

Addis Ababa University

School of Commerce

Department of Marketing Management



**THE EFFECT OF RELATIONSHIP MARKETING ON CUSTOMERS'
LOYALTY IN COMMERCIAL BANK OF ETHIOPIA**

(The Case of Burayu Branches)

By: Asrat Asefa

**A Thesis Submitted in Fulfillment of the Requirements for the
Award of the Masters Degree of Marketing Management**

Advisor: Hailemariam Kebede (PHD)

May, 2019

Addis Ababa, Ethiopia

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ID No. GSE/0411/09

Advisor name: Hailemariam Kebede (PhD)

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By: Asrat Asefa

Board of Examiners Approval

External Examiner	Signature	Date
Internal Examiner	Signature	Date
Adviser	Signature	Date

Statement of Certification

This is to certify that Asrat Asefa has carried out his research work on the topic entitled “The effect of Customer Relationship Marketing on Customer Loyalty in Commercial Bank of Ethiopia” (The Case of Burayu branches). The work is original in nature and is suitable for submission for the award of Masters of Degree in Marketing Management.

Advisor: Hailemariam Kebede (PhD)

Date: _____

Statement of declaration

I hereby declare that, the effect of customer relationship marketing on customers' loyalty in commercial bank of E thiopia (CBE) in Burayu branches is wholly the work of Asrat Asefa. I have carried out the present study independently with the guidance and support of the research Advisor Hailemariam Kebede (PHD). Any sources used for the study have been referenced in the prescribed manner. The study has not been submitted for award of any Degree or Diploma program in this or any other institution.

Asrat Asefa

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Acronyms

CBE- Commercial Bank of Ethiopia

ANOVA: Analysis of Variance

CRM: Customer Relationship Marketing

SPSS: Statistical Package for Social Sciences

4P'S: Price, Place, Promotion and Product

Abstract

Banking is one of the service sectors where competition is stiff to attract new or retain the existing customers among commercial banks. Customer relationship marketing is one of the strategies whereby banks are using to be competitive in financial sector. Customer relationship marketing helps banks to retain customers as the practice of CRM pays attention to the need of individual customers and eventually contributes a lot to customer loyalty. The objective of this study was to examine the effect of customer relationship marketing on customer loyalty in CBE in the case of Burayu branches. The researcher used the behavioral components of CRM i.e. Trust, customer perceived value, Commitment, conflict handling and empathy as independent variables to examine its effect on loyalty. The researcher used descriptive and explanatory research design to meet the research objectives. The researcher used convenient sampling method to get representative sample from the populations. The researcher collected data from two branches of CBE through structured questionnaire to assess customers' level of agreement regarding Customer relationship marketing practice in their respective banks. A total of 384 questionnaires were distributed to collect data and out of the total 320 questionnaires were returned. The collected data was analyzed using statistical package for social science (SPSS) version 20. The descriptive statistics (mean, standard deviation) and inferential statistics (correlation and regression) were used to describe demographic facts, to test hypothesis and to answer research questions. The statistical result showed that Customer relationship marketing which is represented by five behavioral components has a positive and significant influence on customer loyalty. The researcher suggested that CBE has to pay attention to Customer perceived value dimension as it has highest influence on customer loyalty.

Keywords: Customer Relationship Marketing, Trust, Perceived value, Commitment, Conflict handling and empathy.

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Today's banking industry is changing rapidly. With the development of international economy and competitive markets, banks are also affected (Gilaninia & et al, 2011). Among banks at the global level, relationship marketing is taken into consideration as the ideal way to create and maintain long-term relationships with customers; because deliverable services in commercial banks is relatively same and for most banks, to differentiate services towards competition is difficult. So many of the worlds' banks are oriented the use of relationship marketing approach and implementation of its foundations. Development of industrial marketing and service marketing led to a new approach that emphasized long term and close relations with customers. Therefore, transaction-based marketing that focus only on the selling of the product shifted to interactive marketing that focus on the establishment of sustainable and long term relations with customers (Abbasi and Torkemani, 2010, p.25). Berry (1983) viewed relationship marketing as a strategy to attract, maintain and enhance customer relationships (Berry, 1983). Gummesson (1993) defined the term as a strategy in which the management of interactions, relationships and networks is a fundamental issue.

Customer loyalty in banking has been a major concern to practitioners due to severe competition and higher customer expectations. Customer loyalty is considered a vital link and aspiration to organizational success, profit and business performance (Oliver, 1997; Reichheld, 1993; Sheth and Parvatiyar, 1995). The consumers that show the greatest levels of loyalty toward the product, or service activity, tend to repurchase more often, and spend more money. Thus, loyal customers do not only increase the value of the business, but also enable business to maintain costs lower than those associated with attracting new customers (Barroso and Martin, 1999). Moreover, loyalty rather than satisfaction is becoming the number one strategic goal in today's competitive business environment (Oliver, 1999). One of the ways to enhance customer loyalty in banking is by focusing on offering excellent services and meeting the needs of customer.

Banks need to have a good understanding of their customer behavior so that appropriate marketing strategies directed towards relationship building and customer retention can be developed. As a result, a great deal of research attention has focused on the identification of effective methods of actively enhancing loyalty, including loyalty programs such as point reward schemes. Loyalty programs “create a reluctance to defect” by rewarding the customer for repurchasing from the organization (Duffy, 1998). Hitherto, in recent years, customer loyalty in banking has received increasing attention from academic researchers worldwide (Ball, Coelho & Machas, 2004; Beerli, Martin and Quintana, 2004).

Worthington & Horne (1998) conducted research on a new relationship marketing model and its application and concluded that relationship marketing is being put forward as a new paradigm for marketing and is particularly relevant for the marketing of financial services, with their potential for long term and wide relationships between financial institution and customer. Ferguson & Hlavinka (2007) concluded that, banks are customizing their relationship-building strategies to create value propositions as unique as the institutions and customers they serve. They also indicated that when banks use loyalty programs to bring about trust and build confidence in the brand, the customer relationship will develop organically, and so will profits. It is argued that building enduring customer relationships is the secret to furthering growth and should be an unquestioned axiom by bankers.

Relationship marketing gives a company new opportunities to gain a competitive edge by moving customers up a loyalty hierarchy from new customers to regular purchasers, then to loyal supporters of the firms goods and services, and finally to advocates who not only buy its products but recommend them to others (Smith, 2003). By converting indifferent customers into loyal ones, companies generate repeat sales. The cost of maintaining existing customers is far below the cost of finding new ones, and these loyal customers are profitable ones. Studies of the effect of relationship marketing on customer loyalty outcomes lean to approach the way customers encounter a problem with regard to the services provided by the banks. A small group of studies treat that customer loyalty is a function of trust, commitment and conflict handling. The evidence is almost uniformly consistent in indicating that customers are loyal when the banks relationship marketing is good. A relative handful study of Ndubisi (2006) have specifically examined that relationship marketing such as trust, commitment and conflict

handling have a direct effect on customer loyalty. Hence, this study was conducted as the effect of relationship marketing on customers' loyalty in CBE, the case of Burayu Branches.

1.1.1. Company Profile of Commercial Bank of Ethiopia

The history of the Commercial Bank of Ethiopia (CBE) dates back to the establishment of the State Bank of Ethiopia in 1942. CBE was legally established as a share company in 1963 and later on in 1974, CBE merged with the privately owned Addis Ababa Bank. Since then, it has been playing significant roles in the development of the country. CBE are Pioneer to introduce modern banking to the country and it has more than 1,340 branches stretched across the country. CBE is the leading African bank with assets of 646.69 billion Birr as on March 31st 2019 and Plays a catalytic role in the economic progress & development of the country. CBE is the first bank in Ethiopia to introduce ATM service for local users. Currently CBE has more than 20 million account holders and the number of Mobile and Internet Banking users also reached more than 1,736,768 as June of 30th 2018. Active ATM card holders reached more than 5.2 million (74% active users). CBE is a bank with 33,000 talented and committed employees. Vision of CBE to become a world-class commercial bank by the year 2025

1.2. Statement of the problem

It is difficult for banks to keep loyal customers who will contribute to the long term profit of the organization as a competition in the banking industry. Thus, to compete and survive in such interactive marketplace, banks are forced to look beyond the traditional 4p's of the marketing strategy. Sustainable and continuous survival of an organization mainly depends on its business relation with its customers (Keller and Kotler, 2012).

Banking industry is increasing rapidly in Ethiopia. Almost half of the total banks in Ethiopia established in the recent years that is after 1990's. These enormous increases in banks create an opportunity for the customers to choose the bank they want. Thus it is imperative to apply the modern paradigm shift in marketing called relationship marketing. In the complex business environment that exist today only those organizations that are capable of retaining and providing total customer satisfaction can survive (Kotler, 2010). Banks as their very survival depends on the ability to attract and retain valuable customers. But in Ethiopia, customer relationship marketing practice is at its infant stage.

Asmamaw (2016) had conducted on this topic area by focusing on different relationship underpinnings on private commercial bank and addressed the effect of trust, bonding, reciprocity, empathy and responsiveness on customer retention and concluded that there is significant relation between the four relationship underpinnings and customer retention.

Cherinet (2015) had also conducted on this area and concluded that there is a significant and strong correlation between relationship marketing and customer loyalty and there is significant effect of trust, commitment, communication, and gratitude on predicting customers' loyalty.

Wondimu (2017) also assessed the effect of trust, commitment, conflict handling and empathy on customers loyalty and concluded that there is a significant effect of these variables on customer loyalty. However, this study was conducted to examine other additional component (Trust, commitment, conflict handling, empathy and perceived value) of relationship marketing underpinning on customer loyalty which had not been addressed in previous studies conducted in Ethiopia particularly in the selected area i.e Burayu branches by considering Commercial bank of Ethiopia (CBE).

1.3. Research question

The research is designed to answer the following main and sub research questions:

- Does customer relationship marketing influence customer loyalty of CBE?
- To what extent trust influences customers' loyalty of CBE?
- To what extent commitment influences customers' loyalty of CBE?
- Does conflict handling influence customers' loyalty of CBE?
- In what way empathy influences customers' loyalty of CBE?
- To what extent does perceived value influences customers' loyalty of CBE?

1.4. Objectives of the study

1.4.1. General objectives:

- ❖ The general objective of the study is to examine the effect of customer relationship marketing on customers' loyalty in commercial bank of Ethiopia.

1.4.2. Specific objectives

The specific objectives of the study are:

- To analyze the relationship between trust and customer loyalty at CBE.
- To analyze relationship between commitment and customer loyalty at CBE.
- To determine relationship between conflict handling and customer loyalty at CBE.
- To analyze the relationship between empathy and customer loyalty at CBE.
- To analyze the relationship between perceived value and customer loyalty at CBE.

1.5. Hypotheses

H1: There is relationship between trust and customer loyalty at CBE.

H2: There is significant relationship between perceived and customer loyalty at CBE.

H3: There is significant relationship between commitment and customer loyalty at CBE.

H4: There is significant relationship between conflict handling and customer loyalty at CBE.

H5: There is significant relationship between empathy and customer loyalty at CBE.

1.6. Significance of the study

One of the significance of the study was to provide current information on relationship marketing and its effect on customer loyalty in context of commercial bank of Ethiopia. The study would also provide basic data about relationship marketing and customer loyalty in commercial bank of Ethiopia and how to implement strategies that will meet their customers' needs and ultimately win their loyalty. Besides, the findings of the study will be used for other similar studies in the future. So, it is expected that this research can contribute a lot to the efforts made by commercial bank of Ethiopia for the improvement of customer loyalty through provision of appropriate service to the respected customers. The study will also benefit both academicians and other practitioners as a documented study in this area.

1.7. Scope of the study

1.7.1. Theoretical scope

Customer relationship marketing is one of the best contemporary marketing strategies for all companies to satisfy their customer needs and wants and attracting, developing, and retaining customers. The study will focus on the effect that customer relationship marketing has on customers' loyalty by focusing only on the five ways of relationship marketing underpinnings (trust, perceived value, commitment, conflict handling, and empathy) in CBE, the case of Burayu

Branches. Because of limited financial resources and time, other elements of underpinnings of relationship marketing are beyond this study.

1.7.2. Geographical scope

The study would be important in obtaining a lot of information if it covers all banks in Ethiopia. However, it is impractical and unmanageable to include all the banks because of resource limitation. Therefore, the study was confined to the effect of relationship marketing on customer loyalty in CBE, the case of Burayu branches.

1.8. Limitation of the study

The time to collect and analyze data was the limiting factor for the study. The researcher used convenience sampling technique in which a substantial degree of bias may be introduced in to the sample estimates and thus this was also the other limitation of the study.

1.9. Definition of terms (key concepts)

Relationship marketing: According to Gronroos (1994) the aim of relationship marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. The author also suggested that the goal of relationship marketing is to create and maintain lasting relationships between the firm and its customers that are rewarding for both sides. This implies that the key objective of relationship marketing is to foster customer loyalty.

Trust: Morgan and Hunt (1994) conceptualize trust as existing when one party has confidence in an exchange partner's reliability and integrity.

Perceived value: Luarn and Lin (2003) define perceived value from economic perspective which is the customers' perceived service utility relative to its monetary and non monetary costs.

Commitment: Morgan and Hunt (1994) defined commitment as an enduring desire to maintain a valued relationship. Conflict handling: Dwyer (1987) defined conflict handling as the ability of each supplier's to minimize the negative consequences of manifest and potential conflicts.

Conflict handling: reflects the supplier to avoid any potential conflict, solve that particular conflict before they create problems and the ability to discuss the solution openly when the problem arises.

Empathy: According to Ndubisi (2004) Empathy is the capacity to share and understand another's state of mind or emotion.

Customer loyalty: Oliver (1997) defined customer loyalty as a deeply held commitment to rebuy a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.

1.10. Organization of the study

This research paper consists of five chapters. The first chapter has an introduction which consists of background of the study, statement of the problem, objective of the research, hypothesis, significance of the study, and scope of the study. The second chapter is literature review which consists of theoretical and empirical studies and conceptual frameworks. The third chapter consists of the research methodologies. In chapter four the analysis & interpretation and findings of the study is discussed. Finally, in chapter five the conclusion and recommendations is presented. At the end of the research paper references and questionnaires which were used for this study is attached

CHAPTER TWO

REVIEW OF RELATED LITRATURE

2.1. Introduction

Today's banking industry is changing rapidly. With the development of international economy and competitive markets, banks are also affected (Gilaninia & et al, 2011). Among banks at the global level, relationship marketing is taken into consideration as the ideal way to create and maintain long-term relationships with customers; because deliverable services in commercial banks is relatively same and for most banks, to differentiate services towards competition is difficult. So many of the worlds' banks are oriented the use of relationship marketing approach and implementation of its foundations. Development of industrial marketing and service marketing led to a new approach that emphasized long term and close relations with customers. Therefore, transaction-based marketing that focus only on the selling of the product shifted to interactive marketing that focus on the establishment of sustainable and long term relations with customers (Abbasi and Torkemani, 2010, p.25). Berry (1983) viewed relationship marketing as a strategy to attract, maintain and enhance customer relationships (Berry, 1983). Gummesson (1993) defined the term as a strategy in which the management of interactions, relationships and networks is a fundamental issue. According to Gronroos (1994), the aim of relationship marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met(Gronroos,1994). Rapp and Collins (1990) suggest, similarly, that its goals are to create and maintain lasting relationships between the firm and its customers that are rewarding for both sides. This is achieved by a mutual symbiosis and fulfillment of promises (Ndubisi 2003). In other words, a key objective is to foster customer loyalty, which Oliver (1999) defined as a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite there are situational influence and marketing efforts having the potential to cause switching behavior(Oliver,1999). In the present study according to model of Hunt et al. (2006) variables of trust, commitment, conflict handling and empathy as fundamental variables of relationship marketing have been studied.

2.2. Relationship marketing

Relationship marketing emerged in the 1980s as an alternative to the prevailing view of marketing as a series of transactions, because it was recognized that many exchanges, particularly in the service industry, were relational by nature within a banking setting (Berry,1983).This author viewed relationship marketing as a strategy to attract, maintain and enhance customer relationships. Gummesson (1994) defined relationship marketing as a strategy in which interactions, relationships and networks are managed. According to Gronroos (1994) the aim of relationship marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. The author also suggested that the goal of relationship marketing is to create and maintain lasting relationships between the firm and its customers that are rewarding for both sides. This implies that the key objective of relationship marketing is to foster customer loyalty. A definition of relationship marketing that encapsulates most of the viewpoints of the various authors is that relationship marketing refers to all the activities necessary to identify, establish, maintain and enhance profitable relationships with internal and external customers and other stakeholders, so that the objectives of all parties involved are met through mutual exchanges and the making, enabling and keeping of promises (Payne, A. et al., 1995)

2.3. Theoretical framework of the research

Introduction of Competition in the banking industry, coupled with the availability of information and technology have made relationship marketing an important area in service marketing. Relationship marketing emerged in the 1980s as an alternative to the prevailing view of marketing as a series of transactions, because it was recognized that many exchanges, particularly in the service industry, were relational by nature within a banking setting (Berry, 1983). The concept of marketing has shifted from transactional marketing to that of relationship marketing. This has made the focus to shift from single sale to that of customer retention. The benefit a customer seeks to gain from a product here is the focus area as against that of actual product features.

Although relationship marketing is a relatively young field of inquiry, relationship marketing theory is an extremely rich area of research (Hunt et al., 2006). They indicated that relationship

marketing can take many forms and, as a result, relationship marketing theory has the potential to increase the understanding of many aspects of business strategy.

In Customer Relationship marketing, customer needs and desire drive behavior and it should be addressed properly in order to lead to high customer satisfaction. Relationship marketing tries to establish an ‘intimacy’ that is individualized like with customers via strong personal appeal and continuing commitment (Lee and Carter, 2005 p.421). This calls for trust and commitment to exist between the banker and the customer in order to ensure loyalty and build relationship. Relationship marketing seeks to promote long term loyalty (Gordon I, 1998).

Based on relationship marketing theory firms engage in relationship marketing because it increases their competitiveness. It is noted that customers do so when relationships contribute to the firm’s ability to efficiently/effectively produce market offerings that have value for some market segment(s). That is, they do so when relationships become resources. Relational resources have the potential to improve a firm’s marketplace position and, in turn, its financial performance. Based on relationship marketing theory there are relational factors such as trust, commitment, conflict handling, and empathy that influence customer loyalty. Relationship marketing theory concerned on relational factors and their influence on relationship marketing outcomes like customer loyalty and relational contracting (Hunt et al., 2006). The researcher will use the framework as it is without modification.

2.4. Customer loyalty

Customer loyalty is the most important goal of implementing relationship marketing activities. Oliver (1997) defined customer loyalty as a deeply held commitment to re-buy a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. It is assumed that customers who are behaviorally loyal to a firm display more favorable attitudes towards the firm, in comparison to competitors. Customer satisfaction and loyalty are highly correlated. Customer satisfaction with a bank relationship is a good basis for loyalty (Leverin and Liljander, 2006). Knowing the buying motivations of customers has been an important part of understanding customer loyalty and brand switching behavior. Oliver (1997) describes four levels of loyalty based on these components:

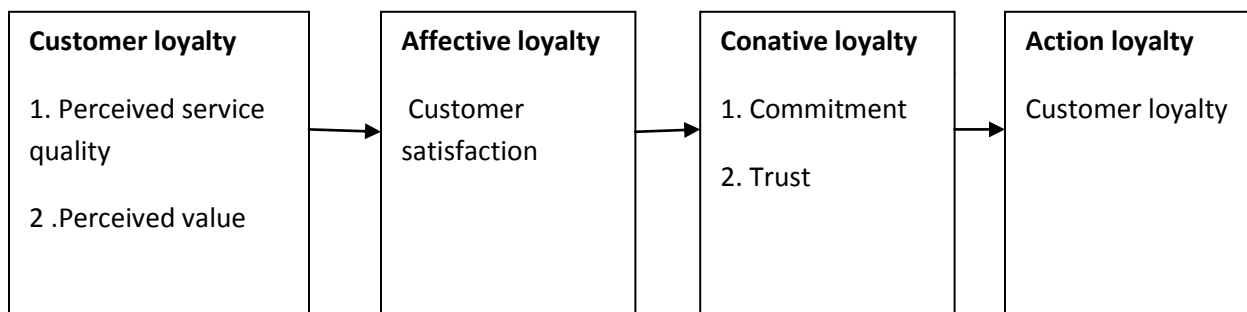
1. Cognitive: One brand is preferable based on superior brand attributes.

2. Affective: Liking towards brand has developed over the course of multiple purchase situations that were satisfying.

3. Conative: Affective stage with the express intention to re-buy.

4. Action: Conative stage plus the active desire to overcome situational influences and marketing efforts that may have the potential to cause switching behavior

Figure 2.1 - Four-Stage Loyalty Model (Oliver, 1997)



2.4.1. Customer loyalty and customer retention

Today companies are target on developing stronger bonds and loyalty with their ultimate customers. In the past, many companies took their customers for granted. Their customers either did not have many alternative suppliers, or the market was growing so fast that the company did not worry about fully satisfying its customers. These companies need to pay closer attention to their customer defection rate and undertake measure to reduce it. Today's companies are going all out to retain their customers. They are struck by the fact that the cost of attracting new customer may be five times the cost of keeping a current customer happy (Kotler & Armstrong, 2010). Good customer relationship management creates customer delight. In turn, delighted customers remain loyal and talk favorably to others about the company and its products. Studies show big differences in the loyalty of customers who are less satisfied, somewhat satisfied, and completely satisfied (Kotler & Armstrong, 2010). Even a slight drop from complete satisfaction can create an enormous drop in loyalty. Thus, the aim of customer relationship marketing is to create not just customer satisfaction, but customer delight and customer loyalty.

2.4.2. Dimension of customer loyalty:

Generally customer loyalty has two dimension- behavioral and attitudinal (Dick and Basu, 1994). Two dimension of customer loyalty are discussed below-

2.4.2.1 Behavioral loyalty:

The Copeland (1923) has done first research on customer loyalty which was behavioral loyalty. Behavioral loyalty refers the more purchase frequency and possibility a particular brand; it is also measure as a brand loyalty (Brody and Cunningham, 1968). Example of behavioral loyalty is repeat purchase of product or services from same brand or seller which leads to more purchase scope (Yi, 1990).

2.4.2.2. Attitudinal Behavior

Customer loyalty consequently turned into attitudinal measurement tools (Jones and Sasser, 1995). Attitudinal loyalty more emphasize on individual feelings which tend to particular product or services (Fournier and Yao, 1997). To put it different way, attitudinal behavior aggregate the customer preference and willingness for particular product to measures the level of loyalty. Oliver (1997) developed framework for loyalty by combining behavioral and attitudinal loyalty

2.5. Empirical literature

Boke (2015) have conducted a study on the effect of relationship marketing on customer loyalty (evidence from Zemen bank). The aim of this study is to investigate the influence of relationship marketing underpinnings on customers' loyalty by giving insights to Trust, Commitment, Communication and Gratitude and their effect on customer loyalty in the banking industry in Ethiopia. The study also investigated the mediating role of top management commitment between relationship marketing and customers' loyalty. The research design was descriptive and explanatory. Primary data for the study were gathered through questionnaire and semi structured interview from Zemen bank in Addis Ababa city. Findings of this study reveal that there is a significant and strong correlation between relationship marketing and customers' loyalty. Moreover, the study reveals that there is significant effect of trust, commitment, communication, and gratitude on predicting customers' loyalty. Of these relationships, gratitude emerged as the strongest factor which influences customers' loyalty while conflict management remained statistically insignificant and negligible influence on customers' loyalty in the cumulative model. Therefore, banks competitiveness and profitability will depend on their ability to build strong relationship bonds with their customers continuously.

Kuria (2010) has investigated a study on relationship marketing practices among commercial banks in Kenya. The purpose of the study was to establish the nature of relationship marketing

practices and to determine the extent to which relationship marketing is practiced among commercial banks in Kenya. This study was a cross-sectional survey undertaken among the commercial banks in Kenya. The population of the study was the 44 commercial banks. A survey of all banks was undertaken. The study found that the banks have applied products oriented Customer Relationship Marketing practices to a great extent. The findings indicate that employee oriented Customer Relationship Marketing strategies are present and enhanced to a great extent. From the findings it emerges that communication oriented CRM strategies have been applied to a moderate extent. The study further found that loyalty oriented CRM activities are not enhanced in the commercial banks in Kenya. The study recommends that the Kenyan commercial banks need to critically reconsider several aspects of the customer relationship marketing strategies especially on the areas of technology adoption and its interaction with CRM.

Omidinia, S. et al. (2014) have conducted a study on the effect of relationship marketing on customers' loyalty in the public and private banks of the Qom province, the case study public and private banks of the Qom province in Iran. The purpose of the study is to assess the relation of the marketing relationship factors and the customer loyalty and factors priority and the difference of these variables in the public and private banks in the province of Qom. Statistical society of the present research consists of 110 customers of a private bank and a public bank in the province of Qom. The medium for data gathering was a questionnaire, and in this research, a statistical society average test and Friedman test have been used to analyze the data, correlation test to study the relation between marketing factors and customers' loyalty, and the Two-sample T-Test to study the differences among the variables in the two types of public and private banks. The study concluded that there is a positive relation between relationship marketing factors and customers' loyalty. Commitment, trust, communication and conflict handling factors hold the first to fourth priorities in relation to the customers' loyalty. And also among the research variables in the two types of public and private banks, no meaningful difference could be observed.

2.7. Relationship marketing dimensions

2.7.1. Trust

Liang and Wang (2006) states in this context that trust is "the perceived level of confidence in transaction partners' reliability and honesty". Trust is "the belief that a partner's word or promise is reliable and a party will fulfill his/her obligations in the relationship" (Schurr and Ozanne,

1985). Trust is an important construct in relational exchange because relationships characterized by trust are so highly valued that parties will desire to commit themselves to such relationships (Hreinian, 1974). To support this notion, trust has been posited as a major determinant of relationship commitment (Morgan and Hunt, 1994). Furthermore, Moorman et al., (1993) found that trust by marketing research users in their research providers significantly affected user commitment to the research relationship. Creating trust in customer mind set importance for companies because from the previous studies Trust along with commitment is an important antecedent of loyalty (Ball et al., 2004). In order to increase the levels of trust, companies must focus on keeping promises to their customers and consistently carry their best interest at heart (Hocutt, 1998).

2.7.2. Perceived value

There is a multifaceted meanings of value which vary according to different functional context – economics (utility and monetary costs), social science (human values) ; industrial settings (processes and costs), and marketing (consumers’ perspective on tradeoffs between benefits and sacrifices or costs) (Zeithmal, 1988, Dodds et al., 1991; Roig et al.,2006). Roig et al (2006) approach perceived value from six multidimensional formative construct (GLOVAL scale) and test the study on bank customers. Luarn and Lin (2003) define perceived value from economic perspective which is the customers’ perceived service utility relative to its monetary and non monetary costs.

Prior studies support the general notion that perceived value contributes to customer commitment (Luarn and Lin, 2003; Dodds et al., 1991). For example, Luarn and Lin (2003) have found a significant relationship between perceived value and loyalty as well as perceived value and commitment.

2.7.3. Conflict Handling

In interpersonal communication, conflict occurs when an individual perceives incompatibility between his or her personal goals, needs, or desires and those of the other party. In dealing with conflict, people use different strategies to accomplish their goals. Dwyer et.al (1987) defined conflict handling as the ability of each supplier to avoid any potential conflict, solve that particular conflict before they create problems and the ability to discuss the solutions openly when the problem arises. Conflict handling requires cooperative behavior from exchange partners. According to Evans & Beltramini (1987), in a negotiation setting, cooperative versus

competitive intentions have been found to be linked to satisfactory problem solution. In short, good conflict resolution will result relationship quality positively.

Conflict handling is an important relationship builder. Even though it is difficult to service industries especially in banking sector to achieve zero service failure banks put in place effective conflict resolution or problem solving machinery. A major problem which had been resolved satisfactorily may leave in its wake a happy and loyal customer, but maybe minor issues if not handled carefully will result in defection. A more excellent approach, for example proactive in planning and implementation includes, identifying potential conflict, solving conflict before they manifest, avoiding potential conflict and blocking them. Those efforts could bring the better relationship and loyalty to particular bank or service firm (Ndubisi, 2007). Ndubisi & Wah (2005) found a significant relationship between conflict handling and customer loyalty, indirectly through trust and perceived relationship quality

2.7.4. Commitment

Crosby and Taylor (1983) suggest that the tendency to resist changing preference provides the principle evidence of commitment. Beatty et al., (1988) define consumer commitment as the psychological attachment to a service that develops. A customer would be able to determine that their purchase behaviour was derived from a sense of loyalty. A substantial research highlights that commitment is an affective nature (Garbarino & Johnson, 1991; Morgan & Hunt, 1994; Sheth & Parvatiyar, 2002).

Affective commitment reflects a customer's sense of belonging and involvement with a service provider akin to emotional bonding (Fullerton, 2005), while calculative commitment is the way that the customer is forced to remain loyal against his or her desire (De Ruyter, Wetzels & Bloemer, 1998). In calculative commitment, customer can be committed to a selling organization because they feel that ending the relationship involves an economic to social sacrifice (Fullerton, 2005). However, although affective and continuance commitments are distinct components of commitment, there are not necessary mutually exclusive conditions (Allen & Meyer, 1990).

From an attitudinal aspect, affective commitment involves the desire to maintain a relationship that customer perceives to be of value (Morgan & Hunt, 1994). On the other hand, continuance

commitment is the consumer's desire to remain in the relationship when the switching costs are high or when the consumer perceives that other viable alternatives are scarce.

Luarn and Lin (2003) establish significant relationship between commitment and loyalty. Various studies in the relationship marketing area have shown that these two factors seem to be crucial in influencing one another (Anderson and Narus, 1990; Anderson and Weitz, 1992; Kumar et al., 1995; Morgan and Hunt, 1994; Pritchard, Havitz and Howard 1999; Fullerton, 2003; Evanschitzky et al., 2006). For example, Pritchard, Havitz and Howard (1999) found commitment to be strongly correlated with customer loyalty. Fullerton (2003) reveals that when customer commitment is based on shared values and identification, it has a uniformly positive impact on customer loyalty. Several other studies confirm a significant interaction of affective commitment and continuance commitment on loyalty (Fullerton, 2003)

2.7.5. Empathy

Relationship Marketing Orientation can be viewed as the ability to share, understand and feel another person's feelings in a relational situation. Thus, Sin et al. (2002) described empathy as dealing with a business relationship that enables two parties to see the situation from the other's perspective i.e. seeking to understand somebody else's desires and goals. In the banking sector for instance, the front desk bankers must see themselves in the customer's shoe and serve them as such in order to keep them satisfied. Earlier studies have shown the relevance of empathy as a dimension of Relationship Marketing Orientation as shown in the work of Berry et al (1990) in designing SERVQUAL. Hwang (1987) in Chinese business relationships where empathy is seen as a sub-component of the Chinese dimension of guanxi in business and social relationships.

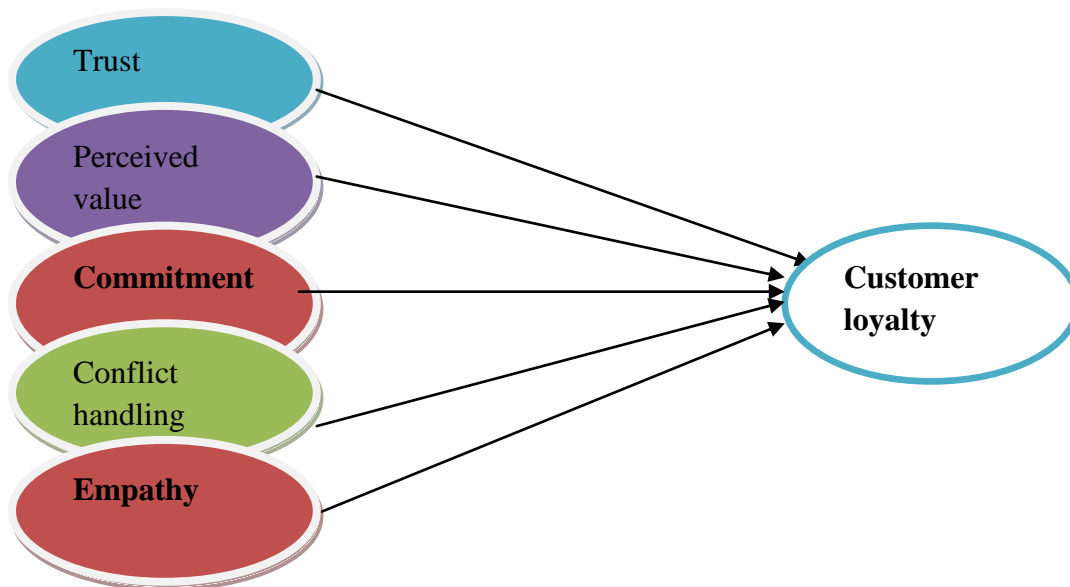
Empathy is the ability to see a situation from another person's perspective (Wang, 2007). It is defined as seeking to understand somebody else's desires and goals. It involves the ability of individual parties to view the situation from the other party's perspective in a truly cognitive sense (Chattananon & Trimetsoontorn, 2009).

Empathy has a number of analogous meanings – the golden rule, the ethic of care and an “others” orientation. Empathetic marketers are not insensitive to the needs and concerns of the consumer. Empathy should not be equated with sympathy; marketers can be empathetic while still driving a hard bargain with customers (Murphy et al, 2007). In the personal selling literature,

the empathetic abilities of the sales people are a prerequisite for successful selling. In the service marketing literature, the component of empathy is used in developing the SERVQUAL test instrument for service quality. In the networking literature, empathy has been considered as an independent variable in explaining franchisor–franchisee working relationships (Sin et al, 2002).

2.6. Conceptual framework of the study

This research formulates the antecedents of customer loyalty as shown in Figure 2. In the research framework, it shows that empathy; perceived conflict handling, trust, perceived value and commitment are direct predictors of customer loyalty



Adopted from (Hunt et al., 2006.)

Fig. 2.2. Conceptual framework of the research

CHAPTER THREE

METHODOLOGY OF THE STUDY

3.1. Introduction

Research methodology is part of the study that will be used to discuss research approach & design, the research type, sample & sampling techniques, source of data collection, data collection instruments, reliability & validity of the study and the method of data analysis.

3.2. Research Approach

In terms of approach a research can be divided into qualitative and quantitative. Qualitative research is a kind of research that does not attempt to quantify the research data and findings in terms of statistical summary. In qualitative research data are simply described and not presented in numbers. On the other hand, Quantitative research is the systematic and scientific investigation of quantitative properties of phenomena and relationships. What constitutes a quantitative research method involves a numeric or statistical approach to research design. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. It usually starts with a theory or a general statement proposing a general relationship between variables. Leedy and Ormrod (2001) stated that quantitative research seeks explanations and predictions that will generate to other persons and places. The intent is to establish, confirm, or validate relationships and to develop generalizations that contribute to theory. Therefore, this study has employed quantitative research approach to answer the research question. Quantitative approach is applied to identify and test the effect of relationship marketing on customer loyalty. In this research, quantitative approach was a cross sectional study design with deductive approach.

3.3. Research Design

John, A. et al. (2007) stated that research design is the blueprint for fulfilling research objectives and answering research questions. In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. Therefore, research design is a detailed plan for how a research study is to be completed-operational zing variables so they can be measured, selecting a sample of interest to Study, collecting data to be used as a basis for testing hypotheses, and analyzing the results.

The research is descriptive and explanatory in nature. In order to describe characteristics of the population and the relationship between variables, descriptive approach was used. Thus, descriptive analysis was used to describe the demographic factors for more clarification and make some general observations about the data gathered for general or demographic questions. Explanatory research approach was also used to explain the variables under consideration. The related data using questionnaire was collected and analyzed. Questionnaire was prepared in English and was designed in a way that tackles misunderstanding and make questionnaire simple and understandable.

3.4. Sampling Design

3.4.1. Population and Sampling Techniques

Ranjit Kumar (2011) described Sampling as the process of selecting a few (a sample) from a bigger group (the sampling population) to become the basis for estimating or predicting the prevalence of an unknown piece of information, situation or outcome regarding the bigger group. Therefore it is necessary to survey a sample of the population as an alternative in order to formulate predictions about the entire population. The target population for this study encompassed all CBE customers in Burayu branches. There are six commercial bank of Ethiopia in Burayu town namely; Burayu branch, Leku keta branch, Ashewamede branch, Gefersa branch, Dire sololo branch and Keta medhanialem branch (Burayu town municipality investment office report, 2018). All these branches have a total of 68,000 customers. Therefore, the researcher has used convenience sampling technique to collect the required data.

3.4.2. Sample Size Determination

In addition to the purpose of the study and the population size, five criteria will be needed to be specified to determine the appropriate sample size: Population variability (approximated p), the maximum allowed error (E), confidence interval (Z), and the probability of the population not to be occurred (q). Thus the sample size is determined according to the equation developed by Cochran (1963).

$$n=(z^2*p*q)/e^2$$

where; Z- the critical table value of the confidence level (z=1.96)

p- the population variability (p=0.5)

q- the probability of the population not to be occurred ($q=1-p=0.5$)

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

Therefore, the researcher has taken the maximum allowed error as 5% at a confidence interval level of 95% and the moderate population variability interval is 0.5($p=0.5$) because this allows the researcher a largest sample size and the minimum error($q=0.5$).

$$n = (1.96^2 * 0.5 * 0.5) / 0.05^2 = 384.$$

Therefore **384** customers were selected from 68,000 customers of six (6) branches.

3.5. Data source and Type

There are two types of sources when collecting data; primary and secondary data sources. The researcher collected primary data using structured questionnaires directly from customers who are selected for this study purpose. Moreover, secondary data which has already been gathered by someone else like books, websites, various published journals and annual reports are used on this study

3.6. Data collection instruments

According to Cohen (2011) questionnaire is a set of questions designed to produce the statistical information from the respondents in order to accomplish research objectives. It allows the researcher to collect the relevant information necessary to address research question or model hypothesis testing. Questionnaire method is used as a method of data collection under this study. The questionnaire is contained statements that are specifically designed to measure the effect of customer relationship marketing on customer loyalty through the five behavioral dimensions of Trust, Perceived value, Commitment, Conflict handling and Empathy. The questionnaire has two parts, the first part is used to collect demographic data of respondent and the second part is used to collect respondent's view about CR marketing and Customer loyalty. Five point Likert scale which is useful method for measuring opinions, attitude and behavioral tendencies is used on this study and Likert scale scoring from strongly disagree=1 to strongly agree=5, is used to measure the effect of CR marketing on customer loyalty. These responses can easily be quantified, and thus get equipped for any mathematical analysis

3.7. Research Ethics

This research proposal is prepared based on researches that were previously conducted at different time on the service quality and customer satisfaction. Therefore on my related literature I tried to recognize all the writers and researchers who conducted researches and who developed theories about service quality and customer satisfaction.

3.8. Data analysis methods

The process of data analysis began after collecting the data using questionnaire. Both descriptive and inferential statistics were used to analyze the collected data. A descriptive analysis was used to analyze the demographic factors such as gender, age, education, occupation, monthly income and for how many times the customers are using the bank's services. Inferential statistical tools like regression and correlation model were also be applied. Regression analysis was used to know by how much the independent variable i.e. relationship marketing explains or influences the dependent variable which is customer loyalty and Correlation analysis was conducted to measure the strength of the association between relationship marketing dimensions and customer loyalty. Tools like tables and percentage were used. Data analysis was performed using inferential analysis by SPSS software version 20.

3.9. Model specification

The researcher has discovered that the degree of customer loyalty can be determined by those independent variables. The researcher, as indicated below, adopted a regression model:

$$Y = (\beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5) + \text{error term}$$

Where: Y =the outcome variable (dependent variable) β_0 =the coefficient of the constant or y-intercept, β_1 =the coefficient of the first predictor (X1)

β_2 =the coefficient of the second predictor (X2), β_3 =the coefficient of the third predictor (X3)

β_4 =the coefficient of the fourth predictor (X4), β_5 =the coefficient of the fourth predictor (X5)

Error term = the difference between the predicted and observed value of Y

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1. Introduction

This chapter deals with the presentation of data, analysis and interpretation. To collect the data and extract findings, questionnaires were prepared and distributed to customers of commercial bank of Ethiopia in Burayu town. A total of 384 questionnaires were distributed to customers of commercial bank of Ethiopia (CBE) in Burayu, and only 320 questionnaires were returned and used for this study, while 64 remained uncollectible i.e the response rate is 83%. So the analysis was made based on 320 responded questionnaires. The questionnaires were developed in five scales as strongly agree, agree, neutral, disagree, and strongly disagree

4.2. Reliability Test

Reliability test was conducted on the dependent and independent variables, internationalization factors and entrepreneurial orientation. The Cronbach's alpha values of the study variables are shown in table. As revealed, the reliability coefficient of the study variables exceeded the minimum acceptable level of 0.60 (Nunnally, 1978). As a result, Cronbach's alpha for the variables ranges from 0.638 to 0.887 and considered for the study. From Table 4.2.1 shown that Cronbach's Alpha is 0.889 hence we can say the reliability of the questionnaire is at moderately good level.

Table 4.2.1 Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Item	N of Items
.889	0.889	31

As shown below in Table 4.2.2 all dimensions of Customer relationship marketing or constructs have appropriate reliability. The results of Cronbach's alpha test for each CRM construct and Customer Loyalty showed that the instrument is consistent and reliable

Table4.2.2. Customer Relationship Marketing dimensions Reliability Statistics

Items	Number of items	Cronbach’s Alpha
Trust	6	0.662
Perceived value	4	0.646
Commitment	5	0.761
Conflict Handling	6	0.887
Empathy	5	0.638
Customer Loyalty	5	0.852
Overall reliability	31	0.889

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

4.3. Descriptive analysis

Descriptive analysis refers to statistically describing, aggregating and presenting the constructs of interest or association between this constructs. This descriptive analysis is used to look at the data collected and to describe that information. It is mainly important to make some general observations about the data gathered for general or demographics questions. The demographics factors used in this research are gender, age, education qualification, occupation, monthly income, length of time the respondents uses the banks services.

4.3.1. Demographic Profile of Respondent

4.3.1. Gender of Respondents

Table: 4.3.1 Gender of respondents

Gender	Frequency	Percent
Female	135	42.2
Valid Male	185	57.8
Total	320	100.0

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

Analyzing the data obtained from the questionnaire, Table 4.3.1 reveals that, 42.2% of the respondents were female customers while 57.8% were male respondents

4.3.2. Age of respondents

Table: 4.2 Age of respondent

Age	Frequency	Percent
below 20 years	16	5.0
20-39 years	246	76.9
40-59 years	51	15.9
60 and above	7	2.2
Total	320	100.0

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

As indicated in the above table, 5% of survey respondents were below 20 years old, 76.9% were between the age of 20-39, 15.9% were under the age between 40-59. The remaining 2.2% respondents were 60 and above years old. Many of the respondents were between the ages 20-39 years representing 76.9%.

4.3.3. Education qualification of the respondents

Table: 4.3.3 Education Qualification of respondents

Educational Qualification	Frequency	Percent
Secondary	37	11.6
Diploma	37	11.6
Degree	218	68.1
post graduate	28	8.8
Total	320	100.0

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

As shown in the above table 4.3.3, 68.1% of respondents are degree holders followed by 11.6% of respondents are diploma holders. In the other way, while 11.6% of respondents were achieved secondary education and 8.8% had qualified with postgraduates.

4.3.4. Occupation of respondents

Table: 4.3.4 Occupation of respondents

Occupation	Frequency	Percent
Government	155	48.4
Private	63	19.7
own business	72	22.5
Student	22	6.9
Other	8	2.5
Total	320	100.0

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

As indicated in the above table 4.3.4, 48.4% of respondent's works in government sector followed by 19.7% are working in private sector. 22.5% of respondents are working in their own business while 2.2% of respondents are working in other business and the remaining 2.5% of respondents are students.

4.3.5. Monthly income of respondents

Table: 4.3.5 Monthly income of respondents

Monthly income	Frequency	Percent
below birr 1000	8	2.5
birr 1000-2999	22	6.9
birr 3000-4999	21	6.6
birr 5000 and above	269	84.1
Total	320	100.0

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

The results of monthly income of respondents are shown in table 4.3.5 shows that 84% and 6.9% of respondents have a monthly income of birr 5000 and above and birr 1000-2999 respectively. On the other hand, 6.6% had monthly income of birr 3000-4999 and the remaining 2.5% had monthly income of birr 1000 and below.

4.3.6. Length of time respondents uses the bank services

Table: 4.3.6 Length of time respondents uses the bank services

Service	Frequency	Percent
1-3 years	21	6.6
3-5 years	107	33.4
Valid 5-7 years	71	22.2
above 7 years	121	37.8
Total	320	100.0

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

As it shown in the above table 4.3.6, 6.6% of respondents used the banks’ services for 1-3 years while 33.4% of respondents used the bank services for 3-5- years. On the other hand 37.8% used for 7 years and above andthe remaining 22.2% used the banks services for 5-7 years.

4.4 Descriptive statistics of CRM dimensions and customer loyalty

4.4.1 Descriptive Statistics of Trust

Table 4.4.1 Descriptive Statistics of Trust

Trust – statements	N	Mean	Std. Dev.
The bank always does what it promised to do	320	3.24	1.014
I am confident on the financial status of the bank	320	4.08	.761
I feel safe in all of my transactions with the bank	320	3.91	.791
The bank is trustworthy during cash payment process	320	4.00	.574
The bank provides consistent quality services at different time	320	3.00	.920
Given my experience, the bank can be trusted Completely	320	3.72	1.006
Valid N (listwise)	320		

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

As you can see from the above table 4.4.1 the statements “I am confident on the financial status of the bank” has the highest mean value (4.08) with SD (0.761) which means most respondents agree that they are confident on the financial status of CBE. While, the statement “The bank provides consistent quality services at different time” has the least mean value (3.00) with SD (0.920) and the least mean value implies that respondents have low level of agreement regarding providing consistent quality services at different time

4.4.2 Descriptive Statistics of perceived value

Table 4.4.2 Descriptive Statistics

Customer perceived value- statements	N	Mean	Std. Dev.
Compared to alternative Banks, the Bank offers attractive service costs.	320	3.63	1.121
The Bank charges me fairly for similar services with relative to other banks	320	4.05	1.149
The Bank provides more free services compared to alternative Banks	320	3.54	1.182
Comparing what I pay to what I might get from other competitive Banks, I think the Bank provides me services with good value	320	3.64	.969
Valid N (listwise)	320		

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

As it is showed on table 4.4.2above, the statements “The Bank charges me fairly for similar services with relative to other banks” has the highest mean value (4.05) with SD (1.149) which means most respondents agree that they are charged fairly by the bank for similar services compared other banks.. While, the statement “The Bank provides more free services compared to alternative Banks” has the least mean value (3.54) with SD (1.182) and the least mean value implies that respondents have low level of agreement regarding the provision of free services compared to other alternative banks.

4.4.3. Descriptive Statistics of Commitment

Table 4.4.3 Descriptive Statistics

Commitment- statements	N	Mean	Std. Dev.
The bank offers personalized services to meet customers need	320	3.61	1.166
The bank is flexible in serving my needs	320	3.19	1.050
My relationship with the bank is very important to me	320	3.95	.677
My relationship with the bank is worth my effort to maintain	320	3.46	.657
My relationship with the bank makes me very committed to continue with it.	320	3.62	1.165
Valid N (listwise)	320		

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

Based on the statistical results of table 4.4.3above, the statements “My relationship with the bank is very important to me” has the highest mean value (3.95) with SD (0.677) which means most

respondents agree that their relationship with the bank is very important to them. While, the statement “The bank is flexible in serving my needs” has the least mean value (3.19) with SD (1.050) and the least mean value implies that respondents have low level of agreement on the statement the that bank is flexible in serving customers needs.

4.4.4 Descriptive Statistics of Conflict handling

Table4.4.4 Descriptive Statistics

Conflict handling- statements	N	Mean	Std. Dev.
The bank is responsive to my complaints	320	3.55	.965
The bank has the ability to openly discuss solutions when problems arise	320	3.48	1.053
The bank listens to customers’ for solving problems	320	3.68	.950
The bank clearly communicates it’s policy to customers (right and responsibility of customers)	320	3.26	.933
The bank clearly communicates about how and where to complain in case of a problem	320	3.80	1.107
The bank gives a prompt response for complaints to avoid potential conflicts	320	3.34	1.229
Valid N (listwise)	320		

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

As shown on table 4.4.4above, the statements “The bank clearly communicates about how and where to complain in case of a problem” has the highest mean value (4.80) with SD (1.107) which means most respondents indicated thatthe bank communicates about how and where to complain in case of a problems. While, the statement “The bank clearly communicates it’s policy to customers has the least mean value (3.26) with SD (0.933) and it implies that respondents have low level of agreement over the statement “The bank clearly communicates it’s policy to customers (right and responsibility of customers)”.

4.4.5 Descriptive Statistics of Empathy

Table 4.4.5 Descriptive Statistics

Empathy – statements	N	Mean	Std. Dev.
The employees of the bank understand my specific needs	320	3.27	.851
The Bank employees give individualized attention to customers	320	3.17	1.052
The bank shows a sincere interest in solving my problem	320	3.49	.721
The working hours of the bank are flexible and convenient to me	320	3.18	1.163
The bank has guidance signs indicating what kind of services are offered on each counter (window)	320	4.12	.674
Valid N (listwise)	320		

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

As we can see from the above table 4.4.5, the statements “The bank shows a sincere interest in solving my problem” has the highest mean value (4.12) with SD(0.674) which means most respondents agreed on the proposition “The bank has guidance signs indicating what kind of services are offered on each counter (window)”. While, the statement “The Bank employees give individualized attention to customers has the least mean value (3.17) with SD (1.052) and it indicates that customers have low level of agreement regarding on the statement “The Bank employees give individualized attention to customers”

4.4.6 Descriptive Statistics of Loyalty

Table 4.4.6 Descriptive Statistics

Customer Loyalty-Statements	N	Mean	Std. Dev.
This bank comes first to my mind whenever I look for banking services.	320	3.94	1.100
My intention to use the services of this bank would not be changed	320	3.28	.887
I always recommend the bank to someone who needs my advise	320	3.53	.892
I do not like to change to another bank because I value the bank due to services it provides me.	320	3.22	1.150
I am a loyal customer to the bank	320	3.97	1.044
Valid N (listwise)	320		

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

From the above table 4.5.6,CBE customers have shown their high degree of agreement to the statement “I am a loyal customer to the bank” with mean value (3.97) and SD (1.044). It implies that majority respondents have agreement to the statement “I am a loyal customer to the bank”. On the other hand the statement which says “I do not like to change to another bank

because I value the bank due to services it provides me.” has the least mean value (3.22) with SD (1.150), which implies that respondents have low level of agreement on this statement.

4.5. Correlation analysis

The correlation analysis is performed to see the association between CRM dimensions and customer loyalty. Therefore, the correlation analysis revealed the relationship among Trust, Perceived value, Commitment, Conflict handling and Empathy. Pearson Correlation analysis is used to determine the level of association among variables and to examine the degree of linear relationship between two variables. Coefficient of correlations lies between -1 and 1. If coefficient of correlation lies between -1 and 0, the two variables are negatively related. But if the correlation result of the two variables lies between 0 and 1, the two variables are positively related. Furthermore, if coefficient of the correlation of two variables is equal to zero, it implies that there is no relationship between them at all. According to Sekaran, U.(2000) general guidelines for correlations $\pm 0.1 - \pm 0.29$ are considered weak, correlations of $\pm 0.30 - \pm 0.49$ are considered moderate and correlations above $\geq \pm 0.5$ are considered strong

Table 4.5.1 Guideline for the Pearson Correlation Analysis

Pearson Correlation	Strength of Association
$r = 0.10$ to 0.29 or $r = -0.1$ to -0.29	Weak
$r = 0.30$ to 0.49 or $r = -0.30$ to -0.49	Moderate
$r = 0.50$ to 1.00 or $r = -0.50$ to -1.00	Strong

Source: Sekaran U. (2000). Research methods for business: A skill building approach. (3rd ed.)

Table.4.5.2 Correlation Analysis between CRM dimensions and Customer Loyalty

		Correlation					
		Trust	Perceived value	Commitment	Conflict	Empathy	Loyalty
Trust	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	320					
Perceivedvalue	Pearson Correlation	.249**	1				
	Sig. (2-tailed)	.000					
	N	320	320				
Commitment	Pearson Correlation	.304**	.243**	1			
	Sig. (2-tailed)	.000	.000				
	N	320	320	320			
Conflict	Pearson Correlation	.367**	.108	.313**	1		
	Sig. (2-tailed)	.000	.055	.000			
	N	320	320	320	320		
Empathy	Pearson Correlation	.532**	.362**	.150**	.586**	1	
	Sig. (2-tailed)	.000	.000	.007	.000		
	N	320	320	320	320	320	
Loyalty	Pearson Correlation	.446**	.555**	.075	.562**	.613**	1
	Sig. (2-tailed)	.000	.000	.182	.000	.000	
	N	320	320	320	320	320	320

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

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

Pearson correlation is used to examine the correlation among variables and to identify variables that have strong correlation. As it can see from the below table 4.5.2 all customer relationship marketing dimensions have a strong and positive association to customer loyalty except commitment, which is significant at the $p < 0.01$ level. According to table 4.5.2 correlation matrix, the five independent variables have a significant and positive association with dependent variable (customer loyalty). Empathy has the strongest association with customer loyalty than others independent variables with coefficient of correlation ($r = 0.613$, $p < 0.01$); whereas the association between Empathy and Key Conflict handling is the strongest one among the independent variables with coefficient of correlation ($r = 0.586$, $p < 0.01$). In general speaking all independent variables are positively associated with dependent variable which is statistically significant at p value < 0.01 levels. Correlation coefficients say nothing about which variable causes the other to change. Although it cannot make direct conclusion about causality, we can take the correlation

coefficient a step further by squaring it (Field, 2005). The correlation coefficient squared (known as the coefficients of determination, R^2) is a measure of the amount of variability in one variable that is explained by the other. In the next section we are going to see in details the relationship between correlation coefficient and coefficients of determination, R^2 .

4.6. The effect of Customer Relationship Management on Customer Loyalty

Regression is one of the tools that used to explain to what extent the customer relationship management explains the customer loyalty.

4.6.1. Regression Analysis

This section of the study presents the results and discussions of the regression analysis. This regression analysis was conducted to know by how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variable (trust, commitment, conflict handling and empathy) explains the dependent variable that is customers' loyalty. The results of the regression analysis were discussed in the following section

4.6.2 Assumptions

When someone choose to analyze the data using linear regression, part of the process involves checking to make sure that the data that one wants to analyze can actually be analyzed using linear regression. Therefore, it is needed to do this because it is only appropriate to use linear regression if the required data "passes" four assumptions that are required for linear regression to give a valid result. Let us look at whether the following assumptions are met or not. One can check assumptions using SPSS Statistics and linearity assumptions should be checked first, before moving into others assumptions.

4.6.2.1 Multicollinearity Analysis

The researcher has checked if multicollinearity problem exist or not before running the regression. Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are multicollinear, there is "overlap" or sharing of predictive power. Multicollinearity can be checked using the tolerance and variance inflation factors (VIF) which are the two Collinearity diagnostics factors.

Table 4.6.2.1 Multicollinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1 Trust	.665	1.503
Perva	.796	1.256
Comm.	.792	1.263
Confha	.579	1.727
Empa	.465	2.152

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

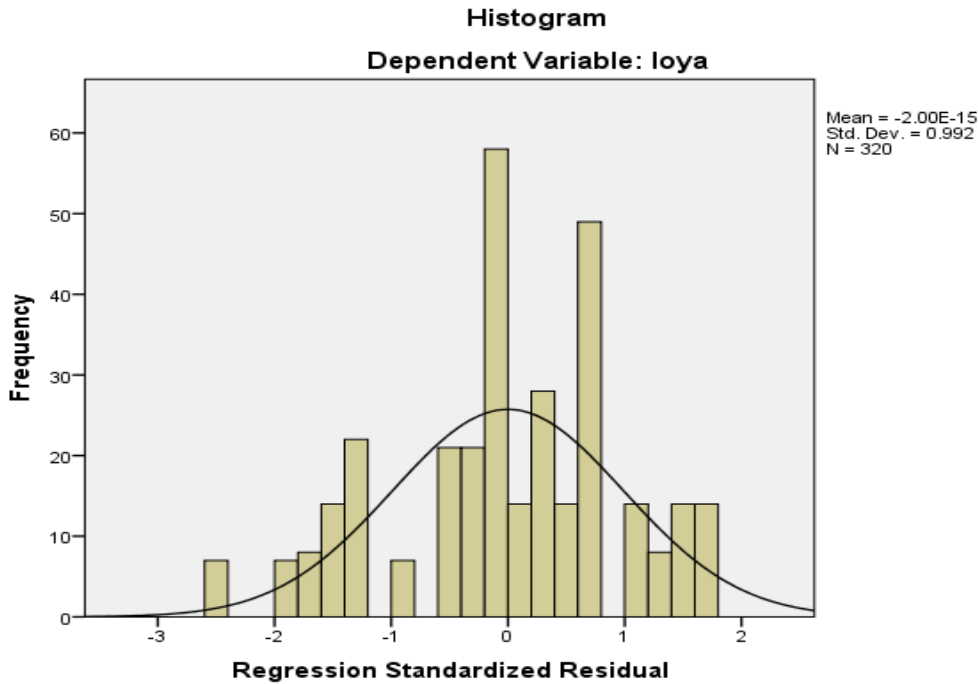
Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model and is calculated using the formula $1-R^2$ for each variable. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. Accordingly, as per table 4.7.2.1 the tolerance value for all independent variables is greater than 0.1, which implies that there is no multicollinairity problem in connection with tolerance. Variance Inflation Factor (VIF) which calculates the influence of correlations among independent variables on the precision of regression estimates. The VIF factor should not exceed 10, and should ideally be close to one. As per the above table 4.8.2.1 for all independent variables VIF value is less than 10, which implies there is no multicollinearity problem.

4.2.2.2 Testing for Normality

An assessment of the normality of data is a prerequisite for many statistical tests as normal data is an underlying assumption in parametric testing. There are two main methods of assessing normality - graphically and numerically. Statistical tests have the advantage of making objective judgments of normality. Skewness and Kurtosis descriptive statistics is one of the numerical tests used to check normality. The value of asymmetry and kurtosis between -2 and +2 are considered as acceptable in order to prove normal distribution. Hence, as it is depicted in table 4.8.2.4 CRM's dimensions and loyalty skewness and kurtosis statistics are within the range of -2 and +2 so that the assumption of normal distribution is met (George & Marllery, 2010). The above numerical test of normality is supplemented by the histogram on the next page and the

histogram of standardized residual should show a roughly normal curve when the assumption of regression and most technique met that error terms are normally distributed. The histogram figure 5 on the next page showed us that the assumption of normally distributed error is met.

Figure 5 Graph of Histogram



Source: SPSS descriptive analysis result based on questionnaire survey, 2019

4.6.3 Multiple regression Analysis

Table: 4.6.3 Result of Multiple Regression Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.809 ^a	.655	.649	.47891

a. Predictors: (Constant), Empathy, commitment, Perceivedvalue, Trust, conflict

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

The model summary in the above table 4.6.3 reports the strength of relationship between the independent variable (Customer relationship marketing dimensions) and the dependent variable (customer loyalty). In the above table the R is a Pearson correlation between predicted values and actual values of dependent variable, with a value of 0.809. R² is multiple correlation

coefficients that represent the amount of variance of dependent variable i.e. customer loyalty is explained by the combination of five independent variables of CRM (Trust, perceived value, Commitment, Conflict handling and empathy) and R square is equivalent to 0.655 which means that 65.5% variance of customer loyalty is explained by five predictors. Value of R square implies 65.5% of the variance in the dependent variable (customer loyalty) can be predicted from the independent variables.

Table: 4.6.4 ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	136.518	5	27.304	119.045	.000 ^b
	Residual	72.017	314	.229		
	Total	208.535	319			

a. Dependent Variable: Loyalty

b. Predictors: (Constant), Empathy, commitment, Perceived value, Trust, conflict

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

The ANOVA tells us whether the model, overall, results in a significantly good degree of prediction of the outcome variable (Field, 2005). F-ratio is the test statistic used to decide whether the model as a whole has statistically significant predictive capability, considering the number of variables needed to achieve it. As indicated in the table 4.6.4, the Mean Square of Regressions (27.304) is more than Mean Square of Residual (0.227) and the sig = 0.000 < 0.05. Thus for this research Regressions is significant at a confidence level of 95%.

Table: 4.6.5 Result of Multiple Regression Model Coefficients

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.203	.237		-.859	.391
	X1=Trust	.269	.063	.174	4.283	.000
	X2=Percei.value	.525	.040	.482	12.974	.000
	X3= commitment	.352	.051	.256	6.867	.000
	X4= conflict	.444	.042	.459	10.529	.000
	X5 = Empathy	.160	.068	.115	2.371	.018

a. Dependent Variable: Loyalty

Source: SPSS descriptive analysis result based on questionnaire survey, 2019

The β values indicate the relationship between customer loyalty and each predictor. If the value is positive; it shows that there is positive relationship between predictor and the outcome; whereas a negative coefficient represents negative relationship. According to table 4.6.6 all the five predictors have positive β value which indicates a positive relationship. Therefore, one can say that based on β value in table 4.6.5 show that all independent variables have a positive relationship with customer loyalty. Unstandardized coefficient β value indicates the degree of influence or effect of each CRM dimensions towards customer loyalty. Highest β value mean the independent value has highest influence or effect on dependent value. To indicate customers' loyalty explanation and prediction by the five relationship marketing dimensions, multiple regression method was used. As indicated in the above table 4.6.5, by observing the value of Beta coefficient, perceived value (0.525) and conflict handling (0.444) have maximum effect on customers' loyalty and trust (0.269) , empathy (0.160) and commitment (0.352) have minimum effect on customers' loyalty. Thus, regression model can be written as follows in a significant 95%:

$$Y = -0.203 + 0.269X_1 + 0.525X_2 + 0.352X_3 + 0.444X_4 + 0.160X_5$$

Where: Y= Customer Loyalty, X1=Trust, X2= Perceived value, X3= Commitment, X4= Conflict Handling and X5= Empathy

According to the table 4.6.5, trust can explain and predict customer loyalty. Trust has a positive effect on customer loyalty. This means that trust increases by one unit, customer loyalty increases by 0.269 controlling for the other variables (X2, X3, X4 and X5) constant. Similarly, Perceived value can explain and predict customers' loyalty positively. When perceived value increases by one unit, the dependent variable customer loyalty will increase by 0.525 controlling for the other variable (X1, X3, X4 and X5) unchanged. As indicated in the table 4.6.5, commitment has positive effect on customers' loyalty. As commitment increases by one unit, customer loyalty increases by 0.352 controlling for (X1, X2, X4 and X5) constant. And also Conflict handling can explain and predict customers' loyalty positively. When Conflict handling increases by 1%, the dependent variable, customer loyalty increases by 0.444 controlling for the other variables (X1, X2, X3 and X4). Finally, Empathy has also positive effect on customers' loyalty. As Empathy increases by one unit, customer loyalty increases by 0.322 controlling the other variables (X1, X2, X3 and X4) constant.

Table 4.6.6 Summary of hypothesis test

Hypothesis	Beta (β)	Sig. ($P < 0.05$)	Result
H1: There is significant relationship between trust and customer loyalty.	.269	.000	Supported
H2: There is significant relationship between perceived and customer loyalty.	.525	.000	Supported
H3: There is significant relationship between commitment and customer loyalty.	.352	.000	Supported
H4: There is significant relationship between conflict handling and customer loyalty.	.444	.000	Supported
H5: There is significant relationship between empathy and customer loyalty.	.160	.018	Supported

4.7. Discussion

This particular study was oriented on the effect of relationship marketing on customer loyalty. The study well establishes that the relationship marketing is having high influence on the customer loyalty. Loyalty is a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future and it is influence by many relationship marketing variables like, empathy, trust, commitment, values and way of conflict negotiation. The research proves that customer loyalty is an important element of banking success in today's increasingly competitive environment. Consumer loyalty is seen as the key factor in winning market share and developing a sustainable competitive advantage. Banking industry is no exception as it has high interaction with the customers, so managers must understand the factors which influence the loyalty of the customers towards their respective banks

The research used 42.2% female and 57.8% male as respondents. In terms of age the majority of the respondents are in between 20-39 years old which was accounted 76.9% and followed by 40-59 years old which constituted 15.9% of the total respondents. With regard to the education qualification of the respondents, the majority are first degree holders 68.1% which is followed by diploma holders which accounted 23.1%. Majority of the respondents are working in government sector which accounted 48.4% followed by 22.5 having their own business%. In terms of the monthly income of the respondents, the majority had income of birr 5000 and above which

accounted 84.1% and followed by 6.9% having income in between birr 1000-2999. Most of the customers used the bank services above 7 years which accounted 37.8% followed by 33.4% used the banks' services for 3-5 years. From demographic factors only number of years customers used the bank is correlated with customers' loyalty. The other dimension has no relation with customer loyalty.

Based on the Pearson correlation test of correlation results, trust dimension positively correlated with customers loyalty ($r=0.446$). In other words, if customers trust the bank, they will be loyal to their banks otherwise they will not be loyal to their banks. The regression analysis, trust can explain and predict customer loyalty. Trust has a positive effect on customer loyalty. Trust and customer loyalty indicates customer loyalty indicates that 26.9% of the variance R square in customers' loyalty has been significantly explained by trust. Creating trust in customer mind set importance for companies because from the previous studies Trust along with commitment is an important antecedent of loyalty (Ball et al., 2004).

Based on table 4.5.2 of Pearson correlation, the present research also established significant correlation between perceived value dimensions of customer's with customer loyalty. As it is shown in the table, there is significant correlation between Perceived value and customers loyalty. Since the value of r is 0.555 perceived value and customers' loyalty have strong. Relationship Customer perceived value is defined as "the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (Zeithaml, 1988, p. 14). The regression analysis result for perceived value and customers' loyalty shows that 52.5% of the variance R square in customers loyalty has been significantly explained by customer perceived value.

For commitment and customer loyalty variables, Pearson correlation was also conducted and the result was shown in the above table 4.5.2. As it is shown in the table, there is significant correlation between commitment dimension and customers loyalty. Since the value of r is 0.075 commitment and customers' loyalty have weak relationship. Thus the hypothesis, "Commitment has a significant and positive effect on customers' loyalty in the CBE" is accepted. The regression analysis result for commitment and loyalty shows that 35.2% of the variance R square in customers loyalty has been significantly explained by commitment.

The commitment of the bank will help to retain customers by improving the services of the bank. The result of Morgan and Hunt (1994) viewed that a committed partner wants the relationship to endure indefinitely and is willing to work at maintaining it. Lacey (2009) research's also

suggested that committed customers are not just expected to maintain current purchasing activities, but to increase both the level and proportion of their purchasing activities over time. Therefore, the result of this research on commitment dimension is similar with the above findings that commitment has the power to increase customers' loyalty. As it is indicated in the correlation analysis, conflict handling dimension has positive and high relationship with customers' loyalty.

The correlation coefficient between conflict handling and customers' loyalty is 0.562. It is the second highest of all correlation results of relationship marketing elements. When banks have good conflict handling procedures and solving the manifested problems successfully, the customers express their complaints or any feelings they have freely and will become loyal customers. In order to encourage customers to complain when there is problem, banks are responsible to aware and inform in advance how and where to complain. Generally, appropriate and acceptable conflict handling procedure will create strong relationship with customers. The regression analysis result for conflict handling and customers' loyalty shows that 44.4% of the variance R square in customers loyalty has been significantly explained by conflict handling. The result of Ndubusi (2007) indicated that customers tend to be loyal to banks that handle customer complaints which will always happen and other conflicts satisfactorily. Ndubisi and Wah (2005) found a significant relationship between conflict handling and customer loyalty. Therefore, the result of this research on conflict handling dimension is similar with the above results in indicating that proper conflict handling can increase customers' loyalty.

The other factor that is included in the dimensions of relationship marketing is empathy. It has positive and strong relationship with customers' loyalty. The correlation coefficient between these variables is 0.613. Empathy is one of the important tools to create long term relationship with customers in service provider organizations. Nearly high number of customers wanted to be treated as they want to be treated by the banks' employees. If this is the case, banks have the responsibility to treat customers as they want to be treated to have loyal customers. When the customers are treated in a good way they become satisfied and loyal to their banks. As a result, empathy has power to create lasting relationship with customers and shaping the minds of the existed customers to talk favorably about the banks to other customers. Therefore, banks need to understand their customers' needs and wants and continuously evaluate their services to satisfy

and attract customers in the better way. With regard to the regression analysis of empathy and customers loyalty, 16% of the variance R square in customers loyalty is significantly explained by empathy. The finding of Zeithaml and Bitner (2003) showed that it is difficult to imagine an organization would deliver caring, individualized attention to customers independent of its employees. As it is mentioned by Parasuraman et al., (1988) empathy is one of the important elements to measure the service quality in service industries area. So, the result of this research on empathy dimension of relationship marketing supports the above findings that empathy has power to make customers' loyalty.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

Based on the results of the study obtained through the questionnaire distributed to 320 customers of commercial bank of Ethiopia, this chapter presents the following summary of major findings, conclusions and recommendations that was drawn from previous chapters of the study.

5.2 Summary of Findings

The ultimate objective of the study is to examine the effect of relationship marketing on Customer loyalty for the case of CBE. Descriptive and explanatory research approach was used for this study purpose and 384 questionnaires were distributed to two branches of CBE and Out of the total distributed questionnaires 320 were returned being properly filled out by bank customers. The respondents were asked to assess the banks' relationship marketing and their intentions to be loyal.

Multiple Correlations was conducted to assess the relationship that exists among customer relationship marketing dimensions and Customer loyalty. The correlation matrix indicated that all relationship dimensions have a positive and significant correlation with customer loyalty with value of coefficient of correlation r ranging from 0.613 to 0.249 which implies that as the CRM dimensions performs better ,the customer loyalty also do same and vice-versa.

Multiple regression analysis was also conducted to see to what extent the independent variables have influence to explain or to predict the variation in dependent variable. According to the regression model summary table relationship marketing (RM) explained 65.5% of variation in dependent variable i.e. customer loyalty. The ANOVA table showed us that the regression model is fit to a good degree of prediction. According to the result of multiple regression perceived value appears to be the dimension that has strongest positive influence on customer loyalty with the unstandardized coefficient value $\beta = 0.525$ which implies a unit increase in perceived value, would increase customer loyalty by 52.5% assuming that all others dimensions remain constant. Conflict handling is ranked as second important independent variable as it has the second highest a regression coefficient of $\beta = 0.444$. The hypotheses that the researcher hypothesize earlier in chapter one had tested using regression model and t-test. The hypothesis test supported H1, H2,

H3, H4, and H5 and the hypotheses test result implies that all customer relationship marketing dimensions are positively and significantly affected customer loyalty.

5.3. Conclusion

The present study examined the effect of customer relationship marketing on customer loyalty and the research findings indicated that relationship marketing dimensions namely: Trust, perceived value, commitment, conflict handling and empathy have positive and significant effect on dependent variable customer loyalty. According to the regression model summary table, R^2 value indicated that 65.5% of the variance on customer loyalty can be predicted by the independent variables. The regression coefficient table also indicated that among the five customer relationship marketing dimensions Customer perceived value is the best predictor as its influence on loyalty is greater than others dimensions with β value (0.525). The previous theories and studies in the area of Customer relationship marketing showed us that there is a link and positive association between the two variables i.e. Customer relationship marketing and customer loyalty. Therefore, the more RM dimensions are effective, the more likelihood customers become loyal. In general the study findings support the view point that relationship marketing increases customer loyalty.

5.4 Recommendation

Based on the conclusions drawn in the above section , the following measures are recommended for commercial bank of Ethiopia (CBE) in order to realize ultimate benefits of Customer relationship marketing that create loyalty.

- As the findings of the study showed customer perceived value dimension has the highest ($\beta=0.525$) influence on customer loyalty. Hence, CBE should be very conscious in strengthening perceived value. Therefore, CBE need to focus more attention in the above stated variable which has a potential to increase customer loyalty. The bank can strengthen CRM Organization through employees training, enhancing the existing relationship with the bank's customers that can makes customer service more efficient.
- In this study conflict handling was the other second factor affecting customers' loyalty. Thus it is better for banks to work hard to reduce the overall level of disagreement between the bank and the customers

- As Unstandardized coefficient β showed on this study CBE should have to pay attention to strengthen empathy as it has the lowest effect or influence on customer loyalty ($\beta=0.160$). The more banks excel in empathy, the more customers become loyal.
- It is advisable for banks to have strong connection with its customers in order to create and maintain customer loyalty and keep customers from switching to other competitor.
- It is better to make adjustments to suit customer needs, be flexible when services are changed and work hard with customers for continual relationship.
- By considering the impact of loyalty on profit, it is better for CBE to build strong relationship strategies because all relationship underpinnings including trust, perceived value, commitment, conflict handling and empathy have a positive relationship with customer loyalty.

5.4 Future studies

The study mainly examined the effect of customer relationship marketing on customer loyalty for Commercial bank of Ethiopia. The study mainly focused only branches located in north district of Addis Ababa, more specifically Burayu Branches. Customer relationship marketing is represented by five behavior dimensions. Therefore, it is recommendable for other researcher to consider banks of CBE outside Addis Ababa district and other dimensions of relationship marketing like, knowledge management, product image for future studies. Moreover, it is recommendable to examine the effect of relationship marketing on loyalty by considering private banks to be included on future stud

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Appendix

ADDIS ABABA UNIVERISTY

COLLEGE OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT

Questionnaires to be filled by customers of the commercial bank of Ethiopia (CBE)

Researcher: **Asrat Asefa Alemu**

Address: Tel. **0930905582**, E-mail: **asrasefa@gmail.com**

Dear respondents;

I would like to thank you in advance for taking your time to fill out this questionnaire as your input will be a key in developing my research on “The effect of relationship marketing on customers’ loyalty in commercial bank of Ethiopia; the case of Burayu town municipality” in partial fulfillment of the requirement of MA degree in marketing management in Addis Ababa University School of Commerce.

I kindly request you to spend some minutes of your time in filling the questionnaire. Any information which you provide will be kept confidential. Your genuine response is highly appreciated for the outcome of the project.

Thank you for your kind cooperation in filling the questionnaire.

General instructions

- ❖ There is no need to write your name
- ❖ In all cases where the options are available, please tick in the appropriate box

Thank you in advance!!

Part I

General information

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

1. Gender: Female Male
2. Age: Below 20 years 20-39 years 40-59 years 60 years and above
3. Education qualification: Primary secondary Diploma Degree
Postgraduate others
4. Occupation: Government sector Private sector Own Business
Student Others
5. Monthly income: Below Birr 1000 Birr 1000-2999 Birr 3000-4999
Birr 5000 and above
6. For how many years you have used the bank's services? Below 1 year 1-3 years
3- 5 years 5-7 years above 7 years

Part II: Please, indicate your opinion by marking () in the following table on the five point scale.

No	Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree(4)	Strongly agree(5)
	Trust					
1	The bank always does what it promised to do					
2	I am confident on the financial status of the bank					
3	I feel safe in all of my transactions with the bank					
4	The bank is trustworthy during cash payment process					
5	The bank provides consistent quality services at different time					
6	Given my experience, the bank can be trusted Completely					
	Perceived value					

7	Compared to alternative Banks, the Bank offers attractive service costs.					
8	The Bank charges me fairly for similar services with relative to other banks					
9	The Bank provides more free services compared to alternative Banks					
10	Comparing what I pay to what I might get from other competitive Banks, I think the Bank provides me services with good value					
	Commitment					
11	The bank offers personalized services to meet customers need					
12	The bank is flexible in serving my needs					
13	My relationship with the bank is very important to me					
14	My relationship with the bank is worth my effort to maintain					
15	My relationship with the bank makes me very committed to continue with it.					
	Conflict handling					
16	The bank is responsive to my complaints					
17	The bank has the ability to openly discuss solutions when problems arise					
18	The bank listens to customers' for solving problems					
19	The bank clearly communicates it's policy to customers (right and responsibility of customers)					
20	The bank clearly communicates about how and where to complain in case of a problem					
21	The bank gives a prompt response for complaints to avoid potential conflicts					
	Empathy					

22	The employees of the bank understand my specific needs					
23	The Bank employees give individualized attention to customers					
24	The bank shows a sincere interest in solving my problem					
25	The working hours of the bank are flexible and convenient to me					
26	The bank has guidance signs indicating what kind of services are offered on each counter (window)					
	Customer Loyalty					
27	This bank comes first to my mind whenever I look for banking services.					
28	My intention to use the services of this bank would not be changed					
29	I always recommend the bank to someone who needs my advise					
30	I do not like to change to another bank because I value the bank due to services it provides me.					
31	I am a loyal customer to the bank					