- “The effect of perceived quality on satisfaction is positive and significant but low. The value of path coefficient is 0.196 which is in accordance to the literature. For similar results see also” (Laurin, 2003).
- “The effect of satisfaction, switching cost and commitment on customer loyalty is positive and significant. However, the effect of satisfaction on customer loyalty is quite low as compared to Beerli (2004) model. Switching cost has more influence on loyalty than mentioned in original model”.

In Malaysian banking sector the (Ndubisi, 2007) assessed the relationship of four constructs (commitment, trust, conflict handling and communication) on customer loyalty. The result of

Ndubisi study shows that the four variables have significant impact on customer loyalty in banking sector of Malaysia.

According to the findings of Salmaiah (2012), corporate image, perceived service quality, trust and switching cost are positively related to customer loyalty towards telecommunication service providers in Malaysia.

Nguyen and Leblanc (2001) found that corporate image positively affects customer loyalty in three service sectors namely telecommunication, education and retailing. Andreassen and Lindestad (1998) demonstrated that corporate image determines corporate loyalty in the package tour industry in Norway. Boohene and Agyapong (2011) also found a direct positive effect of corporate image on customer loyalty. On the other hand, there is ample evidence to suggest that the link between corporate image and customer loyalty is mediated by customer evaluative judgments such as satisfaction and quality perceptions, and switching cost. For example, Wang (2010) found that the relationship between corporate image and customer loyalty depended on perceived switching cost, such that as switching cost increased, the relationship between corporate image and customer loyalty reduces considerably. Hart and Rosenberg (2004) found that corporate image has a “marginally significant” direct influence on customer loyalty, yet the effect on customer loyalty by image is significantly mediated by satisfaction. Despite varying accounts of the effect of corporate image on customer loyalty, it is established that favorable corporate image seems to encourage loyalty for a firm. According to Serkan and Gorhan (2004), there are for dimensions that are influence customer loyalty in the choosing desired telecommunication services providers. These are corporate image, perceived service quality, trust and switching cost.

According to the findings of Mohd, et, al. (2014) on factors affecting customer loyalty towards airline industry in Malaysia, there is a strong linkage between customer satisfaction, perceived quality, and corporate image with customer loyalty.

For example, Kim et al. (2010) found that switching cost had a direct as well as interaction effect with satisfaction to determine customer loyalty. They concluded that customers’ were more likely to stay with their existing provider despite being dissatisfied, particularly when overall perceived switching barriers are high. In a study of haircut services, Wang (2010) found that the effect of customer perceived value and corporate image on customer loyalty was reduced under

conditions of high switching costs. Cheng, Lai and Yeung (2008) focusing on internet service users in Hong Kong found a direct positive effect of switching cost on customer loyalty. Aydin and Ozer (2005) also in the Turkish telecommunications industry found similar results. Lastly, Liu, Guo and Lee (2011) found that switching barriers led to customer loyalty.

Zin (2001), identifies, in investigating on antecedents of customer loyalty in the commercial airline industry, that corporate image have the strongest influence on customer loyalty. And similarly, Andreassen and Linderstad (1998), found that corporate image have an impact on perceived quality, customer satisfaction and loyalty while they investigate the influence of image on the three constructs.

According to the findings of Claudia (2014), the main determinants of customer loyalty identified and studied in past researches are satisfaction, trust, commitment, involvement, perceived risk, switching cost and habitat. He concluded that all these factors are positive correlated with loyalty.

Findings of Bahareh, Babak and Farshidn(2013), on “Design and explain the factors affecting customer loyalty in online banking” shows that there is a significant and positive relationship between each customer value, switching cost, reputation, habitat, trust, service quality and satisfaction with loyalty. Lim, Widdows and Park’s (2006), investigation on the US mobile services market found customer satisfaction as a strong predictor of customer loyalty. Gerpott et al. (2000) revealed that customer satisfaction had a strong indirect effect on customer retention, with this linkage fully mediated by customer loyalty toward a service provider. In other words, higher levels of customer satisfaction led to customer loyalty which, in turn, improved customer retention rates. In the Taiwanese mobile services market, Liu et al. (2011) found that satisfied customers were more likely to stay with their carrier and also recommend them to others while Kuo et al. (2009) discovered that customer satisfaction positively influenced consumers’ post-purchase intentions in mobile added-value services.

The competition in the airlines industry is getting concentrated from time to time. To increase sales volume of services, longer-term profit, firms should focused on customer loyalty towards their products and services. These findings prompted business decision makers and executive to

search for new innovative strategies to keep their existing customers loyal towards their products and services, and also to further increase the base of loyal customers (Lauren and Lin, 2003).

2.4 Conceptual Framework and Hypotheses

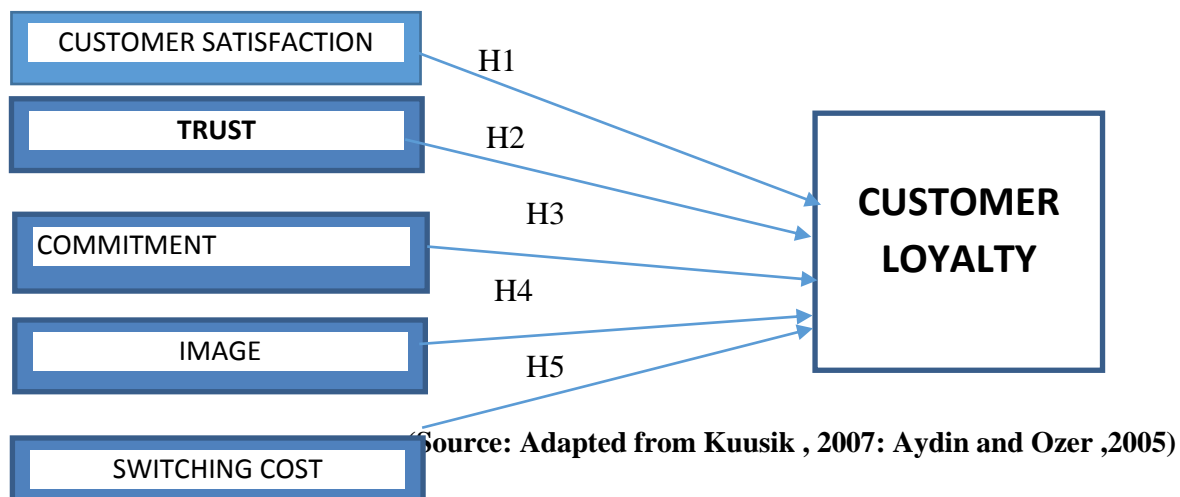
2.4.1 Conceptual frame work

In order to examine factors affecting customer's loyalty in Ethiopian airlines, the following model has been adapted from the findings of the above literature review. According to Kuusik (2007), satisfaction, trust, image and commitment has a significant effect on customer loyalty and similarly Aydin and Ozer (2005) point out that corporate image, perceived service quality, trust and customer switching cost are the major antecedents of customer loyalty. Thus this model consists of five independent variables i.e. customer satisfaction, Commitment, trust, airline image and switching cost and a dependent variable customer loyalty.

Customer loyalty:- is a deeply held commitment to rebuy or re-patronize a preferred products or services consistently in the future (Oliver 1999, PP.). According to Jones and Sasser (1995), loyalty is the feeling, the attachment or affection for a company's people, products or services.

Customer loyalty is one of the most important indicators used to evaluate the quality of services offered by an organization and the position that the organization has in the minds of customers. Therefore, gaining customer loyalty becomes a key objective for organizations which decide to adopt a relationship marketing perspective (Filip and Anghel, 2007).

Figure 2.1 Conceptual framework of the study



Customer Satisfaction:- Kotler and Armstrong (1996) defines customer satisfaction as “a person’s feeling of pleasure or disappointment resulting from comparing a product or service’s perceived performance in relation to his or her expectation. Therefore, satisfaction is closely related to customer’s expectation and experience, hence, customer satisfaction represents the difference between what customers actually expect to get and the actual service performance exceeding such expectation. There exists quite a broad consensus that customer satisfaction is an antecedent of loyalty (Morgan & Hunt, 1994; Forgas et al., 2010). The impact of customer satisfaction for repeat business and customer loyalty is not the same for all industries. Loyal customers are not necessarily satisfied customers, but satisfied customers tend to be loyal customers (Fornell, 1992). Based on the previous literatures, the researcher formulated a hypothesis as:

H1: Customer satisfaction has a significant positive effect on customer loyalty.

Trust:- According to Anderson and Narus (1990), Trust is a belief to another party’s word or promise because the party is considered as integral, honest, truthful, and able to perform actions that will result in positive outcomes or prevent action that will end in negative results.

(Bennett 1996) argued that to back the loyalty and success in the industrial markets can be possible by maintaining the relationship with customers and winning their trust. In this way trust is ultimate tool for success and loyalty. With the support of previous literature we say:

H2: Trust has a significant positive effect on customer loyalty.

Organizational Commitment:- Morgan and Hunt (1994) defined commitment as an enduring desire to maintain a valued relationship. This implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial. According to Ndubisi (2007) commitment is a critical factor in building customer loyalty, consisting in the study of accommodating customers' needs, tailoring products to requirements, and being generally flexible in their customer relationships is needed. Commitment is generally regarded to be an important result of good relational interactions and is affected by the customer’s perception of the effort made by the seller. Commitment is fuelled by the ongoing benefits accrued to each partner in the relationship, through the fact that committed customers have a greater propensity to act because of their need to maintain their relationship commitment. When the proportion of commitment becomes more marked, it is clear to infer that the relationship on both sides

becomes more stable (Vuuren et al., 2012).**H3:** Commitment has a significant positive effect on customer loyalty

Image:- According to Nguyen, N. and LeBlanc, G. (2001), corporate image is the overall impression made on the minds of public about a firm which is related to physical and behavioral attribute of the firm. It is a result of an aggregation process which incorporates with diverse information used by consumers to form perception of a firm. According to Andreassen and Linstead (1998), a good corporate image has been found to help established and maintain loyal relationship with customers. The image consumers hold in their minds regarding a company or brand may have considerable effect on their attitudes and/or judgment about a company's overall excellence or superiority. Thus based on the above literature review, the research take corporate image as one dimension of customer loyalty. Based on the previous literatures we can conclude that:

H4: Corporate Image has a significant positive effect on loyalty.

Switching Cost: -Shergill & Bing, (2006) defined switching cost as the technical, financial or psychological factors which make it difficult or expensive for a customer to change brand. According to Keshvari and Zare (2012) switching cost is a onetime cost customers associate with the process of switching from one service provider to another that occurred when customers have to spend time, effort or money in order to change the service provider. The effect of perceived switching cost on customer loyalty has been empirically corroborated in various service settings. Switching costs are considered as key drivers in customer retention or switching decisions. Based on the above literature, the study will take switching cost as the fifth factor of loyalty.

H5: Switching cost has a significant positive effect on customer loyalty.

2.4.2 Research Hypotheses

Based on the research objectives set above, the following hypotheses are formulated to be tested:

H1: Customer satisfaction has a significant positive effect on customer loyalty.

H2: Trust has a significant positive effect on customer loyalty.

H3: Commitment has a significant positive effect on customer loyalty.

H4: Corporate image has a significant positive effect on customer loyalty.

H5: Switching cost has a significant positive effect on customer loyalty.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

Introduction

This chapter presented the research paradigm, research approach, research design, sampling design, source of data, data collection methodology, data collection instrument, data analysis methods, validity and reliability, and research ethical considerations.

3.1 Research Paradigms: -

It is about how the research should be conducted. Quantitative research is based on methodological principles of positivisms and neo positivism, and adheres to the standards of a strict research design developed prior to the actual research. This type of research approach employ strategies of inquiry such surveys, and collects information using preset standardized instruments that can generate relevant statistical data. The strategy for this research can be classified as positivism because of some main reason. First, it deals with reality which is governed by natural laws. This research is focused on the factors that affect customer loyalty. Second, the reality is explored by empirical research and a survey study. This will consist of designing and administrating the questionnaire, constructing the sampling strategy and analyzing the results. In this regard, the researcher used responses obtained from selected respondents through survey questionnaire and analyzed using statistics. Third, the research consists of hypotheses that can be regarded as facts and to be tested by survey study (quantitative data). Finally, the researcher is objective and independent from the subject.

Saunders et al (2012, p.162) stated that ‘quantitative research is usually associated with a deductive approach as well as with positivism, where the focus is on using data to test theory. The deductive concept illustrates the research process of this study, where existing theory is presented in the literature review, forming the basis for the research objectives which is tested empirically in the youth context. The main characteristics of a deductive approach is that the researcher develops theory and one or more hypotheses. The researcher starts from the hypotheses hat are developed on the basis of general principle

3.2 Research approach

The research approach is Explanatory research type. As the aim of explanatory research is to identify causal links between dependent and independent variables that pertain to the research problem, thus this study is undertaken to examine the factors affecting customer loyalty and identify those factors that significantly influence on customer loyalty in the case of Ethiopian Airlines.

3.3 Research design

According to Creswell (2009),” research designs are plans and procedures for research that span the decisions from broad assumption to detailed methods of data collection and analysis. It involves the interaction of philosophical assumptions, strategies of inquiry and specific methods”.

According to Kothari (2004), research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted: it constitutes the blue print for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data.

This study employed quantitative research design. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of attribute that describe an individual and cannot be qualified. It is used predominantly as a method of describing and categorizing events (Creswell, 2009). According to Kothari, (2004), quantitative approach is a systematic and scientific investigation of quantitative properties and phenomena and their relationship.

To test the hypothesis, the research used inferential statistics. The statistical tools were reliability analysis using Cronbach’s alpha, descriptive statistics, correlation and regression analysis, to assess the strength of the relation and examine the factors that affect customer loyalty in Ethiopian airlines.

3.4 Sampling design

The sample design include the population and representativeness of the sample i.e. sample unit, sample frame, sample size, sample procedure.

3.4.1 Target population

The target population of the study is passengers of Ethiopian airlines that depart from and transit Addis Ababa Bole international airport flying in both business and economy classes to 89 international destinations.

3.4.2 Sampling frame

The list of target population, passengers of Ethiopian airlines who are departing from or transiting Addis Ababa Bole International airport to 89 Ethiopian international destinations, are grouped based on geographical location.

Table 3.1 Sample frame

Destin to Africa (48):	Abidjan, Abuja, Accra, Bamako, Blantyre, Brazzaville, Bujumbura, Cairo, Cape Town, Cottonou, Dakar, Dar-Es-Salaam, Djibouti, Douala, Durban, Entebbe, Enugu, Gaborone, Goma, Harare, Hargeisa, Johannesburg, Juba, Kano, Khartoum, Kigali, Kilimanjaro, Kinshasa, Lagos, Libreville, Lilongwe, Lomé, Luanda, Lubumbashi, Lusaka, Malabo, Maputo, Mombasa, N'Djamena, Nairobi, Ndola, Niamey, Ouagadougou, Pointe-Noire, Seychelles, Yaoundé, Zanzibar
Destin to Europe & America (16):	Brussels, Dublin, Frankfurt, Liege, London, Los Angeles, Madrid, Maastricht, Milan, Paris, Rome, São Paulo, Stockholm, Toronto, Vienna, Washington DC
Destin to The Middle East & Asia (25):	Bahrain, Bangkok, Bangalore, Beijing, Beirut, Chennai, Dammam, Delhi, Doha, Dubai, Dubai World Center, Guangzhou, Hong Kong, Jeddah, Kuala Lumpur, Kuwait, Manila, Mumbai, Muscat, Riyadh, Seoul, Shanghai, Singapore, Tel Aviv, Tokyo

(Source: <https://www.ethiopianairlines.com>)

3.5. Sample Size

Determining sample size varies for various types of research designs and there are several approaches in practice. The different strategies to calculate sample size include using census for small population, using a sample size of similar study, using published tables and using formula.

A general rule, one can say that the sample must be of an optimum size i.e., it should neither be excessively large nor too small (Kothari, 2004).

The target population for this research has a vast number of passengers of Ethiopian airlines. Thus, a large population's sample size is determined with the help of the following formula (Saunders et.al, 2007):

$$n = \frac{Z^2 PQ}{e^2}$$

Where,

- n = sample size,
- p = proportion of success
- q = proportion of fail
- z = confidence level
- e = standard error

Based on the above formula,

$$n = \frac{1.96^2(0.50)(0.50)}{0.05^2}$$

$$n = \underline{384 \text{ respondents}}$$

Many researchers commonly increase the sample size to compensate for no response risk, for persons that researcher is unable to contact. Sampling error is inversely related to the size of the sample i.e., sampling error decreases as the sample size increases and vice-versa (Kothari, 2004, p.154). Based on the above formula and considering the above points, the researcher was able to distribute a total number of 400 questionnaires.

3.6 Sampling technique

The study used proportional stratified random sampling, where respondents were selected and classified based on destination points: - passengers destined to Africa, Europe & America and Middle East & Asia. The number of respondents drawn from each stratum is in proportion to the destination size of each stratum. In order to select each respondent from each stratum, a

modified version of systematic sampling was used. Every English speaker passenger came to the counter and the lobby in every 15minutes was part of the sample.

Table 3.2 Proportional Stratified sampling based on destinations

	Africa	Europe & America	Middle East & Asia	Total
No. of Destinations	48	16	25	89
Proportionate in percentage	54	18	28	100
No. of Expected respondents	216	72	112	400

3.7 Sampling procedure

Steps considered during the survey:-

1. Every English speaker passenger came to the Addis Ababa Bole International Airport check-in, boarding gate counters, and to the lobby in every 15minutes was part of the sample. If the respondent was found to be not English speaker, the chance was given to the next respondent.
2. Respondents communicated the purpose of the research while the questionnaires were distributed.
3. All questionnaires were coded and analyzed using SPSS data analysis program.

3.8 Source of Data

There are two major approaches to gather data about a situation, person or problem (primary and secondary data). For this study, primary data were collected from passengers of Ethiopian airlines who were departing from or transiting Addis Ababa bole international airport in both economy and business class.

3.9 Data collection Methodology

The research used self-administered questionnaire survey as instrument to collect primary data. Through questionnaire the collection of large and standardized data is possible. A structured questionnaire developed using a five point Liker scale on the five independent variables and one

dependent variable. The primary data collected from selected respondents of customers of Ethiopian airlines and the analysis made was based on primary data.

3.10 Questionnaire design

There were two main sections in the questionnaire. The first section is regarding the socio-demographic data of respondents which included characteristics: - gender, age, educational background, occupation and for how long the customer is using the airline service. The second section of the questionnaire was designed to collect data relating to the five dimensions of customer loyalty. This section consisted of the dependent variable (customer loyalty) and the five independent variables (satisfaction, trust, organizational commitment, image and switching cost). The questionnaire encompassed 45 items which were prepared on five point liker scale ranging from strongly disagree to strongly agree. The first dimension, satisfaction, contained 8 items adapted from Suleiman et al. (2011) and Ghazizadeh et al. (2010). The second dimension, trust, consisted 9 items which was adapted from Garrison & Noreen (cited in Hinnawi, 2011) and Ndubisi & Wah (2005). The third dimension was commitment, which consisted 9 items which were adapted from Garrison & Noreen (2003) as cited in Hinnawi(2011) and Ndubisi & Wah (2005). The four dimension was image that consisted of 7 items adapted from Ghazizadeh et al. (2010). The fifth dimension was switching cost that had 5 items adapted from Berli et al. (2004). The last dimension was customer loyalty which consisted of 7 items that was adapted from Ndubisi & Wah (2005).

3.11 Data analysis method

The questionnaires was distributed, collected, coded and analyzed using the statistical package for social science (SPSS 20). The data analyzed using both descriptive and inferential statistics. Descriptive analysis include frequency of distribution (to interpret demographic variables of respondents) and mean (to find the mean sores of loyalty dimensions) and inferential analysis was sued for hypothesis testing that include correlations and regression. To examine the relationship between customer loyalty and independent variables, Pearson correlation was used. Multiple Regression analysis was used to test hypotheses and identify the significant factors influencing customer loyalty. Multiple regression analysis was used to examine the relationship between the five independent variables and one dependent variable.

3.12 Validity and Reliability

3.12.1 Validity

Validity is concerned with whether the findings are really about what they appear to be about (Sounders et. al., 2003). Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Sounders et. al., 2003). Numbers of different steps will be taken to ensure the validity of the study:

- Data collected from the reliable sources, from respondents who had experience in using the service of the airline.
- Survey question made based on literature review and frame of reference to ensure result validity.
- The content validity were verified by collecting feedback from experts in the area (my advisor, evaluated and commented by one PHD candidate who are believed to have the skill and knowledge of research.
- To assess validity of the measures, the initial questionnaire developed were pilot tested to twenty respondents to verify that the questions were clear and consistent with the purpose of the study. And minor modifications to the questionnaire were made as a result of this process.

3.12.2 Reliability Test

Reliability is the degree to which the measure of a construct is consistent or dependable (Bhattacharjeend, 2012, p.57). Measurement reliability of a scale may be obtained by one of the following methods: test-retest, alternative forms and internal consistency. To measure internal consistence cronbach's alpha is the most widely used measure to assess the reliability. In this study Cronbach's coefficient alpha was executed. Cronbach's coefficient alpha is an estimator of internal consistency. Alpha coefficient ranges in value from 0 to 1. The higher the score, the more internally reliable the generated scale is. Cronbach's coefficient alpha value over 0.7 is believed to be acceptable reliability coefficient (Pallant, 2005). As show below table 4.1, the Cronbach's coefficient alpha for each factor used in this study is above the acceptable value 0.7.

Table 3.3 Scale Reliability test (Cronbach's alpha)

Dimension	No. of items in each dimension	Cronbach's Alpha
Satisfaction	8	.754
Trust	9	.851
Commitment	9	.853
Image	7	.869
Switching cost	5	.930
Loyalty	7	.914
Result of all independent variables	38	.949
Overall reliability test	45	.966

(Source:Survey findings of 2016)

3.13 Ethical considerations

The purpose of the study is disclosed in the introductory part of the questionnaire. The questionnaires were distributed only to voluntary participants. In order to keep the confidentiality of the data given by respondents, the respondents were asked not to write their name and they were assured that their responses would be treated in strict confidentiality. Furthermore, the researcher tried to avoid misleading or deceptive statements in the questionnaire. Every work done by others used as secondary data in this research is cited in the reference section.

CHAPTER FOUR

DATA ANALYSIS

Introduction

In this chapter, normality test, different descriptive and inferential analyses of the data collected from respondents through questionnaires along with their interpretation are presented.

4.1 Normality Test

Assessment of the normality of data distribution is a prerequisite for statistical test. Skewness is a measure of symmetry. A data set is symmetric if it looks the same to left and right of the center point. Kurtosis is a measure of whether the data are heavy-tailed or light tailed relative to a normal distribution. According to Yi, (1998), the standardized skewness distribution result and a Kurtosis result must be between ± 2 .

Table 4.1 Normality Test of Skewness and Kurtosis

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
MofS	388	-.501	.124	.752	.247
MofT	388	-.800	.124	1.556	.247
MofC	388	-.057	.124	-.204	.247
MofIM	388	-.808	.124	1.160	.247
MofSC	388	.063	.124	-.386	.247
MofL	388	-.572	.124	-.074	.247

(Source: own survey, 2016)

The above normality test result revealed that the data is normally distributed as the Skewness and Kurtosis results fall in the predicted range. So this was a good signal to start with the subsequent analyses.

4.2 Descriptive statistical analysis

This section present the different descriptive analysis of the socio-demographic data collected from passengers of Ethiopian airlines.

4.2.1 The socio-demographic data analysis

Tables 4.3 tries to elaborate the characteristics of the respondents in terms of their flight destination, gender, age, educational qualification, occupation and for how long they fly Ethiopian. All are summarized in table form, analyzed and interpreted here under:

The following table presents the number of respondents selected from each destinations

Table 4.2 Respondent's destination

Destination	Frequency	Percent	Valid Percent	Cumulative Percent
Africa	208	53.6	53.6	53.6
Europe and America	71	18.3	18.3	71.9
Middle East and Asia	109	28.1	28.1	100.0
Total	388	100.0	100.0	

(Source: Own Survey, 2016)

As can be shown in the above table, about 208(53.6%) of the sample respondents are selected from passengers destined to Africa, 109(28.1%) of the respondents are selected from Middle East & Asia and the rest 71(18.3%) of the respondents are selected from passengers destined to Europe and America. This revealed that majority of respondents are selected from destined to Africa.

The following table 4.4 presents the gender of respondents selected from each destinations with respective frequency of occurrence and percentage.

Table 4.3 Gender of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	284	73.2	73.2	73.2
Female	104	26.8	26.8	100.0
Total	388	100.0	100.0	

(Source: Survey finding 2016)

As shown in the table above the majority of the respondents was male. They constitute 73.2% (284) of the total sample. Female respondents on the other hand make up 26.8% (104) of the total sample.

Table 4.4 Respondents age

Respondents age	Frequency	Percent
30 and below	72	18.6
31-39	113	29.1
40-49	145	37.4
50 and above	58	14.9
Total	388	100.0

(Source: Survey finding 2016)

The age of respondents this was divided in to four groups. As indicated in the above table, age profile of respondents is largely dominated by the age range between 40-49years is 145(37.4%) of the total respondents. The next largest group is that aged 31-39 years old which constitutes 113(29.1 %) of the total respondents. Followed by the 30 and below years 72(18.6%)respondents, while aged 50 and above years old accounted for 58(4.9%) the respondents. From this we can understand that majority of respondents are aged 31-49.

Table 4.5 Respondent's educational background

Respondent's educational background	Frequency	Percent
Primary	7	1.8
Secondary	73	18.8
Diploma	79	20.4
Degree	147	37.9
Master Degree and Above	82	21.1
Total	388	100.0

(Source: Own Survey, 2016)

The highest number of for this category is achieved by 147 (37.1%)respondents, who have a degree: The next largest group who have a master degree and above 82 (21.1%)t, then the 79 (20.4%) who have diploma, then the 73 (18.18%)respondents, who were educated up to secondary level. Finally, there were 7 (1.8%), who were educated only up to primary level.

Table 4.6 Occupational status of respondent

occupational status	Frequency	Percent
Businessperson	201	51.8
Student	17	4.4
Employee	170	43.8
Total	388	100.0

(Source: Own Survey, 2016)

The above table shows that out of the 388 respondents, 201(51.8%) are businessperson, 170 (43.8%) them are employees whereas 17(4.4%)are students. Thus, it is concluded that Ethiopian airline has a large number of businessperson in its customer's base.

Table 4.7 Respondents Years of experience

Respondents Years of experience	Frequency	Percent
One year and below	99	25.5
Two years	59	15.2
Three years	62	16.0
Four years and above	168	43.3
Total	388	100.0

(Source: Own Survey,2016)

Out of the total respondents, the largest group had 168(43.3%) respondents who have been flying Ethiopian for four years and above. The next largest group is one year and below which accounts for 99(25.5%), followed by three years that account for 62 (16%).respondent who fly Ethiopian for two years constitutes 59 (15.2%) of the total respondents.

4.2.2Descriptive analysis

Table 4.9 below provides the summary of descriptive statistics for the constructs used in this study. Accordingly the mean and standard deviation of each dimension are summarized in the table. The mean value shows the average of all customers' response on a certain constructs. While, standard deviation shows that how diverse are the responses of customers for a given variable. For instance, high standard Deviation means that the data are wide spread, which

means that customers give variety of opinion and the low standard deviation means that response are consistent.

Table 4.8 Descriptive statistics

Dimensions	Mean	Standard deviation
Satisfaction	3.81	0.96
Trust	3.97	0.85
Commitment	3.59	0.95
Image	3.97	0.90
Switching Cost	2.99	1.11
Customer Loyalty	3.55	1.09

(Source: Own Survey,2016)

As shown in the table 4.9 above, a high mean score 3.97 was obtained for each trust and image. For this we can understand that most of the respondents have rate their level of agreement as agreed with the statement. This implies that customers of Ethiopian airlines have trust on the services provided by the airline and the airline is reputable and widely known among societies. The next highest mean score 3.81 was obtained for satisfaction. From this we can understand that most of respondents have rate their level of agreement between neutral and agreed. This implies that +customers of the airline are satisfied with the services of the airline. The third higher mean score 3.59 was found for commitment dimension. This implies that most of respondents have rate their level of agreement between neutral and agreed with the statement expressing commitment of the airline. The mean score of switching cost is 2.99. This implies that respondents are neutral with the process of switching from one airline to another. For the customer loyalty dimension, the means score is 3.55 and it is above average, this implies that most of respondents are loyal to the airline. As indicated above, the mean score for all satisfaction, trust, commitment and image is above average. This implies that the above four dimensions have an effect on customer loyalty. But switching cost score 2.99 i.e. slightly less than average, which implies it has neutral effect to customer loyalty. The least standard deviation of 0.85 was obtained for trust dimension. This means that respondents have relatively related opinion regarding trust dimension. The highest standard deviation of 1.11 was obtained for switching cost. This means that respondents have diver’s views with regards to the switching cot of the airline.

4.3 Inferential Analysis

Inferential analysis was used for hypothesis testing that include correlations and regression.

4.3.1 Correlation analysis

Table 4.9 Correlations

	MofS	MofT	MofC	MofIM	MofSC	MofL
MofS Pearson Correlation	1	.803**	.696**	.634**	.250**	.522**
MofS Sig. (2-tailed)		.000	.000	.000	.000	.000
MofS N	388	388	388	388	388	388
MofT Pearson Correlation	.803**	1	.701**	.706**	.246**	.608**
MofT Sig. (2-tailed)	.000		.000	.000	.000	.000
MofT N	388	388	388	388	388	388
MofC Pearson Correlation	.696**	.701**	1	.624**	.362**	.533**
MofC Sig. (2-tailed)	.000	.000		.000	.000	.000
MofC N	388	388	388	388	388	388
MofIM Pearson Correlation	.634**	.706**	.624**	1	.293**	.669**
MofIM Sig. (2-tailed)	.000	.000	.000		.000	.000
MofIM N	388	388	388	388	388	388
MofSC Pearson Correlation	.250**	.246**	.362**	.293**	1	.389**
MofSC Sig. (2-tailed)	.000	.000	.000	.000		.000
MofSC N	388	388	388	388	388	388
MofL Pearson Correlation	.522**	.608**	.533**	.669**	.389**	1
MofL Sig. (2-tailed)	.000	.000	.000	.000	.000	
MofL N	388	388	388	388	388	388

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

Correlation analysis is the most widely used method of measuring the degree of relationship between two variables (Kothari, 2004). A correlation coefficient is a very useful means to

summarize the relationship between two variables with a single number that falls between -1 and +1 Field (2005).

It provides information about the direction of the relation either positive or negative and the intensity of the relation. To interpret the strengths of relationship between variables, the guidelines suggested by Field (2005) were used in this study. His classification of the correlation coefficient (r) is as follows: 0.1 - 0.29 is weak; 0.3 – 0.49 is moderate; and >0.5 is strong.

Pearson correlation analysis was conducted in this study to know whether there is relationship between the independent variables (satisfaction, trust, commitment, image and switching cost) and the dependent variable (customers' loyalty) and the results are shown below.

(Source: Own Survey, 2016)

Correlation analysis between satisfaction and customer loyalty:- Pearson correlation test was conducted to know whether there is relationship correlation between satisfaction and customers' loyalty. A correlation analysis from the above table indicated that there exist a significant and positive relationship between satisfaction and customers' loyalty ($r=.522$, $p<0.01$). The value of $r=.522$ indicates that satisfaction and customers' loyalty have strong relationship. From this we can understand that when customer's satisfaction towards the airline increases customer's loyalty of the airline also increases. Therefore satisfaction is significantly and positively correlated with the customer's loyalty in the context of Ethiopian airlines.

Correlation analysis between trust and customer loyalty:- Pearson correlation test was conducted to know whether there is relationship correlation between trust and customers' loyalty. A correlation analysis above clearly depicts that trust is positively and significantly correlated to customer loyalty ($r= .608$, $p<0.01$). The value of $r=.608$ indicates that trust and customers' loyalty have strong relationship. From this result we can understand that when customers trust towards their airline increases, their loyalty also increases. Therefore, trust is significantly and positively correlated with customers' loyalty in the context of Ethiopian airlines.

Correlation analysis between commitment and customer loyalty:- Pearson correlation between commitment and customers' loyalty. As shown in the above table, commitment is found to be significantly and positively correlated with customer loyalty ($r=.533$, $p<0.01$). The value of

$r=.533$ indicates that commitment and customer loyalty have strong relationship. From this result we can understand that when the air commitment to deliver quality service increase, customer loyalty towards the airlines also increases. Therefore, commitment is significantly and positively related with customers' loyalty in the context of Ethiopian airlines.

Correlation analysis between image and customer loyalty: -As indicated in the above table, image has significant and positive relationship with customer loyalty ($r=.669$, $p<0.01$). The value $r=.669$ indicates that image dimension and customer loyalty have strong relationship in the context of Ethiopian airlines. Therefore, image has a positive and significant relationship with customer loyalty.

Correlation analysis between switching cost and customer loyalty:-As indicated in the above table, switching cost is positively and significantly correlated to customer loyalty ($r=.389$, $p<0.01$). The value of $r=.389$ indicates that switching cost and customer loyalty have moderate relationship in the context of Ethiopian airlines.

4.3.2 Collinearity Testing

According to Field (2005), if the coefficient of tolerance is greater than 0.2 and VIF value is less than 10, there is no multi collinearity problem, i.e. there is no similar independent variable or every variable measure different facts.

Table 4.10 Collinearity Statistical analysis

Constant	Collinearity Statistics	
	Tolerance	Variance inflation factor (VIF)
Satisfaction	.319	3.138
Trust	.276	3.627
Commitment	.413	2.423
Image	.460	2.175
Switching Cost	.858	1.166

Dependent variable: Loyalty(Source: Own survey, 2016)

The multi-collinearity statistics revealed the tolerances value greater than 0.2, and VIF value is less than five. This shows that there was no multi-collinearity problem within the model. Hence we can proceed to regression analysis.

4.3.3 Regression Analysis

Regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the values of dependent variable, given the values of the independent variable (Kotharia, 2004).

According to Field (2005), regression analysis is a model that is used to predict the value of dependent variable from one or more independent variables. Regression analysis is conducted to test the effect of independent variables (satisfaction, trust, commitment image and switching cost) on a dependent variable customer loyalty. The hypotheses formulated were tested as shown below.

Table 4.11 Regression Analysis result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	F	R	Adjusted R square	Sig total
	B	Std. Error	Beta						
(Constant)	-.535	.210		-2.550	.011				
MofS	-.037	.082	-.029	-.456	.649				
MofT	.352	.092	.258	3.823	.000				
MofC	.045	.071	.035	.635	.526	83.347	.722	.515	.000 ^b
MofIM	.530	.065	.426	8.172	.000				
MofSC	.191	.037	.195	5.108	.000				

(Source: Survey finding 2016)

According to the above regression analysis result table 4.16, the standardized beta coefficient implies that how intensely the five independent variables (satisfaction, trust, commitment, image and switching cost) components predict the behavior of dependent variable (loyalty). Or the relative importance of each independent variables in predicting the dependent variable customer loyalty. Accordingly, image has large beta coefficient value ($\beta = .426$, $p < 0.05$). This indicates

that image is a significant predictor of customer loyalty. In other words, image is essential factor in creating customer loyalty in the context of Ethiopian airlines. Based on the above result, **H4** that is airline image has a significant positive effect on customer loyalty is supported.

This finding supports the study of Kuusik (2007), Aydin & Ozer (2005) and Zin (2001) that found image has a significant and positive effect on customer loyalty.

In the above regression table Trust has a coefficient Beta value ($\beta = .258, p < 0.05$). It is the next important variable in predicting customer's loyalty in Ethiopian airlines. Based on the above result, **H2** that is airline trust has a positive and significant effect on customer loyalty is supported.

This finding is in line with findings of Salmaiah M. (2012) and Ndubisi (2007) which founds that trust has a significant impact on customer loyalty.

According to this study, the third important variable in predicting customer loyalty in Ethiopian airline is switching cost ($\beta = 0.195, p < 0.05$). Based on the above result:

H5 that is switching cost has a positive effect on customer loyalty is supported.

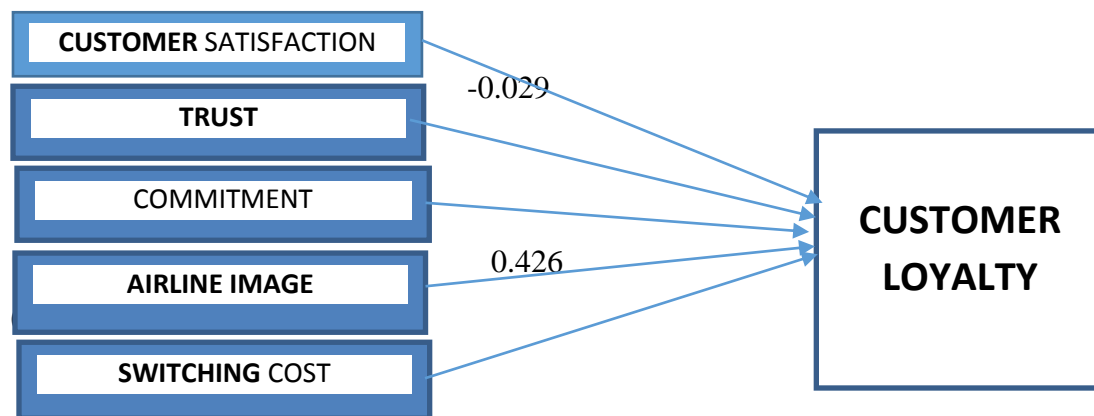
As per table 4.16, both satisfaction and commitment have a beta value of ($\beta = -0.029, P > 0.05$) and ($\beta = 0.035, P > 0.05$) respectively. The $P > 0.05$ implies both have insignificant effect to customer loyalty in Ethiopian airlines. Based on the above result:

H1 that is customer satisfaction has a significant effect on customer loyalty is not supported.

This finding is in lined with findings of Jones and Sasser (1995) and Oliver (1999).

Similarly, **H3** that is commitment has a significant effect on customer loyalty is not supported.

Figure 4.1 Regression Analysis result



(Source: Survey finding 2016)

The regression equation or model specification for factors affecting customer loyalty in the case of Ethiopian airlines.

$$Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where, Y= loyalty

α = Y intercept/constant

β_1 = the beta weight or regression coefficient of satisfaction

β_2 = the beta weight or regression coefficient of trust

β_3 = the beta weight or regression coefficient of commitment

β_4 = the beta weight or regression coefficient of image

β_5 = the beta weight or regression coefficient of switching cost

X1= Satisfaction, X2 = Trust, X3 = commitment, X4= Image, X5= Switching cost

e = sum of residuals or error term

Thus; **Loyalty = -0.535 + (-0.029*S) + 0.258*T) + (.035*C) + (.426*I) + (.195*SC)**

From this result, one can deduce that, image is the major predictor of overall customer loyalty, followed by trust, switching cost, and commitment respectively. A units increased in trust will result in 0.258 unit increase in loyalty. When thereis a unit increase in image, there will be .426 unit increase in loyalty and if there is a unit increase in switching cost there will be 0.195 unit increase in loyalty in the case of Ethiopian airlines. If there is a unit increase in commitment, there will be .035 unit increase customer loyalty.

The coefficient of determination, or R-square is a measure of strength of the computed prediction equation, is computed as the square of correlation coefficient between the observed and the predicted value of dependent variable. If R square is 1, there exists a perfect linear relationship between the predictor and dependent variable. An R square of 0 indicates no linear relationship. In this research, the R square value as shown in the above table is 0.515, which indicates that 51.5% of variance in customer loyalty in Ethiopian airlines is explained by the cumulative effect of the independent variables (satisfaction, trust, commitment, image and switching cost). The remaining percent 48.5% is explained by other dimensions.

To test how well the regression model fits the data, ANOVA(analysis of variance) provides F value where F equals to mean square of explained data divided by mean square of residual

(Sekaran, 2003). According to the above table, F value =83.347. Thus, one can decide that regression model best fits the data at a significance level of .000.

4.4 Survey result

The results of the survey is presented in the table below.

Table 4.12; Survey Results

Hypothesis	Regression Analysis result	Result
There is positive relationship between satisfaction and customer loyalty in the context of Ethiopian airlines	$\beta = -0.029, P > 0.05$	Not Supported
There is positive relationship between trust and customer loyalty in the context of Ethiopian airlines	$\beta = .258, p < 0.05$	Accepted
There is positive relationship between organizational commitment and customer loyalty in the context of Ethiopian airlines	$\beta = 0.035, P > 0.05$	Not supported
There is positive relationship between image and customer loyalty in the context of Ethiopian airlines	$\beta = .426, p < 0.05$	Accepted
There is positive relationship between switching cost and customer loyalty in the context of Ethiopian airlines	$\beta = 0.195, p < 0.05$	Accepted

(Source: Own survey, 2016)

Image has large beta coefficient value ($\beta = .426, p < 0.05$). This indicates that image is a significant predictor of customer loyalty. In other words, image is essential factor in creating customer loyalty in the context of Ethiopian airlines. Based on the above result, **H4** that is airline image has a significant positive effect on customer loyalty is supported. This findings in-line with the findings of Kuusik (2007), Aydin & Ozer (2005) and Zin (2001).

Trust has a coefficient Beta value ($\beta = .258, p < 0.05$). It is the next important variable in predicting customer's loyalty in Ethiopian airlines. Based on the above result, **H2** that is airline trust has a positive and significant effect on customer loyalty is supported. This finding is in line with findings of Salmaiah (2012) and Ndubisi (2007).

The third important variable in predicting customer loyalty in the context of Ethiopian airline is switching cost, it has ($\beta = 0.195, p < 0.05$). Based on the above result: **H5** that is switching cost

has a positive effect on customer loyalty is supported. The finding is also in lined with previous findings of Belal and Akter (2012); Aydin and Ozer (2005).

Satisfaction and commitment have a beta value of ($\beta=-0.029$, $P > 0.05$) and ($\beta=0.035$, $P > 0.05$) respectively. The $P > 0.05$, implies both have insignificant effect to customer loyalty in Ethiopian airlines. Based on the above result:**H1** that is customer satisfaction has a significant effect on customer loyalty is not supported. This finding is in lined with the findings of Jones and Sasser (1995) and Oliver (1999). Similarly, **H3** that is commitment has a significant effect on customer loyalty is not supported. Therefore satisfaction and commitment were found that they have insignificant effect on customer loyalty in the context of Ethiopian airlines.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

The objective of this study is to assess factors affecting customer loyalty. The study was conducted by distributing questionnaires to 400 passengers, of which 388 have been collected. To test the reliability of data collecting instrument, Cronbach alpha coefficients were computed for the 20 questionnaires administered for pilot survey. The Cronbach alpha coefficients were within the range of 0.754 and 0.966 shows that all are above the acceptable value 0.7.

The relations among the different items were measured using Pearson Correlation Coefficient. The result confirmed that there is positive correlation between all the independent and dependent variables ranging from moderate up to strong level correlation.

The result of regression analysis revealed that image, trust and switching cost have significant effect on customer loyalty, but satisfaction and commitment have insignificant effect on customer loyalty. It also showed that customer loyalty is highly affected by image. This result is in line with the findings Aydin and Ozer (2005) that states image has a positive and significant effect on loyalty. Trust is the second major predictor of customer loyalty and third finding is in line with the findings of Salmaiah (2012) and Ndubisi (2007). The third predictor of customer loyalty is switching cost, the result revealed that switching cost has significant effect on customer loyalty and this finding is in-line with the findings of Belal and Akter (2012); Aydin and Ozer (2005).. Satisfaction and Commitment have insignificant effect on customer loyalty in the context of Ethiopian airlines. This contradicts with the findings of Kuusik, (2007) and Narteh (2013) which found that satisfaction and organizational commitment have a positive effect on loyalty.

5.2 Conclusion

Customer loyalty has become more important due to significant increase in competition in aviation industry. Long-term existence of companies is now a day's depending on the customer loyalty base. Airlines need to identify factors that affect customer loyalty to exist in the operation and become more profitable. Identification and understanding of this factor is important for

airline management to design various strategies to the factors that have significant impact on customer loyalty. The purpose of present study is to examine factors affecting customer loyalty in Ethiopian airlines. In this study five independent variables (satisfaction, trust, commitment, image and switching cost) are considered and their influence on customer loyalty is tested by using regression analysis.

Based on the study conducted and the analysis made, the following conclusions are drawn:

- Image has the large beta coefficient value ($\beta = .426$, $p < 0.05$). This indicates that image enhance customer loyalty in the context of Ethiopian airlines. Based on the above result, **H4** that is airline image has a significant positive effect on customer loyalty is supported. This finding is in-lined with the findings of Kuusik (2007), Aydin & Ozer (2005) and Zin (2001).
- Trust has a coefficient Beta value ($\beta = .258$, $p < 0.05$). It implies that airline trust enhances customer loyalty in the context of Ethiopian airlines. Based on the above result, **H2** that is airline trust has a positive and significant effect on customer loyalty is supported. This finding is in lined with findings of Salmaiah (2012) and Ndubisi (2007).
- Switching cost has beta value of ($\beta = 0.195$, $p < 0.05$), implying that switching cost enhances customer loyalty in the context of Ethiopian. Thus, **H5**: switching cost has a significant positive effect on customer loyalty is supported. The finding is also in lined with previous findings of Belal and Akter (2012); Aydin and Ozer (2005).

Satisfaction and organizational commitment have a beta value of ($\beta = -0.029$, $P > 0.05$) and ($\beta = 0.035$, $P > 0.05$) respectively. Thus, both does not enhance customer loyalty in the context of Ethiopian airlines. Based on the above results: **H1** that is customer satisfaction has a significant effect on customer loyalty is not supported. This finding is in lined with the findings of Jones and Sasser (1995) and Oliver (1999). Similarly, **H3** that is commitment has a significant effect on customer loyalty is not supported.

The finding revealed that image is the major predictor of customer loyalty in the context of Ethiopian airlines followed by trust and switching costs. But satisfaction and organizational commitment have no effect on customer loyalty.

5.3 Recommendation

Based on conclusion the following recommendation is forwarded

- Based on the result of this study, Image was found as the most essential factor in creating customer loyalty. Therefore, management of Ethiopian airlines should focus on building positive image, give more attention to find ways of building a feeling of intimacy between the consumer and the image of the airline, concentrate on creating good image of the airline in the minds of customers by creating awareness about the airline and association, offering fast and reliable service, by involving more in the community service, maintain the good reputation of the airline and the airline has to be able to create a position in the minds of its of customers to show that the airline has a unique image than other airlines.
- The second most essential factor in affecting customer loyalty is Trust. When customers have strong trust towards the airline, their loyalty also increases. Therefore, Ethiopian airline should attempt to get customers trust by giving and keeping promises, on time departure and arrival, (no delay, cancellation of flights), showing concern for the security of each flight, providing consistent quality services, showing respect for customers and fulfilling obligations to customers.
- Having higher switching cost is the third essential factor in building customer loyalty. Management of the Ethiopian airlines should give more emphasis on mechanism that can create higher costs for customers to switch to another airline such as motivating passenger to enroll for Sheba mile membership and encourage them to accumulate their miles so that once they become gold members, it will not be easy for customers to loss the privileges they get for becoming loyal to the airline. Through giving more personalized service, giving recognitions and creating a position in customers mind that

the airline is unique, customers will feel uncertain about whether other airlines can give the same service as this one.

- According to the survey result, most of the customers are not satisfied with the services given by the airline, they are loyal to the airline because of no better option that connect Africa as Ethiopian do or because of the trust they have on the airline and the overall image of the airline. This is showing that the airline, most of the time, is not fulfill the needs of its customers. This might result in losing customers in the long run as other competitors can fulfill the gap. So management of the airline should give due emphasis in fulfilling customers need and offer personalized services and to have contacts at every point with its customers.
- Regular customer need assessment platform should be created that can inform the company about unmet needs of customers so that the airline will be able to make adjustments to suit customer's needs. By doing so the level of the organization's commitment will be upgraded.
- As the airline industry is moving to a very intense competition and those airlines with high quality service delivering at a lower price are aggressively competing, there is an urgent need to find other means of competition. Therefore, the company should conduct different survey to generate new marketing strategy.

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APPENDEIX A

Addis Ababa University

School of Commerce

Marketing Management

Dear respondents

The questionnaire is designed to seek information on the factors affecting customer's loyalty in the aviation industry: the case of Ethiopian airlines, in partial fulfillment for the Award of Master of Art in Marketing Management.

The overall objective of this questionnaire is to gather firsthand information on the aforementioned issue I would like to assure you that the information you are going to provide will be exclusively used for academic purpose and will be kept confidential. Your contribution to this research is very greatly appreciated. Thank you in advance for your cooperation.

Note: - There is no need to write your name in the questioner.

- If you need more information, please do not hesitate to contact me through my cellphone number 0911417974

Part I: Demographic Profile

Please circle the appropriate response category that best explains yourself

1. Destine to 1. Africa 2. Europe and America 3. Middle East & Asia
2. Gender 1. Male 2. Female
3. Ages:
 1. Aged 30 and below 2. Aged 31 – 39
 3. aged 40 – 49 4. Aged 50 and above
4. Educational qualification:
 1. Primary 2. Diploma 3. Secondary
 4. Degree 5. Master Degree and above
5. Occupation 1. Businessman 2. Student 3. Employee
6. For how long you have been flying Ethiopian airlines?
 1. One year and below 2. Two years 3. Three years
 4. Four years and above

Part II: Determinants of customer loyalty: The following factors are expected to influence customer loyalty of Ethiopian airlines. To what extent do you agree or disagree with the following statement concerning factors that affect customer's loyalty. Please indicate your degree of agreement/disagreement with the following statements by circling on the appropriate number. Where

1= Strongly Disagree (SD), 2= Disagree (D) 3= Neutral (N), 4= Agree (A) & 5= Strongly Agree (SA)

S. no.	Factors	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
I	SATISFACTION					
1	I am satisfied with the way service is provided	1	2	3	4	5
2	I am satisfied with the way workers treat customers	1	2	3	4	5
3	I am satisfied with the pricing of the airline	1	2	3	4	5
4	I am satisfied with the speed of providing service	1	2	3	4	5
5	I am satisfied with the amount of time I spend waiting for a service	1	2	3	4	5
6	I am satisfied with the convenient of ticket office locations	1	2	3	4	5
7	I am satisfied with the effort of the airline to inform new flight roots and services	1	2	3	4	5
8	I am satisfied with the operation hours of the airline	1	2	3	4	5
II	TRUST					
1	The airline is very concerned with security for any flight	1	2	3	4	5
2	The airline's premises are reliable	1	2	3	4	5
3	The airlines is consistent in providing quality service	1	2	3	4	5
4	The airline fulfils its obligation to customers	1	2	3	4	5
5	Given my experience, the airline can be trusted completely	1	2	3	4	5
6	The airline has competent staffs who deliver the service	1	2	3	4	5
7	The airline has accurate flight records and transactions	1	2	3	4	5
8	The airline has the ability to meet its promises	1	2	3	4	5
9	This airline offers trustworthy service	1	2	3	4	5
III	COMMITMENT					
1	This airline makes adjustment to suit customers need	1	2	3	4	5
2	The airline offers personalized service to meet customers need	1	2	3	4	5
3	The airline is flexible when its services are changed	1	2	3	4	5
4	The airline is flexible in serving my needs	1	2	3	4	5
5	The airline respects customers' needs	1	2	3	4	5
6	The airline contact customers to verify that they are satisfied	1	2	3	4	5
7	The airline contact customers to remind them of the future service	1	2	3	4	5
8	The airline provides reliable travel information for customers	1	2	3	4	5
9	The airline offers free consultancy for existing customers	1	2	3	4	5
IV	IMAGE					

1	This airline is widely known among customers	1	2	3	4	5
2	This airline is stable and firmly established	1	2	3	4	5
3	This airline offers fast and reliable service	1	2	3	4	5
4	This airline has a good reputation	1	2	3	4	5
5	This airline involved in the community service	1	2	3	4	5
6	This airline is well liked by your society	1	2	3	4	5
7	This airline is distinctive/unique compared to others	1	2	3	4	5
V	SWITCHING COST					
1	I feel that switching to a new airline causes monetary cost	1	2	3	4	5
2	To change to another airline involves investing time in searching for information about other airlines	1	2	3	4	5
3	To change to another airline involves much effort in deciding which other airline to use	1	2	3	4	5
4	To change to another airline involves a risk in choosing another airline which might turn out not to satisfy me	1	2	3	4	5
5	I feel uncertain about whether other airlines can give the same service as this one	1	2	3	4	5
VI	CUSTOMER LOYALTY					
1	I am a loyal customer to this airline	1	2	3	4	5
2	I would always recommend this airline to someone who seeks my advice	1	2	3	4	5
3	Even if close friends recommended another airline, my preference for this airline is would not change	1	2	3	4	5
4	I only pay my attention to this airline	1	2	3	4	5
5	I do not like to change to another airline because, I value this airline	1	2	3	4	5
6	I will not switch to a competitor, even if I had a problem with the products/services of the airline	1	2	3	4	5
7	My intention to use the services of this airline would not be changed	1	2	3	4	5

Thank you for sparing your precious time to answer these questions!!!

APPENDEIX B

Reliability

Scale: Overall reliability test

Reliability test (Cronbach's alpha)

Dimension	No. of items in each dimension	Cronbach's Alpha
Satisfaction	8	.754
Trust	9	.851
Commitment	9	.853
Image	7	.869
Switching cost	5	.930
Loyalty	7	.914
Result of all independent variables	38	.949
Overall reliability test	45	.966

(Source:Survey findings of 2016)

Normality test

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
MofS	388	-.501	.124	.752	.247
MofT	388	-.800	.124	1.556	.247
MofC	388	-.057	.124	-.204	.247
MofIM	388	-.808	.124	1.160	.247
MofSC	388	.063	.124	-.386	.247
MofL	388	-.572	.124	-.074	.247
Valid N (listwise)	388				

Descriptive statistics

Dimensions	Mean	Standard deviation
Satisfaction	3.81	0.96
Trust	3.97	0.85
Commitment	3.59	0.95
Image	3.97	0.90
Switching Cost	2.99	1.11
Customer Loyalty	3.55	1.09

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	MofS	MofT	MofC	MofIM	MofSC
1	1	5.878	1.000	.00	.00	.00	.00	.00	.00
	2	.070	9.145	.01	.01	.01	.00	.01	.93
	3	.021	16.596	.89	.03	.00	.12	.01	.01
	4	.014	20.718	.05	.04	.00	.25	.81	.00
	5	.011	22.790	.03	.36	.07	.63	.07	.05
	6	.006	32.090	.02	.56	.92	.00	.10	.00

a. Dependent Variable: MofL

		MofS	MofT	MofC	MofIM	MofSC	MofL
MofS	Pearson Correlation	1	.803**	.696**	.634**	.250**	.522**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	388	388	388	388	388	388
MofT	Pearson Correlation	.803**	1	.701**	.706**	.246**	.608**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	388	388	388	388	388	388
MofC	Pearson Correlation	.696**	.701**	1	.624**	.362**	.533**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	388	388	388	388	388	388
MofIM	Pearson Correlation	.634**	.706**	.624**	1	.293**	.669**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	388	388	388	388	388	388
MofSC	Pearson Correlation	.250**	.246**	.362**	.293**	1	.389**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	388	388	388	388	388	388
MofL	Pearson Correlation	.522**	.608**	.533**	.669**	.389**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	388	388	388	388	388	388

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

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.722 ^a	.522	.515	.64862	1.728

a. Predictors: (Constant), MofSC, MofT, MofIM, MofC, MofS

b. Dependent Variable: MofL

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	175.323	5	35.065	83.347	.000 ^b
	Residual	160.709	382	.421		
	Total	336.032	387			

a. Dependent Variable: MofL

b. Predictors: (Constant), MofSC, MofT, MofIM, MofC, MofS

Regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations	
	B	Std. Error				Beta	Lower Bound		Upper Bound
1	(Constant)	-.535	.210		-2.550	.011	-.947	-.123	
	MofS	-.037	.082	-.029	-.456	.649	-.198	.123	.522
	MofT	.352	.092	.258	3.823	.000	.171	.533	.608
	MofC	.045	.071	.035	.635	.526	-.095	.185	.533
	MofIM	.530	.065	.426	8.172	.000	.403	.658	.669
	MofSC	.191	.037	.195	5.108	.000	.117	.264	

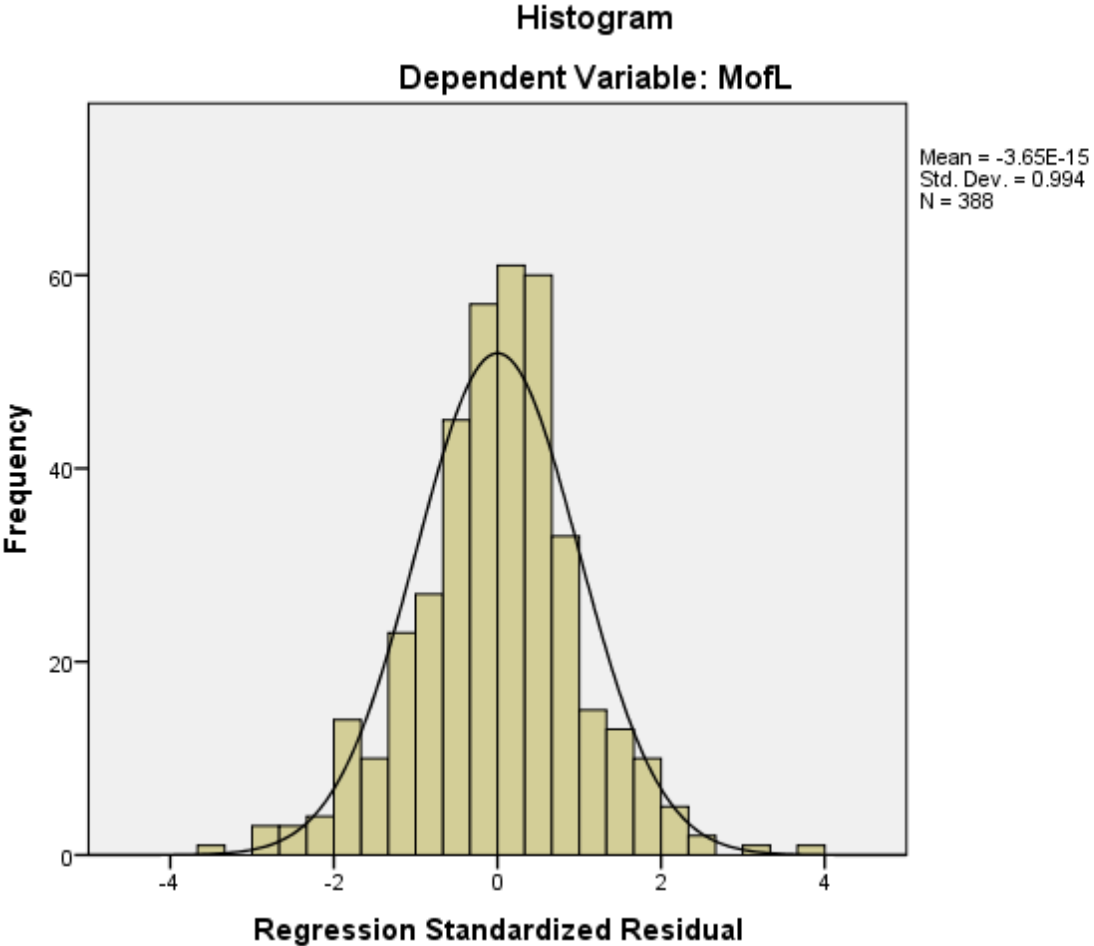
a. Dependent Variable: MofL

Casewise Diagnostics^a

Case Number	Std. Residual	MofL	Predicted Value	Residual
114	3.061	4.86	2.8717	1.98547
136	3.772	3.86	1.4102	2.44691
301	-3.368	1.57	3.7556	-2.18422

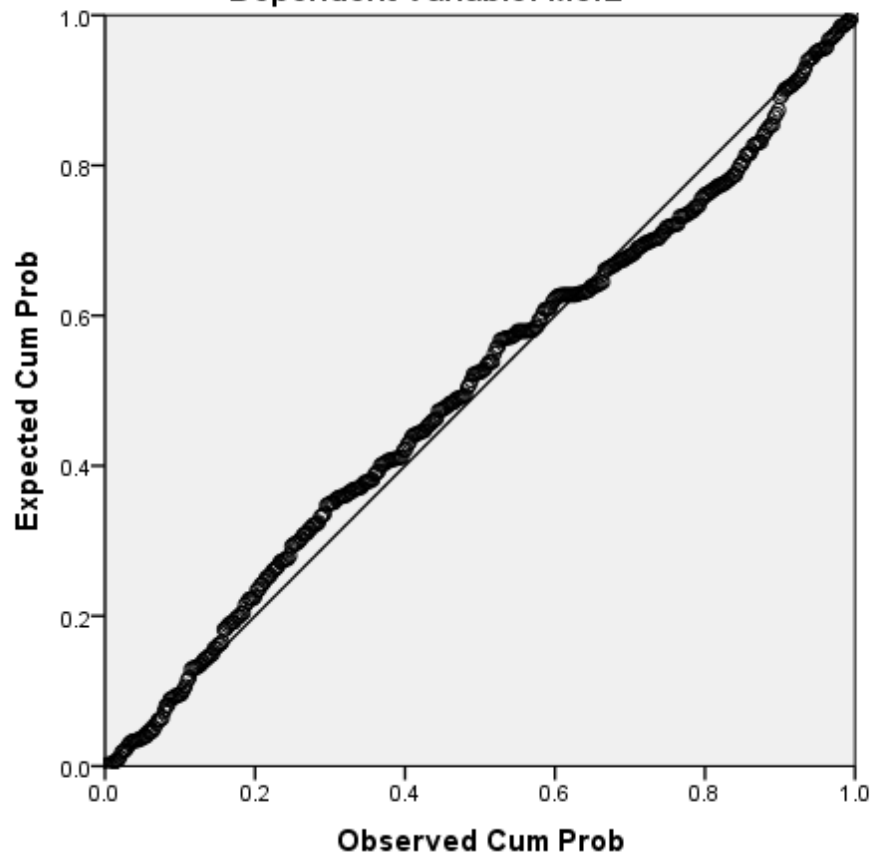
a. Dependent Variable: MofL

Charts



Normal P-P Plot of Regression Standardized Residual

Dependent Variable: MofL



Scatterplot

Dependent Variable: MofL

