



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**THE EFFECT OF RELATIONSHIP MARKETING
ON CUSTOMER LOYALTY: A CASE OF BANK OF
ABYSSINIA S.C**

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JANUARY, 2019

ADDIS ABABA, ETHIOPIA

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ID NO: SGS/0621/2009A

**A THESIS SUBMITTED TO ST. MARY'S UNIVERISTY SCHOOL
OFGRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE DEGREE MASTERS OF BUSINESS
ADMINISTRATION**

JANUARY, 2019

ADDIS ABABA, ETHIOPIA

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM

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Declaration

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Mulugeta G/medhin (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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St. Mary's University, Addis Ababa January, 2019

ENDORSEMENT

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

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January, 2019

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Acknowledgements

First and for most, the researcher would like to thank the almighty God for His support. Next the researcher would like to express deepest gratitude to advisor, Mulugeta G/medhin (PhD), for his unreserved follow up, invaluable comments and constructive guidance throughout conducting this study.

Lastly the researcher also would like to express the deepest gratitude to his Mom, w/o Ababa Ayenalmand His brothers Kindu Asmelashe, Esubalew Simegne and other friends for their advice and encouragement. Finally, I am thankful to all respondents for their cooperation.

List of Abbreviations/Acronyms

ANOVA	Analysis of Variances
ATM	Automated Teller Machines
CBE	Commercial Bank of Ethiopian
CL	Customer loyalty
CRM	Customer Relationship Management
EMP	Empathy
IV	Independent Variable
NBE	National Bank of Ethiopian
OLS	Ordinary Least Square
RE	Responsiveness
REC	Reciprocity
RIW	Relative Important Weight
SB	Social Bonding
SPSS	Statistical Package for the Social Sciences
TRU	Truthfulness

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Abstract

This study was conducted with an objective of identifying the effect of relationship marketing on customer loyalty in Bank of Abyssinia S.C. It conceptualized and developed five dimensions of relationship marketing: social bonding, responsiveness, reciprocity, trustfulness and empathy. This study used both descriptive and explanatory research designs. Random sampling method was used. The Data were collected from bank services customers by using primary sources of data collocation methods through questionnaire. The data also analyzed through both descriptive and inferential methods. The descriptive analysis was conducted by using mean and standard deviation. On the other hand, inferential analysis was conducted by using Pearson correlation method and ordinary least square multiple regressions (OLS) method. The result indicated that relationship marketing has significant effect on bank customer loyalty. Variables like Social bonding, responsiveness, reciprocity, trustfulness and empathy have significant and positive effect on customer loyalty of the bank. Based on the findings the researcher recommends that management of the bank has to improve social bonding, responsiveness, reciprocity, truthfulness and empathy. The bank also has built the relationship marketing variables for this reason the customer also uses the bank services regularly. The bank employee also supports the customers when they face problems in branches.

Key words: *relationship marketing, customer Loyalty, relationship marketing dimension, social bonding, responsiveness, reciprocity, truthfulness, and empathy.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to Tseng (2007) stated that the relationship marketing has been developed over the years as stimulating area of marketing that emphasize on creating and maintaining long-term relationships with customers and other parties. In the competitive market, organizations are not only concerned on providing quality products or services but the key concern is to communicate with customers and understand their requirement to satisfy and retain them with a profitable relationship.

Where as Gronroos(2004) relationship marketing is a core strategy used by firms to establish, maintain and enhance profitable relationships with clients, while ensuring benefits for both the firm and its clients. According to Stefanou, Sarmaniotis, & Stafyla(2013), customer relationship marketing plays a decisive role for strategic position of an organization and concentrates on the integration of customer information, knowledge for finding; retaining and make customers loyal. Its purpose is the building of long term relationships with customers. Businesses have increasingly become aware that the retention of existing customers implies a lower cost compared to the recruitment of new customers.

There is also a growing tendency amongst customers to establish a more intimate and enduring relationship with the business. Such a relationship must be characterized by the involvement and commitment of both parties to the relationship and resolution of customer queries and complaints as well as the ability of the business to pay individual attention to customers. Building of a long term relationship between the business and the customer depends on the principles of trust, commitment, shared objectives and mutual benefit. Walsh, Gilmore, & Carson(2006) stated that relationship marketing in banks as the activities implemented by banks in order to attract, interact with, and retain more profitable customers.

According to Caroline & Elizabeth(2014) the bank product developments are easy to duplicate and they provide nearly identical services. Therefore, it is easy for customers to switch from one bank to another. In such kind of environment, banks need to employ the relationship marketing strategies which can enable them not only to attract new customers but also retain existed loyal customers. In retaining loyal customer is important to most companies because the cost of acquiring a new customer is far greater than the cost of maintaining the existing loyal customer (Ro-King, 2005). Kotler (2006) insists that acquiring new customers can cost five times more than the costs involved in satisfying and retaining the current customers and that the customer profit rate tends to increase over the life of the retained loyal customer. Thus, to be successful in the competitive market the bank needs to adopt a strategy of superior relationship marketing, because clients focus on the service aspect and interaction with the service provider when they evaluating a service firm. The objective of customer relationship marketing is to build customer loyalty by creating and maintaining a positive attitude toward the company (Thanban, 2013). When a bank claims to be practicing relationship marketing, it signifies that it has undertaken an organization wide strategy to manage and nurture its interaction with clients and sales prospects (Keshvari & Zare, 2013). The Firm with client relationships in service industries is important as they influence the satisfaction, support and retention of banking clients (Rootman, Tait, & Sharp, 2011). Proper relationship marketing may result in lower marketing costs, enhanced customer satisfaction, customer loyalty and possibly increases customer retention levels for banks. If banks focus on relationship marketing, clients may receive benefits, customized offerings, empathy, appreciation, friendliness, communality, decreased prices as well as experiencing feelings of trust the firm and customer satisfaction (Rootman, & Sharp, 2011).

Therefore, this study will assess and analyzing the nature of relationship marketing on customer loyalty in bank of Abyssinia. According to National bank of Ethiopia Report (NBE), today banking industry in Ethiopia has become very competitive following many changes that occurred over the past ten years. For instance, several new banks joined to the market. As each bank struggles to others by attracting new customers and growing their market share, the level of competition in the industry has gone higher. Several banks are developing differentiated strategies with the aim of attracting new customers as they increase the rate of retention of their existing customers so as to grow their market share.

1.2 Statement of the Problem

In the current highly competitive business environment, most businesses follow marketing strategies to survive by identifying, acquiring and retaining economically most important customers and developing ongoing and long-lasting relationship with them. For effective banking business activity, the customer relationship marketing strategy plays a great role to achieve organization goals. Also most of our banking businesses, invest an enormous amount of time, effort and expense to building the customer relationship marketing. In the competitive marketing environment, customer relationship marketing is critical to the business organization profitability and long-term success. However, developing a better understanding of existing customer allows companies to collaborate and respond more effectively to significantly improve on customer loyalty rate. The relationship marketing is an important element of organization that help to assess customer satisfaction, retention, loyalty and profitability in terms of repeat purchases, money spent, and longevity (Keshvari & Zare, 2013).

As we are the bank service user, the banking industry in Ethiopia specifically relationship marketing on customer loyalty is not effectively implemented without focusing on deposit mobilization, foreign currency tracking, electronic banking promotion, customer base increment and loan management. All banks are highly focusing in recruiting and attracting new customer rather than retaining existing loyal customers. They are competing with the deposit, number of customers, foreign currency campaign and on financial performances. There are a number of studies that has been done locally and internationally in relation to customer relationship marketing on customer retention strategies those are, assessing customer relationship marketing practices and their effect on customer retention is important (Assefa & Megbaru, 2015). Chacha, (2015) investigated that the extent to which customer relationship marketing influences customer retention with commercial banks in Tanzania and also suggested that a long-term customer-organization relationship is crucial in creating longer-term customer retention. In addition, Kaguri (2016) examined the effect of customer relationship strategies on customer retention and concluded that customer retention will largely be driven by customer relationship.

In Ethiopia there are also few studies conducted in banking industry (Asmamaw, 2016), (Cherinet, 2015),(Assefa & Megbaru, 2015) and (Shefera, 2011) about the impact of customer relationship marketing on customer retention. Asmamaw(2016), indicated that there is a significant relation between customer relationship marketing components including commitment, conflict handling, customer management, trust, empathy and responsiveness on customer retention and showed that all components have a significant effect on customer retention in all Commercial bank of Ethiopia. But (Cherinet, 2015)it reveal that there is insignificant and weak correlation between relationship marketing and customer retention in Zemen Bank. Because, Zemen bank is the most customer oriented bank in the country. In addition, Assefa & Megbaru(2015)indicated that trust; commitment, communication, and competency customer relationship marketing practices were contributed positively on the effort of Commercial banks in Ethiopia in customer retention while conflict handling practices was identified as one constraint for customer retention.Shefera (2011) showed that customer relationship marketing dimensions have impact on customer retention in Bank of Abyssinia but in general it shows that the relationship between relationship marketing and customer retention has significant effect.But all the studies were too broad and did not address the effect of relationship marketing on Customer loyalty in the bank of Abyssinia. Although the studies have been done on relationship marketing practice. But none of the studies focused on the effect of relationship marketing on customer loyalty among one of the Ethiopian banking industry that is Abyssinia bank. Therefore, this study is sought to determine the effect of relationship marketing on customer loyalty in Abyssinia bank S.C.

1.3 Research Question

This study focused in to five major Research Question that are try to assess the effectiveness of relationship marketing on customer loyalty in Abyssinia bank S.C

- How does social bonding affect customer loyalty in Abyssinia Bank S.C?
- How does service responsiveness affect customer loyalty in Abyssinia Bank S.C?
- How does reciprocityinfluence customer loyalty in Abyssinia bankS.C?
- How doeservices truthfulness affect customer loyalty in Abyssinia Bank?
- How does empathy affect customer loyalty in Abyssinia Bank S.C?

1.4. Objectives of the study

1.4.1. General Objective

The general objective of this study is to assess the effect of relationship marketing on customer loyalty in Abyssinia Bank S.C.

1.4.2 Specific Objectives

Specific objectives of this study include;

- ✓ To examine the effect of social bonding on customer loyalty in Abyssinia bank;
- ✓ To identify the effect of Service responsiveness on customer loyalty in Abyssinia bank;
- ✓ To analyze the effect of reciprocity on customer loyalty in Abyssinia bank;
- ✓ To find out the effect of truthfulness on customer loyalty in Abyssinia bank; and
- ✓ To examine the relationship between empathy and customer loyalty in Abyssinia bank.

1.5 Research Hypotheses

Based on the research objective and literatures empirically tested result this study will also have an outcomes related to the effect of relationship marketing on customer loyalty in Abyssinia bank. Therefore, this study tried to show the outcome of relationship marketing on customer loyalty in the banking business activity as follows:

H1: Social bonding has positive and significant effect on customer loyalty in bank of Abyssinia.

H2: Responsiveness has positive and significant effect on customer loyalty in Abyssinia bank.

H3: Reciprocity has positive and significant effect on customer loyalty in Abyssinia bank.

H4: Truthfulness has positive and significant effect on customer loyalty in Abyssinia Bank.

H5: Empathy has positive and significant effect on customer loyalty in Abyssinia bank.

1.6 Scope of the Study

This study has assessed the effect of relationship marketing on customer loyalty in AbyssiniaBank S.C. Therefore, to address the objective of the study the researcher has used customers in Addis Ababa irrespective of the number of customers in different part of the country. The researcher also used different data collection mechanisms, but due to the nature the study the researcher has used only questionnaire to collect an intended data. From the factors that are affecting customer loyalty in banking service the researcher also focused on five variables that are relevant to relationship marketing that helps to build the customer loyalty in the banking business activity. These variables include, social bonding, responsiveness, reciprocity, truthfulness and empathy. Among different approaches of the research, the researcher used only quantitative approach. This study is scoped to be analyzed on descriptive and explanatory research approach.

1.7 Significance of the Study

This study has identified the effect of relationship marketing on customer retention in AbyssiniaBank S.C. The study helps to the management of bank that helps to give information about the practices and their effect on customer loyalty, and to implement relationship marketing strategy timely, to increase the number of loyal customer, also to build bank service consistency when they provide their service to the loyal customers, the customer will also gain better bank service from the industry other researcher also beneficial from this studies the study used for as source for further studies.

1.8 Organization of the study

This study organized in to five chapters; the first chapter is about background of the study, which includes statement of the problem, objective of study, the second chapter is about literatures reviews which include theoretical literature, empirical literatures and conceptual frame work. The third chapter discusses about methodology of the study which includes research design, data type, sampling techniques, and method of data analysis. The fourth chapter also presents result and discussion, Descriptive analysis and econometrics analysis. Lastly, the fifth chapter is about conclusion and recommendation.

CHAPTER TWO

REVIEW OF LITERATURES

2.1 Conceptual review on relationship marketing

2.1.1 Concept related to Relationship Marketing

The idea of building a relationship with customers was not implemented by most firms. The development and the creation of a conceptual framework to understand relationships and to study its nature was very slow in adoption. For a long time, marketing focused on acquiring customers instead of attempting to retain them. Therefore relationship marketing was developed as an effective strategy to attract, maintain and enhance customer relationships (Roberts, Varki, & Brodie, 2013). Also (Sheth & Parvatiyar, 2005) Indicated that relationship marketing emerged in the 1980s as an alternative to the prevailing view of marketing, because it was recognized that many exchanges, particularly in the service industry, were relational by nature. They add that in the first half of the 1990s the development of marketing changed from transaction marketing to relationship marketing. Concerned parties (sellers and buyers) understood and appreciated each other's needs and constraints much better, and they change their trends for the favor of cooperation with one another, so, they become more relationship oriented. It is worth mentioning that in the past, marketers were concerned with retaining customers, influencing repeat purchases, fostering trust and facilitating future marketing. Therefore, producers established permanent retail shops in the marketplace for selling goods daily, and those who participated in the market knew and trusted each other. Accordingly, consumers and producers had direct relationships with each other. The relationships between customers and suppliers were critical since customers depended on manufacturers and traders to provide them with goods according to specifications and expectations (Sheth & Parvatiyar, 2005). According to Grönroos(2004) reported that relationship marketing origin is coming from the convergence of the following four different approaches:

2.1.1.1. The interaction and network approach to industrial marketing

There are several and ongoing interactions that take place daily through the flow of goods and services, financial and social exchanges. It is not necessary that sellers initiate these interactions, but they may continue for a long period of time. Moreover, buyer and seller positions may not be clear when the exchange of resources flow in both directions. The management of such relationships requires the involvement of the marketing department, all of the company's employees and part time marketers (Gronroos, 2000). Regarding business to business exchanges, points of contact between organizations occur in non-marketing functions such as research and development, design, deliveries, customer training, invoicing and credit management.

2.1.1.2 Service marketing approach:

Services marketing cannot be separated from overall management. Service consumer interacts with physical resources and employees of service providers. The service providers are involved in service production. No differences should exist between industrial marketing and service marketing in terms of developing a long lasting relationship between a service provider and his/her customers. Marketers determine the success of those relationships.

2.1.1.3 The interest in customer relationship economics approach:

According to (Reichheld & Sasser, 2008) companies can obtain market economies, and achieve better economic results through understanding the customers they deal with. (Gronroos, 2004) indicated that a mutual satisfactory continuing relationship makes it possible to reduce transaction costs and quality costs.

2.1.1.4 International marketing approach:

Gronroos(2000) argued that although the transaction marketing approach is primarily based on the mass marketing of packaged consumer goods in USA, such a concept if transferred to other markets outside of the USA, risk not being applicable because of many issues such as cultural differences, traditions, economic structures, legal systems and institutional settings. Therefore, many researchers suggest that a relational approach to marketing is better suited to accommodate or adapt to the cultural, economic and institutional characteristics of most countries.

Various authors define customer relationship from different academic or practical perspectives. In general, most of them agree that customer relationship marketing is a philosophy or culture that should penetrate the whole organization (Gofton 2001). In a general sense, relation marketing is about identifying, establishing, maintaining, enhancing and, when necessary, terminating relationships with customers, so that the objectives of both parties are met (Rashid, 2003). Anonymous, et al (2002) defined relationship marketing in a financial institution as an approach to providing seamless coordination among process, people, information and technology that creates positive experiences for a party each time he or she interacts with the bank. It is the capability for delivering each valued experience enabled by the bank's knowledge about a party including their preferences, behaviors, goals, and attitudes.

Walsh et al (2004) define relationship marketing as the activities carried out by banks in order to attract, interact with, and retain more profitable or high net-worth customers. Based on the mentioned definition, we can say that relationship marketing seeks to increase customer profitability while providing better services for customers. According to Clark and Payne (1995) relationship marketing is the business of attracting and enhancing long-term client relationships. This is achieved by a mutual exchange and fulfillment of promises. Gummesson, (1999) indicated that relationship marketing had a strong emphasis on business to customer relationships within a customer relationship marketing paradigm.

Kotler and Armstrong (1999) illustrated this idea in their definition of relationship marketing: Relationship marketing involves creating, maintaining, and enhancing strong relationships with customers and other stakeholders. Relationship marketing is orientated to the long term. The goal is to deliver long-term value to customers, and the measure of success is long-term customer satisfaction. Most of relationship marketing definitions emphasize longer term perspective, focusing on keeping customers rather than getting customers. One common point among the many definitions of relationship marketing is that it is associated with attempts by firms to develop long-term relationships with certain customers.

Gremeler et al., (2001) reported that strong relationships increase customer satisfaction for service companies, and added that supporting strong interpersonal relationships between employees and customers encourages positive word of mouth behavior. These outcomes enhance a company's market share and return on investment. Moreover, it is assumed or even well known that if any customer used the same supplier for a long period of time then, the length of the period will lead to relationship building between the two parties. This means that such customers may have high levels of cumulative satisfaction and the relationship strength continues growing with the time period. Bove and Johnson, (2000) indicated that strong relationships develop incrementally over time and that relationship duration has a positive effect on relationship strength as trust and commitment increase as the relationship matures.

2.1.2 The Aims of Relationship Marketing

The primary goal of relationship marketing is to build and maintain a base of committed customers, and reduce time and effort spent on them. The advantages that the organization obtain from building and maintaining a base of committed customers are many and can be linked directly to an organization's bottom line (Aalton, 2004). According to Gronroos (1994), the aim of relationship marketing is to establish, maintain, and enhance relationships with customers and other partners, so that the objectives of the parties involved are met.

Relationship marketing also plays a major role to get the firm close to the customers for the purpose of enabling the firm to accurately and adequately discern and satisfy their needs. Moreover, it enhances a company's ability to understand customers, increase its market share, and ultimately reduce cost and increase profitability. Ndubisi, (2003) argued that the cost of serving one loyal customer is five to six times less than the cost of attracting and serving one new customer. Rapp and Collins (1990) reported that relationship marketing goals are to create and maintain lasting relationships between the firm and its customers that are rewarding for both sides. In other words, a key objective is to foster customer loyalty. Further objectives of relationship marketing include the delivery of sustained or increasing levels of satisfaction, and the retention of those customers by the maintenance and promotion of the relationship (Christopher, 1996).

Sheth and Parvatiyar (1995) also support this objective as they argued that relationship marketing focuses on building, maintaining and retaining customers. Profits tend to climb when a company increases its retention rate. Retention rates tend to increase as customer satisfaction rates increase. Relationship marketing addresses the basic human need to feel important. Consumers like to reduce the choices they have to engaging in ongoing relationships. It is a form of commitment made by consumers to patronize selected products, services, and marketers rather than exercise choices. Palmatier and Gopalakrishna, (2005) study reported that there is a positive association between relationship marketing and business performance. Keltner (1995) found in his study that German banks compared with American banks, managed to maintain a stable market position during the 1980s and early 1990s as a consequence of relationship oriented banking strategies.

2.1.3 Importance of Relationship Marketing

The customer's attitude towards any form of relationship between him/her service preference to the supplier is important. So if the customer perceives the importance of relationships strongly, then he/she develops a stronger relationship with the supplier (Ward et al., 1997). Stated that with respect to the firms, the importance of relationship marketing motives of investment in customer relationship building include access to privileged information on customer needs and wants, mutual rewards, cost reduction and increase in profitability, (Ndubisi, 2004). Reichheld (1993) reported that a 5 percent increase in customer retention typically increased the company's profit by 60 percent by the fifth year. It has been argued that long term relationships where both parties over time learn how to interact best with each other lead to decreasing relationship costs for the customer as well as for the supplier or service provider. The Efficiency is gained, and value is created on both sides of the customer equation. Webster (1992, 14) reported that "there has been a shift from a transaction to a relationship focus". Ndubisi (2003) argued that the only real sustainable business growth strategy is through a mutual symbiotic relationship with customers, which enables a business to understand their needs more clearly and to create and deliver superior value. Verhoef (2003) reported that a relationship is important for firms since establishing and maintaining relationships with customers will foster customer retention, customer share development and increased profit. Relationship marketing, therefore, has become increasingly important as a business strategy (Verhoef, 2003).

A relationship orientation implies that the focus of marketing is on retaining customers by maintaining and strengthening win-win relationships over time (Payne and Frow, 1997). This approach implies that relationships are more likely to develop in situations where the customer has more frequent contact with the service provider, where the service is continuously delivered over an extended time period and where the customer perceives the relationship to be important (Bove and Johnson, 2000). Several studies on services marketing have suggested that in order to acquire and maintain a competitive edge, service organizations should develop long-term relationships with their customers (Berry, 1995). There are three strategic rationales for implementing Customer Relationship Marketing:

I. To increase customer loyalty and retention.

II. To respond effectively in the competitive pressure.

III. To differentiate competitively based on customer service superiority.

When the customer relationship marketing with customer satisfaction survey data all companies do show that Customer Relationship Marketing has a larger, indirect effect, and influencing customers' intentions, according (James, 2002). There are a number of underlying assumptions inherent to relationship marketing, including:

- A relationship can be formed with all customers, in all service situations, suggesting that all organizations should partake in relationship development.
- Relationship strength will increase as the duration of the relationship increases.
- The more frequent contact consumers have with a particular service provider, the greater the opportunity for the relationship to strengthen.
- That customer demographic characteristics impact on relationship strength; and that relationship strength will increase more if the customer places greater importance on such relationships

2.1.4 The Benefits of Relationship Marketing

Relationship marketing strategy helps in understanding customers' needs, and can also lead to customer loyalty and cost reduction. The Research has shown that the cost of serving one loyal customer is significantly less than the cost of attracting and serving one new customer (Ndubisi, 2004).

Rashid (2003) reported that Gwinner et al. (1998) conclude that relationship marketing could bring customers the following advantages:

I. Confidence: reduce anxiety, faith in a product or service provider, and a feeling of trustworthiness towards the provider.

II. Social Benefits: personal recognition by employees, customers feeling familiar with employees, the development of friendship with employees.

III. Special Treatment: extra services, special prices, higher priority than other customers. The respect to relationship marketing advantages from the perspective of the organizations, it allows organizations not only to retain customers, but to also improve profitably and decrease costs of acquisition. Some of the motives behind organizational investment in customer relationship building include access to privileged information on customer needs and wants (Ndubisi, 2004). Relationship marketing enables organizations to expand their business, if implemented successfully. Loyal customers' word-of-mouth can be very influential in terms of gathering new business and helping to attract new customers, because satisfied customers convey positive messages about the company's service and personal recommendations are often taken most seriously in consumers' purchase decisions (Gremler and Brown, 1999).

Stone et al. (2000) reported that satisfied customers can become powerful advocates for a company. New customers attracted by the company's reputation would be likely to generate revenue for the company more quickly. Building relationships is beneficial for both the customer and the firms. Organizations seek benefits in order to develop a relationship with their customers, so that they will be able to create a competitive advantage. At the same time, customers seek a benefit to start a relationship and respond with their user loyalty.

2.1.5 The Advantages of Relationship Marketing in Banking

There are some advantages of using relationship marketing in retail banking activities such as (i) increased consumer loyalty (ii) consumers' benefits (iii) improved promotion of complementary services (Arturo et al, 2007).

Moreover, the customers expect more benefits from their banks through maintaining long term relationships such as receiving good service, social benefits, confidence and special treatment (Gwinner, et al. 1998).

They added that these types of benefits are the principal motivation for the customer to develop a long-term relation with the bank. Confidence benefits refer to a detailed combination of benefits in relation to trust in the marketer, reduction in perceived operation risks, and a decrease in anxiety. Social benefits are referred to benefits of a social nature which adopt the form of personal recognition by employees in direct dealings, or the forging of links and social relationships, which are gratifying for the customer. These types of benefits are especially relevant in those service banks where a high level of interpersonal contact exists between customers and employees. In this context Beatty et al. (1996) classified benefits received by consumers in two main categories: functional and social benefits. The first include confidence and special treatment benefits, while the second consist of the social benefits. San Martin, (2005) reported that there are three elements that increase relational benefits in the relationship between consumers and service providers, relationship with the trademark, interpersonal relationships, and company relationships:

- Relationship with the trademark: consumers expect specific trademark characteristics (trust) and project their feelings onto the trademark (loyalty).
- Interpersonal relationships: it is important to consider the affective or emotional component, which may create influential variables such as trust and commitment.
- The company relationships: It is difficult to separate the different relationship levels in the case of financial businesses, because the establishment, the staff, and the services are all integrated into one unit.

2.1.6 Dimensions of Relationship Marketing

Customer relationship marketing has the following key dimensions:

2.1.6.1 Social Bonding

Bonding is defined as the dimension of a business relationship that results into parties on customer and supplier acting in a unified manner toward a desired goal. Various bonds exist between parties and indicate different levels of relationships (Callaghan et al., 1995). Bonding served effectively to control social and business behavior in society, and contribute to remove doubt, create trust and form close relationships (Hinde, 1997). The dimension of bonding, as it applies to relationship marketing, consists of developing and enhancing consumer loyalty, which results directly in feelings of affection, a sense of belonging to the relationship, and indirectly to the sense of belonging to the organization (Sin et al., 2002). Buyers and sellers who have a strong personal relationship are more committed to maintaining the relationship than less socially bonded partners.

2.1.6.2. Reciprocity

Reciprocity is the dimension of a business relationship that causes either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Callaghan et al., 1995). It covers the bilateral contingency, interdependence for mutual benefit and equality of exchanged values aspects of social action between two individuals.

2.1.6.3. Truthfulness

Trust refers to relying on someone's word. It is based upon reputation, personality, systems and processes. Some consider trust as an important consideration because many aspects of relations between customers and suppliers cannot be formalized on legal criteria. Instead, relationships have to be based on mutual trust. Trust is built upon experience, satisfaction and empathy. A high level of trust is likely to enhance a more positive attitude, which in turn is likely to increase the level of customer orientation/empathy. Conversely, low trust can have the opposite effect: how can you begin to empathize with someone you do not trust (Conway and Swift, 2000).

Trust has been defined as, “A willingness to rely on an exchange partner in whom one has confidence” (Moorman et al., 1993). Other authors have defined trust in terms of opportunistic behavior, shared values, mutual goals, uncertainty, actions with positive outcomes and making and keeping promises (Morgan and Hunt, 1994, Bitner, 1995, Wilson, 1995).

Gronroos (1990) believed that the resources of the seller personnel, technology and systems have to be used in such a manner that the customers have trust in them, and thereby trust in the firm itself is maintained and strengthened. Overall, “trust is a key ingredient in establishing and maintaining successful inter organizational systems” (Meier, 1995, p. 145). Customer’s trust reduces these feelings of vulnerability. Also, higher levels of trust advance information exchange. Based on various contributions to the definition of trust, the researcher defines customer trust as the extent to which a customer believes that the supplier is honest, benevolent, and competent.

Ganesan (1994) found that long-term orientation is affected by the extent to which customers and vendors trust their channel partners. Each partner’s ability to provide positive outcomes to the other determines commitment to the relationship. Trust is therefore a major determinant of relationship commitment (Morgan and Hunt, 1994), and exists when there is confidence in a partner’s reliability and integrity. Ganesan (1994) proposed that a key component of trust is the extent to which the customer believes that the vendor has intentions and motives beneficial to the customer and is concerned with creating positive customer outcomes.

2.1.6.4. Empathy

Empathy is the dimension of a business relationship that enables the two parties to see the situation from the other's perspective. It is defined as seeking to understand somebody else's desires and goals. It involves the ability of individual parties to view the situation from the other party's perspective in a truly cognitive sense. Empathy may be concerned with liking someone or some organization. In the initial stages of a relationship it is important that the seller empathizes with the buyer but, as the relationship develops, empathy from both parties becomes increasingly important. Liking the other on the behalf of each party develops a close interpersonal and business relationship and gives a more positive outlook to each party.

2.1.6.5. Internal Relationship Marketing

Bruhn (2003) reported that a chain of internal customer relationships can be put into effect by guiding internal relationships, establishing internal customer orientation, and adapting the relationship success chain. Ensuring high service quality level is deemed as a key prerequisite for customer's satisfaction and retaining internal ones. Therefore, if an organization manages to guarantee internal customer orientation, an external relationship marketing success chain can be indirectly initiated. Bruhn (2003) said that the following internal customer orientation measures can be applied: (i) empowerment; (ii) internal relationship management; and (iii) internal communication. Internal marketing ensures that the team is operating with the same philosophies across the entire organization and that communication is seamless and delivered consistently externally, as a result.

2.1.6.6. Conflict Handling

Ndubisi and Chan (2005) found a significant relationship between conflict handling and customer loyalty, indirectly through trust and perceived relationship quality. The ability of the product or service provider to handle conflict appropriately will also directly influence customer loyalty. It is important that companies select their partners carefully, share common values, and maintain excellent communication at all times during the relationship continuum. Ultimately, the key factors that hold a relationship together are goal compatibility, commitment, trust, satisfaction, investments, social and structural bonding, and a favorable comparison with alternatives (Wilson and Jantrania, 1994).

2.1.6.7. Communications

Communication is considered as a vital component in the establishment of business relationships. Yet it is a variable that is often assumed or taken for granted and consequently overlooked as a component of relationship development (Andersen, 2001). Communication is important in marketing relationships; it plays a central role in providing an understanding of the exchange partner's intentions and capabilities, thus forming groundwork for building trust amongst exchange partners. The recency and frequency of communications are important variables.

The recency (number of days/weeks since the last communication) and the frequency (number of communications received over a period of time) drive the perceived level of connection to the organization. In the same time Seines (1998) confirms that communication is not only an important element in its own right, but it also influences levels of trust between buyer and seller. In the same context Sin et al. (2002) asserts that communication, especially timely communication, fosters trust by assisting in solving disputes and aligning perceptions and expectations. Communications also inform dissatisfied customers what the organization is doing to rectify the causes of dissatisfaction. When there is effective communication between an organization and its customers, a better relationship will result and customers will be more loyal. Finally, conflict handling is supplier's ability to avoid potential conflicts, solve manifest conflicts before they create problems, and discuss solutions openly when problems do arise.

2.1.6.8. Promise Fulfillment

The fulfillment of promise is seen as a core construct in the relationship marketing philosophy. It is one of the dimensions which will determine if a relationship is to continue or be terminated. For example, if the promise made by the organization is not fulfilled to the full satisfaction of the customer then the customer may terminate the relationship. Equally, for instance, if the customer fails to deliver on the promise of payment to the organization, then the organization may terminate the relationship. Therefore, just making promises is not enough, but delivering them by action is also very important. Zineldin and Jonsson (2000) stated that "trust and commitment between business companies can only be built on actions rather than promises", meaning that it is necessary to fulfill promise by actions. Claycomb and Martin (2001) also highlight the link between trust and promise. In the service sector trust is particularly relevant because customers often do not buy a service per se. What they buy is implicit and explicit promise of service. A firm may attract customers by giving promises, thus persuading them to behave in some desired way. These promises may be explicit or implicit in the image of a brand. A new customer may be attracted and a new relationship built. Long-term profitability requires that the relationship be maintained and enhanced in order to retain the customer base. The fulfillment of the promises given is essential to achieving customer satisfaction.

2.1.6.9. Commitment

Commitment is another important determinant of the strength of marketing relationship and a useful construct for measuring the likelihood of customer loyalty and predicting future purchase frequency (Gundlach et al., 1995). Customer commitment is defined as the customer's durable intention to develop and sustain the relationship with the supplier on the long run (Anderson and Weitz, 1992). Egan (2001) suggests that commitment is central to relationship marketing. At the same time Conway and Swift (2000) feel that the level of commitment a partner feels towards that relationship is of great importance in developing relationships. In contrast Hocutt (1998) views commitment as "an intention to continue a course of action or activity or the desire to maintain a relationship". Morgan and Hunt (1994) reported that trust and commitment are paired in the relationship marketing literature. Both trust and commitment are invariably associated with the prerequisite that the relationship is of significantly high importance to one or both parties. Commitment is defined by psychologists by decisions that bind an individual to a behavior (Kiesler, 1971 cited in Ndubisi, 2008). While commitment in marketing literature is defined as an enduring desire to maintain a valued relationship, this implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial (Gundlach et al., 1995). It is also means keeping in touch with valued customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs. At the same time, communication refers to the ability to provide timely and trustworthy information (Ndubisi and Chan, 2005). Today, there is a new view of communications as an interactive dialogue between the company and its customers, which takes place during the pre-selling, selling, consuming and post-consuming stages (Ndubisi, 2008).

Commitment was the most common dependent variable used in buyer-seller relationship studies Wilson (1995). The concept of commitment in sociology is used to analyze both individual and organizational behavior and mark out forms of action characteristic of particular kinds of people or groups (Wong and Sohal, 2002). Customer commitment can be described along four dimensions: (i) loyalty, (ii) willingness to make short-term sacrifices, (iii) long-term orientation, (iv) willingness to invest in the relationship (Gundlach et al., 1995).

According to Morgan and Hunt (1994), Commitment and trust together encourage marketers to work towards preserving relationship investments by cooperating with exchange partners. Both are very important elements in ensuring a long-term orientation towards a business relationship, an orientation that is necessary to implement relationship-marketing strategies.

2.1.7 Customer Loyalty

Customer loyalty, as we conceptualize it, focuses on a customer's repeat purchase behavior that is triggered by a marketer's activities. Therefore, loyalty is the result of developing past experiences with an individual and having that the person returned back to you various times due to past experiences. To Cultivating loyal customers is frequently argued to be the most important driver of the organizations with long-term financial performance, developing customer loyalty which can lead to increased sales and customer share, lower costs, and Profitability of the business. The rationale behind customer relationship management is that it improves business performance by enhancing customer satisfaction and driving up customer loyalty. Thus, loyalty leads them to retain with the organization. Customer retention improves profitability principally by reducing costs incurred in acquiring new customers. Therefore, we can say that they are faithful to the business because of customers return again & again. To do business with the organization the only real sustainable business growth strategy is through a mutuality symbiotic relationship with customers, which allows the business to understand the customer needs more clearly and to deliver superior value from the service the business should have to provide and develop the relationship business properly (Alrubaiee & Al-Nazer, 2010).

In the service industry especially in the bank industry, the secret towards successfully winning, retaining, and growing the profitability of banking business the business should have to understand the customers what they need and what they want from the service (Kotler , 2006). In addition to this, it has also added that an underlying premise of customer relationship management in the customer loyalty is that customers have different needs, and thus the firm should have treated them differently. Therefore, to mention some, the customers also needed an advice and different consulting service from service expertise which is directly related to their needs, consistent quality service, value added service and others (Blery, E.& Michalakopoulos, M., 2006).

2.1.8 Customer retention

Customer retention is increasingly thought of as an important managerial issue, especially in the context of saturated market or lower growth of the number of few customers. Cohen et al. (2006) have noted that customer retention is potentially an effective tool that banks can use to gain a strategic advantage and survive in today ever-increasing banking competitive environment. Thus, organizations need to focus on existing customers in order to ensure that they continue purchasing and continue supporting the product (Berndt et al., 2005). Thus, at this time, close relationship with customers will require a strong coordination between banks and its marketing departments to provide a long-term retention of selected customers (Chary and Ramesh, 2012). Rust and Zahorik (1993) as cited by Cohen et al. (2006), the financial implications of attracting new customers may be five times as costly as keeping existing customers. Doing so significantly helps to reduce the cost of the organization. According to Rouholamini&Venkatesh (2011), several research show that customer acquisition costs 5 to 7 times higher than customer retention costs. Thus, since revenues increase with incremental improvements in customer retention, the ultimate goal of a professional services firm should be to retain customers (Crutchfield, 2001). However, this is only achieved when you are providing excellent customer service, which then turns in to Customer loyalty. Thus, retaining an existing customer has beneficiary to the organization than attracting new once. Villanueva and Hanssens (2007) cited by Parker *et al.* (2009) clearly stated the following five customer retention benefits. Those benefits are:-

- It is cheaper to retain customers than to acquire them.
- The costs of serving long-life customers are less than those of serving new customers.
- Long-life customers improve the reputation of the company and attract new customers through word-of-mouth advertising.
- Long-life customers are less price sensitive than new customers and the customer more willing to pay higher prices in some cases.
- Long-life customers are more likely to buy more from the company so the company can increase their share-of-wallet through up-selling and cross-selling.

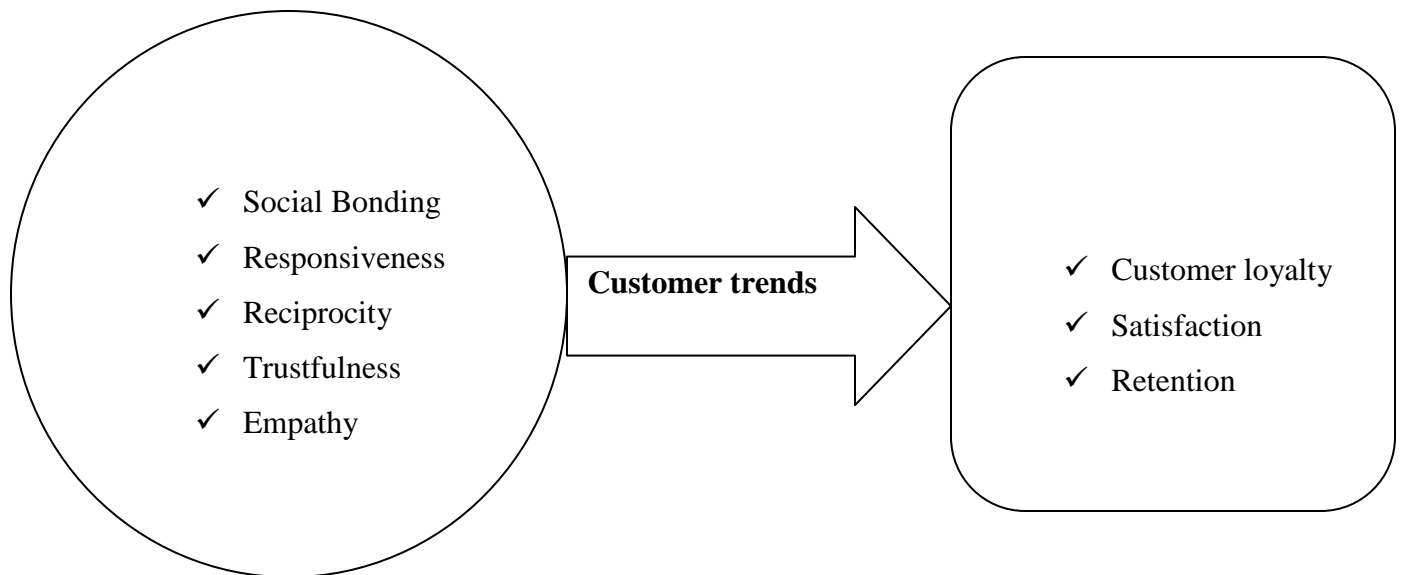
Therefore, the above benefit proof that long-life customers are means of profit to the organization and they can attract potential customers through their formal and informal communications.

Every organization needs to know how to retain its customers, even if they appear to be satisfied. Retention rate leads to higher net present value of customers. Another study by (Reich held *at et al.*, 1990), has quantified the significance of customer retention. They found that profits in service industries, increased in direct proportion to the length of a customer's relationship and that a 5% improvement in customer retention increased the average customer value by 125%. At least 75% of an organizations marketing budget has to be spent on customer retention strategy and strengthening relationship (Weinstein, 2002). Customers are retained if customer service quality and satisfaction are improved (Parasuraman *et al.*, 2002). The Behavioral intentions are very important to understand whether customers will remain or defect from a company (Anani, 2013). These behavioral intentions will be influenced by service quality (Parasuraman *et al.*, 2002). Service quality can increase customer loyalty, retention and improved business performance (Ennew and Binks, 1996). An empirical study conducted by (Nwankwo, 2013) using evidence from the Nigerians banking sector and its small business customers found that there is a positive impact of service quality on customer loyalty and retention. The study conducted in Tanzanian banks by (Caroline *et al.*, 2014) discovered that academics in need to incorporate quality of products provided by the banks together with pricing of banks products in customer retention models. In this view, customer retention is extremely vital for business to remain competitive. It has recently become more significant compared to customer acquisition.

2.1.9.Over all Conceptual Framework Of the study

Callaghan et al. (1995) cited by Kojo, disclosed that social bonding, responsiveness, reciprocity, trustfulness, and empathy, are dimension of relationship marketing. Kojo applied the above dimension to measure customer relationship marketing. However, according to Das (2009), any discussion on customer loyalty activity would be incomplete without referring to relationship marketing dimension. Therefore, this shows that relationship marketing and customer loyalty has a strong relationship in the banking business. According to the prior studies of Sin et al., 2005 cited by Das, 2009 support the above argument as customer relationship management and customer loyalty are focused on individual buyer-seller relationships, the relationships are also positive in nature, and also both parties are gain the benefits in the process. Based on the above arguments and the hypotheses points the researcher tried to develop the following model as conceptual frameworks.

Figure 1: The Conceptual Framework of relationship marketing dimension on Customer loyalty



2.2 Theoretical reviews

2.2.1 Theoretical reviews on relationship marketing with customer loyalty

2.2.1.2 Relationship Marketing Theory

The Relationship marketing theory Arnett & Badrinayanan (2005) states that successful relationship marketing is characterized by successful relational exchanges. The theory focuses on trust, commitment and communication (Sivadas and Dwyer 2000). The theory is more applicable in this study the elements of trust is the independent variables of this study. The bank will have long term and profitable relationships with the bank customers if the bank shows high levels of trust on bank products/ services, trust on the bank can handled business transactions from customer, trust on the way the bank handled customers concern. Trust on loan information and trust on bank information confidentiality. When the bank customer loses trust with the bank, they can shift to another bank, buy less bank products and talk ill of the bank. On the other hand, if the bank shows high levels of trust, the bank customers purchase more bank products/service, customers also satisfied, and

they positively recommended their friends and relatives about the bank to purchasing and using the bank service directly.

2.2.1.3. The Social Exchange Theory

The social exchange theory by Homan (1958) states that person that give much to others tries to get much from them. The theory is pegged on the social exchange relationship between the parties which develop through mutual exchanges and fulfillment of promises. The theory is applicable in this study for the bank will develop long-term and profitable relationships with their customers if they offer quality services, communicated effectively and observed trust in the banking industry. Social exchange theory indicates that individuals are willing to maintain relationships because of the expectation that is rewarding. This is applicable in this study for the bank customers will maintain relationship with the bank after they are offered services qualities that are reliable, prompt and timely services. Social exchange theory attempts to account for the development, growth and even dissolution of social as well as business relationships. This means people or business firms evaluate their reward when deciding whether or not to maintain a relationship. This is applicable in this study for the bank customer evaluates how the bank quality service, its communication effectiveness and its trust levels rewards them before having a long term relationship with them.

2.2.1.4 Commitment-Trust Theory

Morgan and Hunt (1994) the Commitment-Trust theory states that successful relationship marketing requires commitment and trust relationship. This is applicable in this study because a bank that is committed to offering quality services which are reliable, timely and prompt will have successful long term profitable relationship with their bank customers. The theory is peg on three factors: trust, commitment and relational exchanges, this theory is applicable in this study for the bank trust, commitment and a relational exchange with their bank customers is crucial in the banking industry. The bank should be trustful to their customers also the bank observes trust on bank products/ services.

2.3 Empirical Reviews

2.3.1 Empirical Reviews on relationship marketing with customer loyalty

According to the Rootman C. et al (2010) has conducted a study on the relationship marketing and customer retention best lessons from banks in South African Canada and the UK. In the investigations, insight has been given into the relationship marketing and customer retention strategies of banks in South Africa, Canada and the UK and its contribution. More specifically, the article provided insight into the extent to which selected independent variables (relating to banks' activities, actions and methods) influence banks' relationship marketing and customer retention, and into practical strategies that can be learned from successful international banks. As banks are important contributors to any economy, sustained client relationships and stability through maintained clients, or customer retention, are essential for the survival of these institutions. Banks therefore need to familiarize themselves with service delivery activities and methods and should constantly adjust to improve their relationship marketing efforts and customer retention levels. The empirical findings of this study have established that six relationship marketing variables to have a positive influence on the customer retention and loyalty of South African, Canadian and UK banks. The study revealed that trust, bonding, commitment, responsiveness, empathy and competence are important for South African and other developing banks to partner with Canadian and UK banks and to regularly benchmark themselves against these banks in order to develop as institutions and to discover how to adapt their banking aspects. If banks follow these strategies, their relationship marketing would improve, and relationships with clients would be better maintained. As the study showed, this would also increase banks' customer retention rates, attracting potential new customers, customer loyalty and potential of mobilizing deposit, which is crucial in the competitive banking environment in which these banks operate. According to The study conducted by Zeithaml .et al, (1996) on The Effect of Service Quality on Customer Retention examined customer retention and defection from an organization in the context of customer service quality. The study concluded that the better a company's service-quality scores were, the higher the loyalty and pay more intentions were, and the lower the switch and external responses were. However, they noted that the relatively few customers had left their service firms despite of good service quality. This means that service qualities alone are not the only factors that retain customers in

the firm. Another study by Morgan and Hunt (1994) on Influence of Customer Trust and Commitment on Long-term Relationship, found that successful relationship marketing requires relationship commitment and trust. However, other constructs of relationship marketing such as customer satisfaction, commitment and relationship were not also included in that research. This research must include them to fill up the gap.

Furthermore, Cohen et al, (2006) did the study by empirically examining the potential constructs in customer retention in the New Zealand banking industry by investigating the chain of effects of retention from customer satisfaction, customer value, corporate image, switching barriers to competitive advantage. This finding was that consumers can be highly satisfied but still leave their service providers. Hence from that results it clearly shows that satisfaction only is not enough and a satisfactory factor to retain customers. In addition, the gap still exists since the researcher did not observe other constructs such as trust and commitment which actually may have the profound effects on customer retention.

Onditi (2012) revealed that it is possible to increase customer loyalty by about 4.6% through manipulating quality of service. The study contributes to the validation of the determinants of customer loyalty. Similarly, Auka (2013) investigated the relationship between service quality dimensions and customer loyalty in Retail Banking in Kenya. The results indicated that all the dimensions of service quality had the positive and significant influence on customer loyalty in retail banking. Msoka .et al., (2014) investigated the “Determinants of Customer Retention in Commercial Banks in Tanzania”. The study discovered that academics need to incorporate quality of products provided by the banks together with pricing of banks products in customer retention models. For Bank of Tanzania, there is a need to expand monitoring and include quality of the products provided by banks to determine the sustainability of banking industry. Again, Elly (2010), conducted the study on “Service Quality and Customers Retention in Tanzania Commercial Banks”, with the purpose of investigating the link between service quality and customers’ loyalty. The research findings revealed that the overall service quality provided by the commercial banks had a direct relationship with customer loyalty.

However, despite of improving bank services still other customers could leave the particular bank (Auka, 2013 and Elly, 2010). From the four researchers still there is a contradiction on the

best strategies which can be applied to retain customers since it seems that maintaining service quality alone is not a sufficient factor.

Mohammad et al. (2011) this research aimed to empirically investigate the impact of relationship marketing underpinnings (namely trust, commitment, communication, conflict handling, bonding, shared values, empathy, and reciprocity) on customer loyalty in the banking industry. The results revealed that the all underpinnings of relationship marketing were directly associated with customer loyalty and they had a significant effect on it. Therefore, it is reasonable to conclude that customer loyalty can be created, reinforced and retained by marketing plans aimed at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and proactive fashion, handling conflict efficiently, paying attention to shared values, improving the empathetic and reciprocal abilities of the salespeople, and developing strong bonds between buyers and sellers.

Christiana and Amy (2011) have conducted a study on the practice of relationship marketing and customer retention and its impact on resource mobilization performance in the banking industry in Ghana. The study summarizes the banking sector in Ghana has witnessed significant improvement in relationship marketing. The research explains the role of relationship marketing in customer retention and also demonstrates relationship marketing applied and practiced by the banks in Ghana affects its resource mobilization performance and customer loyalty. A qualitative research approach was chosen and deductive research was conducted based on twelve case studies from both local and international banks. The findings of the study showed that indeed, all the banks have reasons for adopting relationship marketing in customer retention. The most popular reason for believing in the success of relationship marketing is customer retention.

Kuria (2010) has investigated a study on relationship marketing practices among commercial banks in Kenya with the purpose of establishing the nature of relationship marketing practices and to determine the extent to which relationship marketing is practiced among commercial banks in Kenya. The study found that the banks have applied products oriented Customer Relationship Marketing practices to a great extent. The findings indicate that employee oriented Customer Relationship Marketing strategies are present and enhanced top a great extent. From

the findings it emerges that communication oriented CRM strategies have been applied to a moderate extent.

The study further found that loyalty oriented CRM activities are not enhanced in the commercial banks in Kenya. The study recommends that the Kenyan commercial banks need to critically reconsider several aspect of the customer relationship marketing strategies especially on the areas of technology adoption and its interaction with CRM.

Kosile and Ajala(2006) this empirical study examines the effects of relationship Marketing process on Bank performance of selected Commercial Banks in Southwestern Nigeria. It examines the management and performance of marketing relationships from the perspectives of bonding, commitment, communication, conflict management, direct marketing, bank relationship quality and customers' relation benefits in Nigeria context. The finding reveals a positive and significant relationship between relationships marketing and bank performance indicators. The bonding, commitment, communication, conflict management, relationship quality and Relation Benefits were found to be positively and significantly determinants of Bank performance. The findings revealed further that direct marketing are insignificant predictors of bank performance.

According to Velnampy & Sivesan (2012) conducted a study on Customer Relationship Marketing and Customer Satisfaction a study on Mobile Service Providing Companies in Srilanka. The main purpose of the study is examining the relationship between customer relationship marketing and customer satisfaction. Customer relationship marketing was measured through trust, commitment, empathy and equity. The finding reveals a positive and significant relationship between relationships marketing and customer satisfaction.

Asmamaw (2016) indicates that there is a significant relation between customer relationship marketing components including trust, bonding, reciprocity, empathy and responsiveness on customer retention and also to regression testing that all variables were examined simultaneously on customer retention; results showed that all components have a significant effect on customer retention.

There is frequent network problem and long wait in queue especially at the end of the month were viewed by respondents as customer relationship marketing practice weakness. So, based on the finding the researcher has recommended that the bank should provide consistence minimizing frequent network problems and should regularly visit customers.

Cherinet (2015) reveal that there is a significant and strong correlation between relationship marketing and customers' loyalty. Moreover, the study reveals that there is significant effect of trust, commitment, communication, and gratitude on predicting customers' loyalty. Of these relationships, gratitude emerged as the strongest factor which influences customers' loyalty while conflict management remained statistically insignificant and negligible influence on customers' loyalty in the cumulative model. However, all underpinnings had statistically significant influence on customers' loyalty as individual. Moreover, management commitment had mediating effect between relationship marketing and customers' loyalty. Depending on the findings, practical implications of this study is, in order to ensure loyalty among bank customers; bankers should build a better relationship marketing strategy. Therefore, banks competitiveness and profitability will depend on their ability to build strong relationship bonds with their customers continuously.

Assefa & Megbaru(2015) identified the impact of customer relationship marketing on customer satisfaction; a case study on selected Commercial banks in Ethiopia". To achieve the aim of the study, five explanatory variables: trust, commitment, communication, competency and conflict handling were regressed against customer satisfaction. In this study both primary and secondary data collection methods were used. The primary sources of data for the study were collected through questionnaire survey from customers and customer service managers. Moreover, in order to support the questionnaire survey, additional information was obtained through unstructured interview with selected branch managers.

Finally, the gathered information was analyzed by descriptive, correlation and ordered regression system. The major findings of the study indicated that trust, commitment, communication, and

competency customer relationship marketing practices were contributed positively on the effort of Commercial banks in Ethiopia in customer satisfaction While, conflict handling practices in Commercial banks in Ethiopia was identified as a one constraints for customer satisfaction.

Shefera (2011) shows that customer relationship marketing dimensions have impact on customer retention. All the independent variables are positively and directly related to customer retention particularly in Bank of Abyssinia and in general in banking industry. The relationship between relationship marketing and customer loyalty is significant.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

Research Designing is a study that helps the researcher to plan and implement the study in a way to obtain intended results, thus to increasing the chances of obtaining information that could be associated with the real situation (Burns & Grove, 2001). This study is also which follows both descriptive and explanatory research designs in order to address the aforementioned objectives. It is conducted on the Bank of Abyssinia S.C. The data for the study is quantitative in nature which is collected from primary sources. The researcher has used the Cross-sectional field survey method to assess the effect of relationship marketing on customer loyalty. In addition, the study is also said to be associational in design because there is the intent to establish the relationship between independent and dependent variable of the study. After the data are collected, the researcher has analyzed the data by using correlation, particularly Pearson's coefficient of correlation, and regression analysis technique to show the effect of independent variables on the dependent variable.

3.2 Population and Sampling Methods

According to Hair(2010), target population is said to be a specified group of people or object for which questions can be asked or observed made to develop required data structures and information. Therefore, the target population of this study is an individual customer that using the service directly from Bank of Abyssinia S.C for nonprofit purpose in Addis Ababa. According to the quarterly report of the bank there are 416,021 an individual customer of the bank in Addis Ababa. According to Alreck & Settle (2005) the choice of sample size is normally made after considering statistical precision, practical issues and availability of resources. On the other hand, Tabachnick & Fidell(2001) noted that samples are selected on a random sampling basis and those samples are considered as representative of the population.

Different sampling paradigm noted that there is no a single precise way for the determinations of sample size hence there are a number of inadequacy for deciding on sample size. Malhotra & Peterson (2006) stated that, the larger the sampling size of a research, the more accurate the data generated. To determine the sample size of the study, the researcher used Yamane's (1967) formula. It is a simplified formula to calculate the sample size. This formula is based on 95% desired confidence level and 5% of desired level of precision.

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = Sample size

N = population size

e = level of precision

$$n = 416021 / 1 + 416021 (5\%)^2$$

$$n = 416021 / 1041.05$$

$$\underline{n = 400}$$

3.3 Datasources type

This study has used both primary and secondary sources to conduct the study the Primary data was collected from respondents and secondary data from dissertation, reports and books with relevant literature and the internet. Primary data was used for the purpose of assessing the effects of relationship marketing on customer loyalty within the bank of Abyssinia. The researchers also collected primary data from customers of the bank in different branches of Abyssinia bank with in Addis Ababa that is 146 Branches.

3.4 Data Collection Techniques

In order to achieve the objectives of the study, the researcher has used the quantitative research methods. The study used questionnaire as a data collection instrument that helps to cover the large number of target groups than the interview, also helps to gain the qualified information from the large number of respondents.

The questionnaire has three parts; the first part explains the purpose of the questionnaire with respondents' personal information; the second part has contained questions related to relationship marketing variable of the study while the third part is also questions related on customer loyalty practice. The questionnaire prepared by using five (5) Point Likert-Scale approaches (i.e., from "Strongly Disagree to Strongly Agree"). In order to encourage respondents to maximize the chances of obtaining adequate responses, the length of the questionnaire has taken into consideration.

Accordingly, the respondents were asked to indicate their level of agreement on 5 point Likert scale with the following ratings; Strongly Disagree (1), Disagree (2), neutral (3), Agree (4) and Strongly Agree (5).

3.5 Method of Data Analysis

After the data are collected both descriptive and inferential statistical techniques also analyzed the data. The collected data also analyzed by using SPSS version 23. The statistical tools aligned with the objectives of the research. Inferential statistics particularly the Pearson's correlation used to show the relationship and the strength/degree as well as direction of associations between variables. The other inferential statistics has used the regression analysis that helps shows interdependence of independent variables on dependent variable. Thus, both the strength of the relationship between variables and the influence of independent on dependent variable by using statistical significance point were assessed.

3.6 Validity and Reliability Test

3.6.1 Validity

Bryman & Bell (2007) defined validity as how much any measuring instrument measures what it is intended to measure. It also suggests that the important issue of measurement validity relates to whether measures of concepts really measure the concept or not.

There are several ways of establishing validity such as content validity, convergent validity concurrent predictive validity, construct validity, and convergent validity. These studies also addressed content validity through the review of literature and adapting instruments used in the previous studies.

3.6.2 Reliability

Nunnally (1978) stated that reliability is the consistency of a test, survey, observation, or another measuring device. The level of reliability of the instrument indicates an internal consistency of the variables. Cronbach's alpha is an index of reliability associated with the variation accounted for the true score of the underlying construct and it can only be measured for variables which have more than one measurement question. 0.5 is a sufficient value, while 0.7 is a more reasonable value. Therefore, the reliability of the study of research questionnaires was analyzed and evaluated by using Cronbach's alpha statistics result. Therefore, based on the above information plus according to the prior studies in different point of view Cronbach's alpha results should be greater than 0.5. But as we shown table 1 below: for this study the result of the Cronbach's is exactly 0.72 which means there is an internal consistency between the variables, since the resultCronbach is within an acceptable range.

Table 1: Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.724	.762	6

Source: Own Survey result, 2019. CL: Dependant variables

According to different researchers the reliability analysis helps to test the internal consistency variables of the measures before and after launching the Questionnaire to the respondents using Cronbach’s alpha. It is also the most frequently used reliability measure by researchers to test the internal consistency between the variables and the model instruments (Mohammad, 2011).when the reliability test coefficient can hold a value of 0 to 1 and also the result of alpha 0.6 and above implies an acceptable level of internal reliability. Therefore, as we show in table in the below tables all the study variables are Cronbach’s alpha results it shows above 0.6 it indicates that there is an internal consistency linkage between relationship marketing on customer loyalty.

According to Joseph and Rosemary (2003), Cronbach’s alpha reliability coefficient (α) normally ranges between 0 and 1. And they further stated that, there is a greater internal consistency of the items if the Cronbachs alpha coefficient closes to 1.0. Based on the following rule of thumb of (George and Mallery, 2003, p. 231), stated that If $\alpha > 0.9$ – Excellent, >0.8 – Good, >0.7 Acceptable >0.6 – Questionable, >0.5 – „Poor, and <0.5 – Unacceptable.

Tables 2: All variables Reliability Statistics.

Variables	Cronbach's Alpha	N of Items	(α) reliability ranges
SB	.705	4	Acceptable
RES	.781	5	Acceptable
REC	.710	4	Acceptable
TUR	.725	4	Acceptable
EMP	.735	4	Acceptable
CL	.750	4	Acceptable

Source: Own Survey result, 2019. CL: Dependent variables.

Generally, the result in table 1 and 2 above revealed that, the Cronbach’s alpha result for the five relationship marketing variables is 0.72. And also the variables of Cronbach’s alpha result are above 0.7 respectively. Therefore, it indicated that the data is reliable and can be used for further analysis.

3.7 Model Specification

The researcher has used the ordinary least square (OLS) regression method to analyze the result. This regression analysis conducted to know by how much the independent variable explain the dependent variable(Field, 2005). The regression also conducted between components of relationship marketing and customer loyalty measured by the opinion of customers. The results of the regression analysis are presented as follows.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \dots + \beta_nX_n + \varepsilon_i$$

Where: Y is dependent variable which is explained by the independent variables

β_0is constant

$\beta_1 \dots \beta_n$ are the coefficient of the independent variables X_1 to X_n .

ε_ian error term

Specifically, the model for this study can be expressed as follows;

$$CL = \beta_0 + \beta_1SB + \beta_2RP + \beta_3RC + \beta_4TR + \beta_5EM + \varepsilon_i$$

Where:

SB = Social Bonding **RP**= Responsiveness **RC**= Reciprocity

TR= Truthfulness **EM**= Empathy

3.8 Ethical Consideration

Every person involved in the study is entitled to the right of privacy and dignity of treatment, and no personal harm was caused to subjects in the research. Information obtained was held in strict confidentiality by the researcher. All assistance, collaboration of others and sources from which information was drawn were acknowledged.

Therefore, the following are ethical issues that were considered while writing the entire research the data collected from the questionnaires from sample respondents, the data collectors and selected bank are protected with trust. The trust and credibility were established between the researchers and the target respondents by asking and getting permission from higher officials of the selected bank industries by including the cover letter with brief description of the purpose and benefits of the study without misusing the results of these studies for other purpose.

On reviewing related literatures and writing findings, analysis and interpretation, the confidentiality of the prior findings, publications and other written or non-written material which are helpful the study is remained confidential, sited well and the data is kept for a reasonable period of time. Lastly, the studies also free from falsifying, suppressing and inventing finding to meet the researcher or the target respondent interests.

CHAPTER FOUR

RESULT AND DISCUSSION

The study identified the effect of relationship marketing on customer loyalty in Bank of Abyssinia S.C. this chapter presents results of data collected and discussions on the results. The researcher distributed 400 questionnaires to customers of Bank of Abyssinia in Addis Ababa. The data is analyzed through descriptive and explanatory analyses. But 380 questionnaires were returned fully filled with response rate of 95 % but 20 (5 %) of the respondents and questionnaires were not returned on time. also the unreturned questionnaires were not included in the analysis part.

4.1 Demographic Information

Table 3: Demographic information of the Respondents

Variable	Category	Frequency	Percent
Gender	Male	283	74.5
	Female	97	25.5
Age	18 to 30 Years old	189	49.7
	31 to 45 Years old	140	36.8
	46 to 60 Years old	41	10.8
	Above 60 Years old	10	2.6
Marital Status	Single	150	39.5
	Married	230	60.5
Education	Primary	53	13.9
	High school	133	35
	TVET	162	42.6
	University degree	27	7.1
	Masters and above	5	1.3
Occupation	Unemployed	32	8.4
	Student	46	12.1
	Salaried	170	44.7
	Business man/woman	119	31.3
	Pensioner	13	3.4
Account Type	Saving	246	64.7
	Current	134	35.3
Experience	Less than Five	24	6.3
	Five to Ten	301	79.2
	More than Ten	55	14.5

Source: Own Survey Result, 2019

74.5% of the respondents are males and 25.5% of the respondents are females. This implies that male customers of the bank larger than female customers. 49.7% of the respondents are at age category of 18 years to 30 years. 36.8 % and 10.8% of the respondents are at age category of 31 years to 45 years and 46 to 60 years respectively. But only 2.6% of the respondents have age above 60 years. 39.5% of the respondents have marital status of single and remaining 60.5% of the respondents are married. This implies that martially marriedcustomers are higher than Singlein customers of the bank.13.9% of the respondents are completed primary school education. Also, 35 % of the respondents have high school educational background. 42.6% of the respondents have TVET educational level, 7.1% the respondents have University degree the remaining 1.3% of the respondents have educational qualification of masters' degree and above. 44.7% of the respondents are employees of different companies. 31.3% of the respondents have their own business. 12.1% of the respondents are students, but only 8.4% and 3.4 of the respondents are unemployed and Pensioner respectively.

The researcher also tried to identify the bank accounts type that customersare using. 64.7% of the respondents are saving account holders and remaining 35.3 % of the respondents are current account holders. This implies that there is alarger number of the customers are using saving account holders. 6.3% of the respondents are less than 5 years since they became customers of the bank. 79.2% of respondents are customers from 6years to 10 years. But 14.5 % of the respondents have more than 10 year's relationship with the bank.

As we show from the table: 3 the large numbers of the customer are using the bank service for saving and depositing holder's in the baking activity also almost all customer of the bank using the service more than six years of relationship with in the bank.

4.2 Descriptive Analysis

4.2.1 Social Bonding

Table 4 below presents descriptions about the responses of customers about a feature of social bonding related questions.

Descriptive Statistics

Table 4: Descriptive Analysis for Social bonding

Social Bond Questions	N	Mean	Std. Deviation
The bank works in close cooperation with its customers	380	4.63	.601
The bank tries very hard to establish a long term relationship with its customers	380	4.92	.415
The bank keeps in touch constantly with its customers	380	4.93	.474
Employees of the bank know you very well	380	4.88	.497

Source: Own Survey Result, 2019

It suggests that the bank works in close cooperation with its customers, the bank establishes long term relationship with the customers, the bank keeps in touch constantly with its customers; and employees of the bank know their customers very well. Also, the standard deviations values are low indicating the low variation from the mean responses. It suggests that the customers have similar perception about social bonding practices in the bank.

4.2.2 Responsiveness

Table 5: below present's descriptions about the responses of customers about responsiveness of the bank. It shows that the respondents agreed in all the responsiveness related questions the mean value is above the average points.

Table 5: Descriptions about Responsiveness

Descriptive Statistics			
Responsiveness Questions	N	Mean	Std. Deviation
Employees of the bank devote time to reply to any of your questions	380	4.96	.227
The behavior of the employees inspires confidence in customers	380	4.82	.427
The bank provides prompt service to its customers	380	4.13	.522
The bank arranges special care to special customers.	380	4.41	.762
Employees of the bank are willing to help customers.	380	4.92	.347

Source: Own Survey Result, 2019.

As we show Table 5, indicates that the bank employees devoted their time to reply the customer question with inspired confidence, also the bank provides prompt service through arranging the specialcare to special customers with good willingness to help. Thecustomers on average the bank provides the service properly they are also satisfied on the responsiveness activity taking by the employees. All mean values are well above average on 3.00 it indicates that majority of the respondents are agreed with the responsiveness Questionsstatements.

4.2.3 Reciprocity

Table 6: below summarizes the responses about reciprocity practices in the bank which is evaluated by the customers. The results itindicates that all mean values are closer to range of agree. According to this it shows that the mean values reveal that the bank helps to solve difficulties that customers are responsible to repay the kindness, the bank keeps it promises. Also the bank handles the customer complain positively and the bank and customers are interdependent.

Table 6: Descriptive about Reciprocity

Descriptive Statistics			
Reciprocity Questions	N	Mean	Std. Deviation
The bank helps me to solve difficulties, so I am responsible to repay their kindness	380	4.23	.493
The bank keeps its promises	380	4.36	.482
The bank handles my complain positively	380	4.89	.417
The bank and you are interdependent	380	4.28	.452

Source: Own Survey Result, 2019.

4.2.4 Truthfulness

Table 7 it presents the descriptive analysis for Truthfulness of customers on the bank.

Table: 7 Descriptive Statistics about Truthfulness

Descriptive Statistics			
Truthfulness Question	N	Mean	Std. Deviation
The bank is trustworthy on calculating charges	380	4.22	.661
You feel safe in all of your transactions with your bank	380	4.77	.419
The bank is trustworthy during cash payment process	380	4.49	.501
I am confident on the financial status of the bank	380	4.86	.352

Source: Own Survey Result, 2019.

The result indicates that all mean values are above 4.00 it shows that majority of respondent customers agree on trust dimension. These results suggest that the bank is trustworthy on calculating charges and cash payment process, the bank customer they feel safe in all bank transaction with the bank, and they are confident with the financial status of the bank,

4.2.5 Empathy

Table 8 below summarized the responses of customers about empathy.

Table 8: Description about empathy

Descriptive Statistics			
Empathy Questions	N	Mean	Std. Deviation
Employees of the bank are never too busy to respond to customers' requests.	380	4.63	.482
The working hours of the bank are flexible and convenient to me	380	4.19	.497
The bank gives individual attention to its customers.	380	4.81	.392
The bank shows a sincere interest in solving your problem.	380	4.98	.152

Source: Own Survey Result, 2019.

All the mean values are above 3.00 it indicates that most respondents of the customers agreed on the practice of empathy that are the bank employees never too busy to respond to customers' requests, the working hours of the bank are flexible and convenient to the customer, the bank gives an individual attention to its customers, and the bank shows a sincere interest in solving customer problem. Comparatively, the bank has to shows a sincere interest in solving the customer problem with highest mean value of 4.98 and the bank flexibility of working hour has lowest mean of 4.19 it shows the working hours of the bank not more flexible for the customer also still the bank service user need to improve the banks the working hours that they are using the service whenever and wherever.

4.2.6 Customer Loyalty

The results in table 9 below it summarize the responses of selected customer willingness to continue with bank as a dependent variable for this study. Based the mean result of table 8 there is positive and strong relationship between the service provider and service user. The customer also influences other customers to use the bank service of Abyssinia.

Table 9: Descriptive Statistics for customer loyalty

Descriptive Statistics			
Customer loyalty Questions	N	Mean	Std. Deviation
I always choose this bank over any other bank	380	4.76	.427
I am giving a positive word of mouth witnesses to others about this bank confidently	380	4.34	.475
I got that it is difficult to change to other banks due to what I receive from this bank	380	4.94	.234
I am not intending to leave this bank in the future	380	4.60	.491

Source: Own Survey Result, 2019.

Table 9: It show that the mean values for the responses is well above 4.00 and closer to 5.00 it indicating that the customers agree with the constructs of customerloyalty. The results imply that the customers are assuring the bank is competitive, they have no intention to leave the bank, and the bank is their best choice. Standard deviation values also declare that the customers have similar intention to continue with bank.

4.3 Correlation Analyses

This study has used both descriptive and explanatory designs to reach at aforementioned objectives. Correlation analysis is one of the explanatory designs that are intended to identify the relationship between independent variables, and to know the effect of relationship marketing on dependent variable that is customer loyalty. Based on assumption of linear relationship between the variables, Pearson correlation method is used to identify the relationship between the variables. Table 10 it also presents the correlation coefficients and respective significance of correlation on independent variable with dependent variables.

Table 10: Correlation Analyses

Correlations						
Variables	CL	SB	RE	REC	TRU	EMP
CL	1					
SB	.667**	1				
RE	.280**	.757**	1			
REC	.432**	.035	.465**	1		
TRU	.708**	.451**	.159**	.452**	1	
EMP	.764**	.855**	.601**	.164**	.600**	1

** . Correlation is significant at 0.01 levels (2-tailed). CL: Dependent Variables

Source: Own Survey Result, 2019.

As it shown in table 10: all the independent variables and dependent variable are positively and significantly correlated. That is all the independent variables of relationship marketing have positivity effect on the dependent variable of customer loyalty. The Higher correlation implies higher relationship between the variables. Empathy of the employees has highest correlation with customer loyalty it suggesting that when the employees become more understanding the customers the customer become more loyal to the bank. This implies that the customers prefer the bank due to the Empathy of the employees. On the other hand, responsiveness and reciprocity has lower correlation coefficient and it has positively less relationship on bank Customer loyalty the result it shows .280 and .432 respectively. It suggests that reciprocity and responsiveness in the bank is lowest reason to the customer to prefer the bank service among all the study variables.

4.4 Regression Analysis

The researcher also has used regression analysis to identify the effect of relationship marketing on customer loyalty. The research hypotheses points are tested by using this analysis. The researcher analyzed both general and specific objects by using regression method. Multivariate linear regression method is used to run the regression analysis. All decisions are made at significance level of 0.05.

The model is summarized by using adjusted R squared. ANOVA analysis is conducted by F-statistics. Significance of independent variables in explaining the dependent variable is decided by using both p-value and t-statistics. Before running the regression analysis, diagnostic tests for the model were conducted.

4.4.1 Diagnostic Tests

4.4.1.1 Multicollinearity Test

Multicollinearity problem arises when there is a linear relationship among explanatory variables that the result could not obtain estimates of all parameters. This causes large variance and standard error with a very low t- ratio and wide confidence interval. For continuous variables, if the value of VIF is 10 and above, the variables are said to be collinear (Gujarati, 2004). As a rule the result of VIF and degree of Tolerance should not be exceeded and less than 10 and 0.1 respectively. Therefore, to detect the problem of multicollinearity the VIF technique is used prior to executing the regression analysis. As presented in the table 11, the values of VIF below 10 suggesting that there is no problem of multicollinearity among the study of independent variables.

Table 11: Multicollinearity Test

Collinearity Statistics			
Model	Variables	Tolerance	VIF
1	SB	.150	6.661
	RE	.183	5.470
	REC	.360	2.779
	TRU	.508	1.970
	EMP	.210	4.756

Source: Own Survey Result, 2019. Dependent Variable: CL.

Based on the above table 11: result the value of VIF and degree of tolerance is on acceptable and within at the requirement of level for VIF therefore as a researcher if the value of VIF and Degree of tolerances is become high the problem of Co linearity also high. That is late say the highest value of Tolerance is .508 and the highest value of VIF is 6.66 variables trustfulness and social bonding respectively also there is no the Collinearity problem on this study.

4.4.1.2 Normality Test

The researcher conducted normality test by using Kolmogorov-Smirnov and Shapiro-Wilk test the result is presented in table 12 below. As we show from the table all variables of the studies are normally distributed and independent variables also positively significant for this study.

Table 12: Normality test

Variables	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
CL	.430	380	.000	.619	380	.000
SB	.357	380	.000	.369	380	.000
RE	.300	380	.000	.541	380	.000
REC	.398	380	.000	.678	380	.000
TRU	.359	380	.000	.660	380	.000
EMP	.412	380	.000	.512	380	.000

Source: Own computations, 2018

As we shown from the above table the results of all variables are statically significant with at significance level of 0.05 and 0.01, but the data were not normally distributed. According to the Kolmogorov-Smirnov and Shapiro-Wilk test the result of P-value/ Significant should be above 0.05. When we come to the idea of Skewness & kurtosis the result of P-value should be between -1.96 to 1.96. Therefore, based on the above scholar the result of Significant is between an acceptable range also the researcher cannot reject the null hypothesis of data that were not normally distributed instead the researcher accepts the null hypothesis as independent variables for this study.

4.4.1.3 Linearity Test

Like others the linearity assumption also another testing method that helps to show the degree of relationship between variables. Based on the above testing assumption the Linearity also has a positive and strong relationship with the predicting variable.

According to the statisticians stated that in a liner relationship if the straight line on a graph travels upward from left to right it has a positive liner relationship but if the straight line travels from right to left it has a negative relationship. Therefore, as we calculating the result on the above testing methods the result was positive and direct relationship with the independent variables the graph also moved upward that is from left to right.

4.4.1.3 Independence of Residual Test

This is also another way that helps to test the degree of relationship between the predicting variable with independent relationship marketing variables. As a general rule, the value of the Durbin-Watson statistic ranges from 0 to 4. However, if the Durbin-Watson statistic is approximately 2, there is no correlation between the variables; also a value towards 0 indicates that there is increasingly stronger positive correlation between the given variables.

Table 13: Residual assumption test

Model Summary			
Model	R	Std. Error of the Estimate	Durbin-Watson
1	.859 ^a	.076	.160

Dependent Variable: CL, Source: Own Survey Result, 2019.

Based on the above assumptions the result of Durbin-Watson it shows 0.16 it indicates that there is an increasingly strong positive correlation between relationships marketing variable with the bank customer loyalty.

4.4.2 Regression Result

Table 14 below summarizes model of the study with the value R-squared and Adjusted R squared.

Table 14: Model Summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.859 ^a	.737	.734	.076	.160

Source: Own Survey Result, 2019. Dependent Variable: CL.

As it is shown in the table 14, R squared is 0.737 and adjusted R squared is 0.734 it suggesting that the 73.7 % the variation in dependent variable is explained by independent variables used in the model. This implies that 73.7% variation in customer loyalty in this bank is affected by the relationship marketing variables.

Also there is another 26.3 % of independent variables were not included from this studies as a result, the strength of the relationship between dependent and independent variables is strong, as R-square is above the 70 % for once study (Muluadam, 2015).

4.4.3 ANOVA Model

According to Muluadam, 2015 stated that the regression model overall fit can be examined with the help of ANOVA Model and it also determined the relationship between the independent variable and the dependent variable. As indicated in the above table 14, the value of R Square and Adjusted R Square that we obtained under the model summary part were statistically significant at (73.7%) and (73.4 %) respectively.

Table 15: ANOVA Result

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.040	5	1.208	210.126	.000 ^b
	Residual	2.150	374	.006		
	Total	8.190	379			

Source: Own Survey Result, 2019. Dependent Variable: CL

The ANOVA Result is used to address the general objective of the study. In addition to this analysis is also used to identify the appropriateness of the model to conduct the study. The researcher used multivariate linear regression method to run regression analysis. F-statistic/P-value is significant at 0.01 it indicating that the model that has been used for this study is appropriate to explain the effect of relationship marketing on customer loyalty. This implies that the relationship marketing significantly affects customer loyalty in the banking business activity.

4.4.4 CoefficientModel

The standardized coefficient results that are explained the relative importance weight (RIW) of explanatory variables. The coefficients result also obtained from regression after the explanatory variables are all standardized, the coefficients of explanatory variables can be more easily compared with each other. As it is shown from below table 16, the empathy independent variable of Standardized coefficients value greater than the other predicated independent variables of relationship marketing, the second is social bonding variables from third to five independent variables are truthfulness, reciprocity and responsiveness respectively. Therefore, the higher the standardized coefficient value, the higher relative importance and it well have a great contribution on relationship marketing in the bank customer loyalty.

Table 16: CoefficientModel

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.673	.152		17.555	.000
	SB	.124	.023	.364	5.328	.000
	RE	-.099	.028	-.221	-3.570	.000
	REC	-.056	.020	-.122	-2.759	.006
	TRU	.167	.022	.288	7.747	.000
	EMP	.287	.042	.393	6.794	.000

Source: Own Survey, 2018. Dependent Variable: CL.

The effect of relationship marketing on customer loyalty is presented in table 16 above. The specific objectives are addressed and research questions were answered based on results in this table. When we come to in the coefficient model except Reciprocity and responsiveness All relationship marketing variables that are used in the model are positive and statistically significance implying that they have positively significant effect on customer loyalty. Whereas based on the result of the above model standardized and un-standardized beta Coefficients value it shows the responsiveness and reciprocity has negatively affects the customer loyalty in the bank.

4.5 Hypotheses Summary and Discussions

As the researcher stated on hypotheses part from the beginning this is also the point that we checked all the hypotheses points by using the mathematical results of significant and other hypotheses test models. Therefore, the researcher summarized the study with the hypotheses and research questions based on the above table result of p-values / significant.

Table 17: Hypotheses Summary

No	Hypotheses	Sig	Decision
Hypotheses 1	Social bonding has positive and significant effect on customer loyalty	.000	Supported
Hypotheses2	Responsiveness has positive and significant effect on customer loyalty	.000	Supported
Hypotheses 3	Reciprocity has positive and significant effect on customer loyalty	.000	Supported
Hypotheses 4	Truthfulness has positive and significant effect on customer loyalty	.000	Supported
Hypotheses 5	Empathy has positive and significant effect on customer loyalty	.000	Supported

Source: Own survey, 2018.

Based on the above table 17: The Social Bonding had positive effect on customer loyalty statistically significant at significance level of 0.01. This positive effect of social bonding result is supported by descriptive statistics. The Bank of Abyssinia S.C adopted social bonding practices that enable retaining the customer of bank. This finding consistent with finding of

(Kaguri, 2016) that bonding is among the main customer retention strategies in commercial banks in Kenya.

Responsiveness has positive effect on customer loyalty and also it is statistically significant at significance level of 0.01. The positive effect result suggests that the bank adopted responsiveness practices showing sincerity and willingness to help customers and employees give genuine and detailed information regarding to any transaction of the bank this finding is in line with finding of (Chacha, 2015) that responsiveness is important strategy to retain customers.

Reciprocity had also significantly positive effect on the customer loyalty in the banking business activity and the effect is statistically significant at 0.01. This result is consistent with prior studies conducted on the practice of relationship marketing and customer retention in the banking industry by Velnampy & Sivesan, (2012) and Mohammad et al. (2011), which revealed that reciprocity is an important determinant for customer retention.

The positive effect of reciprocity may signify that the bank and customer work for mutual benefit, interdependent, to solve difficulties and keeps its promises.

The positive and significant effect of Truthfulness as relationship marketing practice at the bank it was contributed to the customer loyalty that helps to providing consistence quality service in the banking business, this finding is supported by empirical studies conducted on customer relationship marketing and customer retention by Rootman et.al (2010) which revealed that trust has a significant positive effect on customer retention.

Lastly the empathy also had positive and significant effect on customer loyalty at significance level of 0.01. This finding has similar result with findings of Rootman (2010), Kuria (2010) and Kosile&Ajala (2006), which revealed that the empathy has a positive effect on customer retention.

Therefore, as it's presented in table 17, all independent variables of relationship marketing have positive and statically significant effect on predicting variables of customer loyalty in the banking business activity. The bank members also adopted and practiced the relationship marketing variables properly. As a result of this, there is a good relationship between service provider and service users.

Moreover, without considering the value of the coefficients models all the relationship marketing variables has strongly positive effect on customer's trends this is also similar with the hypotheses part of the study. Because as we show that before the coefficients models more than two testing models it shows that the relationship marketing variables are strongly and statically significant effect on customer loyalty.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary of Major Findings

This study was conducted with an objective of identifying the effect of relationship marketing on customer loyalty in bank of Abyssinia S.C. To measure the relationship marketing, the researcher has used different literature that is social bonding, responsiveness; reciprocity, trustfulness, and empathy were used as its dimensions for customer loyalty. The Practices of relationship marketing and customer loyalty information were gathered through questionnaires.

On the basis of the assessment results that we obtained through quantitative data analyses, the following major findings are identified for further consideration. According to the summary result of social bonding practice on relationship marketing, the bank works in close cooperation with its customers and builds long last positive relation with customers.

The Summary of customers' perception with regard to responsiveness practice it indicates that the employees of bank devote their time to reply the customer questions, the bank arranges special care to special customers, the employees also give genuine and detailed information regarding to any transaction of the bank and also the responsiveness has significantly positive relationship with customer loyalty.

The assessment Summary result of the reciprocity practice as relationship marketing variables it indicates that the bank and customers work for mutual benefit. The bank helps the customer to solve difficulties, the customer also responsible to repay their kindness.

The Bank of Abyssinia S.C the truthfulness has adopted and practiced as relationship marketing dimension to build customer loyalty. The majority of the respondents were they feel safe when the use a bank service, also agreed that the bank is correctly calculating charges, cash payment process properly. And they are fully confident on the financial status of the bank.

Summary of customers' perception about empathy practice it indicates that as compared to other relationship marketing variables the practice on average at good position. Meaning, employees of the banks never too busy to respond customer requests, the working hours also more flexible and convenient to the customers. But it needs more effort to reach at high level of empathy. Generally, the relationship marketing independent variables social bonding, responsiveness, reciprocity, truthfulness, and empathy have positive and significant effect on customer loyalty. Overall the relationship marketing has also significant effect on customer loyalty at significance level of 0.01 suggesting that relationship marketing affects customer loyalty significantly.

5.2. Conclusions

The major objective of this study was to assessment the effect of relationship marketing on customer loyalty in bank of Abyssinia in Addis Ababa area. Based on findings about the effect of relationship marketing on customer loyalty in the Bank of Abyssinia, the researcher provides the following conclusions:

The relationship marketing business activity of the bank enabled the customer to retain from the bank ever. Social Bonding, responsiveness, reciprocity, trust, and empathy have enabled the bank customers to retain the existing customers.

- Long term relationship with customers of the bank improved the social bonding practices that have positive effects on customer loyalty.
- Providing Prompt service of the bank to its customers, support from the employees to the customers, devoted of time to the bank to reply customer questions, and special attention for special customers has resulted on customer loyalty.

- Reciprocity has significant positive effect on customer loyalty in the Bank Abyssinia. Also the bank is supporting customers, the bank keeps its promises and the customers have feeling of interdependence with bank.
- The Trustworthiness of the bank on calculating charges and cash payments process enabled to loyal its customers. Also the customers are feeling safe on bank transactions with a full of confidence on bank financial status.
- The Empathy of employees with customers has positively and significantly affects customer loyalty through the employees responding customer requests without never too feel busy, the bank gives individual attention to customers with sincere interest in solving customer problems, and the working hours of the bank also flexible and convenient to serve customers.

5.3. Recommendations

Based on the findings and conclusions, the researcher forwards the following recommendations.

- Since in the bank of Abyssinia overall the relationship marketing has significant and positive effect on customer loyalty. Therefore, to be able to increase the number of loyal customer the management members should have to collect service feedback information continuously.
- Social bonding in the bank has significant and positive effect on customer loyalty. The bank should improve close cooperation with customers. Also the bank management members should improve relationship marketing so as to retain existed customers that they are using the service regularly.
- The responsiveness in relationship marketing variables has positive and significant effect on customer loyalty. Therefore, bank of Abyssinia management members, stakeholders and other concerned body of the bank should continuously follow up the day to day activity of employee with service users. Also the bank should provide prompt service to its customers to feel the employees full of confidence. The bank employee should support the customers when they face problems in branches, and reply the customer questions timely.

- Since truthfulness on the bank has positive and significant effect on customer loyalty, the management members of the bank has to increase trust of the customers by providing secured service for the customers and stating financial performance of the bank to the customers, and calculating and transacting the cash payment process correctly.
- In the bank of Abyssinia empathy has positive and significant effect on customer loyalty through by implementing individual attention to assist customers, sincere interest in solving problems with customers, and flexible and convenient time to serve customers so that, the bank management members should have to keep the value of empathy on customer loyalty.

5.4. Limitations and Further Studies

- As researcher Since this study is focused on the evaluation of identifying the effect of relationship marketing on customer loyalty in bank of Abyssinia customers only in Addis Ababa, therefore an interested researchers in the field can take up this issue to reach at better generalization to include customers in another part of the country.
- This study is conducted only from the side of the customers. It is also recommended to include responsible organs of the bank.
- The researcher also used questionnaire data collection methods only to reach at aforementioned objectives. Therefore, as researcher further studies the researcher recommended to including other data collection techniques such as interview with service user and service provider.

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APPENDIX



Dear Sir/Madam,

I am a Postgraduate student at St. Mary's University. As partial fulfillment for the Masters of Marketing Management, I am conducting a research study on the effect of relationship marketing on customer loyalty in a case of Bank of Abyssinia S.C in Addis Ababa.

Therefore, I would appreciate if you could spare a few minutes of your time to answer the following questions. All the information provided will be purely used for academic purposes and your identity will be treated with utmost confidentiality.

Your assistance will be highly appreciated and thank you in advance.

Yours faithfully,

Marye Derbew

N.B

_ No need to write your name

_ Put (X) inside the box or table for an alternative you think is right.

Part I. Personal information

1.1 Gender

- Male
- Female

1.2 Age

- 18 to 30 Years old
- 31 to 45 Years old
- 46 to 60 Years old
- Above 60 Years old

1.3 Marital status:

- Single
- Married
- Separated
- Divorced
- Widowed

1.4 Education:

- Illiterate
- Primary
- High school
- TVET
- University degree
- Master Degree and above

1.5 Occupation:

- Unemployed
- Student
- Salaried
- Business man/woman
- Pensioner
- Other

1.6 Your bank account type

- Saving
- Current

1.7 For how long have you been customer of the bank (in years)

- Less than Five
- Five to Ten
- More than Ten

Part II: Questions related to Relationship marketing variables

Please show to what extent you agree on the statements given below (use mark X).

SD= strongly disagree D=disagree N=neutral A=agree SA= strongly agree

	Social Bonding	SD	D	N	A	SA
1	The bank works in close cooperation with its customers					
2	The bank tries very hard to establish a long term relationship with its customers					
3	The bank keeps in touch constantly with its customers					
4	Employees of the bank know you very well					

	Responsiveness	SD	D	N	A	SA
1	Employees of the bank devote time to reply to any of your questions					
2	The behavior of the employees inspires confidence in customers					
3	The bank provides prompt service to its customers					
4	The bank arranges special care to special customers.					
5	Employees of the bank are willing to help customers.					

	Reciprocity	SD	D	N	A	SA
1	The bank helps me to solve difficulties, so I am responsible to repay their kindness					
2	The bank keeps its promises					
3	The bank handles my complain positively					
4	The bank and you are interdependent					

	Truthfulness	SD	D	N	A	SA
1	The bank is trustworthy on calculating charges					
2	You feel safe in all of your transactions with your bank					
3	The bank is trustworthy during cash payment process					
4	I am confident on the financial status of the bank					

	Empathy	SD	D	N	A	SA
1	Employees of the bank are never too busy to respond to customers' requests.					
2	The working hours of the bank are flexible and convenient to me					
3	The bank gives individual attention to its customers.					
4	The bank shows a sincere interest in solving your problem.					

Part III: Questions related to customer loyalty

	Customer loyalty	SD	D	N	A	SA
1	I always choose this bank over any other bank					
2	I am giving a positive word of mouth witnesses to others about this bank confidently					
3	I got that it is difficult to change to other banks due to what I receive from this bank					
4	I am not intending to leave this bank in the future					