



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

THE EFFECT OF RELATIONSHIP MARKETING ON
CUSTOMER LOYALTY
(THE CASE OF COMMERCIAL BANK OF ETHIOPIA)

BY: ALEM KASSAHUN MEKONNEN

MAY, 2019
ADDIS ABABA, ETHIOPIA

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BY

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DECLARATION

The researcher hereby declare that the thesis work entitled “the effect of relationship marketing on customer loyalty in a case of commercial bank of Ethiopia ” is my original research work under the guidance of my advisor Asst. Prof. Adanech Gedefaw. This research has not been submitted for any degree in other universities. All sources of materials used for this project have been duly and acknowledged.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a University advisor.

Adanech Gedefaw (Ass.Prof)

Advisor

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ST. MARRY`S UNIVERSITY, ADDIS ABABA

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Acronyms

4P's- Product, Price, Promotion, and Place or Distribution

CBE- Commercial Bank of Ethiopia

FMP- Frequency Marketing Programs

RM- Relationship Marketing

Abstract

Relationship Marketing in banking industry entirely different from other sectors, because banking industry purely related to financial services, which needs to create the trust among the people. So applying RM is mandatory for the bank to have loyal customers. The purpose of this study is to provide an insight into the influence of relationship marketing on customer loyalty in Commercial Bank of Ethiopia. The researcher collects data from CBE customers survey method using by distributing questionnaires which measured their agreement and disagreement on RM activities of the bank and their level of loyalty to the bank by using five point Likert scale. For this research 384 questionnaires were distributed and 291 were returned back for analysis which is 75.80% response rate. The collected data was analysed by using statistical package for social science (SPSS) version 20 software using tables and other descriptive statistics and inferential statistics (correlation and regression) as appropriate. The findings indicate the importance of Relationship Marketing dimensions such as Trust, Empathy Communication, Commitment, Service quality, and Conflict Handling, and in CBE. The study concludes that CBE should apply Relationship Marketing in order to maintain its market share in the market.

Keywords: Trust, communication, conflict handling, empathy, service quality, and commitment

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

The survival of organizations depends on its customers. Customers are the source of profits to be earned by a profit making organization and the primary reason for being in the operation for not-for-profit organizations. In other words, customers are the backbone and lifeline of organizations. Often it is said that ‘without customers there is no business’.

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), their deeper look into relationship marketing reveals 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 contended that building continuing client connections is the key to advancing development and ought to be an unchallenged adage by brokers.

Relationship promoting gives organization new chances to pick up an aggressive edge by moving clients up confidence chain of importance from new clients to customary buyers, at that point to faithful supporters of the company's merchandise and ventures, lastly to advocates who purchase its items as well as prescribe them to other people (Smith, 2003). By changing over apathetic clients into faithful ones, organizations create rehash deals. The expense of keeping up existing clients is far underneath the expense of finding new ones, and these reliable clients are gainful ones. Lacey and Morgan (2009) discoveries propose that clients with more grounded dimensions of responsibility are without a doubt all the more ready to contribute as client advocates.

They also pointed out that relationship marketing represents a dramatic change in buyer-seller interactions from the previous transaction-based marketing that focused on a single transaction. Effective relationship marketing heavily relies on developing strategic partnerships with customers (Boone & Kurtz, 2005).

Studies of the impact 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. 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) has specifically examined that relationship marketing such as trust; commitment and conflict handling have a direct effect on customer loyalty.

By building relationship with customers, an organization can also gain quality sources of marketing intelligence for better planning of marketing strategy. It is imperative, hence, to exactly inspect the genuine effect of the parts of relationship showcasing on client reliability. Such understanding will aid better administration of firm-client relationship and in accomplishing more elevated amount of dedication among clients.

The research study will try to show the effect of six components of relationship marketing – trust, commitment, conflict handling, communication, service quality and including other underpinning such as empathy on customer loyalty in the case of Commercial Bank of Ethiopian.

1.2 Statement of the Problem

As the competitive environment becomes more turbulent, the most important issue the sellers face is no longer to provide excellent, good quality products or services, but also to keep loyal customers who will contribute long-term profit to organizations. Today's competitive environment, where consumers are attracted through multiple platforms, i.e. TVC advertisement, radio and newspaper advertisement, direct marketing, telemarketing and aggressive selling, phenomena of customer's switching is very common. According to Peng and Wang,(2006) relationship marketing is the only tool to which can control switching phenomena by generating loyalty of customer with organization. To compete in such swarming and interactive marketplace, marketers are forced to look beyond the traditional 4Ps of marketing strategy. In the banking industry, offering quality services is very important to create closer relationship with the entire customers. Quality of services has the power to create customer satisfaction. On the other hand poor quality of services results in customer dissatisfaction and customer defection by going to other competitors.

Relationship marketing should be directed towards all customers of the bank. Most banks are characterized by having both profitable and unprofitable customers, where the former subsidize the latter. Retaining the profitable customers has become increasingly difficult in a competitive environment where other financial institutions specialize in offering attractive services and prices to this rewarding segment. Relationship marketing is often directed only at the most profitable segments defined by, for example, income and wealth (Leverin and Liljander, 2006). There is, however, a lot of research on how relationship marketing activities affect relationship outcomes like customer loyalty in the target segment.

Sustainable and continuous survival of an organization mainly depends on its business relation with its customers. When business firms direct their resources and all their efforts for better accomplishment of their intended purposes, growth and profitability is entirely influenced by the quality and reliability of their service. These could be done through delivering a service that could increase the acceptance of the organization in the face of the customers.

To do all the above mentioned issues, organizations need some mechanisms that could increase customer loyalty in a coordinate and change oriented bases. One of the mechanisms that can give such benefit is relationship marketing. Relationship marketing is the process that organizations has to understand the customers like or/and dislike and serve the customers according to their desire to anchor them for continuous relationship (Kotler & Armstrong, 2010). It is done by gathering related information of customers' in an organized manner, analyzing and interpret it so that it can help the organization to fulfil the need of its customers.

The application of relationship marketing is crucial in these days. Because a fierce competition all over the world and the effect of globalization, being reluctant to accept relationship marketing will cost the organization a big deal of lose in many directions; losing a potential customers and market share, letting down the reputation of the organization, lagging behind industry leaders, shortage of information from customers that could give big advantage, failure of employees to understand customers' nicely and many more will be the negative impact towards understanding poorly.

So, the main reason that initiated the researcher to conduct this research was to indicate the effect of relationship marketing on customer loyalty in Commercial Bank of Ethiopia and the aim of this study is to investigate the relationship marketing dimensions such as trust, commitment, conflict handling, empathy, communication and service quality in Commercial Bank of Ethiopia, in order to discover whether these dimensions had the intended strengthening effect on customer loyalty.

Most of the studies such as, Shiferaw (2011), Helen(2014), Meseret (2015) and Metasebia (2015) considered only four variables (dimensions) that is trust, commitment, conflict handling and empathy which is made them to be less inclusive.

Research questions

1. Is there positive and significant relationship between relationship marketing dimensions and customer loyalty?
2. To what extent relationship marketing dimensions affect customer loyalty?

1.3 Objective of the study

1.3.1 General objective

The general objective of this study is to assess the effect of relationship marketing on customer loyalty within Commercial Bank of Ethiopia

1.3.2 Specific objectives

- ❖ To examine the effect of trust on customer loyalty
- ❖ To assess the effect of commitment on customer loyalty
- ❖ To find out the effect of conflict handling on customer loyalty
- ❖ To investigate the effect of empathy on customer loyalty
- ❖ To examine the effect of communication on customer loyalty
- ❖ To assess the effect of service quality on customer loyalty

1.4 Research Hypotheses

H1: Trust has positive and significant effect on customer Loyalty

H2: Commitment has positive and significant effect on customer Loyalty

H3: Conflict handling has positive and significant effect on customer Loyalty

H4: Empathy has positive and significant effect on customer Loyalty

H5: communication has positive and significant effect on customer Loyalty

H6: Service quality has positive and significant effect on customer Loyalty

1.5 Scope of the study

This study conducted in Commercial Bank of Ethiopia at the branches located in Addis Ababa are categorized levelled Grade IV branch selected. The selection is based on number of customers in order to get insight, relevant and in-depth data from the bank's customers in the year 2019 concerning about the effect of the six ways of relationship marketing dimensions on customers' loyalty. This means that the study were limited to assess the six dimensions which are trust, commitment, conflict handling, empathy, communication and service quality.

1.6 Significant of the study

The study is important to various audiences. Branch managers, employees and customers were benefited from this study and also important to other researcher. Relationship managers and other practitioners in the service industry will also find the results of this study useful. They may use the findings while initiating the process of customer acquisition as well as when offering financial services and advise to the customers on the banks products.

This study also provided current information to managers of resource mobilization and marketing department on relationship marketing and its impact on customer loyalty in Ethiopian context. It is also in the assumption that the study was provided basic data about relationship marketing and customer loyalty. So, this research can contributed a lot to the efforts made by CBE for the improvement of customer loyalty through provision of appropriate service to the respected customers. Besides, the findings of the study used for other similar studies in the future.

1.7 Organization of the study

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

1.8 Background of the Organization

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. In 1974, CBE merged with privately owned Addis Bank. CBE pioneer to introduce modern banking in the country and the first bank in Ethiopia to introduce ATM service for local users. Currently CBE has 1280 branches stretched across the country having number of customers reaching to 18.8 million and combines a wide capital base with more than 33000 talented and committed employees as of June 30, 2018.

CBE is the leading African bank with assets of 565.50 billion Birr as on June 30th 2018 and plays a catalytic role in the economic development and progress of the country. According to the Bank web site WWW.COMBANKETH.ET I gathered to the web site Currently CBE has more than 13.3 million account holders and the number of Mobile banking service 1.7 million, Internet Banking users also reached 36,768 and also 11,796 Pos and 1708 ATM machine as of June 30th 2018(68% active users). Active ATM card holders reached more than 3 million (61% active users). It has strong correspondent relationship with more than 50 renowned foreign banks like Commercial Bank A.G, Royal Bank of Canada, City Bank, HSBC Bank, etc. CBE has A SWIFT bilateral arrangement with more other banks across the world. Pioneer to introduce Western Union Money Transfer Services in Ethiopia early 1990s and currently working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money and others. CBE has opened four branches in South Sudan and has been in the business since June 2009. CBE has reliable and long-standing relationships many internationally acclaimed banks throughout the world. (Bank's website)

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Relationship marketing

Amid the previous decade, relationship advertising has been viewed as the standard of thought in arranging a promoting procedure both in modern and shopper showcasing spaces (Tseng, 2007). As per Hougaard and Bjerre (2002) relationship show casing is characterized as "organization conduct with the reason for building up, keeping up and creating focused and gainful client relationship to the advantage of the two gatherings."

Leverin&Liljander (2006) conducted research and concluded that relationship marketing aims at increasing customer profitability while providing better services for customers. They indicated that to be attractive, relationship marketing strategies should enhance customers' perceived benefits of engaging in relationships. It is contended that relationship showcasing has been advanced as a path for firms to grow commonly advantageous and significant long drag associations with customers.

Relationship marketing is believed to work most effectively when customers are highly involved in the good or service, there is an element of personal interaction, and customers are willing to engage in relationship building activities. Customer oriented relationship marketing programs that enhance the flow of information between the bank and customers increase customers' positive feelings towards their bank, thereby also increasing satisfaction and relationship strength of the business activity. (Leverin&Liljander, 2006).

The findings of Foster & Cadogan (2000) showed that the quality of the relationship customers have built with their organization positively influences their assessment of their relationship with the organization. Furthermore, they indicated that customers propensity to do further business with the organization, their likelihood of recommending the organization to others, and the probability that they would pay a premium price for the organization's products or services were shown to be positively influenced by both the strength of their relationship with the employees and the organization as a whole.

There is without a doubt a developing enthusiasm for the subject of relationship promoting. The solid competition describing the present business condition has come about to the working of more grounded firm client connections. Lacey (2009) noticed that the wonder portrayed by this idea is emphatically bolstered by on-going patterns in present day business. This creator likewise proposed that an ever increasing number of firms are profiting by solid firm-client relationship to increase important data on how best to serve clients and shield them from surrendering to contending brands. Subsequently, client relationship building makes shared prizes which advantage both the firm and the client and by building association with clients, an association can likewise increase quality wellsprings of promoting knowledge for better arranging of showcasing system.

Compared with traditional or transactional marketing, relationship marketing is more concerned about building customer relationships in order to achieve long-term mutual benefits for all parties involved in the exchanges (Kotler & Armstrong, 2010). They additionally contended that relationship advertising basically implies creating clients as accomplices, where a methodology is unique in relation to conventional exchange.

2.2 Relationship marketing dimensions

2.2.1 Trust

Trust is an essential fixing in firm-client connections and at last in the advancement of steadfastness (Ndubisi, 2007). In this way, banks ought to endeavor to win clients' trust. The ways in which this can be achieved include the giving and keeping promises to customers, showing concern for the security of transactions, providing quality services, showing respect for customers through front-line staff, fulfilling obligations, and acting to build customers' confidence in the bank and its services. The literature on trust suggests that confidence on the part of the trusting party results from the firm belief that the trustworthy party is reliable and has high integrity, which is associated with such qualities as consistent, competent, honest, fair, and responsible.

Trust in relationship promoting is critical. This is the fundamental concentration in administration associations. It needs to oblige duty. In the event that deliverable is great, trust increments.

Ndubisi (2007) stressed that an indispensable component of the relationship showcasing approach is the guarantee idea. He contended that the obligations of showcasing don't just, or transcendently, incorporate giving guarantees and consequently inducing clients as detached partners in the commercial centre to act given, yet additionally in keeping guarantees, which keeps up and improves developing relationship. He likewise called attention to that satisfying guarantees that have been given is similarly essential as a methods for accomplishing consumer loyalty, holding the client base, and anchoring long haul gainfulness.

Trust is considered so important to long-term relationships and enhancing customer loyalty. Many authors have suggested that customers' trust has a significant role in building long-term relationship and achieving customer loyalty (Kotler & Armstrong, 2010). According to Clow & Kurtz (2003), the key to developing a customer relationship competitive advantage is not merely obtaining a contractual agreement, it is developing mutual trust. They argued that the customers must be able to trust the seller and know that he or she will provide the service when needed at the service quality level desired and the seller must be able to trust and work with the customer in a mutually beneficial relationship. This relationship involves both parties sharing information and working together to solve problems. The primary action in gaining customer acceptance of service process modification is to develop customer trust (Clow & Kurtz, 2003). They pointed out that service modifications are much easier to accomplish if customers trust the service providers. Service providers must understand customer habits and know how, when, and why customers purchase the service. The more the services providers know about the customers use of services the easier the change will be to implement. The results of Taylor, Celuch and Goodwin (2004) suggest that trust is consistently the most important antecedents to customer loyalty.

2.2.2 Commitment

Commitment is another important determinant of the strength of a marketing relationship, and a central to all the relational exchanges between the firm and its various partners. As for commitment as a critical factor in building customer loyalty, consisting in the study of accommodating to customers' needs, tailoring products to requirements, and being generally flexible in their customer relationships is needed Ndubisi (2007). He also indicated that banks should recognize the influence

of service commitment in keeping loyal customers, and act accordingly. They must also show genuine commitment to customer relations.

Lacey (2009) research's suggested that committed customers are not just expected to maintain current purchasing activities, but to increase both the level and proportion of their purchasing activities over time. He argued that customers who remain within a firm are more likely to increase business volume in the future. Based on this study through the level of customer participation the highest spending customers receive the greatest rewards.

Committed customers are positive in both attitude and behaviour and they are described as happy with the brand. They can be depended upon to make continuing purchases and to engage in positive and delighted word-of-mouth exchanges with other potential customers. In a number of service settings, they can also make a positive contribution to the environment of the service experience for other customers; this contribution is particularly important in service settings in which customer-to-customer interaction is an important element of the service experience (Rowley, 2005).

Committed customers are resistant to competitors' attempts to persuade them and likely to be willing to extend their business with the brand, and to evolve their relationship with the brand over a period of time (Rowley, 2005). More specifically, they hardly consider other brands. Information search and the decision-making associated with switching is regarded as too labour intensive, and switching, in general, is regarded as too risky. Such loyal customers are very vulnerable to marketing communications from brands to which they are loyal, and can even communicate the messages surrounded in those marketing communications to other actual or potential customers. Clearly, every business would wish to convert as large a proportion as possible of their customers into committed loyal. They are the true loyal, add value to the brand, and are almost as enthusiastic to continue the relationship with the seller, as the seller might be to continue the relationship with them. Both sides recognize the mutual benefits of the relationship, in minimizing risk.

2.2.3 Conflict handling

In interpersonal communication, conflict occurs when an individual perceives incompatibility between his or her own personal goals, needs, or desires and those of the other party. In dealing with conflict, people use different strategies to accomplish their goals. Conflict handling reflects the

supplier to avoid any potential conflict, Clow and Kurtz (2003) suggested that solve that particular conflict before they create problems and the ability to discuss the solution openly when the problem arises.

In relational correspondence, struggle happens when an individual sees contradiction between his or her very own objectives, needs, or wants and those of the other party. In managing struggle, individuals utilize diverse methodologies to achieve their objectives. 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. Struggle taking care of requires helpful conduct from trade accomplices. Strife taking care of is an imperative relationship manufacturer. Despite the fact that it is hard to benefit ventures particularly in managing an account segment to accomplish zero administration disappointment each of the period, yet it is important to the point that the specific banks set up compelling compromise or critical thinking instrument.

An important issue which had been settled tastefully may leave afterward a cheerful and faithful client, however might be minor issues if not dealt with cautiously will result in deserting. A progressively excellent methodology, for instance proactive in arranging and executions incorporates, recognizing potential clashes, separating conflict before they show, staying away from potential clash and blocking them. Those endeavours could convey the better relationship and reliability to the specific bank or administration firm (Ndubisi, 2007). Ndubisi and Wah (2005) found a huge connection between attractive care of and client reliability, by implication through trust and saw relationship quality. As referenced before, the capacity of the item or specialist organization to deal with rivalry well will likewise specifically impact client commitment. Clow & Kurtz (2003) identified and explained the four types of conflict faced by customers.

2.2.3.1 Employee-Customer conflict

Conflict can occur between employees and customers when either party does not follow the expected role. Conflict also occurs between the employee and the customer if the customer does not take care of the facility the way the employees feels. Both customers and service personnel are expected to behave in accordance with their role scripts. When behaviour deviates from scripts, a conflict will arise. To reduce employee-customer conflict, both customers and service providers must understand

their roles. Company personnel should instruct new customers about their roles and may need to remind current customers occasionally. Teaching employees how to deal with different types of customers and their behaviours can also be beneficial.

2.2.3.2 Customer-Role conflict

Occasionally there is a conflict between the customers and their expected roles. In these situations, the service provider must provide instructions to the client on his or her role without insulting the customer. The service provider should also attempt to give the client a sense of cognitive control through providing information about the service to be provided.

2.2.3.3 Customer-Organization conflict

Conflict between the customer and the organization is common. Most of these situations occur as a result of policies of the service organization. In most cases, the individual's conflict is with the organization and not with the service personnel. Dealing with customer-organization conflict is difficult to alleviate because the most organizations do not want to change policies. When conflict occurs, service providers should analyze their policies and decide if it is time to modify or eliminate the policy.

2.2.3.4. Customer-Customer conflict

Conflicts sometimes arise among customers when they are served simultaneously or when one customer is served in the presence of other customers. Conflicts also sometimes occur among customers who have different expectations. A customer who wants quick, speedy service may be aggravated at the customer in front of him who wants to talk and wants personalized service. Handling conflict among customers is difficult. Employees of all types of services should be trained to handle conflicts among customers and how to minimize such conflict.

Clow and Kurtz (2003) suggested that customers follow a different sequence in handling conflicts. The most common technique is avoidance. They do this through lower physically another firm. In addition to the avoidance strategy, customers will often use revenge in the form of negative word-of-mouth. Customers also will use direct confrontation in the way that they are planning to switch

vendors and they have nothing to lose. Psychological withdrawal and automatic behaviour is used by customers only when they are forced to stay with the service firm. By understanding these methods of dealing conflict, managers can recognize conflict at an early stage and can find the source of conflict. Information should be gathered from all parties concerned as well as others who are familiar with the situation. Once the source has been identified, efforts can then be initiated to eliminate or reduce the conflict.

2.2.4 Empathy

According to Ndubisi (2004) Empathy is the capacity to share and understand another's state of mind or emotion. This creator likewise brought up that the fundamental thought of compassion ought to be portrayed is that by looking articulations of the general population facial or body development, or by hearing their manner of speaking, which will have quick sense on how they feel. Sympathy regularly described as the capacity to place oneself into another, or somehow or another experience the viewpoint or feelings of another being inside oneself. Empathy has the added value of reducing reliance on legal governance, since exchange partners who are governed by the principle of empathy are more likely to treat others in the manner they would like to be treated. Clow and Kurtz (2003) define empathy as the ability of a person to identify with the feelings or thoughts of another person. This skill is necessary because customer contact personnel serve as the interface between customers and the organization. If customers have special requests or problems, they want employees to understand the problem from their point of view. Zeithaml and Bitner (2003) argued that it is difficult to imagine an organization would deliver caring, individualized attention to customers independent of its employees. According to these authors empathy implies that employees will pay attention, listen, adapt, and be flexible in delivering what individual customers need. They argued that service organizations are expected to provide care and individualized attention to its customers, as well as having convenient operating hours.

2.2.5 communication

Communication in creating a relationship between buyer and seller and promoting relationship marketing in the business industry. Communication is important to understand customers behaviours and be informed of the future direction that their service providers will take. Since service is the

nerve centre of any organization, service providers must improve on their service to customers by conducting regular satisfaction surveys to get feedback from customers and monitor their attitude. Kotler (2009) Relationships by transforming indifferent customers into loyal advocates of the company by using suitable ongoing communication. Kotler and Keller (2009: 60) explain that a key goal of marketing is to develop deep, enduring relationships with people and organisations that could directly or indirectly affect the success of the firm's marketing activities. Thus, relationship marketing aims to build mutually satisfying long-term relationships with key constituents in order to earn and retain their business

According to Fill (2009: 16), marketing communications is a management process through which an organization engages with its various audiences. Through an understanding of the audience's preferred communication environments, organisations seek to develop and present messages for its identified stakeholder groups, before evaluating and acting upon any responses. By conveying messages that are of significant value, audiences are encouraged to offer attitudinal, emotional and behavioural responses.

Although the communication process can be simple, it has nevertheless, become very complex. Its success depends on factors such as the nature and complexity of the message, the audience's interpretation of the message, the environment in which communication takes place, the level of interference, receiver's attitudes and perceptions and the medium used to transmit the message.

Timm (2011: 4) states that relationships with customers can evolve into rich and fulfilling partnerships. These customer partnerships arise from certain attitudes or orientations, namely: generosity and trust, so that people involved find pleasure in extending the relationship beyond just meeting a need or requirement. Generally, partnerships require some joint purpose and are marked by truth, candor and straight talk mixed with compassion

2.2.6 Service Quality

Service is different from physical products. Compared with physical products, Service is thought to be intangible, heterogeneous, produced and consumed simultaneously, unable to be kept in stock, etc. A widely accepted definition of service is proposed by Grönroos in 1990 as: "A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical

resources or goods and/or systems of the service provider, which are provided as solutions to customer problems” (see Grönroos, 2000, p.46).

This definition implied that service is a process where interactions between customer and service provider most often exist. Hence, in a service context, there are almost a relationship between customer and service provider, such relationship can be used as a basis for marketing (Grönroos, 2000). In order to retain loyal customer who will bring long-term profit to the firm, the key issue for service provider is to make use of this relationship in the way it manages customers by Master Thesis, Halmstad University offering what the customers needs and wants. The quality of a service is subjectively perceived by customers during the interactions with a firm (Grönroos, 2000). Parasuraman et al. (1988) defined service quality as the consumers’ judgment about a firm’s overall excellence or superiority. What happens and perceived by customers in the interaction process will obviously have critical impacts on customers’ evaluation of service quality (Grönroos, 2000). Due to the peculiar attributes of service, the evaluation of service quality is more complex than evaluation of product quality. There have been various ways for measurements of service quality proposed by previous researches and literatures. The famous measurement model of service quality is SERVQUAL developed by Parasuraman et al.(1988), who measured the differences between customer expectations and perceptions cross five determinants as follows:

Tangibles: Appearance of physical facilities, equipment, employees and communication materials from a service company. Reliability: A service company’s ability to perform the promised service dependably and accurately. Assurance: employees’ knowledge and behavior about courtesy and ability to convey trust and confidence.

Responsiveness: A service company is willing to help customers and provide punctual services. Empathy: A service company provides care and individualized attention to its customers, as well as having convenient operating hours. Later, based on integrating previous studies and conceptual works, Grönroos (2000) summarized seven criteria of good perceived service quality as: professionalism and skills, employees’ attitudes and behaviour, accessibility and flexibility, reliability and trustworthiness, service recovery, service scape, reputation and credibility. The first criteria is outcome-related and thus a technical quality dimension; the last one is image-related and fulfils a filtering function; and the rest five ones are process-related and present the functional quality dimensions (Ibid). Master Thesis, Halmstad University

High service quality is regarded as a key to succeed in competitive service markets. Many researches have showed that service quality perceived by customers are will directly influence customers' satisfaction, as well as their trust in the service firm (Parasuraman et al., 1988; Aydin and Özer, 2005; Ismail et al., 2006; etc.). Customers might be satisfied when a firm provide better services than their pre-purchase expectations. Customer trusts also emerge when customers perceive positive service quality from a firm, and believe the service firm would bring preferable outcomes for them. In mobile telecommunication industry which belongs to service industry, service quality is an important indicator to assess a service provider's performance. Offering a high quality service is considered to be a visible way to create customers trust and satisfaction.

2.2.7 Customer loyalty

Customer loyalty is the most important goal of implementing relationship marketing activities. It is assumed that customers who are behaviourally loyal to a firm display more favourable 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).

Lacey (2009) undertaken research and concluded customers are vital sources for future revenue streams and marketing intelligence to the firm and loyal customers are willingly share insight about their needs and provide the opportunity for firms to tailor products, pricing, distribution channels, and marketing communications. This author also indicated that relational outcomes reflect the combination of marketing resources that contribute to a more efficient and effective marketing enterprise, including personal referrals, sharing personal information, engaging in firm-sponsored marketing research activities, providing complaint feedback, being more open to firm promotions and increasing purchasing activities. Results of Pantouvakis and Lymperopoulos (2008) support that in order for service company services strategies and tactics to yield desired results; attention should be given to the increasing loyalty of customers.

2.2.7.1 Customer loyalty in the service provider organizations

The strategic objective which is the basis of the relationship marketing approach consists of achieving customer loyalty. Key findings of Robert Gee, Graham Coates and Nicholson (2008) indicates that organizations must understand what drives both value and delight for their customers and adopting a customer centric vision enables an organization understand their customers, deliver customer delight and drive for loyalty. They also pointed out different customers have different requirements and will be delighted in different ways and appropriate monitoring of customers is important to ensure that customer defections are not masked by customer acquisitions. This is essential for the sustainable growth of an organization. Analysis of defecting customers allows an organization to profile at risk customers where appropriate preventive measures can be put in place to reduce customer defection (Gee et al., 2008). According to Huseyin et al (2005) findings, it is more expensive to find and attract a new customer than it is to retain an existing one and banks need to redefine their corporate image to one that emphasizes service quality by introducing standards for service excellence to make loyal.

The study conducted by Huseyin et al (2005) has shown that customers are looking for banks that keep their promises, in still confidence in the customer about the way they handle transactions, provide prompt service and have employees that are competent and always willing to help the customer. They also argued that due to the highly interactive nature of the employee-customer relationship, including input from employees on what constitutes service excellence will be beneficial for banks and need to reassess what customers expect from them in terms of products and services and thus, provide client specific services is very important.

As Balakrishnan and Els (2008) states service initiatives aimed at customer relationship management often look at four areas such as satisfaction, retention, loyalty and lifetime profitability. They also suggest a fundamental criterion for the success of customer initiative schemes is making sure that customer perceived value is met or better still, whether it is exceeded and organizations should evaluate future service schemes with respect to cost and results. They also pointed out that in a competitive environment where the customer has myriad choices and few switching costs, loyalty could from the organization point of view decrease costs and increase revenues.

According to Robert Gee, Graham Coates and Nicholson, (2008) the need for businesses to retain customers is an important issue in today's global marketplace. They also suggested that to retain customers, a business must build long-term relationships with profitable customers. Good communication in service organizations should affect all aspects of the relationship, but largely trust, satisfaction, and loyalty (Ball et al., 2004). Interactions between the customer and the service organization lie at the heart of service delivery and people who deliver the service are of key importance to both the customer they serve and the employer they represent (Huseyin et al., 2005). They also indicated that bank customers want a high degree of interaction with bank staff that are sensitive to their needs and expect personalized service.

The findings of Ndubisi (2007) suggested that the greater the trust in the bank, the higher the level of the bank's commitment, the more reliable and timely its communications and the more satisfactorily it handles conflicts, the more loyal its customers will tend to be. Effective communication affects customers to stay with a provider of banking services. Loyalty can be nurtured by providing timely and reliable information, for example about the uses and benefits of new banking services or about the status of transactions. It can also be reinforced by the provision of honest information on what the bank is doing about existing problems and what it does to anticipate potential ones.

2.2.7.2 Customer loyalty and customer retention

These days business entities 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 favourably 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 huge

drop in loyalty. Thus, the aim of customer relationship marketing is to create not just customer satisfaction, but customer delight and customer loyalty. Companies are now realizing that losing a customer means losing more than a single sale. It means losing the entire stream of purchases that the customer would make over a lifetime of patronage.

As companies move from a transaction-oriented view of their customers to a relationship-building view, they will create and sponsor programs to keep their customers coming back, buying more, and staying loyal. The challenge is to develop a special relationship with the company's best customers in which they experience good two-way communication and see themselves as receiving special privileges and awards. Among the most promising programs are frequency marketing programs and club marketing programs (Kotler, 1994). Frequency marketing programs (FMP) are designed to provide rewards to customers who buy frequently and/or in substantial amounts. Kotler (1994) defined frequency marketing as the effort to identify, maintain, and increase the yield from best customers, through long-term, interactive, and value added relationships. Frequency marketing is an acknowledgement of the Pareto principle - which 20% of a company's customers might account for 80% of its business. In club marketing programs- many companies have created club concepts around their product (Kotler, 1994). Club membership can be offered automatically upon purchase or promised purchase of a certain amount.

2.8 Theoretical framework of the research

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. They also argued that in the development of the explanatory foundations of relationship marketing theory, it provides answers to three “why” questions:

Why is relationship marketing so prominent now? Why do firms and consumers enter into relationships with other firms and consumers? And why are some efforts at relationship marketing more successful than others?

The answers to these questions provide a broad base from which to view relationship marketing theory. First, it is suggested that the prominence of relationship marketing is due not just to the rise of services, technology, and information-oriented firms, but also to the rise of strategic network competition. Strategic network competition, which involves independent owned and managed firms agreeing to become partners within a network, emphasizes the importance of inter-firm cooperation as a means to compete successfully with other networks. To be successful (both individually and as a network), the firms in a strategic network must become proficient at relationship marketing. Second, relationship marketing theory implies that consumers enter into relational exchanges with firms when they believe that the benefits derived from such relational exchanges exceed the costs.

The benefits to include like as the belief that a particular partner can be trusted to reliably and competently provide quality market offerings; the belief that the partnering firm shares values with the consumer; the customer experiences decreases in search costs; the customer perceives that the risk associated with the market offering is lessened; and the exchange allows for customization that results in better satisfying the customer’s needs, wants, tastes, and preferences.

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 used the framework as it is without modification.

2.9 Empirical Review

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

Shiferaw (2011) explored the impact of relationship marketing on customer loyalty in the banking context. A survey of customers of bank of Abyssinia was conducted to determine the significance and influence of the underpinnings of the relationship marketing such as trust, commitment, conflict handling, and empathy on customers' loyalty in the banking sector. A total of 250 usable questionnaires were obtained from a total of 250 questionnaires distributed. The findings show that the four variables namely trust (0.62), commitment (0.81), conflict handling (0.74), and empathy (0.59) were important in determining and influencing customers' loyalty. In light of the findings made above, several possible recommendations were suggested as being valuable to the Bank of Abyssinia for improving relationship marketing activities to assure its customer loyalty.

Studies that conducted by Ndubisi et al, (2007) confirms that there is a relationship between communication and conflict handling with customer loyalty. Customers have good relationships with the bank when the bank communicates its customers well and can solve the conflicts in a timely and satisfactory. Further, Studies that conducted by Oliver (1999); Gundlach et al. (1995), Morgan and Hunt (1994), Dwyer et al. (1987), and Wilson (1999) have shown that there is a relationship between communication, and conflict handling with customer loyalty.

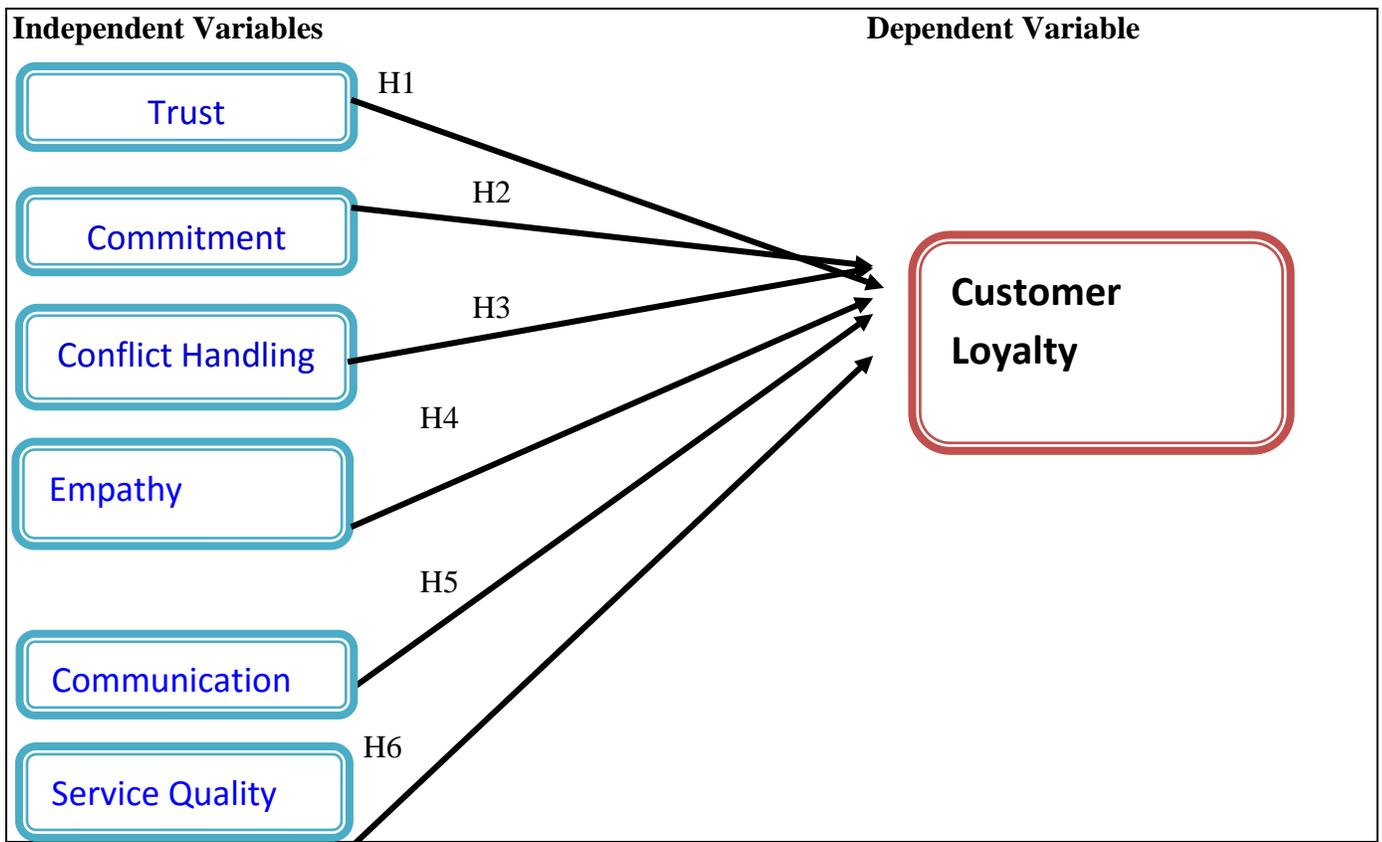
Research conducted by Bejou et al. (1996) have concluded about the dimension of trust that the orientation of conduct seller, the seller of expertise, the duration of the relationships, and orientation towards customers and sales, will increase customer trust; it is proving a link between the relationship marketing dimension(trust) and customer loyalty.

Another research which has been done by Crosby et al. (1990) found that similarity, the perception of seller expertise and relational selling behaviour will build trust, and consequently will increase customer loyalty.

In addition, Lin and Ding (2006), found that the relational selling behaviour, perception of network quality, and service recovery affect loyalty through trust, this shows that the relationship marketing dimension (trust) can affect customer loyalty. Moreover, based on research, Wray et al. (1994), Bowen and Shoemaker (1998), Woo and Cha (2002), Thureau et al. (2002), in Syah (2014), shows that there is a relationship between trust and customer loyalty.

To windup, Ndubisi's (2007) study examined the impact of relationship marketing strategy on customer loyalty. The study used a questionnaire and distributed it over 220 bank customers in Malaysia. Multiple regression analysis assessed the impact on customer loyalty of four key constructs of relationship marketing (trust, commitment, communication and conflict handling). The study concluded that the four variables have a significant effect and predict a good proportion of the variance in customer loyalty. Moreover, they are significantly related to one another. This is important for this study since the relationship market variable was derived from it.

CONCEPTUAL FRAMEWORK OF RELATIONSHIP MARKETING DIMENSIONS.



Conceptual Frame work of the research source (Hunt et al, 2006)

CHAPTER THREE

3 METHODOLOGY OF THE STUDY

3.1 Introduction

This part of the study illustrates the methodology which is used to carry out my research. It consists of research design, population definition, sample design (sample size and sampling techniques), data collection instrument and variables, as well as method of the data analysis.

3.2 Research design

As to nature of my research, basically by far employed descriptive and explanatory research nature in line with descriptive analysis. Customer loyalty is explained using the six relationship marketing dimensions and the relationship between relationship marketing and customer loyalty was established. Moreover, the contribution of the six relationship marketing dimensions towards the independent variables clearly be examined. Descriptive studies redesigned to obtain data that describe the characteristics of the topic of interest in the research. The objective of descriptive study is to represent an accurate profile of persons, events or situations. In descriptive research, the research problem is structured and well understood (Ghauri and Gronhaug, 2005).

3.3 Population Definition

A population can be defined as all customers or item with characteristics that one wishes to study and their unit of analysis may be a person, individuals, organization, country, object or other entity that you wish to draw scientific inferences about.

The study is assessed the effect of relationship marketing on customer loyalty in the case of Commercial Bank of Ethiopia. According to the bank web site WWW.COMBANKETH.ET the bank has 4 districts and 261 branches stretched across the city of Addis Ababa with total population more than 18.8 account holders. The population of this study encompasses all customers of CBE in Addis Ababa. The researcher selects branches of CBE located in Addis Ababa to undertake the survey. Therefore, it is necessary to survey a sample of the population as an alternative in order to formulate predictions about the entire population.

3.4. Sample Design

3.4.1 Sampling Technique

Information obtained from MIS of CBE indicates that the branches located in Addis Ababa are categorized and levelled from Grade I to IV based on number of customers, volume of transaction, variety of services provided, site location, facilities and staff strength, cash holding limits and other consideration. Moreover the banking system design is more of standard for the branches at the same grade level. Therefore employing multiple stage sampling technique is found appropriate for this study.

Accordingly, the researcher used purposive sampling technique select 10 CBE branches found in Addis Ababa, four districts. Hence questionnaire and semi structured interview distributed to customers by using purposive sampling technique who are available and willing to participate during the data collection period and marketing division manager of the banks respectively.

3.4.2 Sample Size

Sample Size refers to the number of items to be selected from the universe to constitute a sample. According to Kothari (2004) determining sample size is a very important issues because samples that are too large consumes a lot of time, resource and money, while sample that are to small may lead to inaccurate result.

In order to make generalizations with confidence about the constructs under investigation, the appropriate sample size was considered. According to the information from (<http://www.research-advisor.com>), sample statistics need to be reliable and represent the population parameters as close as possible within a narrow margin of error. Thus the sample size at 95% confidence level with +/-5% confidence interval (margin of error) and expecting variance in the response to be 0.5, account 384.

$$\begin{aligned} \text{NecessarySampleSize} &= \frac{(Z - \text{score})^2 \times \text{Std. Dev} \times (1 - \text{Std. Dev})}{(\text{marginoferror})^2} \\ \text{NecessarySampleSize} &= \frac{(1.96)^2 \times 0.5 \times 0.5}{(0.05)^2} \\ \text{NecessarySampleSize} &= 384 \end{aligned}$$

Sample size= **384**

- Where: 95% confidence level corresponds to value of 1.96 from Z-score table.
- Margin of error = +/-5%
- Std. Dev= 0.5

3.5 Data collection instruments and variables

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

Based on the research objective, a questionnaire was prepared to elicit customers' experience and prepared to get information about relationship marketing and customer loyalty of CBE. The questionnaire is divided into three parts.

The first part solicits relevant personal information, such as respondents' gender, age, education, occupation, monthly income and for how many times the customer using the bank's services. The second part is measured respondents' opinion on relationship marketing and customer loyalty questions. This part consists of 58 questions and measures the impact of relationship marketing on customer loyalty which is divided in six dimensions. The first dimension, trust consists of 11 questions and are adopted from Ndubisi & Wah (2005) and (Dimitriadis et al., 2011). The second dimension, commitment consists of 8 questions that measure commitments are adopted from Ndubisi&Wah (2005) and (Lacey& Morgan, 2009). The third dimension, conflict handling, contained 10 questions which are adopted from Ndubisi and Wah (2005). The fourth dimension, empathy contained 5 questions which are adopted from Huseyin et al., (2005). The fifth and sixth dimensions that measure communication contain 8 questions are adopted from Ndubisi, N. O. and Wah, C.K. (2005), service quality are adopted form Peng and Wang (2006) also contained 6 questions and customer loyalty contained 10 questions which are adopted from Ndubisi and Wah (2005) . The researcher develop some questions and include in the questionnaire.

Questions in part two assessed by using a five point Lickert scale. Each question of the questionnaire is assigned a number indicating strongly disagree measured as 1, disagree measured as 2, no opinion measured as 3, agree measured as 4, and strongly agree measured as 5.

The independent variable is relationship marketing and measured by six dimensions such as trust, commitment, conflict handling, empathy, communication, and service quality. The dependent variable is customer loyalty and will be measured by the feelings of customers' loyalty towards their bank. The third part is Semi-structured Interview Questions to measure the opinion of CBE management

parts needed to evaluate the relationship marketing activities and the strategies used to the bank's customer loyal and to new customer and retained the existing customers.

3.6 Data analysis

Analysis of data in this research was done by using a statistical package for social science software SPSS version 20. Statistical tools like regression and correlation models as well as descriptive analysis were applied. Regression analysis uses to know by how much the independent variable i.e. relationship marketing explains or effect the dependent variable which is customer loyalty. Correlation analysis also conducts to measure the strength of the association between relationship marketing dimensions and customer loyalty, also descriptive analysis uses for the demographic factors such as gender, age, education, occupation, monthly income and for how many times the customers are using the bank's services and also uses semi - structured Interview Questions to evaluate the relationship marketing activities of the CBE analysed by triangulate with the data obtain from another technique .

3.8 Reliability Test Result

Alpha reliability is regarded as a measure of internal consistency of the mean of the items at the time of administration of the questionnaire. Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively related to one another (WWW.Wikipedia.com). It is computed in terms of the average inter correlations among the items measuring the concept. Reliability is calculated in such a way that it represents the reliability of the mean of the items, not the reliability of any single item. So, the alpha reliability of 10 items would be higher than that of 5 similar items. This coefficient can hold a value of 0 to1. The result of 0.7 and above implies an acceptable level of internal reliability. The result of reliability test for the questionnaire is shown in the following table. As it is indicated in the table, the test result is more 0.70. Therefore, based on the test, the results for the items are reliable and acceptable.

Table 3.1: Reliability test result for the questionnaire

Trust	11	0.906
Commitment	8	0.892
Empathy	5	0.840
Conflict handling	10	0.845
Communication	8	0.86
Service quality	6	0.781
Customer loyalty	10	0.933
Over all	58	0.97

Source: Computed & compiled from the SPSS 20 output

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents the findings and their interpretation based on the main objective of the study which was, to establish the relationship between relationship marketing and customer loyalty in Commercial Bank of Ethiopia. The findings are presented using frequency table.

4.2 Response Rate

This study targeted 384 respondents; questionnaires were distributed to all targeted respondents from the selected Grade IV branches of CBE, Addis Ababa, Arat Kilo, Ayer Tena, Atena Tera, Mexico, Sarbet, Yoseph, Africa Avenue, Meskel Flower, and Tekele Haimanot. However, out of 384 questionnaires distributed only 291 respondents fully filled and returned to the questionnaires. This contributed to 75.80% response rate. The findings which are contained in this chapter are based on 75.80% response rate. Mugenda and Mugenda(2003) stated that a response rate of 50% and above is a good response rate for statistical reporting.

4.3 Demographic Information

The respondents were asked to respond to a series of questions about themselves and length of time the respondents uses the banks services.

4.3.1 Gender of the Respondents

The study sought to establish the gender of the respondents, the results are as depicted in table below. This table shows that gender of respondents more than the female counterparts, it can be says CBE is good in proportionate gender base RM. Out of this number, 56.40% were males and 43.60% were females. Although males customers of CBE are more than the female customers.

4.3.2 Age Distribution of the Respondents

The study also sought to establish the age distribution of the respondents; the findings are as presented in the table below.

Majority of the respondents that participated in the study 70.40% were between the age of 25 and 59 years of age, who are active and responsible members of society of the working class and thus they

preferred to work with CBE, followed by those aged between 18-24 years with a percentage of 25.10%. Ages 14-17 and 60 years and above were percentage of 2.10% and 2.40% respectively this showed little interests in dealing with bank, particularly CBE. This implies that those customers of CBE within the age groups between 18-24 and 25-59 years show a much higher level of loyalty as compared to other age groups.

4.4 Education Qualification of the Respondents

From the survey, table as shown table the majority, with a percentage of 63.20% of respondents were first degree holders. Followed by respondents those had diploma background with a percentage of 15.80%. 2.4.% of the respondents had a primary school educational background and 7.20% had secondary school educational background. Postgraduates' respondents and those who had other qualification were 10.00% and 1.04% respectively. This implies that majority of respondents can understand what relation marketing mean.

4.5 Occupation of the Respondents

The table indicated that majority, 57.40% of the respondents are government employees, followed by working in private sector with a percentage of 18.60%. Respondents who have their own business and work in other occupation are 11.30% and 4.10% respectively. 6.92% indicated that they are students.

Table 4.1 Gender, Age, Education Qualification, Occupations, Length of time served, Length of time served, Monthly Income of the respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid female	127	43.6	43.6	43.6
Valid male	164	56.4	56.4	100.0
Total	291	100.0	100.0	
Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 14-17 years	6	2.1	2.1	2.1
Valid 18-24 years	73	25.1	25.1	27.1
Valid 25-59 years	205	70.4	70.4	97.6
Valid 60 and above years	7	2.4	2.4	100.0
Total	291	100.0	100.0	
Education Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
Valid primary	7	2.4	2.4	2.4
Valid high school	21	7.2	7.2	9.6
Valid Diploma	46	15.8	15.8	25.4
Valid Degree	184	63.2	63.2	88.7
Valid Postgraduate	29	10.0	10.0	98.6
Valid Others	4	1.4	1.4	100.0
Total	291	100.0	100.0	
Occupations	Frequency	Percent	Valid Percent	Cumulative Percent
Valid government sector	167	57.4	57.4	57.4
Valid private sector	54	18.6	18.6	75.9
Valid own business	33	11.3	11.3	87.3
Valid Student	25	8.6	8.6	95.9
Valid Others	12	4.1	4.1	100.0
Total	291	100.0	100.0	
Length of time served	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below 1 year	20	6.9	6.9	6.9
Valid 1-3 years	68	23.4	23.4	30.2
Valid 3-5 years	78	26.8	26.8	57.0
Valid 5-7 years	59	20.3	20.3	77.3
Valid above 7 years	66	22.7	22.7	100.0
Total	291	100.0	100.0	
Monthly Income	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below birr 1,000	21	7.2	7.2	7.2
Valid birr 1000-2999	41	14.1	14.1	21.3
Valid birr 3000-4999	67	23.0	23.0	44.3
Valid birr 5,000 and above	160	55.0	55.0	99.3
Valid 5	2	.7	.7	100.0
Total	291	100.0	100.0	

Source: primary data 2019

4.6 Monthly Income of Respondents

The results in the above table indicate that majority, 55.00% of the respondents monthly income are 5000 birr and above. Those who earned between birr 3000-4999 monthly came in next at 23.00%. On the other hand, 14.10% had income of between birr 1000-2999 and the remaining respondents 7.20% had income of below 1000 birr.

4.7 Length of time the respondents uses the Banks Services

The study went further to establish the period of time the respondents have used bank transaction activities with CBE.

The results in the table above indicate that 26.80% of the respondents have used bank services with CBE for a period of between 3-5 years. Those who have used CBE services for a period of 1-3 years came in next at 23.40%. 22.70% of the respondents have used CBE services for more than 7 years. 20.30% respondents have used bank services with CBE for a period of between 5-7 years while 6.90% said they have used for a period of less than 1 year 6.9% of the respondents have used bank services with CBE for a period of more 3 years. This indicates that the bank is in a good truck on establishing, maintaining, and enhancing long lasting relationship with customers.

❖ Level of Relationship Marketing Practices in CBE

The objectives of the study is to determine to what extent CBE practice relationship marketing as measured by six dimensions and its effect on customer loyalty. To do so, customers of CBE were asked to rate the level of relationship marketing practices on a Likert scale of 1 through 5. In the following section the data collected is analysed.

4.8 Descriptive Statistics

Table 4.2: Descriptive Statistics

	N	Mean	Std. Deviation
trust	291	3.88	.761
commitment	291	3.6916	.79784
empathy	291	3.6385	.87567
conflict handling	291	2.98	.758
communication	291	3.6027	.89131
service quality	291	3.1731	.67183
Customer loyalty	291	3.5557	.84852
Valid N (list wise)	291		

Source; Computed & complied from the SPSS 20 output

As it can be seen from table 4.7 above CBE has been doing well in the trust dimension as compared to the other dimensions with the mean score of 3.88 while it is of at the lowest performance level in the conflict handling relationship marketing dimension of mean score of 2.98.

It was also observed a high Standard Deviation for customer loyalty, empathy, and communication are demonstrating the data were wide spread which indicated the variety of opinion given by customers and the relatively lower standard deviation for service quality, conflict handling, trust and commitment indicated the close opinion expressed by customers.

4.9 Correlation Analysis between Relationship Marketing Dimensions and Customer Loyalty

The correlation matrix with the dependent and independent variables allows the researcher to assess the strength of the association between the variables of interest. The correlation matrix for the overall sample is provided below.

Correlation								
		TRUST	COMMITMENT	EMPATHY	COMMUNICATION	SERVICEQUALITY	CONFLICT HANDLING	CUSTOMERLOYALTY
TRUST	Pearson Correlation	1	.716**	.601**	.669**	.259**	-0.023	.667**
	Sig. (2-tailed)		0	0	0	0	0.692	0
	N	291	291	291	291	291	291	291
COMMITMENT	Pearson Correlation	.716**	1	.573**	.651**	.232**	-0.033	.647**
	Sig. (2-tailed)	0		0	0	0	0.574	0
	N	291	291	291	291	291	291	291
EMPATHY	Pearson Correlation	.601**	.573**	1	.627**	.335**	0.027	.748**
	Sig. (2-tailed)	0	0		0	0	0.641	0
	N	291	291	291	291	291	291	291
COMMUNICATION	Pearson Correlation	.669**	.651**	.627**	1	.411**	-0.018	.717**
	Sig. (2-tailed)	0	0	0		0	0.755	0
	N	291	291	291	291	291	291	291
SERVICEQUALITY	Pearson Correlation	.259**	.232**	.335**	.411**	1	.540**	.311**
	Sig. (2-tailed)	0	0	0	0		0	0
	N	291	291	291	291	291	291	291
CONFLICT HANDLING	Pearson Correlation	-0.023	-0.03	0.027	-0.018	.540**	1	0.170
	Sig. (2-tailed)	0.692	0.574	0.641	0.755	0		0
	N	291	291	291	291	291	291	291
CUSTOMERLOYALTY	Pearson Correlation	.667**	.647**	.748**	.717**	.311**	-0.017	1
	Sig. (2-tailed)	0	0	0	0	0	0.774	
	N	291	291	291	291	291	291	291

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

Table 4.3: Correlations between independent variables and customers' loyalty

Source; Computed & compiled from the SPSS 20 output

To determine the existence and level of association, the researcher used bivariate correlation. Pearson's correlation coefficient falls between -1.0 and +1.0, indicates the strength and direction of association between the independent variables and dependent variable. The Pearson's correlation coefficient (r) was used to conduct the correlation analysis to find the level and direction of the relationships between the dimensions of relationship marketing and customer loyalty. The classification of the correlation coefficient (r) is as follows: 0.1 – 0.29 is weak; 0.3 – 0.49 is moderate; and > 0.5 is strong. (Field, 2005)

Empathy dimension has the highest correlation of $r=0.748$, followed by communication dimension ($r=0.717$), trust ($r=0.667$), commitment ($r=0.647$), service quality ($r=0.311$) and empathy ($r=0.620$). That means, all the relationship marketing the six dimensions have positive correlation effect upon the level of customer loyalty though their degree of influence vary.

Moreover, most of the inter-correlations between relationship marketing dimensions also show a positive and significant relationship among the relationship marketing dimensions. Hence when the bank makes changes to one relationship marketing dimension the association is likely to positively motivate other relationship marketing dimensions positively too. The highest inter-correlation exists between trust and commitment ($r=0.716$) followed by the inter correlation between trust and communication of ($r=0.669$).

4.10 Regression Analysis between Relationship Marketing Dimensions and Customer Loyalty

In this part, customer loyalty variable was regressed against the six variables (Trust, commitment, empathy, communication, service quality and conflict handling). The results are presented in Table 4.9 below.

After the study met the regression assumption next the researcher examined the influence of relationship marketing dimensions on customer loyalty. The researcher tested the six hypothesis set out to be tested at the beginning based on the regression analysis. The researcher believes that the bank can use the result of the regression analysis for future decision making via identifying which relationship marketing dimension got the highest influence on customer loyalty.

Table 4.4: Regression analysis result for relationship marketing and customers' loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829 ^a	.687	.680	.47966

- a. Predictors: (Constant)
 SERVICEQUALITY, COMMITMENT
 CONFLICT HANDLING, EMPATHY
 TRUST, COMMUNICATION

Source; Computed & complied from the SPSS 20 output

In the above table the value of R square implies 68.70% of the variance in the dependent variable (customer loyalty) can be predicted from the independent variables. Thus, the hypothesis which states that relationship marketing dimensions as a cumulative has a positive and significant effect on customer loyalty by considering R Square.

Table 4.5: ANOVA result for relationship marketing and customers' loyalty

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	143.457	6	23.910	103.922	.000 ^b
Residual	65.341	284	.230		
Total	208.798	290			

- a. Dependent Variable: CUSTOMERLOYALY
 b. Predictors: (Constant), SERVICEQUALITY, COMMITMENT,
 EMPATHY, TRUST, COMMUNICATION, CONFLICT HANDLING

Source; Computed & complied from the SPSS 20 output

The ANOVA tells us whether the model, overall, results in a significantly good degree of prediction of the outcome variable. Since the significance result on the ANOVA table is 0.000 which is $p < 0.05$, the regression analysis proved the presence of a good degree of prediction. The contribution of each dimension can be seen from the results of multiple regressions in the coefficient table 4.11 below.

Table 4.6: Coefficients of relationship marketing dimensions

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.085	.195		.438	.662
TRUST	.153	.059	.137	2.604	.010
CONFLICTHANDLING	-.017	.047	-.015	-.367	.071
1 COMMITMENT	.134	.054	.126	2.471	.014
EMPATHY	.405	.044	.418	9.136	.000
COMMUNICATION	.267	.051	.280	5.248	.000
SERVICEQUALITY	-.001	.058	-.001	-.025	.098

a. Dependent Variable: CUSTOMERLOYALTY

Table 4.11 titled as coefficients of relationship marketing dimensions, helps us to understand which variables among the six independent variables is the most important in explaining the variance in customers' loyalty. As it is indicated in the table above, high beta value shows that it is significant in explaining. If we can see the Beta column under standardized coefficients above, we can understand that the highest number in the beta is 0.418 for empathy dimension, followed by communication (Beta = 0.280), trust (Beta = 0.137) and While commitment takes the lowest (Beta =0.126).

Regression Equation

$$\text{Loyalty} = .085 + 0.153 (\text{communication}) + 0.267 (\text{trust}) + 0.151 (\text{commitment}) + 0.405 (\text{empathy})$$

4.11 Hypothesis testing

The following hypotheses are tested;

Trust has positive and significant effect on customer Loyalty.

Table 4.7: Test of First Hypothesis

Model	B	Std. Error	Beta	T	Sig
Trust	.153	.059	.137	2.604	.010

Source; Computed & complied from the SPSS 20 output

As shown from the above table, trust dimension has, p-value significant at ($p < 0.05$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that trust has positive and significant effect on loyalty in CBE.

Commitment has positive and significant effect on customer Loyalty.

Table 4.8: Test of Second Hypothesis

Model	B	Std. Error	Beta	T	Sig
Commitment	.134	.054	.126	2.471	.014

Source; Computed & complied from the SPSS 20 output

As shown from the above table, commitment dimension has, p-value significant at ($p < 0.05$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that Commitment has positive and significant effect on loyalty in CBE.

Conflict handling has no positive and significant effect on customer Loyalty

Table 4.9: Test of Third Hypothesis

Model	B	Std. Error	Beta	T	Sig
Conflict Handling	-.017	.047	-.015	-.367	.0714

Source; Computed & complied from the SPSS 20 output

Conflict handling has a negative relationship with customer loyalty with significance value of .0714 as the above table which is greater than 5% confidence interval. This indicates that, the predictor is statistically not significant at less than five percent level of significance. Therefore, Hypothesis with conflict handling and service quality rejected.

Empathy has positive and significant effect on customer Loyalty

Table 4.10: Test of Fourth Hypothesis

Model	B	Std. Error	Beta	T	Sig
Empathy	.405	.044	.418	9.136	.000

Source; Computed & compiled from the SPSS 20 output

As shown from the above table, empathy dimension has, p-value significant at ($p < 0.01$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that Conflict handling has positive and significant effect on loyalty in CBE.

Communication has positive and significant effect on customer Loyalty

Table 4.11: Test of Fifth Hypothesis

Model	B	Std. Error	Beta	T	Sig
COMMUNICATION	.267	.051	.280	5.248	.000

Source; Computed & compiled from the SPSS 20 output

As shown from the above table, : communication dimension has, p-value significant at ($p < 0.01$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that communication has positive and significant effect on loyalty in CBE.

Service quality has no positive and significant effect on customer Loyalty

Table 4.12: Test of Sixth Hypothesis

Model	B	Std. Error	Beta	T	Sig
SERVICE QUALITY	-.001	.058	-.001	-.025	.0980

Source; Computed & compiled from the SPSS 20 output

Service quality has a negative relationship with customer loyalty with significance value of .0980 as the above table which is greater than 5% confidence interval. This indicates that, the predictor is statistically not significant at less than five percent level of significance Therefore, Hypothesis related with service quality is rejected.

4.12 Analysis of interview

In order to know the current information of the bank with regard to relationship marketing and Customers' loyalty concepts, interview was conducted with the CBE business development and marketing division manager. With a total of 13 interview questions was asked and responded by the division manager.

After interview has been made with manager resource mobilisation and marketing department on relationship marketing and customer loyalty questions, the following points are generalized. In the CBE there is the concept of relationship marketing to retain and attract customers. But it is not independently established and has no officer. It is under marketing department. Under this department, the bank identifies and collects information about the needs and wants of customers. Here the major problem is that there is no follow up of the collected data.

The selected CBE marketing division manager noticed that relationship marketing activities have the power to make customers loyal. Some of the procedures of relationship marketing that the bank uses are suggestion box, customer handling log, identifying customers and face-to-face discussion, collecting data and providing lastly solution.

The manager recognized that there is problem with regard to customer loyalty. Good relationship is highly needed to create customer loyalty. In the bank there are employees who treat customers nicely and there are others who do not treat customers. The bank is rated as fair in relationship marketing activities. There is no much work on it. With regard to customer's response for their complaints, solution is not given on time. As the manager's expectation in department wise the importance of relationship marketing is clear but the top managers are careless on this issue. Absence of follow up is the major weakness of the bank as it is indicated by the division manager. In order to improve the bank's services, the bank need to continue strongly, hiring committed employees, and assign responsible body for relationship marketing is important. The value of relationship marketing in the bank is not deeply acknowledged. The comment of the division manager is that relationship marketing should be independently established, gets management attention, has established ladder and thinking as customer are very important to retain and attract customers.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

Relationship marketing has become one of the best approaches that an organization can adopt with the aim of building relationships with its customers and maintaining their loyalty. The aim of exceeding customer expectations and ensure customer loyalty is best achieved through relationship marketing. Improved relationship marketing greatly helps an organization to remind customers of their importance and assure them of the best thus winning their trust and increase their loyalty. The objective of this study is to explore the effect of relationship marketing on customer loyalty within CBE, by analyzing the relationship of every construct in the conceptual framework. Based on the results from this research, relationship marketing is correlated with customer's loyalty. The findings show that relationship marketing activities can explain 68.70% of customers loyalty in CBE. Relationship marketing elements particularly empathy and communication have greater influence on customers loyalty and it is more important in shaping what customers prefer about the bank.

Demographic factors such as gender, age, occupation, education qualification, monthly income and length of time the customers 'uses the bank's services have been used to know the general characteristics of the respondents. The demographic factors in this study summarizes; CBE is good in proportionate gender based RM, in terms of age, customers of CBE in the productive age groups showed a much higher level of loyalty as compared to other age groups, with regard to the education qualification of respondents, the majority of the respondents are able to know what relationship marketing is, when we see the occupation of the respondents, most of them are working in government sector which and followed by working in private sector, in case of the monthly income of the respondents, the majority had an income 5000 and above, and finally when we look at the length of time customers 'uses the bank's services, CBE is in a good condition to retain customers and make loyal.

This research have identified four elements of relationship marketing that will have effect on customers' loyalty in banking industry particularly in CBE, trust, commitment, communication, and

empathy. Based on the Pearson correlation test of correlation results, empathy dimension has positive and highly correlated with customers' loyalty. The correlation coefficient between empathy and customers' loyalty is the highest of all correlation results of relationship marketing dimensions. This implies that empathy dimension is a major determinant of customers' loyalty in this study.

Communication is the second highest of all correlation results of relationship marketing elements in this study. In other words, if customers communicated well with the bank, they will be loyal to their banks; otherwise, they will not be loyal to their banks.

The other factor that is included in the dimensions of relationship marketing is trust, and it is the third determinant dimension in this study. The last factors in the dimensions of relationship marketing are service quality and conflict handling, respectively. Even if they have positive and moderate relationships with customer loyalty, they have insignificant effects to influence customer loyalty.

When we see the descriptive statistics results for all variables against customers' loyalty, it is assured that the four independent variables can explain the level of relationship of CBE with customers. Overall results show that the level of CBE relationship with its customers is good.

5.2 CONCLUSIONS

In general, this study looked at the effect of relationship marketing on customer loyalty in banking industry, particularly in Commercial Bank of Ethiopia. The major goal of relationship marketing will lead to repeated purchases hence consumer loyalty. Lasting relationship with customers is the first requirement to survive in a competitive environment and to generate profit. The relationship marketing dimensions that were included in this research are trust, commitment, conflict handling, communication, service quality and empathy.

Based on the findings summarized above section the following conclusions were drawn:

- ❖ Most of respondents agree that the level of CBE relationship with its customers is good except conflict handling with less than mean value which was evaluated from six dimensions mentioned above.
- ❖ The researcher concluded that relationship marketing dimensions namely: trust commitment, empathy, communication and service quality, have positive correlation with the dependent variable customer loyalty. Hence as the influence of the five independent variables increases the customer loyalty increases. Based on the evidence of the R square value obtained which indicates that 68.7 of the variance on customer loyalty can be predicted by the independent variable, relationship marketing. Thus the hypothesis that relationship marketing dimensions as a cumulative have a positive and significant effect on customer loyalty is accepted.
- ❖ Based on the values of beta (β) and correlation coefficient (r), among six dimensions empathy have highest positive value of relationship marketing with the dependent variable (customer loyalty). Among the four positive values of empathy ($\beta=0.418$, $r=0.748$), communication ($\beta=0.280$, $r=0.717$), trust ($\beta=0.137$, $r=0.667$), and commitment ($\beta=0.126$, $r=0.647$), indicated that the dimensions' significant effect on customer loyalty.
- ❖ Among the four positive dimensions empathy has strong degree of importance on customer loyalty, followed by trust dimension.
- ❖ The two hypotheses service quality and conflict handlings are rejected.

Although the other relationship marketing dimensions have effect for developing customer loyalty, two dimensions like empathy and communication are more sensitive than others in this research.

5.3 Recommendations

Based on the conclusions drawn out of the findings, the following possible recommendations are suggested as being valuable to the CBE for improving relationship marketing activities to assure customer loyalty.

- CBE must develop customer relationship program that will help them build and support positive customer relationships. Since the bank is providing services to customers, it is a must to give high value for good relationship. Relationship with customers can be improved by explaining to employees, especially in the frontline and knowing how much each customer is worth to the business. The more employees work together to keep existing customers satisfied, the lesser customer attrition will be.
- CBE should establish more efficient and effective ways of complaint handling procedures and communicate those procedures to customers'. It is also advisable to management to keep customers informed about changes that take place in the company well in advance instead of leaving them to know by chance.
- I suggest to CBE that not to be doing something wrong and staff have complete information about matters and have polite behavior and create trust. To motivate employees and get their commitment, CBE should offer them a challenging work, attractive salary that recognizes the contribution of their effort towards the overall success of the business.
- To retain and develop loyal customers, the bank should be trustworthy and show commitment, providing individualized attention to customers and must resolve conflicts in a manner that will eliminate unimportant loss and inconvenience to their customers. In Ethiopia, the growing number of banks led to the increase in the competition of banking industry. Therefore, the bank must be well aware of the want and needs of the customers. Nowadays customers are demanding more not only based on the service but they demand the way they are treated. Once they are satisfied with the services that were provided by the banks, they will communicate about the bank or services to the other customers. By having strong relationship with customers it is possible to keep customer from switching to other competitor.
- CBE should give attention to getting new customers. Even if retaining the existing ones is more valuable, in the advertisement and other promotional activities by using relationship

marketing as strategy. It is also recommended that the bank should have the system to ask customers to comment about the service either verbally or on phone or in writing about their satisfaction. Collecting feedback is not an end by itself; the bank should analyze the feedback periodically and must use them as a means of problem identification.

- When hiring employees, CBE should look at the ability and interest of an employee to establish and maintain strong relationship with the customers and other employees of the organization. Potential candidates who are strong in trusting behavior, conflict resolution ability, and strong commitment to the assigned tasks should be considered.
- Marketers should put their efforts into implementing relationship marketing in an effective way, in order to enhance customer perceived trust, commitment, and conflict handling. It is also essential for the bank to realize the importance of relationship quality and customers loyalty for practical business. A higher quality of a relationship might lead to a higher level of customer loyalty, which makes vendors profit more. The bank should assign responsible body for following up relationship marketing activities and providing solutions with short period of time if problems arise.
- In general, CBE should make the whole system on work with customers, not in opposite of customers. As it is known, customers are the reason for the survival of the bank. So, the bank is expected to invest more on attracting new customers and retaining the existed ones. The bank should recognize the importance of relationship marketing in creating loyal customers and implement appropriately.

5.4 Limitation and Suggestion for Future Research

The study is focused on examining the influence of RM dimensions on customer loyalty. Further future research is recommended to assess the effect of RM dimensions on customers' loyalty. Moreover the research is conducted in selected grade IV branches of Commercial Bank of Ethiopia located in Addis Ababa, thus further research is recommended to assess the effect of these dimensions on customer loyalty in branches lower than grade IV and in those branches located outside Addis Ababa too.

Additionally future research is recommended to identify other variables of relationship marketing dimensions like value, cooperation, and others which could influence customer loyalty. It is further recommended that similar research should be conducted with other industries.

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6.1 APPENDIX

St. Mary's University

School of Graduate Studies

Master of Business Administration Program

Dear participants:

The questionnaire is prepared by Master of Business Administration student for the purpose of writing thesis on “The Effects of Relationship Marketing on Customers’ loyalty”. Your honest response is very much important input to my thesis. I want assure you that your privacy for responding to this questionnaire is completely kept in secret.

Please attempt to answer all the questions and tick () in the box that best suits your perspective for each statement. Thank you very much for your time and assistance.

Sincerely yours,

Alem Kassahun

Questionnaire and Semi-structured Interview Questions

Part I: Demographic or General information

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

- 1. Gender Female Male
- 2. Age 14-17 years 18-24 years
25-59 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 long have you used bank transaction activities with CBE?
Below 1 year 1 - 3 years 3- 5 years
5-7 years Above 7 years

Part II

Please, indicate your opinion by marking the appropriate cross (X) on the five point scale where:

1=Strongly Disagree 2= Disagree 3=No Opinion
4=Agree 5=Strongly Agree

Trust	1	2	3	4	5
1. The bank is very concern with security for my transactions					
2. The bank’s promises are reliable					
3. The bank is consistent in providing quality service					
4. Employee of the bank show respect to customers					
5. The bank fulfills its obligation to customers					
6. I have confidence in the bank’s service					
7. Given my experience, the bank can be trusted completely					
8. Given my experience, the bank can be counted on to do what is right					
9. My bank is always honest to me					
10. My bank has the ability to meet its promises					
11. I never doubt that my bank will not keep its promises					

Commitment	1	2	3	4	5
12. The bank makes adjustment to suit my needs					
13. The bank offers personalized services to meet customers need					
14. The bank is flexible when its service are changed					
15. The bank is flexible in serving my needs					
16. My relationship with the bank is one that I am very committed to continuing it					
17. My relationship with the bank is very important to me					
18. My relationship with the bank is one that I really care about					
19. My relationship with the bank is worth my effort to maintain					

Empathy	1	2	3	4	5
20. Employees of the bank deal with customer's in a caring fashion					
21. Bank employees give the individualized attention to customers					
22. The employees of the bank understand your specific needs					
23. Bank employees have the customer's best interest at heart					
24. Bank has operating hours convenient to all its customers					

Communication	1	2	3	4	5
25. The bank gives me sincere and about all the conditions of the service.					
26. I can show my discontent towards the staff of CBE through communication					
27. Employees devote enough time to customers to be able to answer his/her questions.					
28. The staffs in CBE frequently communicate to me.					
29. The bank keeps in touch constantly.					
30. I freely express my opinions to the staff of this bank.					
31. When there is a change in any relevant issue, the staff in the bank communicates to me in time.					
32. Adequate and timely information gives you confidence to continue using the services offered By the bank					

Service quality					
33. This bank employees follow up in a timely manner to customer requests	1	2	3	4	5
34 The frontline employees of the performer are always willing to help me.					
35.This front line performer is consistent in providing good quality service.					
36. This front line performer is consistent in providing good quality service.					
37. This front line performer personalized services to meet customers' need.					
38. This front line performer provides timely information when there are new services.					

Conflict Handling					
39. The bank tries to avoid potential conflict	1	2	3	4	5
40. The bank tries to solve manifest conflicts before the customers create problems					
41. The bank has the ability to openly discuss solutions when problems arise					
42. The bank is responsive to my complaints					
43. The bank shows a sincere interest in solving customer problem					
44. The bank listens customer's problem					
45. The bank clearly communicates about each bank's policy to their customers (about customers' right, responsibility, and other related issues)					
46. The bank clearly communicates to you about how and where to complain in case of a problem					
47. The bank gives you prompt response for your complaints					
48. The bank asks you about your feeling toward their responses for your complaints					

Customer Loyalty					
49. Considering the bank as first choice among other banks in the area; and the bank that first comes to my mind when making purchases decision on bank services	1	2	3	4	5
50. If I had to do it over again, I would still choose to use the bank					
51. I do not like to change to another bank because I value the bank					
52. I am a loyal customer to the bank					
53. I would always recommend the bank to someone who seeks my advise					
54. It would difficult to change my beliefs about the bank					
55. I would always use this bank's services					
56. Even if close friends recommended another bank, my preference for this bank would not change					
57. My intention to use the services of this bank would not be changed					
58. I do not like to change to another bank because this bank sees my Needs					

Part III Semi-structured Interview Questions

1. How do you evaluate the relationship marketing activities of your bank?
2. What are the relationship marketing strategies that your bank used to make customers satisfied and loyal?
3. How do you appraise the trustworthiness, commitment, and empathy of your bank customers, and conflict handling procedures of your bank?
4. Do you think that your company has no problem with regard to customer loyalty?
5. According to your opinion, to what extent does good relationship with the customer is important for customer loyalty?
6. According to your opinion, what importance customers handling has in creating good relationship with the customer?
7. Are there a clearly defined policies and procedures to handle complaints?
8. How much do you think that the acts of employees of the bank, especially those on the front line, affect the level of customer satisfaction and intent to remain in your bank?
9. How do you see your employees' efforts in the bank to create good relationship with customers?
10. How do you see the bank's willingness to listen to customers?
11. How do you see your employees of the bank in treating customers with respect, trust and dignity?
12. In general, what are the problems that your relationship marketing strategies have in your bank?
13. Is there anything that you comment with regard to the bans relationship marketing activities and customers loyalty towards your bank?

Thanks for your assistance!!

