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**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGEMENT**

The effects of customer retention strategies on customer satisfaction :The case of Dashen bank.

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A Thesis paper submitted to Addis Ababa university school of commerce department of marketing management in partial fulfillment of the requirement for the degree of master of art in marketing management

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Declaration

I , AyeleAweke , declare that the research title “ the effect of retention strategies on customer satisfaction: the case of Dashen bank” is my own and I have the courage to say it is original research work that has not been produced by other in any institution or universities for any other requirement in any form .

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Abstract

Customer retention is the activity that an organization undertakes in order to reduce customer defections. Considering highly competitive, complex and dynamic environment of the banking industry together with slight differences which exist in financial products and services best and appropriate customer retention strategy and satisfying customer are important issues. The purpose of the study was to examine the effects of retention strategies on customers satisfaction in the case of Dashen bank. The study focused on five dimensions namely; customer relation management, trustworthiness, customer centricity, gifts and E-banking services which can affect customer satisfaction in three selected branches of Dashen bank. The study used quantitative research approach and the researcher employed descriptive explanatory research design to answer questionnaires and to analysis and explain the result by using descriptive statistics. Inferential statistics was used to analyse the correlation between variables using SPSS 2020. Regression analysis was made to identify the effects and significance of independent variables on dependent variable. Convenient sampling techniques was used to select the sampled respondents. Total of 394 self-administered questionnaires were distributed to the respondents and 376 questionnaires were collected and analyzed properly. The result of the study revealed that four of the five dimensions of retention strategies (customer relation management, trustworthiness, customer centricity and e-banking service) have positive and significance effects on customer satisfaction and the gifts provided by the bank has negative and insignificant effects on satisfaction.

Key words : Customer relation management, trustworthiness, customer centricity, gifts and E-banking.

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Acronyms

CRM-----customer relation management

ANOVA ---- Analysis of Variance

SPSS----- Statistical package for social science

VIF – -----Variance Inflation Factor

CHAPTER :ONE

INTRODUCTION

1.1 Background of the study

Customer retention is the activity that an organization undertakes in order to reduce customer defections. The customer retention strategies of an organization have a significant effect on customer's satisfaction to maintain the customer base of an organization (Bryman, A. & Bell, E. 2007). A good customer retention strategy will have a positive effect on customer satisfaction which in turn motivates customers to remain loyal to an organization. Customer satisfaction is the level of customer felt state resulting from comparing a perceived performance of service or product in relation to customers' expectations (Bala, 2013). Customer satisfaction is generally defined as a feeling or judgment by customers towards products or services after they have used them once. It is the overall outlook, judgment or understanding of the observed facts related to practice of customer retention strategies to give meaning on their own way. Measuring customer satisfaction requires gathering of a variety of qualitative and quantitative customer data. It needs to look at different resource like service or product usage reports, surveys and customer interview to get an accurate view of customer perception. Reicheld et al (2000) find that customer satisfaction represents a small portion of the retention opportunity due to the fact that many customers expect a certain level standard so it is difficult to exceed that level. Fornell and wernerfelt (2001) recommended that banks' resources should be wisely and carefully pent when they are used to retain the existing customers than gaining new ones. This is based on the presumption that existing profitable customers cost less to keep them than to replace new ones. Banks should therefore, recognize not only the profitability of their offer (products or services) ,but also consider their valued customers. Kassegn and pagidimarri (2013) states that winning or attracting new customers costs five to ten times more than retaining the existing customers. Modern marketing not only focus on developing products or services, pricing it and advertising it and delivering to customers, it needs to building trust, insuring quality service or products, having customer relationship and providing value adding gifts or rewards for their relation to win their heart. The "bucket theory suggests that the lack of customer focus consider the customer base dwindling as existing customers are not actively recycled through retention efforts while the number of new customers being added into the customer base is at a much slower rate. A customer retention study made by Siboe , (2006) on the internet service provider indicated that ,service quality is the key important factor in retaining customers, although other strategies such as customer relation management, providing gifts and customer segmentation seemed to play a

significant advantages in retaining customers. Stone et al(2007) provides an interesting finding that customer retention is on the top of many company's list of priority, yet they lack the skill or knowledge to define or measure retention. Customer retention is an outcome of well executed strategies that directly relate to the practice of customer relationship management. Negative perception of customers towards company's retention strategy result immediate shifting and switching of customer in to another company. A strong relationship with customer supplemented by customer centric standards and smooth customer experience has identified to improve customer loyalty and competitive advantage. There are a number of viewpoints on determining the value of the customer for improving retention strategies in different companies. Many of the banks conduct a relationship survey on their customer's perception. In such surveys, existing customers of the bank are surveyed to evaluate their perceptions regarding service quality, value of gifts, trustworthiness, CRM practice, and e-banking as against to competitors (Zeithalm and Binter, 1996). Customer satisfaction is typically affected by E-banking service, trustworthiness, CRM, customer segmentation, gifts and advertising reviews (Gupta, 2005). It is a very natural and simple concept that if the customers are feeling good, attracted and communicated regularly with the practice of customer retention strategies of a bank; they will keep coming back to the organization and use their services. Due to this reason examining and analyzing the effect of customer retention strategies on customers satisfaction is important to retain customers. Further, companies maintain continues communication with their loyal customers through telephone and face to face interaction.

This research attempted to examine the effect of customer retention on customer satisfaction using Dashen Bank as a context. This issue is important in that customer retention is important in these highly competitive banking industries where several banks compete to attract and retain new and existing customers. The aim of this research is to uncover and have a better understanding about the marketing related factors influencing customer retention strategies used by Dashen banks. The 2017/18 annual report of Dashen bank shows that the annual switching rate of customers was 7 % and that an additional 12% of personal retail banking customer intended to switch banks, which creates a loss of profits and increase customer acquisition costs. Therefore understanding the various factors that could influence customer retention and practicing proper customer retention strategy is essential for Dashen bank to have loyal customers. Customer satisfaction is dependent variable whereas retention strategies or practices are independent variables. This means if retention strategy of the bank is interesting, customers will satisfied or feelings and become loyal customer for the bank. So customer satisfaction is dependent on retention

strategies. This means customers look, analyze and interpret the practice of the bank on their own way which is known as perception and give response for this practice or strategies. The response is either switching into another bank or being loyal customer. So the way customers understand and interpreting the practice of retention strategies of the bank is the perception of customers and leads to satisfaction or dissatisfaction. A lot of effort has to invest to retain the existing profitable customers because there is a strong interrelationship between customer retention and profitability and therefore Dashen bank should identify and properly solve the factor that influence customer needs and satisfaction. The report of Dashen bank shows that even though the overall number of customers does not decrease, the productive and the previous customers become decreases and this makes the bank to devote too much effort to attract new customers. The marketing department of Dashen bank is trying to retain customers, but according to the researcher assumption the interest of customers and the strategies of the bank does not align. So the main focus of this study was to identify the effects of customer retention strategies on satisfaction of customers of Dashen bank and recommending proper retention strategies to have loyal customers .

1.2 Background of the organization

Dashen bank was established in 1995 and is named after mount Dashen, the highest mountain in Ethiopia. It is one of the largest private banks in Ethiopia which came in to existence as per the intent of the new policy and the Ethiopian investment code. The bank has more than 1.5 million customers and around 418 branches in Ethiopia. Currently, Dashen bank share company is providing various banking services . Among the services , the bank accepts deposits which includes current accounts , saving accounts, and hybrid accounts , loan services such as overdrafts for working capitals , term loans for short and project finance, letter of credit facility , merchandise loans , export credit guarantee schemes , performance bonds , bid bond. In addition, the bank offers local money transfers and wire transfer facilities which include telegraphic transfer. The bank is also becoming advanced in new technological banking services known as mobile banking services currently used by customers for DSTV payment, stadium entry ticket to watch Ethiopian football in Addis Ababa stadium and simple cash out cash in using mobiles. At this time Dashen bank is participating in different social activities for social responsibilities. For example it arranges more than 100 million birr to create jobs for entrepreneurs. So any one who uses at list one of the above mentioned services is a customer of Dashen bank.

1.3 Statement of the problem

Identifying, analyzing and establishing proper customer retention strategy is a critical point for successful business. Currently in Dashen bank there is high switching of customer to another banks. There are a lot of dormant accounts and closed accounts. The (2017/18) report of Dashen bank shows that the annual switching of customers in to another bank was seven percent which is two times more than the rate in 2015/16 and that an additional twelve percent of personal retail banking customers intended to switch bank, which leads to loss of profits and increase the cost of new customer attraction.

Even though the bank is using different strategies to retain customers, still the gap is observed. The report shows the retention rate of the bank is becoming decrease starting from the year 2016/17. Different researches show that satisfied customers would have positive and good perceptions and this customer would become loyal customers. Payne et al (2003) advocates that it is highly important for companies to understand their customers' value chain so that they would ensure positive effects on their business as well as their personal satisfaction. Many argue that a 5% improvement in customer retention can result in an increase in profits of between 25 to 85 % depending on the industry (Reichheld and Sasser, 1990). But currently the researcher measure the retention rate of Alem bank branch as example by using attrition rate formula. $Retention\ rate = ((CE - CN) / CS) 100$, where CE- is the number of customers at the end of period, CN- is the number of new customers gained during the period and CS- is the number of customers at start of period. And the result shows that in 2017 it was 91 % in 2018 it reduced to 89% and in 2019 it becomes to 84%. The use of customer perception is to require the company figure out what their customers think. Customers always evaluate the perceived benefits before they decide to use a particular service. They also include cost of usage, the lost opportunity to use other offering, potential switching cost. Customers always value these added benefits when making business relation with the bank but according to the current situation of Dashen bank there is no clear understanding of customer needs. Good customer retention customers and company through growing marketing effectiveness and efficiencies. The researcher observed different annual reports and documents of Dashen bank and these show that for long time Dashen bank was the leader of all private banks in profit but in recent years starting from 2016/2017 its market share becomes to decrease, Awash bank is becoming the most profitable. So the bank is unable to balance customer retention strategy and customer's perception towards those strategies. Now a day the bank staff begin door to door finding of customers but this is not effective to have loyal customers. It is important to know what your past customers have said about their experience with your company Kotler (2004). This will affect how new customers perceive your brand including aspects such as whether or not people view

your company as one that stands behind its customers and were problems successfully resolved in professional and timely manner. But Dashen bank uses only suggestion box to get feedback and this not enough to get full information about customer's feeling. Therefore the aim of this research was to examine the effects of retention strategies of Dashen bank on customer satisfaction.

1.4 Research questions

The study aims to find answers for the following research questions;

The general question was, what is the effects of customer retention strategies on customer satisfaction in the case of Dashen bank?

The specific questions are:-

1. What is the effect of e-banking service of Dashen bank on customer's satisfaction?
2. What is the effect of customer relation management on customer's satisfaction in Dashen bank?
3. What is the effect of customer-centricity strategy of Dashen bank on customer satisfaction?
4. Does trustworthy relationship influence customer satisfaction in Dashen bank?
5. What is the effect of gifts on customer satisfaction in Dashen bank?

1.5 Objectives of the study

1.5.1 General objective

The main objective of this study was to identify the effects of retention strategies on customer satisfaction in Dashen bank.

1.5.2 Specific objectives

1. To examine the effect of e-banking service of Dashen bank on customer satisfaction.
2. To analyze the effect of customer relationship management on customer satisfaction in Dashen bank.
3. To identify the effect of customer-centricity strategy on customer satisfaction in Dashen bank.
4. To verify the effect of trustworthiness on customer satisfaction in Dashen bank.
5. To identify the effect of gifts provided by Dashen bank on customer satisfaction.

1.6 Scope of the study

The study was limited to the three branches of Dashen bank S.C found in Addis Ababa (Alembank, Ayer tena and Tana) branches. The data obtained from Dashen bank annual report for the year ended June 30, 2018 shows that currently there are around 418 branches. Up country branches was not included in the study due to complexity of data analysis, budget and time constraints. Hence the questioners was collected from the selected three branches customers who have account. These three branches are selected by the researcher for convenient purpose. The first two branches are found to the nearest of the researcher and Tana branch is the largest branch in terms of number of customers.

1.7 Limitation of the study

This study was limited to only the three branches of Dashen bank, and these three branches may not accurately represent the whole population of all Dashen bank branches. It is difficult and unmanageable to include all branches due to large number of populations and resource constraints.

So this may results the generalizability of the findings to other whole service providing banking industry .The sample for the study was restricted to a particular branch. So the bias of the interviewee and bias of the respondent may also affect the results of the study.

1.8 Significance of the study

This study might have a great contribution to Dashen bank marketing department to get feedback for its current practical strategies. The bank might benefit significantly as the study can provide information to identify effective and non-effective strategies. The obtained result might further help bank managers in articulating deliberate strategies that are targeted at winning and retaining customers. Policy makers could gain significant information from the finding of this study that might be vital information on customer retention strategies and may use it in formatting policies that relate to the banking industry in the country. The study may also benefit the academic researchers as it can add to the existing body of knowledge and provide a source of reference to their study.

1.9 Organization of the study

The paper is organized into five chapters. The first chapter discuss about the introduction part of the study, the background of the study, statement of the problem, the general and specific objectives of the study, the significance of the study and scope of the study . The second chapter contains the literature review part including the theoretical and empirical literature review. The third chapter explains the methodology of the study. The fourth chapter includes the analysis of the data and presentation and interpretation of the output. Finally, in the fifth chapter the researcher discuss the findings of the study, recommendations and the conclusion made.

2.0 Definition of terms

Trust:- trust can be defined as the belief or attitudes that the service provider can be relied on to behave in such a way that the long-term interests of the buyer or service users will be served.

Customer retention:- is a concept by which companies mitigate the customer defection and possibly retain them for a lifetime.

Perception:- is the process of organization , identification and interpretation of sensory information in order to represent and understand the presented information or ,environment.

Customer satisfaction:-is generally defined as a feeling or judgment by customers towards products or services after they have used them.

Customer centricity: Customer-centric is building operating model around a deep understanding of their target customers, what those customers value and the contribution each makes to the profitability of the company.

CHAPTER TWO: LITERATURE REVIEW

2.1 Theoretical reviews

2.1.1 Introduction

This study focuses on variables related to customer retention strategies and their impacts on customer satisfaction to be loyal customer in Dashen bank. For this purpose, an extensive and relevant literature review is assessed to provide a theoretical foundation for the research project. The literature reviews provides a scientific explanation for the research questions, and enable the researcher to verify findings and to compare these with the work of other scholars. Theoretically all the independent variables (customercentricity, corporate gifts, trustworthiness and CRM, E-banking services) have direct influence on the dependent variable which is customer satisfaction.

2.1.2 Customer Retention concept

As customers begin to experience, a better service their expectation rise. The customer makes conscious and unconscious comparisons between different service experiences regardless of the industry sector. Cook (2002) states that, a company's ability to win, attract and retain new customers is not only of a direct relationship to its services or products offering but also the way it serve its existing customers and the image it creates within and across market places. Status et al. (2001) defined retention as the customer's liking, identification, commitment, trust, willingness, to recommend, and reuse intention. Customer retention indicates that a long-term commitment on the side of the customer and the organization to maintain the good relationship. Cook (2002), there is underlined statistics that show just how crucial

retaining customers can be which states that reducing customer defections can boost profits by 25-85 per cent. The price of acquiring new customers can be five times greater than the cost of keeping current ones on the other hand retaining old customer cost less than acquiring new ones. Old customers give less attention to competing brands and advertising, are low price sensitive and develop favorable word of mouth. Customer retention has been advocated as a simple and more reliable source of superior performance. Customer retention brings other benefits such as employee retention and satisfaction, better service, lower cost, lower price sensitivity, positive word of mouth, higher market share, higher efficiency and higher productivity (Riechheld, 1995). Customer retention has been shown to be a primary objective in companies that practice and build relationship marketing. While the precise meaning and measurement of customer retention can vary between industries and firms there appears to be a general consensus that focusing on customer retention can yield several economic benefits (Dawkins and Reichheld,1990; Reichheld, 1990; Buttle, 2004). Retained customers may pay higher prices than newly acquired customers, and are less likely to receive discounted offers that are often made to acquire new customers.

All of these conditions combine together to enhance the net present value of retained customers. Kotler (1997) states that the cost of attracting a new customer is five times more than the cost of keeping the current customer happy. It requires a great deal of effort to have satisfied customers to switch away from their current suppliers. There are two ways to strengthen customer retention, one is to establish high switching barriers and the other is to provide higher customer satisfaction.

Customer satisfaction is important to customer retention .Companies try to influence consumer satisfaction by making impressions that aim to persuade them toward consumption. The primary goal may be to win or attract new customers and or to retain the current customers. Potential customers is more than the existed customers likely do their research about which organizationthey will do business with .It is very important for business organizations to know what your past customers have said about their experience with your company and this will affect how new customers perceive your brand.Caruanaand Albert (2002) indicate that consistency between association with your company across different ways of communication has great influence on customer satisfaction. Customer satisfaction is important to customer retention and loyalty. If customers trust your company ,they will return back your company to make additional business relation , refer others and leave positive review online all which can affect your customers' future decision .

2.1.3 The concept of customer satisfaction

Customer perceived service quality has a significant effect up on customer satisfaction ; customer perception of relational benefits has a positive impact upon customer satisfaction. Satisfaction = perception-expectations. When perception is greater than expectation there is satisfaction. Customer satisfaction is the level of customer felt state resulting from comparing a perceived performance of service or product in relation to customers' expectations (Bala, 2013), it means, if the perceived performance is less than expected, can result in a dissatisfaction by customer and becomes less valuable , and if the perceived performance exceeds expectations, can result in satisfaction by customer and customers gives more valuable for the service (Lin, 2003).

According to Jennifer.V (2017) customers that are satisfied with services or products have an overall good perception of that service or product providing company. Customer perception measurement is an important tool used by companies that expresses how well the companies are satisfying customers. The only way to measure and to increase customer's positive perceptions of your company is to ask customer's how they feel about your company. Customer satisfaction results from a customer's perception during a value-based deal or relation so that the price equals the ratio of performed services to the customer costs and price (Hallowell, 1996). It should be noted that quality of goods/services plays the most essential contribution in client satisfaction/dissatisfaction. Therefore, pioneering and excellent organizations always try to ensure of their clients' satisfaction because the clients' higher satisfaction levels is some kind of insurance against organization's potential mistakes which are inevitable as a result of changes related to services production. Constant clients show higher indulgence when faced with such circumstances because, as a result of previous satisfactory experience are prone to easily ignore the organization's small faults. Thus, it is not surprising that clients' satisfaction achievement has become the organizations' most important task (Aali, 2002).

2.1.4 Customer life cycle theory

A customer life cycle consists of different stages and can be define through various methods. The most common approach is that of Jim Sterne and Matt Cutler (2000). In their paper, E-Metrics, Business Metrics for the NewEconomy, Jim Sterne and Matt Cutler (2000) proposed different ways of calculating the customer lifetime value.

Reach: The first stage of the customer lifecycle is a reach. In this companies try to attract its potential clients from whom it has designed the products and services.

Acquisition: In the acquisition stage, companies attract and bring the customers, into the influence sphere of the organization that was attracted in the previous stage.

Conversion: In this stage, as once the company has reached to its customers and has established a relationship with them, the customers decided to make the ultimate decision of purchase.

Retention: This stage comes when the customer decides to buy a product or service for the second time from the same provider. It can be either the same product or service or cross-selling or up-selling (Tsai *et al.*, 2013).

Loyalty: All companies desire to reach to this stage in the customer lifecycle. At this stage, the customer becomes more than a customer, or in other words, it can be said that the customer becomes a brand advocate or a loyal partner.



Figure 2.1: Customer Lifecycle loop

2.2 The concept of customer satisfaction

Zeithaml and Bitner (1996) defined customer satisfaction as the way in which the whole service experience is performing to the standard and the need of customers. Their model of customer perceptions of service quality and customer satisfaction hypothesized that satisfaction intended to more of an attitude and this attitude influence perceptions of service quality, which in turn would influence being customer intentions: Failure to provide reliable service could result in customer dissatisfaction and possible defection, they maintain that a dissatisfied customer is likely to switch to a competitor and may inform others of the bad experience. Zeithaml and Bitner (1996) highlighted that customer satisfaction is imperative to gain and sustain competitive advantage by providing better service quality. Gronroos' (1990) views service quality in two dimensions; Technical quality - the quality of what is delivered and Functional quality - the quality of how the service is delivered. The customers perceive what he receives as the outcome of the process in which the resources are used, i.e. the technical or outcome quality of the process. But she/he also and often more importantly, perceives how the process itself functions, i.e. the functional or process quality dimension the construct of service quality as conceptualized in the service marketing literature centers on perceived quality, defined as a consumer's judgment about an entity's overall excellence or superiority (Zeithaml, 1996). Payne et al (1997) stated that customer focused quality is of strategic importance and that customer's perception of quality is an important variable to a company's profitability. Bond et al (2002) defines reliability as ability to perform the promised services dependably and accurately. Kang et al (2004) identifies the following measure of reliability:-Providing services as promised, dependability in handling customers' service, performing the services right the first time, providing services at the promised time, maintaining error-free records. Zeithaml (2002) defines responsiveness as the effectiveness of a company to

provide appropriate information to a customer when a problem happens, having a strategy to handle returns and provide necessary guarantees. Kotler (1999) defines responsiveness: as the being positive to help customers and to provide better services. Kang et al (2004) identifies the following measure of responsiveness:-Keeping customers informed about when services will be performed, prompt service to customers, willing to help customers and readiness to respond to customers' requests. Bond et al (2002) defines assurance: as the knowledge and courtesy of employees and their ability to convey trust and confidence. Kang et al (2004) identifies the following measure of assurance:- employees who instill confidence in customers, making customers feel secure in their transaction and business relation, employees who are consistently courteous and the ability to perform the promised services. Kang et al (2004) identifies the following measure of empathy: - giving customers individual attention, employees who understand the needs of their customers and convenient business hour. Many organizations keep a record of customer complaints as a measure of service quality. Kotler (1999) outlines that service companies have a clear feeling of their target customers and customer needs that they are going to satisfy. The most inclusive study in this area, by Zeithaml et al. (1996), determines that service quality affects different intentions, such as providing recommendations or advices, doing more business, and being interested to pay more.

2.3 Importance of customer retention

The primary aim of retention strategy is to build a strong customer base and to prevent them from shifting towards other organization for the same product or service. The significance of retaining customers is not new to marketing as Drucker (1963) posits that marketing is as much concerned with acquiring as well as retaining customers. The marketing literature has demonstrated the value of loyal customers. However, as a result of competition, influence of technology and customer sophistication, banks are faced with a key challenge of holding onto their most priced assets - customers. Empirical literature indicates that bank switching by customers is increasing and also laid emphasis on banks awareness of the importance of customer retention practice specifically in the retailing of financial services due to high competition and market conditions in the sector. Therefore the importance of having good understanding of the reasons for the switching of customers and designing appropriate marketing strategies is to minimize the trend has become necessary in modern banking services. Not only this, different literature also revealed that, as market competition increases with decreasing customer loyalty, firms find ways to increase retention rate of their customers (Robert *et al.*, 2003). So the only strategic tool that banks can utilize to sustain competitive

in the industry would be to employ strategies to retain as many customers as possible. Moreover, literature suggests that, reasons for customer switching of some providers may be context specific. Even though the definitions of customer retention and its measurements differ from industry to industry, the general agreement is reached in that a firm engaged in customer retention, implementing the relevant retention strategies is rewarded with higher profitability. Zineldin, as cited in Boohene et al (2013) views retention as a strong commitment to continue and to involve in a business or exchange with a particular firm on a continuing basis. Further, customer retention implies a long-term commitment on the part of the customer and the firm to establish and maintain the relationship on mutual bases. Besides, in the words of Dawkins and Reichheld as cited in Bason (2009), 'Customer retention is refers to the number of customers who are doing business with a firm at the end of the fiscal/financial year expressed as a percentage of those who were active customers at the beginning of the year'. Customer retention is the key business goal to remain in front of its competitors, increase profitability or market share and improve investor confidence (Gupta and Mukherjee, 2001). The market situation in which firms are confronting low growth and increased competition from old and new competitors, retaining their current customers has paramount importance for them. Further, Gupta et al (2004) regard customer retention as an 'off-balance sheet intangible asset' of a company. The authors also claim that customers are the most critical component of any firm and the one who create value for a company. Customer retention has its own benefits to any organization. Some of the benefits firms enjoy by keeping customers to stay with them include higher margins and faster growth to the organization, derived from the belief that as long as customers stay with the firm profit increases (Reichheld and Kenny as cited in Boohene et al, 2013). Pearce and Robinson (1991), define strategy as large scale, future-oriented plans for interacting with the competitive environment to optimize achievement of organizational objectives. "Strategy is the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and fulfill stakeholder expectations. Success in retaining customers, according to Reichheld, is attributed to a combination of strategies being pursued such as: Define and measure retention; Looking for loyalty in the right places with a focus of getting the "right" customers and not just a lot of them; Changing the channels of distribution; Minimizing adverse selection of customers through creative filtering; Rewarding the sales force for retaining customers, not just winning new customers; Paying for continuity, not just conquests, and this may involve using coupons or vouchers to discriminate and reward customers that re-buy; Designing special programmes to attract and hold the

most valuable customers. Basically, giving differentiated attention. Kotler (1999) clearly outlines that firms must pay closer attention to customer defection rate and take steps to reduce it. He outlines the following steps:

- Company must define and measure its retention rate.

- Company must distinguish the causes of customer attrition and identify those that can be managed better.

- The company needs to estimate how much profit it loses when it loses customers and lastly the company needs to figure out how much it would cost to reduce the defection rate. In terms of attracting and retaining customers, companies are reminded to be aware of the different "loyalty coefficient" - the amount of economic forces needed to move different kinds of customers. The easiest to win is likely to be the one who will be the quickest to defect. Retention strategies need to be based on the understanding of the relative profitability of different segments (the economics of retention), existing mass marketing strategies need to be replaced by those based on identifiable value propositions, and retention management programmes should be aimed at specific segments that are presently or potentially profitable. Page et al. (1996) and Payne and Frow (1997) acknowledged that customer retention brought tangible financial benefits to firms and that existing, potential and new customers should be treated differently. Reichheld acknowledges that not all customers prefer a long-term relationship. There are, however, customers who not only prefer stable long-term relationships, but also inherently spend more, pay promptly and require less service.

2.4 Switching Barriers as a Strategy for Customer Retention

The competitive banking industry is focused on customers' switching behavior as switching service providers reduces the bank's market share and its profit (Ennew and Binks, 1996). (2017) reported that in Dashen bank, the annual switching rate was seven percent and that an additional twelve percent of personal retail banking customers are intended to switch banks, which creates a loss of profits and market share as the same time increase customer acquisition cost. Cronin and Taylor (1992) identified that the main component for customer retention strategy in any service providing company is satisfying customers. However, Bendapudi and Berry (1997) describes that satisfaction should not to be the only strategy to customer retention but it has to be a barriers to customer defection such as development of strong interpersonal relationships or imposition of switching costs, and also represent an additional retention strategies. As defined by Jones *et al.* (2000), switching barrier is any factor that makes it difficult for customers to change providers service performance. Different studies have described different types of factors that contains switching barriers which includes, switching cost, interpersonal relationships, attractiveness of competing

alternatives and cross-selling. Others have confirmed positive effects of switching barriers on customer retention strategies. Therefore, there is the need for Dashen banks to create switching barriers as a strategy towards retention of their customers.

2.5 Loyalty strategies

Managers are mainly concerned for establishing priorities and developing strategic alternatives making it clear that the organization's customer base is the main strategic asset. They must give a clear direction so that the causes of customer defections and switching are uncovered and addressed (Reichheld, 1996). Service quality and good customer retention strategies requires an attractive commitment and clear indicators from senior managers with appropriate and targeted reinforcement. Customer retention requires clear direction and this is the first and the key strand of customer retention. The main focus of this literature is on retaining profitable customers and recognizing that there are customers who should not be served (Reichheld and Sasser, 1990). One of the bases for segmentation of customers need to be existing and potential customer value (Payne and Frow 1999). There has been very little specific research which are done on the development and content of customer retention plan and strategy. According to Weinstein (2002) most of the organizations are spending most of their time, energy and resources by chasing new business. He suggests that 80% or more of marketing budgets are often earmarked for finding new business. This is in line with Payne and Frow's (1999) finding that only 23% of marketing budgets in organizations is spent on customer retention strategies. Aspinall et al (2001) in contrast, found that 54% of organizations mentioned that customer retention was more important than customer acquisition. According to their study customer loyalty can be defined as a deeply held commitment to reuse a preferred service of an organization consistently in the future thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having potential to cause switching behavior. It also describes continues recommendation for others to maintains a positive attitude towards the service providers. They explain that there are two dimensions of customer loyalty: behavior and attitudinal. The behavioral dimensions refers to a customer's behavior in repeat usage of services and indicating a choice for a brand or service over long time. Attitudinal dimensions refer to a customer's interest to reuse services and recommend others which are good indicators of loyal customers. Smith (1996) states that customer loyalty is not just repeat purchases rather it is about customers having a sense of belongingness. For customers to feel part of our retail experience we must to win their hearts and minds-not just their wallets. Before we are going to establish such an important relationship we need to understand our customer's needs, how they shop and what they buy. Zeithaml et al (1996) present a very intuitive classification of individual's link between satisfaction, loyalty and customer retention. Customers can be classified in to four different groups: loyalist/apostle (high satisfaction - high loyalty), defector/terrorist (low satisfaction - low loyalty), mercenary (High satisfaction - low loyalty), and hostage (low satisfaction - high loyalty). Smith (2006) in his study outlines the following in developing a loyalty card program :- A company needs to establish whether it has real loyal customers and long term advantages of the loyalty scheme to customer and the organization, look and the balance between retention and new acquisition, examine ways in which the loyalty program can be built to meet the varying needs and expectations of

customers. Reichheld (1996) proposes that in building and sustaining customer loyalty we require a three approaches: retaining employees, investors, and customers. In their study on delivering customer loyalty schemes in retailing: exploring the employee dimension (Smith et al 2004), found that there was a consensus agreement between management and employee that loyalty scheme aims to improve the number of customer making business relationship, reward loyal customer and create another more loyal ones. They also identified that although loyalty cards presented an opportunity for collection of additional customer information on customers by employees, this opportunity is not utilized. In their study on the impact of switching costs on customer satisfaction-loyalty link (Jonathan et al 2001) have operationalized switch loyalty as a behavior or as an attitude (brand preference, commitment intention To use their services). They identified measure of customer loyalty such as reusing intention, resistance to switch to competitors services that is superior to the preferred provider of services and willingness to recommend preferred vendors service or products to friends and associates.

2.6 Empirical Literature Review

Christiana and Amy (2011) have conducted a study on the effects of customer retention strategies on customer satisfaction in the banking industry in Ghana. The study summarizes the banking sector in Ghana has witnessed significant improvement in customer satisfaction. The purpose of the study is to bring deeper understanding and insight into customer satisfaction and customer retention by banks in Ghana.

For this study, 11 out of the 26 banks in Ghana were selected as the sample size. The research explains the role of customer retention strategies on customer satisfaction and customer loyalty. A qualitative research approach was chosen and deductive research was conducted based on twelve case studies from both local and international banks. The findings of the study showed that indeed, all the banks have reasons for adopting in customer retention strategies. The most popular reason for believing in the success of customer retention is customer relation management and trustworthiness.

According to Dewlen&Falkin (2016) have conducted a study on Customer retention strategy and Customer satisfaction in selected private banks in Kenya. The main purpose of the study is examining the relationship between customer satisfaction and retention strategies such as e-banking service , total quality of service and trustworthiness . Data were collected through a seven points Likert type summated rating scales of questionnaire. A sample of one hundred and seven customers was surveyed from three private banks. Correlation and regression analyzed has been employed to measure relationship and contribution among the dependent and independent variables. The finding reveals that there is a significant impact of E-banking services on the satisfaction of customers.

Study made by TsedayMulugeta (2014) in commercial bank of Ethiopia in Dessie region set out to explore strategies for customer retention. Applying a case study method, the research sought to identify best

practices implemented by the bank on customer retention which contributes to understanding the importance of retaining existing customers.

The methodology guided the process for exploring strategies that the bank perceives as influential to customer retention. The case study method defined the scope of the research which took a qualitative view on the phenomenon and primarily used interviews along with observations and customer data in order to triangulate findings. The limitations of the study were acknowledged, including the small sample size, which was useful to build on systematic efforts that minimized any threats to the research quality. The researcher identified customer centricity as a best strategy to retain customer and to create positive satisfaction on customers. The research made by NegashAlemu (2006) on the effect of service quality on customer satisfaction in case of Wegagen bank found that customer centricity practice is the most critical factor that affects customer satisfaction. While there are many points of view, there is a common theme around aligning resources to respond to the ever-changing needs of customers, while building mutually profitable relationships and increases customers satisfaction through customer centricity practice. As Lin and Wang (2001c) identified the relationship between satisfaction and customer relation management in London in selected commercial banks and concluded that when organizations develop customer relation management in their service, they improve customer satisfaction.

2.7 Conceptual framework

The study of Kheng et-al (2010) used model of customer retention strategies (Parasuraman et al., 1988) with five dimensions was used by this research to evaluate the impact of retention strategies on customer satisfaction among bank customers in Penang, Malaysia with customer satisfaction mediating these variables. The findings show that improvement in customer retention strategies can enhance customer satisfaction. The customer retention strategies dimensions that play a significant role in this equation are customer centricity, customer relation management, trustworthiness, gifts and e-banking service. The findings indicate that the overall respondents evaluate the bank positively, but still there are rooms for improvements. In this study, it is also found that satisfaction has mediating effect on the relationships between customer retention strategies dimensions .Based on the overall review of related literatures and the theoretical framework, the following conceptual model is developed in which this specific study is governed. The model used in the current study offers a unique effect of customer retention strategies on customer satisfaction.



Independent variables

dependent variable

Fig 2.2 conceptual framework

2.7.1 Customer centricity

Being customer-centric means using the customer's position as the central focal point for all activities within the organization. Customer-centric organizations develop long term profitable customers and genuine centricity. Customer-centric organizations build their operating model around a deep understanding of their target customers, what those customers value and the contribution each makes to the profitability of company by:- Organizing to ensure focus and accurate accountability alignment, designing business processes that recognize different customer needs, provides a positive and seamless customer experience at every point across the customer life cycle and establish an active dialogue with customers (and acting on feedback) Foster a culture that places the customer at the heart of the decision-making process. While there

are many points of view, there is a common theme around aligning resources to respond to the very dynamic needs of customers, while maintaining mutually productive relationships and improve customers satisfaction through customer centricity practice Zeithaml (2002). Being customer-centric means using the customer's position as the central focal point for all activities within the organization. Customer-centric organizations develop long term profitable customers and genuine centricity. A key challenge to becoming customer-centric is overcoming two of the most common misconceptions, i.e., that customer centricity is only about customer service, and secondly that it requires organizations to respond to all customer needs. Customer-Centric organizations make informed choices between high volume/low costs and strong differentiation strategies in an increasingly competitive business world where customers have instant access to information. Reinforce the classical differentiation strategy by enabling a consistent personal experience at any place and any time. Help to increase profitability by increasing the revenues while decreasing the costs. Calculating an estimated customer-and household-lifetime value is a useful tool for performing comparisons across segments and identifying segments where targeting efforts may yield more revenues. It also helps to justify investments in segments that might not be profitable in the short term but have potential to be significant revenue drivers in the future (such as mobile banking investments to accommodate the needs of millennial-generation customers). When calculating lifetime value, consider the value of not only the expected immediate gain that current loan products will generate, but also the potential value of future business opportunities that could arise from the existing relationship. Calculating customer lifetime value involves making educated assumptions about a customer's behaviour based on historical data and likely future needs using the customer's place in the financial planning life cycle.

2.7.2 Gift giving

Even though money is being spent for gift, the return is always exponentially and increasingly outweigh the initial spent. This gifts go a long way in building relationships between customers and company and increase customer loyalty. Promotional corporate can be any product forms either pens, bags, notebooks and office supplies that contains the organization's logo and name on them or other electronic materials and car. It is an important to strengthen B2B relationship, improve brand awareness, develop customer loyalty, improve customer image and perception, generate more referrals and save business money (Reichheld and Sasser, 1990). By using promotional materials as corporate gifts companies should literally puts their name

out there. By distributing gifts with company's business name, logo and contact information which are spreading awareness about the company. This idea of giving gift is considered and associated with goodwill of the company. By providing corporate gifts to the company's stakeholders and prospective clients, they can improve their company's image and encourage positive perceptions about the company and increase customer satisfaction. Especially during the holiday season rapidly approaching, think about how giving gifts can benefit business organizations. There are important factors that play into a successful corporate gift campaign, and company's should try to bring those principles to the small business level. Gifting token items to your customers and preferred vendors is a great way to highlight your business's identity and values. It reflects a level of generosity and implies that you care about individual relationships (Smith et al 2004). Both customers and vendors alike recognize the significance of this gift giving factor in creating long standing relationships with a business. For this purpose to select holiday gift, organizations should have to choose the best item for the audience. This means the gift should be useful, branded, personalized, perfectly timed and respectful of cultural difference.

2.7.3 Trustworthiness

Trustworthiness is a multidimensional phenomenon and essential issue for business organizations to be successful. In the study of the relationship between bank staff and its customers, Heffernan et al.(2008) identified the three dimensions of trust: credibility, integrity and benevolence. The study found a positive and significant relationship between the dimensions of trust and these dimensions have positive effects on customer satisfaction and develop loyal customer. In a study of partnering, Wong, Cheung and Ho (2005) identified four factors in successful partnering between customers and business organizations: performance, permeability, system-based trust and relational bonding to improve customer satisfaction.

Customer trust is being considered as customers' perceptions, where the service providers attributes are scrutinized and consumer develop a response based on what they perceive; the attributes include capacity to deliver, integrity and benevolence (Kim and Benbasat, 2006).

On the other way consumer's trust can be associated to intentions; where the customer shows willingness to relay on the trustee or service providers. This indicates that the customer feels secure and open to act on information or the offer made by the service provider. The concept of trust within the context of customer satisfaction has defined as:-

- (a) trusting beliefs; where the customer can holds perceptions based on the vendors attributes in terms of trustworthiness dimensions (benevolence, capacity and integrity) (Kim and Benbasat, 2006),

(b) trusting intentions; where the customer feels confident enough to repeatedly use the service providers offering or act on information provided by the service provider (Lin and Wang, 2006). Rodriguez, Perez, and Gutierrez (2007) submit that for trust between a customer and service provider to exist the two components of trusting beliefs and trusting intentions must be present.

Trust plays a key role in determining the behavioral intentions of customers to pursue a long-term relationship with the service provider. There is strong correlation between trust and satisfaction, outcome quality and customization. Trust has various positive outcomes, such as customer positive outcomes, commitment, value, price-tolerance, long term orientation in the relationship and brand effect. Thus, trust leads to loyalty because it creates exchange relationships that are highly valued (Poolthong and Mandhachitara 2009). Trust has been shown to directly and positively incline customers towards loyalty to service providers (Chiou, 2004). Lin and Wang (2006) explored the relationship between trust and customer loyalty and concluded that when customers develop trust in service providers they build within themselves positive attitudes which translates to reusage behavior which eventually matures to customer satisfaction.

2.7.4 Customer Relationship Management

CRM helps organizations to deliver more personalized and customized customer experience. Since CRM enables organization to record customer notes and personal information, the organization can enhance every experience CRM activities and practices involving management of customer complaints, establishment of long term relationships with customers through social bonds and instilling proper customer service in an organization. For example if the bank teller or CRM manager adds a note to the customer profile that says they were asking questions about a certain types of loan, the loan department can follow up by emailing them helpful resources that explain their options. Showing customers that you are giving attention to them and making efforts to improve their experiences at your bank is a strategic way to promote loyalty. CRM software is another best tailored solution that helps banks implement customer centric strategies. CRM has developed as means of building and encouraging positive relationships with customers, increasing customer satisfaction, and expanding customer lifetime value. Literature referred to CRM as a comprehensive strategy and process of acquiring, retaining and collaborating with selective customers to create, maintain long-term partnerships and a means for achieving superior value and financial performance for the company and the customer. CRM can be achieved in a firm through information sharing and customer involvement. Therefore conceptualize that a successful implementation of these

factors as a strategy can lead to customer retention. This paper therefore aimed at studying the relative importance of retention Strategies that influence customers' to make continual patronage of banking services within the banking service in Dashen bank. Ordinary Least Square (OLS) regression analysis was employed to test strategies that influence customers repeat patronage of banking services. The challenge for banks going forward is to position themselves in the market through applying strategies that will not only attract new customers but retain those customers as well. This offer of superior customer service will prevent banks from losing customers due to poor services, low quality, new entrants and bank switching.

2.7.5. E-banking services

E-banking services is primarily about serving online or the ability to transact online. This includes e-tailing, online banking and shopping – which involve transactions where buyers actually buy and shoppers actually shop or transferring money from one account into another account. Satisfaction from using e-banking refers to the customer's satisfaction from the support for receiving and sending orders for goods/services; after-sale services; price of goods and services; service content quality; the service loading time; service reliability; ease of use; and security . Turban, et al. (2002) define e-banking as, “an emerging concept that describes the process of buying and selling or exchanging of products, services, and information mobile using internet or without internet”.Dashen Bank has been innovating technological advancements to drive product and service innovation, improve operational efficiency and foster business growth over the years. The Bank is reinforcing its resources in digital banking channels, including ATMs, POS terminals, mobile banking, internet banking and agency banking. Currently, Dashen has deployed 205 ATMs and 837 POS terminals in the market. The Bank's growing network of ATMs and POS terminals accept international cards including Visa, MasterCard, Union Pay and American Express. During the reporting period July, 2019, 123,232 customers joined the card banking service, which raised the total number of cardholders by 29% to 556,748. A total of 11,355 customers have subscribed for the Bank's internet banking service. The uptake of the Bank's Mobile Banking service had been encouraging and is expected to be further boosted in the ensuing period. Furthering the competitive edge in the card banking business, its strategic partnership with American Express has enabled its customers to enjoy privileges including cash-backs, discounts on purchases and higher transaction limits.

2.8Hypothesis formulation

Customer centricity:customer centricity is customization technique which becomes one of the key customer retention strategies for service marketers to differentiate themselves from their competitors in a highly competitive global service market (Hira and Susan, 2009). Therefore,

H1 :Customers centricity practice has positive effect on customer satisfaction in Dashen bank.

Customer relation management:is practice of the business organization which uses proactively develop positive relationship with its customers. It is an approach to managing a company's interaction with current and potential customers Stone et al(2007) . it uses data analysis about customers' history with company to improve business relationships with customers. Therefore,

H2 : customer relation management has positive and significant effect on customer satisfaction in Dashen bank.

Trustworthiness: is a key to acquiring and retaining loyal customers and insures you earn the customer trust need for your business (Kim and Benbasat, 2006).Establishing trustworthy company help customers to feel more comfortable with making business relation with your company. Therefore,

H3 : trustworthiness has positive and significance influence on customer satisfaction in Dashen bank.

E-banking service: is the application of a broad range of information and business transactions quickly, less costly and accurately on time to create more customer value that satisfy individual consumer and organizational customers'' objectives (Samreen and Maria, 2017). Therefore,

H4 : e-banking service has a positive and significant effects on customer satisfaction in Dashen bank.

Gifts: customer retention and profitability can be increased by sending simple customer and client gifts to motivate and refresh customers Smith (1996). It reflects a level of generosity and implies that you care about individual relationships and build loyal customers. Therefore,

H5 : gifts provided by the bank has positive and significant effect on customer satisfaction in Dashen bank.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Approach

The study was undertaken based on quantitative research approach which involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal fashion. Quantitative research, according to Van der Merwe (1996), is a research approach aimed at testing theories, determining facts, demonstrating relationships between variables, and predicting outcomes. Statistical methods is used to test predetermined hypotheses regarding the relationship between specific variables. Inferential approach, will be adopted by the researcher. The purpose of inferential approach to research is to form a data base from which to infer characteristics or relationships of the variables being studied in this thesis. Because of this reason the researcher choose quantitative research approach.

3.2 Research design

This study was also adopt descriptive research design. Mugenda (2003) wrote that descriptive design among other things describes relationships between variables. In this study, the descriptive approach was considered as particularly appropriate because it involves the investigation on behavior of variables; which is varied and which occurs in diverse settings. In this study the dependent variable is customer satisfaction and the independent variables are customer retention strategies (i.e., trustworthiness, customer relation management, customer centricity, gifts, and e-banking services). This study sought to determine whether the above strategies have negative or positive effects on customer satisfaction in Dashen bank. Thus, the researcher also used an explanatory research design while conducting the study. The researcher tried to explain the satisfaction levels of customers to wards customer-centricity, trustworthy, customer relation management, gifts and e-banking. Descriptive statistics was used to describe the current reality of banking sector related to the research variables. In order to find out the retention strategies applied in Dashen bank, the researcher was seek to describe possible behavior, attributes, values and characteristics of the population.

3.2.1 Population of the study and target population

Mugenda and Mugenda (2003) describe a population as an entire group of individuals having common observable characteristics. According to the Central Bank of Ethiopia, the industry's regulator, there are 17 private banks. The researcher focus on Dashen banks operating in Addis Ababa. So the population of the study was any customer of Dashenbank. The study was therefore sampling customers of Dashen bank.

The target population of the study was customers found in Dashen bank in three branches, Ayer tena, Alem bank and Tana branches.

These three branches have around 28,400 customers. The criteria for selecting the first two branches is that they are found nearest to researcher area and while Tana branch is selected because it is the largest branch in terms of number of customers. The sample includes individual customers who had an account with those selected branches. This region is chosen for the sample selection because, further, banking customers in this region have access to all kinds of banking channels and thus can be used for assessing strategies that influence bank customer retention in Dashen bank.

3.2.2 Sampling Technique

The study used non-probability sampling specifically. Non-probability sampling is purposive and convenience that can be used to select branches and customers with dormant and closed accounts and to contact regular customers selectively. This enabled the researcher to get better information from experienced customers in the selected branch of Dashen bank in order to have reliable and rational data. The researcher used purposive sampling method to select sampled branch. And telephone calls was made to contact customers who have dormant and closed accounts, subsequently; these customers would be requested to fill a questionnaire. So judgmental and convenient methods of sampling are used to distribute questioners.

3.2.3 Sample size

A total of customers were selected using Yemane (1967) sample size determination formula. The customers of the bank were selected using available sampling technique. An optimum sample is one which fulfills the requirements of efficiency, representativeness, reliability and flexibility. While deciding the size of sample, the researcher determine the desired precision as also an acceptable confidence level for the estimate (Kotari, 2004). According to Kotari (2004) on a sample size when estimating a percentage or proportion the precision and the confidence level shall have to be specified and then work out the sample size. Customers found at the bank during data collection period was requested to fill the questionnaire till the required number is reached. Questionnaires were distributed to sampled branches based on proportional sampling allocation, i.e. questionnaires were allocated for each sampled branch in proportion of the total customers of the branch. Totally, **394** questionnaires were distributed.

The following formula gives the size of the sample in case of finite population when we are to estimate the proportion in the universe.

$$n = \frac{N}{1 + Ne^2}$$

Where n = the desired sample size

N=the size of the population

e =the maximum allowed error i.e. (e =0.05).

n= $28,400 / (1 + 28,400 * 0.05^2)$, n=394 .So, the researcher distributed 394 questionnaires to have a better sample size. The researcher try to give a proportional size for each branches based on their customer share related to the total branches selected for the study. So, the total sample of 394 each branch has a proportional sample size based on their customer share.

Table 3.1 proportion sampling of each branch

Branches	No. of customers	Percentage	Sample size to be taken
Tana	12700	44.7%	176
Alem bank	6738	23.7%	93
Ayer tena	8962	31.6%	125
Total	28400	100%	394

Source : own data

3.3 Data source and type

Both primary and secondary source of data were used for this study. Primary data was collected using semi-structured questionnaire which contained closed ended questions based on modified. Secondary data was collected from books, journals, articles, annual reports, previous studies and internet.

3.4 Data collection instrument and procedure

Data was collected through a self-administered questionnaire from current bank customers in three branches in Addis Ababa cities: Alem bank, Ayertena and Tanafilled by customers and it taken place in different branch premises of the selected banks. The questionnaire is adapted to the Ethiopian banking system .The data collection procedure took one month. Primary data was collected using a semi-structured questionnaire which are close ended by using likert scale 1-5 method. The questionnaires were used to collect quantitative data that provided statistical descriptions, relationships and analysis. The questionnaire will be divided into two sections; 1, and 2. Section 1 contain general information of the respondent, section

2, enquire on the retention practices employed by each respective branch and how important the practice is in retaining customers. The questionnaires were used a likert scale of 1 -5 as it is the ideal tool for generating statistical measurements of people's attitudes and opinions.

3.5 Validity and reliability

To evaluate the quality of the research data, reliability and validity were used as criteria.

3.5.1 Validity

Prior to the sampling procedures, the questionnaire was pilot tested. The pilot study was a small scale replication of the actual study, targeting a small number of persons with characteristics similar to those of the target group of respondents.

The validity of the data collection instrument was determined using content validity. To this effect the researcher through literature review and discussion with experts in academics as well as in the banking sector assessed whether the instrument is measuring what it is supposed to measure.

3.5.2 Reliability test

Cronbach's alpha was used in this study to analyze the internal consistency of the research questionnaires, which is developed which are developed by the researcher. Cronbach's α (alpha) is a coefficient of reliability used to measure the internal consistency of a test or scale; it resulted as a number between 0 and 1. As the result approaches to 1 the more is the internal consistency of the items, which means all the items measure the same variable.

To test the reliability of questionnaires the researcher carried out the pilot testing study. For this purpose 20 questionnaires were distributed and 18 of them were gathered from three branches. The reliability coefficient applied in this research allowed to identify the stability, consistency and also enhance the accuracy of assessment of the data instrument used in this research and its coefficient varies between 0 and 1 (Tavakol and Dennick, 2011), where Bryman and Bell (2011) considered acceptable internal reliability when greater than 0.80, and others authors considered as excellent internal reliability when the Cronbach's alpha is greater than 0.9, good between 0.8 and 0.9, acceptable between 0.7 and 0.8, questionable between 0.6 and 0.7, and the others results lower than 0.5 can be explained by a low number of items, poor inter-relatedness between items or heterogeneous constructs. Analyzing the five constructs of customer satisfaction (customer relation management, trustworthiness, customer centricity, gift and e-banking service) and overall customer satisfaction based on a reliability test show that all the constructs has presented acceptable and excellent as shown in the table below.

Table 3.1 Cronbach’s Alpha Reliability Test Results

Questionnaire items	No of items	Cronbach’s Alpha
Customer relation management	4	0.875
Trustworthiness	4	0.767
Customer centricity	4	0.903
Gift	4	0.792
e-banking	4	0.881
Customer satisfaction	5	0.908
Overall	25	0.930

Source : survey result (2020)

3.6 Data analysis method

To analyze the data, the study employed descriptive method of data analysis owing to the nature of the variables to be studied. The data obtained from the questionnaire were analyzed and interpreted using descriptive statistics that involve mean, standard deviation and percentages and using SPSS. Section Analyzed using percentages and Section B and Careanalyzed using mean and standard deviation. The mean is the only measure which takes into account each score in the distribution, standard deviation is sensitive to extreme scores, while frequencies gives arecord of the number of times a score or a response occurs, and percentages are important in comparing groups that differ in size. Data were presented using tables for ease of interpretation and reporting. The researcher used regression in order to test the relationship between the dependent and independent variables indicated in the model.

3.7 Research Model

The objective of the study is to examine the effect of retention strategies of Dashen bank on customer satisfaction. For this purpose the researcher estimated the multiple regression model using customer satisfaction as the dependent variable and the independent variables (customer relationship management, trustworthiness, customer centricity, gifts , and e-banking).The model is stated as follows:

$$eCS = \alpha + \beta_1X_1+ \beta_2X_2+ \beta_3X_3+ \beta_4X_4+ \beta_5X_5 + \varepsilon$$

Where: eCS is customer satisfaction derived from retention strategies in Dashen bank. α = Constant β = Coefficient of estimate X1= customer relation management X2 = trustworthiness X3 = customer centricity X4 = gift X5 = e-banking service and ε = The error term.

3.8 Ethical Consideration

The researcher maintains scientific objectivity throughout the study, recognizing the limitations of his competence. Every person involved in the study is entitled to the right of privacy and dignity of treatment, and no personal harm will cause to subjects in the research. Information obtained is held in strict confidentiality by the researcher.

All assistance, collaboration of others and sources from which information was drawn is acknowledged. The letters of permission for each questionnaire were provided in appendix.

Handling the information concerning the respondents in a confidential manner is critical issue. Respondents were assured that their names and the names of their schools would be dealt with in the strictest confidence. This aspect includes the principle of trust in which the researcher was assured the participants that their trust would not be exploited for personal.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

The primary objective of this study was to analyze the effects of customer retention strategies of Dashenbank on customer satisfaction. In this chapter, the data collected from respondents were analyzed and interpreted using quantitative analysis method which involves analysis of the demographic information of respondents and the descriptive and inferential statistics employed to test the hypothesis and to investigate the influence of independent variables on the dependent variable. A total of 394 questionnaires were distributed to the respondents to fill questionnaires. A total of 376 answered questionnaires were retrieved, which is 95.4% of the total distributed questionnaires. The remaining 9 (2.3%) questionnaires were not collected, and the rest 9 (2.3%) were found to be incomplete.

This chapter includes four divisions, including validity and reliability, followed by descriptive statistics using tables to deliver the frequencies and standard deviation, and the hypothesis test based on multiple linear regression through SPSS version 20. Generally, this chapter will summarize with the discussion and explanation of findings and the proof of hypothesis of this inquiry.

4.2 Demographic Profile of respondents

As indicated in Table 4.2 below the male respondents constituted the largest proportion of the gender which is 65% of the total respondents while 35% respondents were female. The age groups were distributed as, 30% were from 18-29 age group, 52 % were from 30-40 age group , 15 % were from 41-50 age group and the remaining 3% were above 50 age. So most of the respondents are under the age of 30-40. Regarding the educational status of respondents, 30% were high school, 35% of them are diploma, 22% are degree holder and the remaining 13 % of them have master and above. This indicates that most of the respondents are diploma. Regards to the type of accounts they have in Dashen bank, most of the respondents 76% have saving account. 14% of the respondents have current(check) account and other 10% of the respondents have both saving and current account. Regarding to year of experience as customer in this bank, 43% of

the respondents have 1-5 years of experience as customer, 45% of respondents are customers for about 6-10 years, 8% of them have 11-15 years of experience as a customer and the remaining 4% of respondents have 16-20 years of experience as a customer.

Table 4.1 frequency and percentage of demographic information of respondents

No	Demographics	Frequency	Percentage	
1	Gender	Male	244	65%
		Female	132	35%
		Total	376	100%
2	Age	18-29	114	30%
		30-40	196	52%
		41-50	54	15%
		Above 50	12	3%
		Total	376	100%
3	Educational level	high school	112	30%
		Diploma	132	35%
		Degree	85	22%
		Master and above	47	13%
		Total	376	100%
4	Types of account they have	Saving	286	76%
		Current	54	14%
		Both	36	10%
		Total	376	100%
	Year of experience as a	1-5	162	43%
		6-10	171	45%

5	customer	11-15	29	8%
		16-20	14	4%
		Above 20	-	
		Total	376	100%

Source : own survey result

4.3 Descriptive statistics

4.3.1 Descriptive Statistics of independent variables

Table 4.2 Descriptive statistics of customer relation management practice

	N	Mean	Standard Deviation
There is helpful customer interaction with the staff	376	3.620	1.0075
Employees of the give you a good attention	376	2.934	1.2191
Employees of the bank identify you and have your profile	376	3.495	.9004
The bank gives immediate response for your questions	376	3.473	.9263
Valid N (listwise)	376		

Source : survey result SPSS (2020)

The mean values for the respondents in the above table indicate that the respondents agree on ‘There is helpful customer interaction with the staff’ with the highest score mean value of 3.62 and that the bank employees identify customers and have profile with mean value of 3.49. The respondents are dissatisfied by the employees of the bank due to lack of good attention for customers with lowest mean value of 2.93.

Table 4.3 Descriptive statistics of trustworthiness

	N	Mean	Standard Deviation

The bank provides its service as it promised	376	2.668	1.0996
You feel good truston the employees of the bank	376	3.402	1.1032
There is a clear transparency in the bank employees for the customers	376	3.237	1.0856
The bank take responsibility for any service failure	376	3.093	1.0195
Valid N (listwise)	376		

Source : survey result SPSS (2020)

As indicated in the above descriptive table, respondents agree on that from the four dimension of trustworthiness the mean score of the three dimensions satisfaction(customers feel good trust on the employees of the bank with, there is transparency in the bank employees in the bank andthe bank take responsibility for any service failure) is above satisfactory level with mean score of 3.40 ,3.27 and 3.09 respectively .The bank is poor in keeping promise with mean value of 2.66.

Table 4.4 Descriptive statistics of customer centricity practice

	N	Mean	S t d . Deviation
The bank is accessible to you everywhere	376	3.811	.8878
The bank tries to identify your need	376	2.798	1.1669
The Dashen bank employees know you who you are	376	3.513	.9380
The bank creates awareness to you about its offers	376	3.452	.9975
Valid N (listwise)	376		

Source : survey result SPSS (2020)

The above table 4.4 shows the descriptive statistics of centricity practice of the bank and indicates that the bank is accessible everywhere with highest mean value of 3.81.The bank is weak to identifying the need of

customers with lowest mean value of 2.79 and employees of Dashen bank knows their customers with mean value of 3.51 followed by 3.45 mean score for the bank creates awareness to you about its offers.

Table 4.5 Descriptive statistics of gifts provided by the bank

	N	Mean	Std. Deviation
The gifts help you to improve the brand awareness of the bank	376	3.207	1.0928
The gifts are valuable to you economically and culturally	376	3.066	1.0242
The gifts are unique that makes you happy by being a customer of this bank	376	3.197	1.0475
There is a fair distribution of gifts	376	3.093	1.0402
Valid N (listwise)	376		

Source : survey result SPSS (2020)

As observed from the table the four constraint of the gift provided by the bank shows almost similar mean value of 3.20, 3.19 , 3.09 , and 3.066 for the gifts help you to improve the brand awareness of the bank ,the gifts are unique that makes you happy by being a customer of this bank, there is a fair ,distribution of gifts, andthe gifts are valuable to you economically and culturally respectively.

Table 4.6 Descriptive statistics of E-banking service

	N	Mean	Std. Deviation
The application of amole banking is easy to use	376	2.843	1.1705
The ATM machines are in service 24 hrs	376	3.569	.9497
Employees of the bank have knowledge and skill to help you how to use mobile banking	376	3.343	.9476
ATM card of this bank provided to you as immediately as you request	376	3.500	1.0658
Valid N (listwise)	376		

Source : survey result SPSS (2020)

As indicated in the above table, the mean scores of e-banking service for all the four items ranges from 2.84 to 3.56 which indicates that ATM machines are in service has got the highest mean score 3.56, whereas amole banking is not easy to use for customer with mean score value of 2.8 and 3.12. Table 4.7

Table 4.7 Descriptive statistics of dependent variables

	N	Mean	Std. Deviation
I am satisfied by the customer relation management of the bank	376	2.902	1.1353
This bank is trustworthy	376	3.572	.9551
The customer centricity practice of the bank makes me to be interested	376	3.516	1.0757
I have positive perception towards the gift provided by the bank	376	3.285	1.0127
I am satisfied with e-banking service of the bank	376	2.787	1.0494
Valid N (listwise)	376		

Source : survey result SPSS (2020)

Table 4.3.6 shows the mean score for the six dimensions of customer retention strategies. Sampled respondents indicated their level of satisfaction on each of the six strategies. The highest mean is scored by trustworthiness with mean value of 3.57 followed by customer centricity with mean value of 3.51. The least mean score is for customer relation management and e-banking service with mean score of 2.90 and 2.78 respectively. According to the result customer centricity dimension of strategy is carried out superior to the other five dimensions with a mean score of 3.57.

Table 4.8 descriptive statistics of overall variables

	N	Mean	Std. Deviation
customer relation management	376	3.3803	.80662
Trustworthiness	376	3.0997	.78593
customer centricity	376	3.3936	.72686
Gift	376	3.1410	.89856

E-banking	376	3.3138	.82961
overall satisfaction	376	3.2122	.69693
Valid N (listwise)	376		

Source :own survey result(2020)

All the items measuring the dependent and independent variables are measured on a five point Likert scale where 1 is labeled as strongly disagree 2 is disagree 3 is neutral 4 is agree and 5 is labeled as strongly agree. Here the descriptive statistics in the form of mean and standard deviation were presented to indicate the level of agreement of the respondents on overall satisfaction. The table 4.1 shows that the satisfaction of customer on the dimension of trustworthiness is around neutral with mean value of 3.09 which is not satisfactory and the customers have better satisfaction level in the dimension of customer relation management with mean value of 3.38 and customer centricity with mean value of 3.39.

4.4 Inferential statistic

4.4.1 Correlation analysis

Table 4.4.1 correlation coefficient

	customer relation management	Trustworthiness	customer centricity	Gift	E-banking	overall satisfaction
customer relation management	1	.565**	.616**	.611**	.736**	.639**
	Pearson Correlation					
	Significance (2-tailed)	.000	.000	.000	.000	.000

	N	376	376	376	376	376	376
	Pearson						
Trustworthiness	Correlation	.565**	1	.489**	.638**	.576**	.458**
	Significance (2-tailed)	.000		.000	.000	.000	.000
	N	376	376	376	376	376	376
	Pearson						
customer centricity	Correlation	.616**	.489**	1	.612**	.512**	.467**
	Significance (2-tailed)	.000	.000		.000	.000	.000
	N	376	376	376	376	376	376
	Pearson						
Gift	Correlation	.611**	.638**	.612**	1	.722**	.487**
	Significance (2-tailed)	.000	.000	.000		.000	.000
	N	376	376	376	376	376	376
	Pearson						
E-banking	Correlation	.736**	.576**	.512**	.722**	1	.653**
	Significance (2-tailed)	.000	.000	.000	.000		.000
	N	376	376	376	376	376	376
	Pearson						
overall satisfaction	Correlation	.639**	.458**	.467**	.487**	.653**	1
	Significance (2-tailed)	.000	.000	.000	.000	.000	

N	376	376	376	376	376	376
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Source :own survey result SPSS (2020)

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

To analyses the presence and level of association between variable, the researcher used bivariate correlation. The Pearson’s correlation coefficient (r) was used to conduct the correlation analysis to find the level and direction of the relationships between the dimensions of retention strategies and overall customer’s perception (Field, 2005). The classification of the correlation efficient (r) indicated as follow: 0.1 – 0.29 is weak; 0.3 – 0.49 is moderate; and > 0.5 is strong. The bivariate correlation of a two-tailed test tells the existence of statistically significant difference at probability level $p < 0.01$ by assuming 99% confidence interval on statistical analysis.

From the above table the results of correlation analysis shows that all of the five independent variables were positively and strongly correlated with the dependent variable i.e. confidence level ($P < 0.01$). The highest correlation is shown by E-banking service ($r = 0.653$), followed by customer relation management ($r = 0.639$), and gifts ($r = 0.487$), customer centricity ($r = 0.467$) and trustworthiness ($r = 0.458$) are positively but moderately correlated with overall customer satisfaction.

4.4.2 Assumptions testing in multiple regression

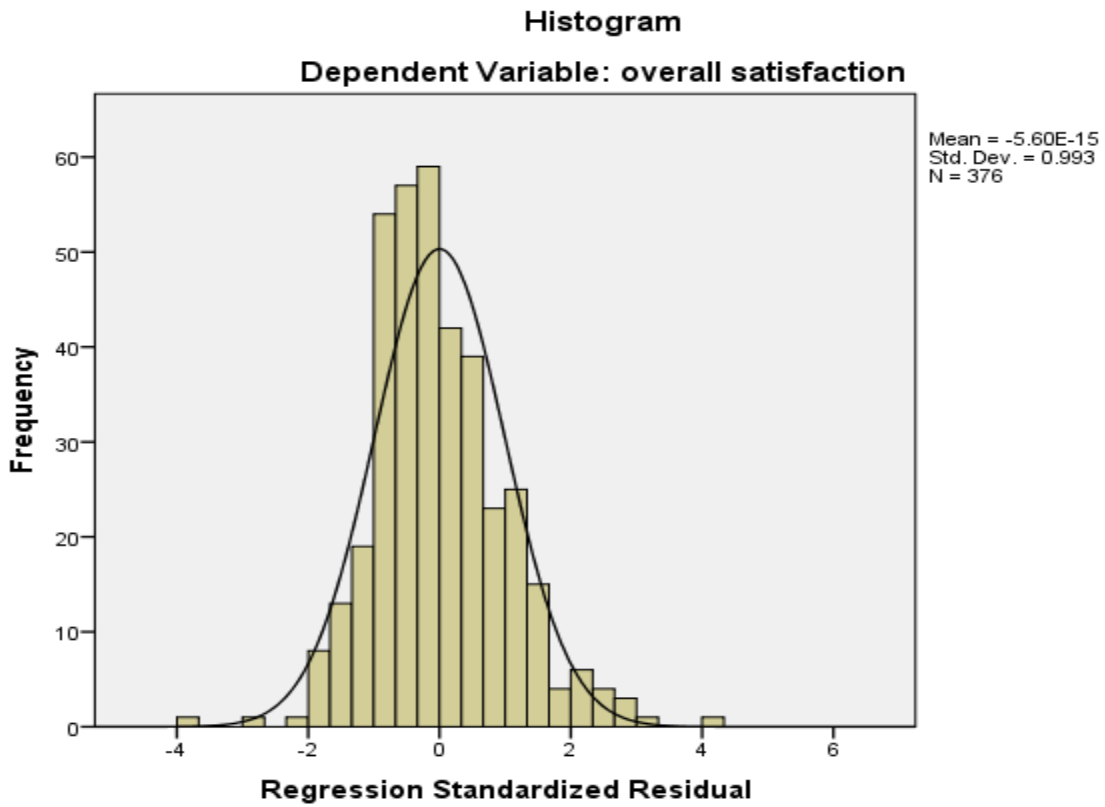
The basic assumptions must be satisfied in order to maintain data validity and reliability of the regressed result of the research under the multiple regression models. So this study has conducted the assumption test such as mult-collinearity, linearity and normality.

Multi-Collinearity: is checked by using correlations between the variables in the model, independent variables show at least some relationship with dependent variables (above 0.3 is preferable).

Normality and linear residual assumption: one of the ways that these assumptions can be checked is by inspecting the normal probability plots of the regression standardized residual graphically using Skewness and Kurtosis numerically. if the residuals are normally distributed, the histogram should be bell-shaped

and thus the study implement graphical methods to test the normality of data. In the normal probability plot the points will lie in reasonably straight diagonal line from bottom left to top right.

Figure 4.1 frequency distribution of standardized residual.



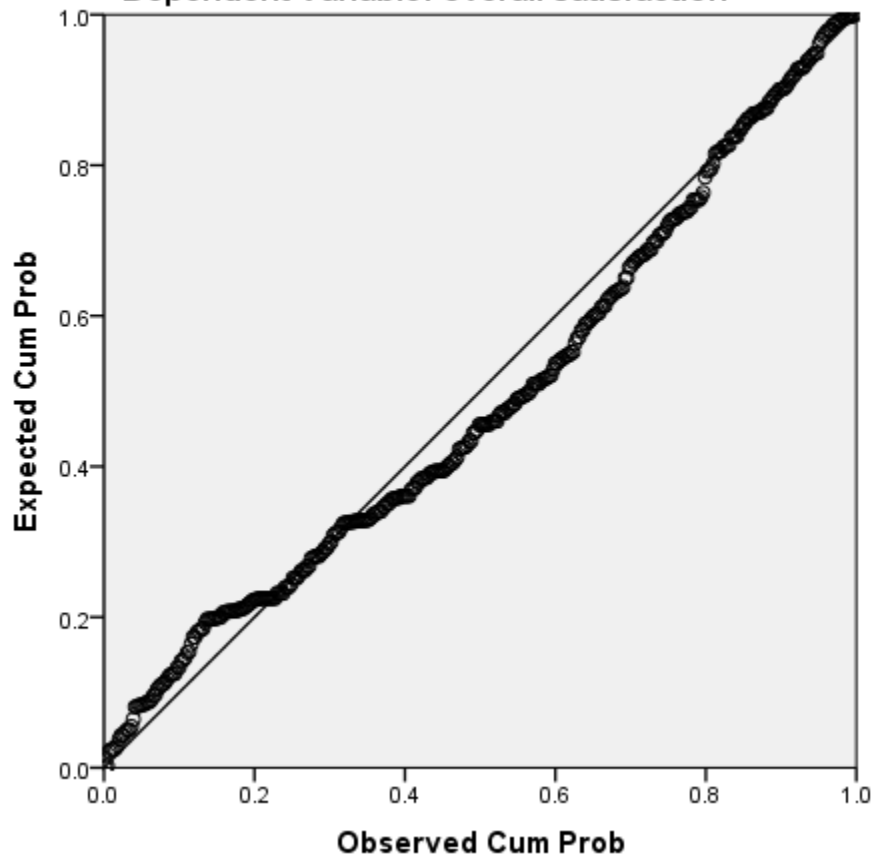
Source : survey result SPSS (2020)

Regressions analysis require that the independent variables in the analysis should be normally distributed. According to Brooks (2008), as cited by Abate (2012) if the residuals are normally distributed, the histogram should be bell- shaped and thus this study implemented graphical methods to test the normality of data. As we can see from the above Histogram figure it can be noted that the distribution is a normal curve(bell- shaped). Residuals were normally distributed around its mean of zero which indicates that the data were normally distributed and it was consistent with a normal distribution assumption. As the figures realized the normality assumption of the data, this indicates that the inferences made about the population parameters from the sample statistics tend to be valid.

Figure 4.2 Normal point plot of standardized residuals

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: overall satisfaction



Source : survey result SPSS (2020)

In the normal probability plot the points should lie in a straight diagonal line from the bottom left to the top right. As the figure-shows that the points are symmetrically distributed around a diagonal line and the linearity pattern was observed. Since, the straight line relationship between the residuals and the predicted dependent variables scores depicted that linearity was achieved.

Table 4.5.2 skewness and kurtosis

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
customer relation management	376	-.118	.126	.201	.251
Trustworthiness	376	.313	.126	-.674	.251
customer centricity	376	-.182	.126	.218	.251
Gift	376	.297	.126	-.377	.251
E-banking	376	-.028	.126	.188	.251
overall satisfaction	376	-.212	.126	.652	.251
Valid N (listwise)	376				

Source :own survey result SPSS (2020)

According to Garson (2012), as a rule of thumb, for normality skew and kurtosis should be within the (+2 to -2)or(+1 to -1 range), when the data are considered as normally distributed. Based on this principle as the above table shows that the skew value is found in the ranges between +.313 and -.212 ; which is almost close to zero. And the kurtosis value is found in the range of +.652 and -.674 which shows the normal distribution of the data.

4.5 Collinearity test

Table 4.5.6 collinearity test

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	4.628	.693		6.683	.000	3.266	5.990		
Customer relation management	.312	.066	.289	4.726	.000	.182	.442	.369	2.707
Trustworthiness	.071	.056	.064	1.274	.204	-.039	.182	.539	1.856
Customer centricity	.121	.062	.101	1.962	.050	.000	.242	.524	1.909
Gifts	-.093	.060	-.096	-1.546	.123	-.212	.025	.358	2.796
E-banking	.442	.068	.421	6.546	.000	.309	.575	.334	2.996

Source : own survey result SPSS (2020)

a. Dependent Variable: Overall satisfaction

The collinearity diagnostics of the variables as part of the regression procedure is conducted by using tolerance and variance inflation factor(VIF). If the tolerance value is less than 0.1 it shows the multiple correlation with other independent variable is high (Pallant, 2010). VIF values which is greater than 10 indicates multi Collinearity problem. From the above table we can see that the tolerance values of the independent variables were above 0.1 and the VIF values of the independent variables were below 10. From this we can understand that the model was free from multicollinearity problem.

4.6 Regression

The main objectives of regression analysis is evaluate and describe the relationship between the dependent variable and the independent variables or performed to insure the ability of each type score to predict Dashen bank’s customer satisfaction. Multi regression analysis is applied for these five component using customer satisfaction as the dependent variable.

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	E-banking, Customer centrality, Trustworthiness, Customer relation management, Gifts ^b		Enter

a. Dependent Variable: Overall satisfaction

b. All requested variables entered.

Table Model summary

Table 4.4.3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.699 ^a	.489	.482	2.507	.489	70.886	5	370	.000

Predictors: (Constant), E-banking, Customer centrlicity, Trustworthiness, Customer relation management, Gifts
 Source : own survey result SPSS (2020)

The model summarized R^2 value of 0.489 and shows that 48.9 % of the total variance occurred in overall satisfaction was explained by the above discussed dimensions, by customer relation management , trustworthiness, customer centrlicity, gift and E-banking.

On the other hand the adjusted R^2 of 0.482 indicates that customer relation management, trustworthiness, customer centrlicity, gift and E-banking service fit to the model by approximately 48 %.

Table 4.4.4 ANOVAa

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2227.860	5	445.572	70.886	.000 ^b
	Residual	2325.733	370	6.286		
	Total	4553.593	375			

a. Dependent Variable: Overall satisfaction and Predictors: (Constant), E-banking, Customer centrlicity, Trustworthiness, Customer relation management, Gifts

Source : survey result SPSS (2020)

As it is indicated in the above table there is a statistically significant difference among respondents with different categories of retention strategies when it comes to customer satisfaction because the significance level is 0.000 ($p = .000$), which is below 0.05

Table 4.4.5 regression coefficient analysis model

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	4.628	.693		6.683	.000	3.266	5.990

Customer relation management	.312	.066	.289	4.726	.000	.182	.442
Trustworthiness	.071	.056	.064	1.274	.204	-.039	.182
Customer centrality	.121	.062	.101	1.962	.050	.000	.242
Gifts	-.093	.060	-.096	-1.546	.123	-.212	.025
E-banking	.442	.068	.421	6.546	.000	.309	.575

a. Dependent Variable: Overall satisfaction , Source : survey result SPSS (2020)

‘B’ value indicates the coefficient of each independent variable contributes to the dependent Variable, it is also the indicator of (β = slope), and the intercept that crosses X value at 0. It confirms us to what extent of each predictor effects the outcome, if the effects of all other predictors are considered as constant. The result of regression analysis based on mentioned independent variables (customer relation management , trustworthiness , customer centrality, gifts and e-banking service) in contributing to the variance of the overall customer satisfaction (dependent variable) were described by the standardized Beta coefficient. The *t*-values indicated that customer relation management e-banking and customer centrality are strong predictors of customer satisfaction. E-banking service has the highest standardized coefficient with β =0.442, $p < 0.05$ with positive significant effect on customer satisfaction.

H1: customer centrality has positive and significant effect on customer satisfaction.

As the regression analysis shows that customer centrality has standardized coefficient β =0.121, $P < 0.05$ with positive and significant effects. The study made by Tseday M. (2014) in commercial bank of Ethiopia in Dessie region which set out to explore strategies for customer retention showed that customer centric and customization marketing activities are the most important determinant factors that influence customer satisfaction. The research made by Negash Alemu (2006) in Addis Ababa university on the effect of service quality on customer satisfaction in case of Wegagen bank found that customer centrality practice is the most critical factor that affects customer satisfaction. And these research result support the literature review.

H2 : customer relation management has positive and significant effects on customer satisfaction.

The regression analysis shows that customer relation management has standardized coefficient β =0.312, $P < 0.05$ and has positive significant effects on customer satisfaction. As mentioned in the literature review Christiana and Amy (2011) have conducted a study on the effects of customer retention strategies on customer satisfaction in the banking industry in Ghana and his result indicated that customer relation

management was the main factor that affects customer satisfaction. As Lin and Wang (2001c) identified the relationship between satisfaction and customer relation management in London in selected commercial banks and concluded that when organizations develop customer relation management in their service, they improve customer satisfaction.

H3: E-banking service has positive and significant effects on customer satisfaction

From the regression analysis it indicates that e-banking service has the highest standardized coefficient with $\beta = 0.442$, $p < 0.05$ with positive significant effect on customer satisfaction. Dewlen & Falkin (2016) have conducted a study on Customer retention strategy and Customer satisfaction in selected private banks in Kenya and the result indicated that e-banking services was the key variable for customer satisfaction. This study also realize similar results.

H4: Trustworthiness has positive and significant effects on customer satisfaction in Dashen bank. 0.071 unit increase in trustworthy a unit increase in satisfaction. As the study by (Kim and Benbasat, 2006) showed that trustworthiness is a key to acquiring and retaining loyal customers and insures you earn the customer trust need for your business. And this study shows a little similar results.

H5: gift has a positive and significant effects on customer satisfaction in Dashen bank.

But as the regression analysis showed that gifts are not the predictor of customer satisfaction.

From the literature review the study made by Smith (1996) customer retention and profitability can be increased by sending simple customer and client gifts to motivate and refresh customers. But this results contradicts from the previous study. In this study it shows that gift provided by the bank has negative beta value which has inversely relationship. This results indicates that the perception of customers towards gifts which are providing by the bank is very low compared to other variables. This is may be due to inappropriate of the gifts such valueless, culturally violated or incorrect time consideration of the gift or insufficient availability of the gift.

According to the regression model,

$$eCS = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$

$$eCS = 4.62 + 0.312 X_1 + 0.071 X_2 + 0.121 X_3 + 0.442 X_5 + \epsilon$$

Where, eCS is customer satisfaction derived from retention strategies in Dashen bank. α = Constant β = Coefficient of estimate X_1 = customer relation management X_2 = trustworthiness X_3 = customer centricity X_4 = gift X_5 = e-banking service and ϵ = The error term

And from the above table the regression model shows that by keeping other variables constant 0.312 unit increase in customer relation will bring a unit increase in customer satisfaction. 0.442 unit increase in e-banking service a unit increase on customer satisfaction. 0.121 unit increase in customer centricity will a unit increase in satisfaction and 0.071 unit increase in trustworthy a unit increase in satisfaction but gift provided by the bank has negative beta value which has inversely relationship.

4.7 Discussion of finding

The primary objective of this study was to analyze the effects of retention strategies of Dashenbank on customer satisfaction. In this chapter, the data collected from respondents were analyzed and interpreted using quantitative analysis method which involves analysis of the demographic information of respondents and the descriptive and inferential statistics employed to test the hypothesis and to investigate the influence of independent variables on the dependent variable

Customer relation management : The study was conducted based on five hypothesis in relation with five factors and the result shows that customer relation management has positive and significant effect on customer satisfaction with mean score of 3.33 and a coefficient estimate of 0.312 which means that keeping other independent variables constant 1 unit increase in customer relation management result of increasing of customer satisfaction by 0.312 unit. The descriptive statistics shows that employees of the bank are not giving a good attention to customers with mean value of 2.9. This dimension has strong correlation with the dimension of dependent variable.

Trustworthiness : The result of this study reveals that trustworthiness of the bank has positive and significant effect on customer satisfaction with mean score of 3.10 and a coefficient estimate of 0.071 which means that keeping other independent variables constant 1 unit increase in trustworthiness result of increasing of customer satisfaction by 0.071 unit. This dimension has strong correlation with the dimension of dependent variable. From the descriptive statistics you can understand that the bank is poor in keeping promise with mean value of 2.66.

Customer centricity :Customer centricity has positive and significant effect on customer satisfaction with mean score of 3.39 and a coefficient estimate of 0.121which means that keeping other independent variables constant 1 unit increase in customer centricity result of increasing of customer satisfaction by 0.121unit. This dimension has strong correlation with the dimension of dependent variable. The descriptive statistics shows that the bank is weak to identifying the need of customers with lowest mean value of 2.79 and employees of Dashen bank knows their customers with mean value of 3.51 followed by 3.45 mean score for the bank creates awareness to you about its offers.

Gifts:The analysis of the study in relation with five factors shows that gift provided by the bank has negative effect on customer satisfaction with mean score of 3.14 and a coefficient estimate of -0.093 which means that keeping other independent variables constant 1 unit increase in gifts result of decreasing of customer satisfaction by 0.093 unit.

The analysis of the study in relation with five factors shows that gift provided by the bank has negative effect on customer satisfaction with mean score of 3.14 and a coefficient estimate of -0.093which means that keeping other independent variables constant 1 unit increase in gifts result of decreasing of customer satisfaction by 0.093unit. This dimension has moderate correlation with the dimension of dependent variable. From the this result we can understand that the gifts which are providing by the bank is not considering the interest of the customers or customers are not considering gifts as an important factors for their satisfaction.

E-banking service : E-banking has positive and significant effect on customer satisfaction with mean score of 3.31 and a coefficient estimate of 0.442 which means that keeping other independent variables constant 1 unit increase in e-banking result of increasing of customer satisfaction by 0.442unit. This dimension has strong correlation with the dimension of dependent variable.

4.8 Hypothesis testing

Table 4.9 Hypothesis testing and interpretation of results

Hypothesis	Result	A n a l y s i s techniques
H1- E-banking services has positive effect on customer satisfaction.	Accepted	$\beta = 0 . 4 4 2$, $p < 0.01$

H2- There is a significant effect of CRM on customer satisfaction .	Accepted	$\beta = 0 . 3 1 2 ,$ $p < 0.01$
H3- Trustworthy relation has positive effects on customer satisfaction .	Accepted	$\beta = 0 . 0 7 1 ,$ $p < 0.01$
H4- The gifts provided by the bank has positive effect on customer satisfaction.	Rejected	$\beta = -0.093$ $p > 0.01$
H5- Customer centricity practice of Dashen bank affect customer satisfaction	accepted	$\beta = 0.121$ $p < 0.01$

Source : own survey result

- Regression model shows that by keeping other variables constant 0.312 unit increase in customer relation will bring a unit increase in customer satisfaction. This means customer relation management has significant and positive effect on customer satisfaction ($p < 0.01$) So, the above proposed hypothesis is well accepted.
- E-banking service has significant and positive effect on customer satisfaction ($p < 0.01$) 0.442 unit increase in e-banking service a unit increase on customer satisfaction and thus, the above proposed hypothesis is well accepted.
- According to the result of regression analysis customer centricity has significant effect on customer satisfaction ($p < 0.01$) which means 0.121 unit increase in customer centricity will a unit increase in satisfaction . So the above hypothesis is well accepted.
- The regression analysis shows that 0.071 unit increase in trustworthy a unit increase in satisfaction and trustworthiness has a positive and significant effects on customer satisfaction in Dashen bank. Thus the above hypothesis is well accepted.
- Gift provided by the bank has negative beta value ($\beta = -0.093$) which has inversely relationship with customer satisfaction. So the above hypothesis is well rejected.

CHAPTER FIVE : CONCLUSION AND RECOMENDATION

5.1 Conclusion

This study was focused on the effect of retention strategies on customer satisfaction in Dashen bank by considering five dimensions of retention strategies as independent variables. Based on the analysis and major finding of the result retention strategy is not optional to satisfy customers in this highly competitive banking industry.

From the descriptive statistics the overall satisfaction level of customer is 3.21. Even though there is no specific agreement for level of satisfaction, in this study the mean value of overall satisfaction (3.21) from the likert scale 1-5 is not attractive satisfaction level in this highly competitive banking industry to retain and attract customers. So Dashen bank do not successfully satisfy customers according to the result of this study. From the five dimensions of retention strategy the gift provided by the bank and trustworthiness of the bank dissatisfy customers with mean value of 3.09 and 3.14 respectively whereas customer centricity ,customer relation management and E-banking service of the bank have better satisfaction level with mean value of 3.39,3.38 ,and 3.31 respectively.

The inferential statistics analysis reveals that there is a strong correlation between independent and dependent variables and the data fulfill the assumption of normal distribution. The regression analysis shows that the gifts provided by the bank has negative and insignificant effect on customer satisfaction with Coefficient $\beta = -0.093$. Customer relation management, E-banking service, customer centricity practice of

the bank have positive and significant effects on customer satisfaction with Coefficient $\beta = 0.312, 0.442, 0.121$ and 0.093 respectively.

5.2 Recommendation

Based on the finding and conclusion of the study the following recommendations are forwarded to the management of Dashen bank to possibly improve retention strategies in a ways that increase customer satisfaction.

The study showed that e-banking service, customer relation management, customer centricity and trustworthiness are the major factors for customer satisfaction from the five dimensions of retention strategies.

As customer relation management, E-banking service and customer centricity have highly significant effect on the level of customer satisfaction, the bank should focus on these dimensions to increase and bring higher level of satisfaction among customers.

Most of the respondents in the selected three branches agree on that employees of the bank do not have knowledge and skill how to use mobile banking and the application of amole mobile banking is not easy to use. So the bank should give training or create awareness to employees regards to amole banking service. From the descriptive statistics table trustworthiness, the mean score of the bank providing service as it promised is below neutral level. So the bank should focus on keeping promise to enhance customer satisfaction. From this finding we can understand that customers are not considering gifts as an important factor of satisfaction. The gift which are providing by the bank should consider the interest of customers or the bank should make assessment based on this issue.

5.3 Direction for future research

The study was conducted in selected three branches of Dashen bank in Addis Ababa and the composition of the sample may not be analogous to the whole branches of Dashen bank. Therefore additional studies in different region of the country are needed to investigate different hypothesis. In addition to this it is better for the future research to be partly qualitative and quantitative research that helps respondents to mention some special feelings and to find out unforeseen retention strategies. Finally this study investigates the dimensions of retention strategies that have major effects on customers satisfaction in Dashen bank and variables which are included in the study were not exhaustive and future researches should be carried out to determine the effect of other variables which are not identified in the present study but affect customer

satisfaction regarding customer retention strategies. In addition to these it is better for future research to include open ended questions for respondents to identify the relationship between gift and customer satisfaction.

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APPENDEX

Addis Ababa university school of commerce marketing management master program

Questionnaire to be filled by Dashen bank customers

Dear Respondents,

I am AyeleAweke a graduate student at Addis Ababa university school ofcommerce. I am conducting a research on “the perception of customers towards the retention strategies of Dashenbank”in partial fulfillment of the requirement for Master of Arts in Marketingmanagement.

I kindly request you to spend some minutes of your time in filling the questionnaire.

The researcher assures you that any information you provide will used only for thepurpose of academic research and kept confidential. Your genuine response is highlyappreciated for the outcome of the project.

Thank you for your kind cooperation in filling the questionnaire.

Part-1: General information

Direction: Please put a tick mark (√) on the appropriate box1

1. Gender, Male Female

2. Age, 18-29 30-40 41-50 above 51

3. Educational level , High school Diploma Degree

Masters and above

4. Type of account that you have, Saving Current both

5. Year of experience as a customer 1-5 6-10 11-15 16-20 >20

Part II

The following statements are related to your feelings about customer retention strategies of Dashen bank. Please show the extent to which you believe the bank has the feature described by the statement. Indicating Ticking (√) to '1' means strongly disagree, '2' disagree, '3' neutral, '4' Agree and '5' strongly agree. There are no rights or wrong answers; the researcher interested in is a number that best shows your perception about the bank's strategies.

1. Customer relation management of Dashen bank

Questionnaire items	Strongly agree	agree	neutral	disagree	Strongly disagree
There is helpful customer interaction with the staff					
Employees of the bank give you good attention before, during and after using of the services					
Do you think that employees of the staff identify you and have your profile					
The bank gives response to your question on time					

2. Trustworthiness of the bank employees

Questionnaire items	Strongly agree	agree	neutral	disagree	Strongly disagree
The bank provides its service as it promised					
You feel good trust on the employees of the bank					
There is a clear transparency in the bank employees for the customers					
The bank take responsibility for any service failure					

3.Customer centricity

Questionnaire items	Strongly agree	agree	neutral	disagree	Strongly disagree
The bank is accessible to you everywhere					
The bank tries to identify your needs and gives services accordingly					
The dashen bank staff know you who you are					
The bank creates awareness to you about its offers					

3. Gifts provided by the bank

Questionnaire items	Strongly agree	agree	neutral	Disagree	Strongly disagree
The gifts provided by the bank helps you to improve the brand awareness of Dashen bank					
The gifts are valuable to you economically and culturally					
The gifts are unique that make you happy by being a customer of Dashen bank					
There is a fair distribution of gifts in this bank					

4. E-banking services

Questionnaire items	Strongly agree	agree	neutral	Disagree	Strongly disagree

The application of amole banking is easy to use					
The ATM machines are in service 24 hours					
Employees of the bank have knowledge and skill to help you how to use amole banking.					
Visa card of this bank provided to you immediately.					

5. Overall customer satisfaction

Questionnaire items	Strongly agree	agree	neutral	Disagree	Strongly disagree
I perceived that the e-banking service of the bank is satisfying my need					
This bank is trustworthy					
I perceived that the customer relation management of the bank makes me to be loyal customer					
The customer centricity practice of the bank makes me to be interested by the bank					
I have positive perception towards the gift provided by the bank					