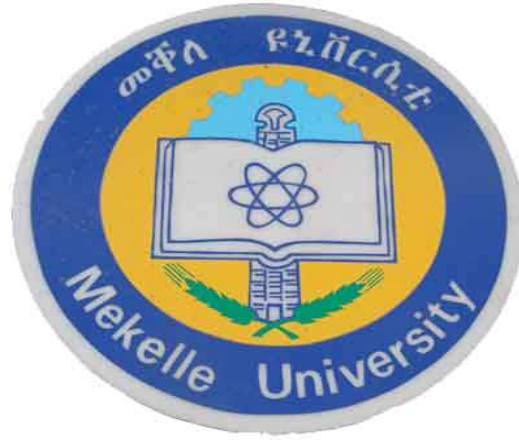


Customer Satisfaction and Service Loyalty

In Wegagen Bank, Mekelle Branch



***A Research Project submitted to the Department of
Management, College of Business and Economics, Mekelle
University, for the Award of the Degree of Master of Business
Administration***

By
Kibrom Aregawi

Principal Advisor: Dr. Hailay Gebretinsae, PhD

Co-Advisor: Dr. Chandra Sekhar G., PhD

May, 2010
Mekelle, Ethiopia

Customer Satisfaction and Service Loyalty
In Wegagen Bank, Mekelle Branch

By

Kibrom Aregawi

DECLARATION

I Kibrom Aregawi, here by declare that the thesis entitled “**Customer Satisfaction and Service Loyalty** in Wegagen Bank, Mekelle Branch” submitted by me for the award of the Degree of Master of Business Administration of Mekelle University at Mekelle, is original work and it hasn’t been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution.

Place: Mekelle
Date: May, 2010

Signature: _____
Kibrom Aregawi

CERTIFICATION

We certify that the Thesis entitled “**Customer Satisfaction and Service Loyalty** in Wegagen Bank, Mekelle Branch” is a bona-fide work of Mr. Kibrom Aregawi who carried out the research under our guidance. Certified further, that to the best of knowledge the work reported here in doesn’t form part of any other thesis report or dissertation on the bases of which a degree or award was conferred on an early occasion on this or any other candidate.

Signature: _____
Dr. Hailay Gebretinsae, PhD
Department of Management
College of Business and Economics
Mekelle University
Tigray- Ethiopia

Signature: _____
Dr. Chandra Sekhar G., PhD
Department of Management
College of Business and Economics
Mekelle University
Tigray- Ethiopia

ACKNOWLEDGEMENTS

The work of this thesis represents the concerted efforts of many individuals over the last three months. It required many acts of collaboration by quite a few people in order to come to fruition. This research project has always been interesting, exciting often challenging experience especially in exposing me to a new paradigm of questing for knowledge. I wish to take this opportunity to thank individuals, of whom without, might not lead to the possibility of this research to be realized.

First of all, I am deeply indebted to my advisor Dr. Hailay Gebretinsae for his patient guidance, fruitful discussions, encouragement and excellent advice throughout this study. The discussions we had were very valuable and inspiring in the process of the proposal writing, research undertaking and thesis writing.

My special respect and thanks should also go to my co-advisor Dr Chandra Sekhar G. for his encouragements, valuable and scientific comments during my research work to whom I am duly bound to express my gratitude.

I wish to extend my deepest appreciation to my father, mother, brothers and sisters for their endless love, support and encouragement. I am highly indebted to you Bro, Gebereyohannes Girmay, you really are great. Thank you for everything!! I would like to dedicate this research project to my beloved family.

Finally, yet importantly, I would also like to extend my appreciation to friends who extended a helping hand and giving me spiritual support all the time. Their kindhearted effort is greatly appreciated. This learning journey could not have been completed without the dedication and support from the following individuals during the completion of this study: Abebe Ejigu (PhD), Aregawi, Hareya, yosefaa, Teddy, Tsehayu, Silee, yibe², Medhane, Birhane³, Akie², Emeeee, Teka and Birhan, Taffee, Shewita, Amenu, and all other friends deserve so many thanks!!!

Finally, I would like to acknowledge all the people who participated in my thesis project.

Kibrom Aregawi

ABSTRACT

In the highly competitive banking industry, the success and failure of a business organization merely depends on how well it satisfies the needs and wants of customers. Customer satisfaction and service loyalty are compelling issues for managers. If a bank has to stay competitively in the industry it has to continuously meet the needs and wants of customers. This study assessed the interaction among service quality, corporate image, price, customer satisfaction and service loyalty from customers' perspective. The main objective of the study was to assess and analyze customer satisfaction and service loyalty in Wegagen Bank, Mekelle Branch. A self-administered questionnaire was used to collect the primary data. Data gathered were treated using statistical software program namely Statistical Package for Social Science (SPSS version16) for analyses and summarization purposes. The researcher applied confirmatory factor analysis and new scores were created for further subsequent analyses. Multiple Regressions test was used to test the effect of service quality, corporate image and price on customer Satisfaction and service loyalty. In addition to that, Hierarchical Regression Model test was used to test the mediating effect of customer satisfaction on the relationship between service quality, corporate image, and price towards service loyalty. Finally, One Way ANOVA test was used to find out the demographic aspect that has an impact on customer satisfaction and service loyalty. Overall findings from this study revealed the dimensions of service quality vary in the degree to which they drive customer satisfaction and service loyalty. The results depicted that there was significant positive relationship in between service quality and customer satisfaction. Both service quality and corporate image were found to have positive and significant association with service loyalty. Price though positively related has no significant impact both on customer satisfaction and service loyalty. In addition to these, there was a significant relationship between customer satisfaction and service loyalty. The regression test also presented that customer satisfaction plays a mediating role in between the independent variables service quality, corporate image and price towards service loyalty. Dissatisfaction of customers with the service offering of the bank didn't lead to switching to other banks. The results depicted that Wegagen Bank, Mekelle Branch, has to focus more effort in improving the quality of the service it is offering to the customers. Of course, substantial work has to be done to enhance the benefits that can be acquired from corporate image. As to the price is concerned, the bank should continuously monitor the environment for changes with a motive of addressing the pricing policies of the rival banks and it should differentiate its service offerings in a way that could enable the bank to gain a competitive advantage. The bank is, thus, recommended to devise operations and marketing strategies that focus on the dominant service quality dimensions in order to enhance customer satisfaction and, in turn, foster positive service loyalty.

Key words: *Service Quality, Price, Corporate Image, Customer Satisfaction, Service loyalty*

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	v
ABSTRACT	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	x
LIST OF FIGURES	xi
ACRONYMS	xii
CHAPTER ONE	1
Introduction	1
1.1. Background of the study.....	1
1.2. Statement of the Problem	4
1.3. Objectives of the Study.....	5
1.3.1. General Objective:.....	5
1.3.2. Specific Objectives.....	5
1.4. Research Questions.....	6
1.5. Research Hypotheses.....	6
1.6. Significance of the study	7
1.7. Scope of the study.....	7
1.8. Limitation of the study	8
1.9. Organization of the study	8
CHAPTER TWO	9
LITERATURE REVIEW	9
2. Definition of Service Quality	9
2.1.1. Parasuraman’s SERVQUAL	12
2.1.2 Gronroos’s Methodology.....	14
2.1.3 Cronin’s SERVPERF	15
2.1.4. Service Quality and Customer Satisfaction	16
2.2. Corporate Image	17
2.3. Price.....	20
2.3.1. Price Sensitivity.....	20

2.3.2. Price Acceptance	21
2.3.3. Price Perception.....	21
2.3.4. Price Fairness.....	22
2.3.5. Price and Customer Satisfaction.....	22
2.4. Customer Satisfaction.....	23
2.5. Service Loyalty.....	26
2.6. Conceptual Framework.....	28
CHAPTER THREE.....	29
Materials and Methods	29
3.1. Research Design	29
3.1.1. Data Type and Data Source	29
3.1.2. Sampling Method and Sample Size.....	30
3.1.3. Data Collection.....	31
3.1.4. Data Analysis Techniques	32
3.1.4.1. Reliability Test	32
3.1.4.2. Descriptive Analysis.....	32
3.1.4.3. Factor Analysis.....	32
3.1.4.4. Pearson Correlation	33
3.1.4.5. Chi-square Test.....	34
3.1.4.6. Ordinary Least Square (OLS) Regression Model.....	34
3.1.4.7. One-way ANOVA	34
3.1.5. Specification of the Model	35
3.1.6. Operational Definition of Variables	36
3.1.6.1. Dependent Variables.....	36
3.1.6.2. Independent Variables	37
3.2 Profile of Wegagen Bank	40
CHAPTER FOUR	42
Results and Discussion	42
4.1. Profile of the Respondents.....	42
4.2. Analysis of Measures.....	44
4.2.1. Reliability Test	44

4.2.2 Factor Analysis: KMO (Measure of Data Adequacy)	44
4.2.3 Pearson's Correlation matrix	47
4.3. Testing of Hypotheses	48
CHAPTER FIVE	68
Conclusion and Recommendations	68
5.1. Conclusions	68
5.2. Recommendations	70
5.3. Implication for Future Research	72
Bibliography	73
Appendix	85
A.Regression Tests	85
B.Questionnaires	94

LIST OF TABLES

Table 3.1. Items to measure Customer Satisfaction	37
Table 3.2. Items to measure service loyalty	37
Table 3.3. Items to measure Service quality.....	38
Table 3.4. Items to measure Corporate Image.....	39
Table 3.5. Items that measure Price.....	40
Table 4.1: Demographic Characteristics of respondents	43
Table 4.2: KMO and Bartlett’s Test	45
Table 4.3: Factor Analysis and Reliability for more details.....	46
Table 4.4: correlation matrix between variables	47
Table 4.5: correlation matrix of the various constructs measured in the study.	49
Table 4.6: Means scores of dimensions of service quality	49
Table 4.7: Model summary (Independent Variables as Predictors to Customer satisfaction)	51
Table 4.8: ANOVA (Independent Variables as Predictors to Customer satisfaction)	51
Table 4.9. Coefficients (Independent Variables as Predictors to Customer satisfaction)	52
Table 4.10: Regression Model (Independent variables as predictors to service loyalty)	53
Table 4.11: ANOVA (Independent Variables as Predictors to Service loyalty)	53
Table 4.12. Coefficients (Independent Variables as Predictors to Service loyalty)	54
Table 4.13: Regression Model (Customer Satisfaction as predictors to service loyalty).....	55
Table 4.14: ANOVA (Customer Satisfaction as predictors to service loyalty).....	55
Table 4.15: Coefficients (Customer Satisfaction as predictors to service loyalty)	55
Table 4.16. Model Summary Independent Variables and Customer Satisfaction as Predictors to Service Loyalty.....	58
Table 4.17. ANOVA (Independent Variables and Customer Satisfaction as Predictors to Service Loyalty)	59
Table 4.18: Coefficients (Independent Variables and Customer Satisfaction as Predictors to Service Loyalty)	60
Table 4.19. Excluded variable	60
Table 4.20: χ^2 contingency table for observed levels of customer satisfaction and their switching intentions (expected frequencies are in brackets).....	62
Table 4.21: One-Way ANOVA result of Demographic Variables’ impact on Customer Satisfaction	65
Table 4.22: One Way ANOVA result of Demographic variables and their impact on Service Loyalty.....	66
Table 4.23: Summary of Results of the Tested Hypotheses.....	67

LIST OF FIGURES

Figure 1. Theoretical framework of the study	28
Figure 2. Satisfaction-Dissatisfaction chart.....	61
Figure 3. Switching Intention	64

ACRONYMS

ANOVA	Analysis of Variance
E-P	Expectation performance of customers
GDP	Gross Domestic Product
KMO	Kaiser-Meyer-Olkin
NBE	National Bank of Ethiopia
OLS	Ordinary Least Square
SPSS	Statistical Package for social Sciences
SERVEQUAL	Service Quality Model, a survey instrument that purports to measure the quality of service rendered by an organization along five dimensions: reliability, assurance, tangibility, empathy and responsiveness.
SERVPERF	Service Performance developed to measure service quality on the basis of performance ignoring the expectations.

CHAPTER ONE

Introduction

1.1. Background of the study

The world economy faces an increasingly trend in the importance of the service industry. The value added of service industry as percent of world gross domestic product is about 68% (World Bank, 2008). In recent decades, attention has become increasingly focused on the key roles that services fulfill domestically and internationally. It is widely recognized that services account for a significant and rising share of domestic output and employment (Robert 2005).

The service sector plays an increasingly important role in Ethiopian economy. The service sectors' contribution to the economy is significant. It accounts for 43 % (2009 est) of the GDP and accommodated 10 % (2005) of the labour force of the country¹. Consequently, service managers and academic researchers all over the world are now directing their efforts to understanding how customers perceive the quality of services, as well as how these perceptions translate into customer satisfaction and behavioral intentions.

Financial institutions play a crucial role in facilitating the accumulation and allocation of capital by channelling individual savings through loans to governments, businesses and individuals. In Ethiopia, the role of the banking sector in capital concentration and distribution is so enormous.

The enactment of Monetary and Banking proclamation No.83/1994 and the Licensing and Supervision of Banking Business No.84/1994 laid down the legal basis for investment in the banking sector in the country. Consequently shortly after the proclamation, private banks and insurance companies began to flourish. Currently, the number of banks in the country reached fifteen (15) with over six- hundred- fifty- six branches nationwide. The number is expected to

¹ http://www.theodora.com/wfbcurrent/ethiopia/ethiopia_economy.html accessed on March 01, 2010.

escalate as there are potential new entrants joining the banking industry². To the seemingly competitiveness of the banking sector, the issue of customer satisfaction and service loyalty is at forefront.

Customer satisfaction with goods frequently focuses on the product it self: does it work, doing what it is supposed to do? In the service field this is not the case. Since the “product” is intangible, satisfaction is a perception about performance, rather than the utilization of an object (Berry, 1987). Service satisfaction is a function of consumers’ experiences and reactions to a provider’s behavior during service encounter; it is also a function of service setting. Were consumers content? Did they get what they wanted? Were they helped? Were the service surrounding pleasant? Thus, service is, typically, about the present, the “now”.

The offers of banking industry are mainly of service in nature. Service is an activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product (Kotler et al., 1999). Services are economic activities that create value and provide benefits for customers at specific times and places, as a result of bringing about desired change in or on behalf of the recipient of the services (Love lock and Wright, 2002).

Quality and customer satisfaction have long been recognized as playing a crucial role for success and survival in today’s competitive market. Not surprisingly, considerable research has been conducted on these two concepts. Notably, the quality and satisfaction concepts have been linked to customer behavioral intentions like purchase and loyalty intention, willingness to spread positive word of mouth, referral, and complaint intention by many researchers (Hallowell, 1996, and Jacoby et al., 1973). The most commonly found studies were related to the ‘antecedents, moderating, mediating and behavioral consequences’ relationships among these variables – customer satisfaction, service quality, perceived value and behavioral intentions. However, there have been mixed results produced.

Besides, Albert Caruana (2002) identified Service quality, corporate image and price as the independent variables of customer satisfaction and service loyalty. According to (Gremler and

² <http://www.nbebank.com/aboutus/index.htm> accessed on March 05, 2010

Brown, 1996, cited in caruana, 2002), service loyalty refers the degree to which a customer exhibits repeat purchasing behavior from a service provider, posses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for the service arises. If a service provider has a positive image in the eyes of customers, minor mistake will be forgiven but the image will be damaged if mistakes often occur. On the other hand, if a service provider's image is negative, the impact of any mistake will be significant and affect level of satisfaction. Researchers such as (DeRuyter and Bloemer, 1998) demonstrated the positive impact of corporate image on customer satisfaction in the retailing context. It can be assumed that this kind of positive influence will also hold in the bank service sector as image represents an essential factor for the perception of satisfaction. Dolan et al., (2000) stated that if the central role of pricing in consumer behaviour as well as cost effectiveness is considered as one of the criteria that consumers rank as being particularly important when selecting a product or service, the fact that the price has received little attention when analyzing customer satisfaction is astonishing. Price is an important variable in services. As such, it is also crucial for organizations to set and manage price which it directly influence an inflow of resources.

In light of the above facts, banks should continuously undertake surveys as to identify the problems in service delivery, corporate image, and pricing to foster the level of satisfaction and loyalty. The purpose of this study is to give indications of the loopholes to the service provider as to where best to devote marketing attention.

1.2. Statement of the Problem

In service industries, globally, the subject of service quality remains a critical one as businesses strive to maintain a comparative advantage in the marketplace. Since financial services, particularly banks, compete in the marketplace with generally undifferentiated products, service quality becomes a primary competitive weapon (Stafford, 1996). Currently, technological advancements are causing banks to rethink their strategies for services offered to both commercial and individual customers. Moreover, banks that excel in quality service can have a distinct marketing edge since improved levels of service quality are related to higher revenues, increased cross-sell ratios and higher customer retention (Bennett and Higgins, 1993), and expanded market share (Bowen and Hedges, 1993). As well, the banks understand that customers will be loyal if they can produce greater value than competitors (Dawes and Swailes, 1999). In addition, higher profits will be earned by the banks if they can position themselves better than their competitors within a specific market (Davies et al., 1995). Besides, researchers have identified corporate image and reputation as driver of customer satisfaction and loyalty. This is because corporate image has important influence on service quality product and service positioning, marketing, and profitability in the service industry (Best, 2009). On top of this, price is considered as important factor of Consumers satisfaction, because whenever consumers evaluate the value of an acquired product, they usually think of the price (Fornell, 1992; Cronin et al., 2000).

Within this background, customer satisfaction and service quality are compelling the attention of all banking institutions around the world, and Ethiopia is not an exception. The researcher undertook preliminary investigation in some of the retail banks as to what has been done with regards to satisfaction and loyalty of bank customers in Mekelle. The researcher found the works of (Guruswamy and Malik, 2007), who, investigated customer preferences of retail banking services in Mekelle where they highlighted the factors that are important to customers in a developing country. Habtamu (January, 2010), worked out on the assessment of service quality and customers satisfaction applying the SERVEQUAL model to the saving account holders of Dashen Bank, Mekelle Area Bank.

It is a known fact that the success and failure of any organization, be it private business or public organization, merely depends on how well its customers are satisfied. Wegagen Bank, Mekelle Branch, where the researcher had an informal communication with some of its customers and the insights from the summary of suggestion box feedbacks, it was learnt that the service delivery is not satisfying the needs and wants of customers to their expectations. Customer satisfaction and service loyalty are key to continued organizational survival. The researcher, thus, assessed customer satisfaction and service loyalty in light of the variables namely, service quality, corporate image and price.

1.3. Objectives of the Study

1.3.1. General Objective:

The main objective of the study is to assess and analyze customer satisfaction and loyalty in Wegagen Bank, Mekelle Branch.

1.3.2. Specific Objectives

The specific objectives of the study include:

- To identify the key dimensions of perceived service quality and their prioritization.
- To investigate the determinants of customer satisfaction and service loyalty.
- To investigate the effect of customer satisfaction on service loyalty.
- To examine whether dissatisfied customers switch to other banks.
- To determine whether customer satisfaction mediates the relationship between service quality, corporate image, and price towards customer loyalty.
- To suggest possible courses of action that can help the bank improve its service delivery.

1.4. Research Questions

The researcher poses the following questions in the search to understand the factors influencing customer satisfaction and loyalty.

1. What are the main Service Quality Dimensions and their prioritization as perceived by Wegagen Bank customer?
2. Do service quality, corporate image and price influence customer satisfaction and loyalty?
3. Does customer satisfaction lead to service loyalty?
4. Do dissatisfied customers switch to other banks in order to experience better customer relations?
5. Does customer satisfaction mediate the relationship among service quality, corporate image and price towards service loyalty?

1.5. Research Hypotheses

The following hypotheses were tested in the research:

- H₁- The five dimensions of service quality (*tangibility, reliability, responsiveness, assurance and empathy*) vary in the degree to which they instigate customer satisfaction and service loyalty.
- H₂- Service quality has a positive effect on customer satisfaction.
- H₃- Corporate image is significantly related to customer satisfaction.
- H₄- Price is significantly related to customer satisfaction.
- H₅- Service quality has a positive effect on service loyalty.
- H₆- Corporate image has a positive effect on service loyalty.
- H₇- Price has a positive effect on service loyalty.
- H₈- Customer satisfaction has a positive effect on service loyalty.
- H₉- Customer satisfaction is the mediator of the relationship among service quality, corporate image and reputation, and price and service loyalty.
- H₁₀-Dissatisfied customers switch to other banks in order to experience better service quality elsewhere.

1.6. Significance of the study

The results of this study are significant in various respects. First, from the findings the researcher will be able to evidently put up the glaring gaps in specific reference to customer satisfaction and service loyalty of Wegagen Bank, Mekelle Branch. On the basis of the analysis the researcher will recommend set of alternative courses of actions to be considered to enhance the level of satisfaction and loyalty of the customers towards the bank. Second, this study seeks to contribute to the development of conceptual framework that integrates service quality, corporate image, price, customer satisfaction, and service loyalty. Third, the implications for further research will be set and it will be used as a stepping stone for similar research works. Fourth and most important, the approaches and the experiences that will be applied in the research can be disseminated to other banks and financial institutions undertaking similar activities.

The study is believed to trigger the importance for undertaking further research on the area as the customer satisfaction and service loyalty are not researched well in Ethiopia. Besides, the researcher on the course of the research undertaking has enhanced his knowledge and skills on research methodology and the title in question.

1.7. Scope of the study

This study is focused on assessing satisfaction and service loyalty of customers of Wegagen Bank, Mekelle Branch. Though customer satisfaction and service loyalty are issues that deserve the involvement of both the service providers and customers, the scope of the study is limited to the perception of customers only. And, the research sample was selected from saving and current account holders of the bank.

1.8. Limitation of the study

All research has its limitation and this study is no exception. One is, the survey was only conducted in Wegagen Bank, Mekelle Branch, and in strict sense the results pertain only to the respondents. Though the sample provided a substantial number of customers in the bank that facilitated a study of this nature, one can not generalize the results in other banks not included within the study. Such generalizations to a wider population or industry should be done with caution.

Another limitation is on the scope of the study. From a theoretical point of view, the framework of this research is restricted to its own objectives. The study has pondered the relationship among service quality, corporate image, price, customer satisfaction, and service loyalty.

1.9. Organization of the study

This study is organized into five chapters. The first chapter deals with the problem and its approach. The second one presents the review of related literature. Chapter three treats the company profile along with the research methodology employed. The fourth chapter presents results and discussions of the study. Finally conclusions and recommendations are presented under the fifth chapter.

CHAPTER TWO

LITERATURE REVIEW

2. Definition of Service Quality

To understand what service quality is, we need to understand what Quality is and its concept as a whole. Understanding the term “Quality” will reveal that the concept has been defined in many different ways and with different emphasis by the various quality gurus and writers on the subject. Quality is an elusive and indistinct construct. Often mistaken for imprecise adjective like “goodness, or luxury, or shininess, or weight” (Crosby, 1979), quality and its requirements are not easily articulated by consumers (Takeuchi and Quelch, 1983).

Most of the efforts in defining and measuring quality are coming from the goods sector. According to the prevailing Japanese philosophy, quality is “zero defects – doing it right the first time”. Garvin (1983), measures quality by counting the incidence of “internal” failures (those observed before a product leaves the factory) and “external” failures (those incurred in the field after a unit has been installed). Crosby (1979) defines quality as “conformance to requirement”. Requirement must be clearly stated so that they cannot be misunderstood. Measurements are then taken continually to determine conformance to those requirements. The non-conformance detected is the absence of quality. Quality problems become non-conformance problems, and quality becomes definable.

Research has demonstrated the strategic benefits of quality in contributing to market share and return on investment (e.g., Anderson and Zeithaml, 1984; Philips, Chang, and Buzzell, 1983) as well as lowering manufacturing costs and improving productivity (Garvin, 1983). The search for quality is arguably the most important consumer trend of the 1980s (Rabin, 1983) as consumers

are now demanding higher quality in products than ever before (Leonard and Sasser, 1982, Takeuchi and Queleh, 1983).

However, understanding of quality in goods and its importance is not sufficient to understand service quality. Four well documented characteristics of services – intangibility, heterogeneity, perishability and inseparability – must be acknowledged for a full understanding of service quality (Parasuraman, Zeithaml and Berry, 1985).

Intangibility

Services are activities or benefits that are essentially intangible, cannot be prefabricated in advance and do not involve ownership of the title. They may include the traditional personal assistance service, for instance, baby-sitter, gardener etc. The fix-it service such as mechanic, repairman, etc. and finally the value added service as the least tangible of all (Cotter, 1993). Most services are intangible (Bateson, 1977, Berry, 1980, Lovelock, 1983, Shostak, 1985). Because they are performances rather than objects, precise manufacturing specifications concerning uniform quality can rarely be set. Most services cannot be counted, measured, inventoried, tested and verified in advance of sale to assure quality (Parasuraman, Zeithaml and Berry, 1985). Because service is not an object but a phenomenon, it is difficult for customers to evaluate the quality of services as they evaluate physical goods. Because of intangibility, the service firm may find it difficult to understand how consumers perceive their services and evaluate service quality (Zeithaml 1988).

Heterogeneity

Services, especially those with high labor content, are heterogeneous; their performance often varies from producer to producer, from customer to customer, and from day to day (Parasuraman, Zeithaml and Berry, 1985). Consistency of behavior from service personnel (i.e., uniform quality) is difficult to assure (Booms and Bitner, 1981) because what the firm intends to deliver may be entirely different from what customer receives.

Inseparability

Production and consumption of many services are inseparable (Carmen and Langeard, 1980, Gronroos, 1978, Regan, 1963, Upah, 1980). Services involve simultaneous production and consumption. Inseparability implies that service is simultaneously produced and consumed while physical goods are first produced, then sold and finally consumed. Inseparability of production and consumption often forces the involvement of the customer in the production process. Inseparability also means that the producer and the vendor often comprise one economic entity (York, 1993). In labor intensive services for example, quality occurs during service delivery, usually in an interaction between the client and the contact person from the service firm (Lehtinen and Lehtinen, 1982). In this situation, the customer input becomes critical to the quality of service performance.

Perishability

The inseparability of production and consumption in turn results in an inability to store service capability. Perishability means that services cannot be produced in advance, inventoried and later made available for sale. Services are performance that cannot be stored (Zeithaml, 1998). It is often difficult to adequately match up with demand and supply such as those corrective maintenance works, for instance, heating and cooling repairs.

In conclusion, based on the examination of those writing and other literature reviews on services (Gronroos, 1982; Lehtinen and Lehtinen, 1982; Lewis and Booms, 1983; Sasser, Olsen, and Wyckoff, 1978) Parasuraman, Zeithaml and Berry in 1985 suggest three attributes of service quality:

- Service quality is more difficult for the consumer to evaluate than goods quality.
- Service quality perceptions result from a comparison of consumer expectations with actual service performance.
- Quality evaluations are not made solely on the outcome of a service; they also involve evaluations of the process of service delivery.

Research into service quality has focused on the following lines of enquiry: studies of the concept and nature of service quality, strategic consequences of quality, measurement of service quality, analysis of how an organization can improve service quality and studies on the effects of service quality on consumer behaviour.

Authors involved in investigating the effects of service quality on consumer behaviour research stream such as Rust have concentrated on the link between service quality and an improvement in the profitability of the company. While others like Boulding, Zeithaml, and Liu have studied the antecedents of consumer loyalty, and the effect on the profitability of a service organization. These studies supported the contention that an improvement in service quality has a positive influence on behavioral intentions, but they also showed that superior levels of service quality should be achieved in a cost-effective manner (Manuel Sanchez Perez, 2007).

2.1.1. Parasuraman's SERVQUAL

According to Parasuraman et al. (1985), a perception of service quality is a result of a comparison between what consumers consider the service should be and their perceptions about the actual performance offered by the service provider. Parasuraman et al. (1985) postulated five dimensions of the service experience in their well-known SERVQUAL model: reliability, responsiveness, empathy, assurance, and tangibility.

Tangibles

Tangibles would include those attributes pertaining to physical items such as equipment, buildings, and the appearance of both personnel and the devices utilized to communicate to the consumer. Bitner (1992), presented her conceptual framework for examining the impact of physical surroundings as it related to both customers and employees. Berry and Clark (1991) provided validation of the physical appearance on the consumer's assessment of quality. With the research by Bitner (1990), it was noted that physical appearance might influence the consumer's level of satisfaction. Tangibles were one of the original dimensions that was not modified by Zeithaml, et al (1988).

Reliability

Reliability relates to the personnel's ability to deliver the service in a dependable and accurate manner. Numerous researchers, including Garvin (1987) found that reliability tends to always show up in the evaluation of service. Parasuraman, et al (1988) indicated that reliability normally is the most important attribute consumers seek in the area of quality service. It was also determined by Parasuraman, et al (1991) that the conversion of negative wording to positive wording as suggested by Babakus and Boller (1992) and Carman (1990) increased the accuracy of this dimension. Negative wording in the request for a customer response caused the customer to misinterpret this particular determinant. Walker (1995) found that if there is an adequate delivery of the basic level of service, then peripheral performance leads consumers to evaluate the service encounter as satisfactory. Reliability was one of the original dimensions not modified by Zeithaml, et al., (1988).

Responsiveness

The desire and willingness to assist customers and deliver prompt service makes up the dimension of responsiveness. Parasuraman, et al., (1991) include such elements in responsiveness as telling the customer the exact time frame within which services will be performed, promptness of service, willingness to be of assistance, and never too busy to respond to customer requests. Bahia and Nantel (2000) disregarded responsiveness in their research, claiming a lack of reliability even though they recognized SERVQUAL and all of its dimensions as the best known, most universally accepted scale to measure perceived service quality. Responsiveness was also one of the original dimensions not modified by Zeithaml, et al., (1988).

Assurance

Knowledgeable and courteous employees who inspire confidence and trust from their customers establish assurance. In banking studies by Anderson, et al., (1976), it was determined that a substantial level of trust in the bank and its abilities was necessary to make the consumer comfortable enough to establish a banking relationship. Parasuraman, et al., (1991) included

actions by employees such as always courteous behavior instills confidence and knowledge as prime elements of assurance. Assurance replaces competence, courtesy, credibility, and security in the original ten dimensions for evaluating service quality (Zeithaml, et al, 1988).

Empathy

Empathy is the caring and personalized attention the organization provides its customers. Individual attention and convenient operating hours were the two primary elements included by Parasuraman, et al., (1991) in their evaluation of empathy. The degree to which the customer feels the empathy will cause the customer to either accept or reject the service encounter. Empathy replaces access, communication, and understanding the customer in the original ten dimensions for evaluating service quality (Zeithaml, et al., 1988).

2.1.2 Gronroos's Methodology

Gronroos (1984) relates definition of service quality with the result of the comparison that customers make between their expectations about a service and their experience of the way the service has been performed.

According to Gronroos (1984), services are produced, distributed, and consumed in the interaction between the service provider and the service receiver. Accordingly, services must be viewed from an interactive perspective.

The model proposed by Gronroos (1984, 1990) focuses on the role of technical quality (or output) and functional quality (or process) as occurring prior to and resulting in outcome quality. In the model, technical quality refers to what is delivered to the customer while functional quality is regarding with how the end result of the process was transferred to the customer. The model states that the consumer is not interested only on what he/she receives as an outcome of the production process, but also on the process itself. The perception of the functionality of the technical outcome (technical quality) is a major determinant of the way he/she appreciates the effort of the service provider.

2.1.3 Cronin's SERVPERF

SERVQUAL grounded in the Gap model, measures service quality as the calculated difference between customer expectations and performance perceptions of a service encounter (Parasuraman et al., 1988, 1991). Cronin and Taylor (1992) challenged this approach and developed the SERVPERF scale based on Parasuraman's SERVQUAL methodology which directly captures customers' performance perceptions in comparison to their expectations of the service encounter.

SERVPERF only measures performance perceptions and operationalizes service quality as customers' evaluations of the service encounter. It uses only performance data because it assumes that respondents provide their ratings by automatically comparing performance perceptions with performance expectations. As a result, SERVPERF uses only the performance items of the SERVQUAL scale (Brady et al., 2002; Cronin and Taylor, 1992, 1994).

Arguments in favour of SERVPERF are based on the notion that performance perceptions are already the result of customers' comparison of the expected and actual service (Babakus and Boller, 1992). Therefore, performance only measures should be preferred to avoid redundancy. Thus, SERVPERF assumes that directly measuring performance expectations is unnecessary. Cronin and Taylor (1992) built their argument for the superiority of SERVPERF over SERVQUAL by empirically showing that SERVPERF is a better predictor of overall service quality than SERVQUAL. Nevertheless, many authors concurred those customer assessments continuously provided services may depend solely on performance. Hence, the authors suggesting that performance-based measures explain more of the variance in an overall measure of service quality. These findings are consistent with other research that have compared these methods in the scope of service activities, thus confirming that SERVPERF (performance-only) results in more reliable estimations, greater convergent and discriminant validity, greater explained variance, and consequently less bias than the SERVQUAL and EP scales (Cronin and Taylor, 1992; Parasuraman et al., 1994)

Whilst its impact in the service quality domain is undeniable, SERVPERF being a generic measure of service quality may not be a totally adequate instrument by which to assess perceived quality. This research bears on these conclusions and adopts the performance-based SERVPERF paradigm.

2.1.4. Service Quality and Customer Satisfaction

Customer satisfaction often depends on the quality of product or service offering. In the context of services, some describe customer satisfaction as an antecedent of service quality (Bitner, 1990; Cronin and Taylor, 1992). Service quality is thus related, though not equivalent, to satisfaction (Oliver, 1980). For this reason, research on customer satisfaction is often closely associated with the measurement of quality (East, 1997). Customer satisfaction can thus be based not only on the judgment of customers towards the reliability of the delivered service but also on customers' experiences with the service delivery process (Naser et al., 1999).

De Ruyter et al., (1997) summarized the conceptual gap between the two constructs as the following: customer satisfaction is directly influenced by the intervening variables of disconfirmation (the difference between perceptions and expectations), while service quality is not; satisfaction is based on predictive expectation while service quality is based on an ideal standard expectation; and the number of antecedents of the two concepts differ considerably. Therefore, it is worthwhile to investigate the relative importance of service quality dimensions to customers' satisfaction.

In summary, satisfaction and quality seem like twin concepts, both revolving around expectation, experience, perception and evaluation of service as key variables (Jamali, 2007). The conclusion by Jamali (2007) is that satisfaction is a super-ordinate construct to service quality, and that a management-by-satisfaction approach will necessarily need to integrate the various quality dimensions. Satisfaction is a super-ordinate construct because it can result from a large variety of dimensions that may lie beyond those specified in the gap model and the SERVQUAL instrument.

2.2. Corporate Image

A favorable image is considered as a critical aspect of an organization's ability to maintain its market position as image has been related to core aspects of organizational success such as customer patronage. Corporate image has been identified as an important factor in the overall evaluation of a firm (Bitner, 1990) and is argued to be what comes to the mind of a customer when they hear the name of a firm (Nguyen, 2006).

The corporate image is based on what people associate with the company or all the information (perceptions, inferences, and beliefs) about it that people hold (Rita, 2007). Some researchers use image and reputation as substitutes, others such as Fombrun (1996) sees reputation as the esteem in a long-term perspective that the company has, as opposed to image that can be more short-term in nature. Rita (2007) proposed that image and reputation could be used as substitutes, since it is likely that the early studies on corporate image would have used the concept "reputation" had they been done today.

According to McInnis and Price (1987), the research on "image" field shows that image is a process originating from ideas, feelings and the previous experience of an organization that are recalled and transformed into mental pictures (Yuille & Catchpole, 1977). As a rule, people are exposed to realities created by the organization and may consciously or unconsciously select facts that are well suited with their configuration of attitudes and beliefs. These facts are retained and later retrieved from memory to reconstruct an image when the organization is brought to mind. Dobni and Zinkhan (1990) conclude that image is a perceptual phenomenon that is formed by rational and emotional interpretation and that has cognitive components, the beliefs, and affective components, the feelings. There are two principal components of corporate image according to Kennedy (1997): functional and emotional. The functional component is related to those tangible characteristics that can easily be measured, such as the physical environment offered by the hotel; the emotional component is associated with those psychological dimensions that are manifested by feelings and attitudes towards an organization (Jay & Hui, 2007). These feelings are derived from the numerous experiences with an organization and from the processing of information on the attributes that constitute functional indicators of image (Kennedy, 1977).

Although the quality of service is “defined” by the customer, but “created” by the employees, it is the “human factor” that holds the ultimate balance of quality in service industries (Jay & Hui, 2007).

Researchers have found image to be a very complicated concept because it is more than just the summing up of all the factual attributes of an organization. Image is influenced by the interactions among all factual and emotional elements of an organization in generating consumer’s impression and suggesting a “gestalt” view of the firm’s image (Jay & Hui, 2007). Moreover, many studies have reported that the organization’s ability to consistently offer superior service and the resulting customer satisfaction has a strong positive influence on the firm’s image.

A growing number of service companies have embarked on a journey of positioning through the communication channel (i.e. advertising and personal selling) with the objective of building strong corporate images in order to create relative attractiveness. This development is in line with Lovelock (1984) who claims that:

(images) ... are likely to play only a secondary role in customer choice decisions unless competing services are perceived as virtually identical on performance, price, and availability...

Consequently, we would expect that corporate image under current market conditions will play an important role in both attracting and retaining customers. An organization does not project a unique image rather; it may possess various images that are different according to specific groups, such as clients, employees and shareholders, each of whom has different types of experiences and contacts with the organization (Gray, 1986). Since incongruent perceptions can counteract favorable impressions related to an organization’s image, the harmonization of activities is consequently important (Nguyen & LeBlanc, 2001). Often related to symbols and values, the building of institutional image is a lengthy process that can be improved rapidly by technological breakthroughs and unexpected achievements or destroyed by neglecting the needs and expectations of the various groups who interact with the organization (Dichter, 1985; Herbig et al., 1994).

2.2.1. Corporate Image and Customer Satisfaction

According to Nguyen & LeBlanc, satisfaction has no significant direct effect on corporate image. However, it contradicts with other findings that indicate that corporate image is a function of the accumulated effect of satisfaction or dissatisfaction (Bolton & Drew, 1991; Fornell, 1992). In other way, image acts as a filter of satisfaction in a simplification of the decision process that was indicated in the works of Weiner (1985) and Folkes (1998).

However, it can be seen that in the study of Nguyen & LeBlanc (1998), there is an indirect effect on image through the perceived value of the service. It reinforces the assertion of Barich & Kotler (1991) that a company has a strong image if the clients believe that they receive good value in their transactions with the company.

The majority of existing empirical studies treated corporate reputation as a unidimensional construct (e.g. Doney and Cannon, 1997), whereas more recent approach recognize its multi-dimensional nature (e.g. Fombrun et al., 2000; Davies et al., 2002). They defined corporate reputation as a “collective assessment of a company’s ability to provide valued outcomes to a representative group of stakeholders”. In this context, reputation can be taken to be the aggregate of the perception of all relevant stakeholders. This might refer to the services, persons and communicative activities of a company as well as the result over time of corporate activity in the minds of the stakeholders.

Walsh & Widemann (2004) report that corporate reputation is rightly regarded as a multidimensional construct, with a diverse range of stakeholders, the current study focuses strictly on customer based corporate reputation (i.e. corporate reputation as perceived by customers). Focusing on customers (as opposed to other stakeholder groups) is in agreement with more recent work on customer reputation and customer satisfaction that focuses on the stakeholder group of customers (Walsh and Wiedmann, 2004). It is assumed that corporate reputation has a positive effect on various commercially relevant economic and pre-economic dimensions.

However, Rose and Thomsen (2004) term the conventional wisdom that corporate reputation has an impact on firm value – the market to book value of equity. Rose and Thomsen contend that corporate financial performance affects reputation rather than vice-versa. While not questioning that reputation is vital for the survival of an organization in long-term basis, they argue that reputation may influence stock market performance via profitability and growth rather than having a direct effect on the stock markets.

2.3. Price

It is common knowledge that price influences a customer's buying decision. Although companies offering superior service levels are able to charge a slightly higher price than their competitors are, the marginal difference is often modest and requires a better than average performance on service quality (Gale, 1992), which then jeopardizes the cost effectiveness.

2.3.1. Price Sensitivity

Fornell et al., (1996) have stated that through satisfaction there can be increased or decreased price sensitivity. At an aggregated level, price sensitivity is often used as a synonym for price elasticity (Link, 1997). Sensitivity demand refers to how volume sensitive a product or a service is to price changes. Sensitivity represents a valuable strategic tool in pricing (Tucker, 1966).

Price sensitivity on the individual adopter level appears to be equivalent to the concept of price consciousness for a potential buyer of a product or service. Price consciousness has been defined as “the degree to which he or she is unwilling to pay a high price for a product and willing to refrain from buying a product whose price is unacceptably high” (Monroe, 1990). Price consciousness is related to the price acceptability level as well as to the width of latitude of price acceptability (Lichtenstein et al.,1998). Individuals who are price conscious are generally not willing to pay high prices for the product in question. Furthermore, the range of acceptable price is relatively narrow for price conscious individuals (Link, 1997).

2.3.2. Price Acceptance

Measurements of consumer price acceptance represent a direct attempt to establish the potential buyers' willingness to purchase as a function of various prices (Monroe, 1990). The level of acceptance can thus be defined as the maximum price, which a buyer is prepared to pay for the product (Monroe, 1990). Several different methods are suitable for determining the price that the consumer subjectively presumes to be appropriate observations of the market, experimentation with prices and surveys (either direct or indirect) of experts' or customers' opinions (Monroe, 1990).

Marshall (1980) indicates that the excess of price that a customer would be willing to pay, rather than go without having a thing, over what he actually pays is the economic measure of his satisfaction surplus. It means that customers could have a greater price acceptance for products or services providing greater satisfaction. In this field, Anderson (1996) investigates whether the association between satisfaction and price acceptance is positive or negative, as well as gauging the degree of association between these two important constructs.

2.3.3. Price Perception

Price perception has made important contributions to understanding of consumer behaviour (Kalyanaram and Winer, 1995). When a consumer plans to make a purchase, the price perception process can be described as follows: if the selling price of the brand is greater than the internal reference price, the selling price is perceived negatively by the consumer. Conversely, if the product is being sold at a lower price than what was expected to be paid, the selling price is perceived positively, thereby increasing the consumer's purchase intent (Kalwani and Yim, 1992). Zeithaml et al., (1990) have suggested that improving service quality in the eyes of customers creates "true customers" through higher customer satisfaction. Although Nagle and Holden (2002) believe that price merely represents the monetary value a buyer must give to a seller as part of a purchase agreement, customers' price perception is closely related on their perception of quality, value and other beliefs.

2.3.4. Price Fairness

Garbarino and Slonim (2003) propose that fair price will always be lower than expected price because consumers, without knowledge of the firm's actual profit margins, assume the firm is making a reasonable profit even at the lowest observed price. It was found that both customers and firms compare the selling price with the prices paid by other customers for the same products or services (Martins and Monroe, 1994). To sum up, consumers evaluate the fairness of a quoted price by making appropriate comparisons with other references, but also taking into account situational circumstances (Beldona and Namasivayam, 2006).

Perceptions of customer value and perceptions of price fairness share the dimension of price as a reference for comparison; the two perceptions are closely related. Customer value is the customer's assessment of what the customer actually receives in benefits against what he or she sacrifices in terms of price and other non-monetary resources. On the other hand, perceptions of price fairness assess what the customer pays against what the company is making from the product or service. Therefore, as customer value increases (decreases), it can be expected that customers' perceptions of price fairness will also increase (decrease). It is because there will be greater (lower) distributive justice between the two.

2.3.5. Price and Customer Satisfaction

The marketing literature emphasizes price as an important factor of consumer satisfaction, because whenever consumers evaluate the value of an acquired product or service, they usually think of the price (Fornell, 1992; Cronin et al., 2000). As for the relationship of price to satisfaction, Zeithaml and Bitner (1996) indicated that the extent of satisfaction was subject to the factors of service quality, product quality, price, situation, and personal factors. However, price has not been fully investigated in previous empirical studies (Bei and Chiao, 2001). According to Zeithaml (1988) price is something that must be sacrificed to obtain certain kinds of products or services from consumers' cognitive conception.

In other words, the lower the perceived price there will be the lower the perceived sacrifice. In addition, a sense of price fairness should be generated. If customers view a firm's practices as unfair, negative consumer responses are likely to occur (Wirtz and Kimes, 2007). Immediate attitudinal and affective responses include dissatisfaction (Oliver and Swan, 1989), lower purchase intentions (Campbell, 1999), heightened price consciousness and focus on the monetary sacrifice of a purchase (Xia et al., 2004).

Dolan and Moon (2000) studied the pricing and market making on the internet and found that it is optimal for the multi-channel organizations to use a different pricing mechanism on different channels. Baker et al. (2001) and Kung et al. (2002) did a research to show that the internet is not driving prices down and may help firms to design better pricing strategies. Ancarani and Shankar (2004) did an empirical study to reveal that multi-channel organizations have the highest prices and pure play retailers may have the lowest prices if shipping costs are included.

2.4. Customer Satisfaction

With reference to the various relevant aspects of customer behavior, satisfaction represents a central determinant from which come different types of influence on other variables and the economic success of an organization. Customer satisfaction is perceived as being a key driver of long-term relationships between suppliers and buyers (Geyskens et al., 1999), as it is positively related to customer loyalty and customer profitability (Zeithaml, 2000).

Customer satisfaction is generally described as the full meeting of one's expectations (Oliver, 1980). Customer satisfaction is the feeling or attitude of a customer towards a product or service after being used. Customer satisfaction is a major outcome of marketing activity whereby it serves as a link between the various stages of consumer buying behavior. If customers are satisfied with a particular service offering after its use, then they are likely to engage in repeat purchase and try line extensions (East, 1997).

Mano and Oliver (1993) establish that satisfaction is an attitude or evaluative judgment varying along the hedonic continuum focused on the product, which is evaluated after consumption.

Fornell (1992) identifies satisfaction as an overall evaluation based on the total purchase and consumption experience focused on the perceived product or service performance compared with pre-purchase expectations over time. Oliver (1997, 1999) regards satisfaction as a fulfillment response or judgment, focused on product or service, which is evaluated for one-time consumption or ongoing consumption.

Customer satisfaction is widely recognized as a key influence in the formation of customers' future purchase intentions (Taylor & Baker, 1994). Satisfied customers are also likely to tell others about their favorable experiences and thus engage in positive word of mouth advertising (Richens, 1983; File & Prince, 1992). While for dissatisfied customers, they are likely to switch brands and engage in negative word of mouth advertising. Levesque and McDougall (1996) confirmed that unsatisfactory customer service leads to a drop in customer satisfaction and willingness to recommend the service to a friend. This would in turn lead to an increase in the rate of switching by customers.

Hence, the customer feels satisfied if the perceived performance exceeds a customer's expectations (or a positive disconfirmation). In contrast, if the perceived performance unable to meet a customer's expectations (or a negative disconfirmation), then the customer feels dissatisfied. Churnchill & Surprenant (1982) reported that disconfirmation positively affected satisfaction. That is, when customers perceived the product performing better than expected, they became on more satisfied (Churnchill and Suprenant, 1982).

2.4.1 Customer Satisfaction and Service Loyalty

Customer satisfaction is a central element in the marketing exchange process, because it undoubtedly contributes to the success of service providers (Darian et al., 2001). Furthermore, satisfaction is one of the essential factors to predict consumer behavior and, more specifically, purchase repetition. Oliver (1997) defines loyalty as a deeply held commitment to repeat purchases of a preferred product or service consistently in the future, despite situational influences and marketing efforts (e.g. pricing policies) having the potential to bring out change. The more consumers fulfill their expectations during the purchase or service use, the higher the

probability that consumers will repeat purchase in the same establishment (Wong and Sohal, 2003).

Thus, customer satisfaction along with other antecedents is essential factors in order to acquire loyal customers who would also recommend their regular product or service provider to other customers. Many related empirical studies reported that satisfied consumers demonstrate more loyal behavior (Gwinner et al., 1998; Henning- Thurau et al., 2002). Therefore, consumer satisfaction leads to service loyalty.

Recent studies recognize that emotion is a core attribute in satisfaction and suggest that customer satisfaction should include a separate emotional component (Cronin et al., 2000). Stauss & Neuhaus (1997) argue that most satisfaction studies only focus on the cognitive component and the omission of the affective (or emotional) component is one of the main issues in satisfaction research.

According to Yu et al., (2001), it is important to note that emotional component is a form of affect, and it is response to service delivery. In this context, “consumption emotions are the affective responses to one’s perceptions of the series of attributes that compose a product or service performance”, (Dube & Menon, 2000). Such emotions are usually intentional (have an object or referent) and are different to the concept of mood, which is a generalized state induced by a variety of factors, and is usually diffused and non-intentional (Bagozzi et al., 1999).

Emotions and mood (and attitudes) are all elements of a general category for mental feeling processes, referred to as “affect” (Bagozzi et al., 1999). The emotional component in the satisfaction judgment is therefore independent from the overall affective sense present in the respondent at the time of the service (DeRuyter & Bloemer, 1998). In summary, positive emotions [such as happiness, surprise, etc] may lead an individual to share the positive experience with others, while negative emotions [such as depression] may result in complaining behaviour (Bagozzi et al., 1999; Liljander & Strandvik, 1997).

2.5. Service Loyalty

The relationship between service quality and individual service loyalty dimensions has been examined empirically by Boulding et al., (1993), Cronin, and Taylor (1992). Cronin and Taylor (1992) focused solely on repurchase intentions, whereas Boulding et al., (1993) focused on both repurchase intentions and willingness to recommend. In the study by Cronin and Taylor (1992) service quality did not appear to have a significant (positive) effect on intentions to purchase again, while Boulding et al. (1993) found positive relationships between service quality and repurchase intentions and willingness to recommend.

The topic of service loyalty has gained its importance as the recognition of the benefits that can be derived from loyal customers emerges. The increasing level of competition is evident in most industries has resulted in an increased customer focus, with the need to meet customers' expectations becoming more critical (Disney, 1999). The context of loyalty is of particular importance for service industries that are surrounded by the service characteristics of inseparability of production and consumption, heterogeneity and intangibility.

Initial research viewed loyalty purely as repeat purchase behavior with no implications of a cognitive relationship (Caruana, 2002). This perspective of loyalty has changed, with recognition that loyalty is a complex phenomenon that includes a range of behavioral, attitudinal and cognitive aspects of behavior (Caruana, 2002). However, there is criticism that much of the loyalty research still focuses on cognitive decision-making (Fournier, 1998).

Service loyalty is the degree to which a customer exhibits repeats purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service arises (Gremler and Brown, 1999).

Bitner (1990) linked customer perceptions of service quality with stated intent to remain with the organization, willingness to recommend, likelihood to purchase, the likelihood of switching, and the likelihood of complaining. She found a strong relationship between perceptions of service quality and these stated intentions, which she terms expressions of loyalty.

In other study examining perceived service quality and measures of behavioral intent and other actions towards an organizations, Boulding et al (1993) found a positive correlation between service quality and repurchase intentions, willingness to recommend for long term involvement, paying a price premium, and remaining loyal to the company.

Examining the behavioral and financial consequence of service quality, Zeithaml, Berry, and Parasuraman (1996) found that the behavioral consequences of service quality are either retention or rejection by the customer, leading to financial gains or loses by the service provider. Behavioral intentions were operationalized as indications of whether customers would remain with, or defect from the company. Zeithaml, Berry, and Parasuraman (1996) view loyalty in terms of consumer bonding with organizations. Behaviors that indicate that customers were forging bonds with a company included praising the firm, expressing preference for the company over others, continuing to purchase, increasing the volume of purchase, and agreeing to pay a price premium.

Gremler and Brown (1996) extend the concept of loyalty to intangible products. Dick and Basu (1994) viewed service quality as a key antecedent. In the services context, intangible attributes such as reliability and confidence may play a major role in building or maintaining loyalty (Dick and Basu, 1994).

Researchers also suggest that, repeat purchasing behaviour may not even be based on a referential disposition but on various bonds that act as switching barriers to consumers (Liljander and Strandvik, 1995). During the past decades, therefore, customer loyalty has also been approached as an attitudinal construct (Hallowell, 1996). This is reflected, for instance, in the willingness to recommend a service provider to other consumers (Selnes, 1993).

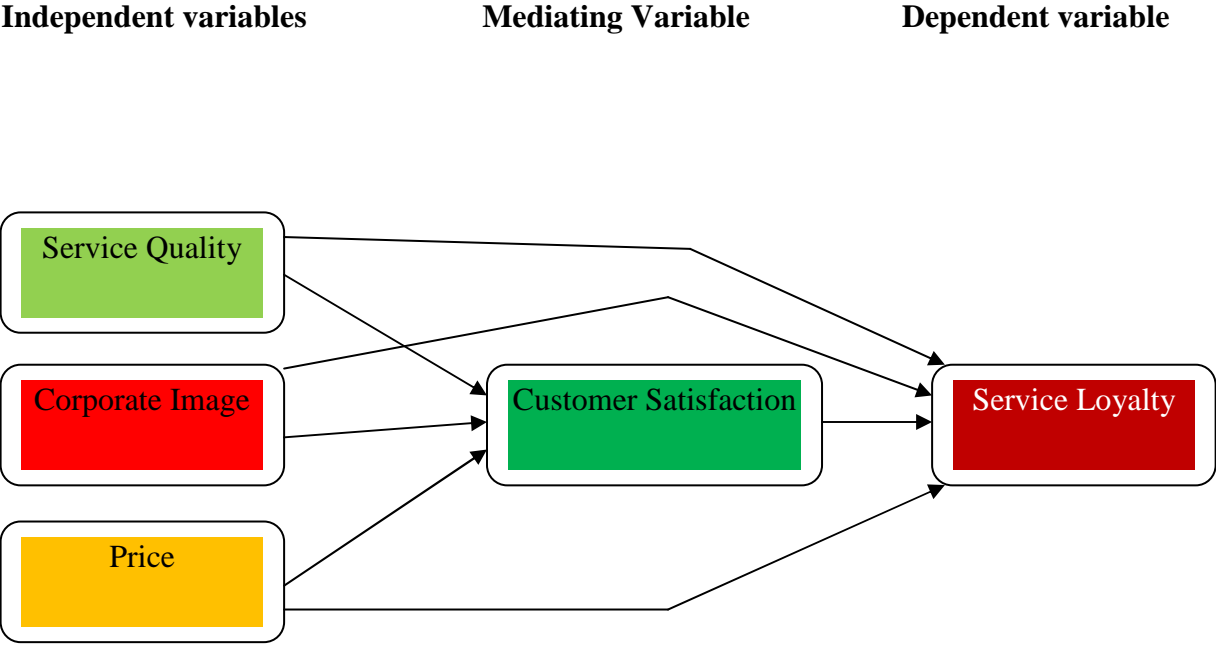
Researchers are increasingly recognizing the importance of interpersonal relationships that develop between service providers and service consumers (Bendapudi and Berry, 1997; Gwinner et al., 1998). A number of relational variables such as commitment, closeness, and relationship quality have been empirically linked to a variety of service loyalty-related outcomes such as

repurchase intentions, advocacy, and consumers' willingness to pay more (Hennig-Thurau et al., 2002). Fournier's (1998) ground-breaking work on brand relationships found utility in the use of the interpersonal relationship literature to examine loyalty-related outcomes with consumer durables. Because of the interpersonal nature of most services, it is likely that this literature would provide theoretical guidance for the conceptualization of service loyalty.

In sharp contrast to the increasingly complicated approaches to conceptualizing and measuring loyalty, Reichheld (2003) has recently argued that it is possible for many service firms to adequately assess loyalty using only one measure. That is "willingness to recommend". He reports that for many of the firms he studied, this one indicator of loyalty was a strong predictor of a firms' growth rate. In essence, his results imply a one-dimensional conceptualization of loyalty.

2.6. Conceptual Framework

Figure 1: Conceptual Framework of the Study



CHAPTER THREE

Materials and Methods

In general, this chapter outlines the methodology and company profile of the study. Key topics of this chapter include research design, data type and source, measures of variables, sampling design, data collection procedures, and data analysis techniques.

3.1. Research Design

A cross sectional survey approach was used in gathering the data for the purpose to meet the research objective and finally providing findings for this research. The two basic methodological approaches to which different studies might naturally lend themselves are the qualitative and the quantitative methods. Whilst qualitative research is more descriptive, quantitative research more often draws inferences based on statistical procedures and often makes use of graphs and figures in its analysis (Ghauri and Grønhaug, 2005). In the study, the researcher made use of both methods. However the quantitative approach features more.

3.1.1. Data Type and Data Source

Two types of data were collected- primary and secondary data. Primary data was sourced through customer survey whilst secondary data was accessed from the bank's documents. As the research is intended to assess the integration of service quality, corporate image, price, and customer satisfaction and service loyalty from the customers' perspective, the primary data were collected from primary sources via questionnaires. The primary data were based on primary sources (questionnaire using a 7 point likert scale evaluated from the customers' perspective).

3.1.2. Sampling Method and Sample Size

To consider a bank for the study, the researcher categorized the banking industry into two viz., state owned and private banks. In the state owned banks profit is not the only motive of doing business, rather it has service rendering motive also. On the other hand, the private banks are mainly induced to maximize profits and attract more customers through dependable service provision on a competitive basis. Thus, the researcher decided to conduct the study on the private banks where Wegagen Bank, Mekelle Branch, was chosen for mainly the following reasons: the number of years in the banking industry, and the number of customers they are serving. Dashen Bank, Mekelle Area Branch, was both the first to enter the market and to have a large number of customers comparatively. Since Habtamu (2010) had done similar study, assessment of service quality and customer satisfaction in Dashen Bank, Mekelle Area Branch, the other bank that fulfills the selection criteria was Wegagen Bank, Mekelle Branch.

Cognizant of this fact, the researcher approached customers of the bank informally to solicit information about the service delivery and some stated that there were some gaps as to their expectations are concerned. In addition to that, the summary of the feedbacks from the suggestion box was used to get a preliminary understanding of the issues. The results instigate the researcher to undertake a formal research to assess the satisfaction and service loyalty of customers' in the bank.

The population frame for the study was considered on the basis of the number of people served daily. From the communication that the researcher had with the accountant of the bank the average number of customers served on a daily basis is about 200. Hence, the sample size was 200 subjects. To avoid bias and errors, the researcher collected the data on three days of a week. The working days were chosen as in the first, middle, and last days of a week, namely, Monday, Wednesday, and Saturday. The data were collected on the three days equally. Quota sampling, one among the types of non probability sampling techniques, was applied to first identify the strata and their proportions as they were represented in the population. The bank classified the customers' transactions in to three strata, saving account, current accounts and local transfer. In the study, only saving and current account holders were considered. The proportionate number of

subjects served daily on the two categories, saving and current accounts were 108 and 92 respectively. Thus, accordingly, the researcher contacted the respondents using convenience sampling from each of the stratum. The study used convenience samples to obtain a large number of completed questionnaires quickly and economically.

3.1.3. Data Collection

The most frequent use of data collection is by way of questionnaires. The questionnaire designed for the study was formulated both as closed-end and open-ended questions. The closed ended questions were normally structured for respondents to select their choices of statement from a list of questions presented to them. The popularity of the closed-end method provides less effort by respondents to complete the questionnaires and it is easy for analysis. The open-ended questions were incorporated to give a leeway for the customers to forward their opinions regarding the service delivery.

The questionnaire was divided into three sections. The first section was to solicit data on demographic characteristics of the respondents. The second section was designed to address data regarding perception of customers' towards the banks' service delivery. The extent to which customers are satisfied with the services they receive from the bank in terms of service quality, satisfaction, their perceptions of the banks' image, price competitiveness of the banks' services, as well as their loyalty perceptions to the bank. The third section was included to uncover data as to whether the customers have intentions to switch banks in case of dissatisfaction with the service provided. The second section of the questionnaire evaluated the items/ variables on a 7 point likert scale (Likert, 1932). This ranged from 1= strongly disagree, 2 = somewhat disagree, 3 = slightly disagree, 4 = neutral, 5 = slightly agree, 6 = somewhat agree to 7 = strongly agree.

The questionnaire consisted of 47 items split between five instruments that each measures service quality, corporate image, price, customer satisfaction and service loyalty and 4 demographic characteristics questions. Three open-ended questions were also included in the questionnaire. The instruments were developed in English and translated into Tigrigna to ensure proper understanding of the content of the items in the questionnaire.

The completion of the questionnaires was entirely on a voluntary basis. Cover letter was attached with the questionnaire explaining the objectives of the research in that it is believed to encourage participant respondents to contribute towards the improvement of the services of the bank.

3.1.4. Data Analysis Techniques

The data collected were analyzed using Statistical Packages for Social Sciences (SPSS), Version 16. The data analysis techniques used in this research are reliability test, factor analysis, Pearson correlation, multiple regression, and one-way ANOVA.

3.1.4.1. Reliability Test

In statistics, reliability is the consistency of a set of measurements or measuring instrument, often used to describe a test. Reliability is inversely related to a random error (Coakes & Steed, 2007). There are several different reliability coefficients. One of the most commonly used is called Cronbach's Alpha. Cronbach's Alpha is based on the average correlation of items within a test if the items are standardized. It has an important use as a measure of the reliability of a psychometric instrument. It was first named as alpha by Cronbach (1951), as he had intended to continue with further instruments. All the variables, service quality, corporate image, price, customer satisfaction and service loyalty were tested for their reliability.

3.1.4.2. Descriptive Analysis

To analyze the pattern of respondent's background, descriptive analysis was applied. Frequencies and tables were used to show the results of the analyses.

3.1.4.3. Factor Analysis

According to Coakes & Steed (2007), Factor Analysis is a data reduction technique used to reduce a large number of variables to a smaller set of underlying factors that summarize the essential information contained in the variables. If structure of a factor model or underlying theory is known or specified *a priori*, confirmatory factor analysis is appropriate to test and determine whether items in the questionnaire are tapping into the same construct (Sharma, 1996).

The study applied confirmatory factor analysis in order to test and determine whether the different items of the dependent and independent variables lie in the domain as specified in the works of the researchers considered. By applying the concepts of factor analysis, new scores were developed for the subsequent analyses used in the study.

3.1.4.4. Pearson Correlation

Pearson correlation technique is used to see the relationship between two continuous variables, hence, to test the relationship between two variables in a linear fashion. Parasuraman et al (1988) measured service quality on the SERVQUAL scale using 7 point likert scale treated as interval data. Indeed Parasuraman et al., (1988) stated that “SERVQUAL can be used to assess a given firm’s quality along each of the five service quality dimensions by averaging the different scores on items making up the dimension. By adopting Parasuraman’s work, average measurements of the five dimensions of service quality were correlated with the overall measures of service quality, customer satisfaction, and service loyalty. Besides, the independent variables, service quality, corporate image, and price were correlated with dependent ones, customer satisfaction and service loyalty using the index as measures from the factor analysis.

In order to verify the above hypotheses the study established whether there was a correlation among the various variables. Correlation depicts the strength of linear relationship between two variables. Correlation coefficients run from -1 to +1. Correlation coefficients close to -1 show a strong inverse relation whilst a coefficient close to +1 denotes a strong direct relation. Mathematically, a correlation between 2 variables X and Y is given by:

$$\text{Correl}(X, Y) = \frac{\sum (x - \bar{x}) (y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}}$$

Where \bar{x} , \bar{y} are the samples means (Iversen and Gergen, 1997).

3.1.4.5. Chi-square Test

The chi square test is a versatile test in statistical theory and its intent is in evaluating whether the observed frequencies in a distribution differ significantly from an expected frequency according to some assumed hypothesis (McBean and Rovers, 1998). In this study, customers were asked a yes or no question as to whether they were satisfied with the overall service delivery of the bank. The frequencies obtained were tested for their significances using chi-square test. The same test was applied to another questions intended to address switching behaviour of dissatisfied customers.

Mathematically, chi square is computed according to the following expression:

$$\chi^2 = \sum (obs - exp)^2 / exp$$

$$exp = (row\ total * column\ Total) / Table\ total$$

Where obs = observed frequency and exp = expected frequency (Iversen and Gergen, 1997).

3.1.4.6. Ordinary Least Square (OLS) Regression Model

According to Coakes & Steed (2007), multiple regressions are extension of bivariate correlation. They state that the result of regression is an equation that represents the best prediction of a dependent variable from several independent variables. Regression analysis is used when independent variables are correlated with one another and with the dependent variable. Since all the variables, dependent and independent, are continuous, the OLS regression model has been employed.

During the regression, the normality, heteroskedasticity, and multicollinearity of the results were achieved and preserved using STATA10SE. The independent variables in this study are service quality, corporate image, and price. The dependent variables are Customer satisfaction and loyalty.

3.1.4.7. One-way ANOVA

One way ANOVA test was used on the demographic variables to see their impact on customer satisfaction and service loyalty.

3.1.5. Specification of the Model

In order to run further analyses towards the variables as hypothesized, the relationships between the independent and dependent variables can be specified as follows:

Stage 1: On accounts of the theoretical relevance, the study formulates the following regression equation (relationships) to identify the determinants of customer satisfaction using three predetermined explanatory variables:

$$CS = \alpha_0 + \alpha_1 SQ + \alpha_2 CI + \alpha_3 P + \mu_1$$

Stage 2: To address the determinants of service loyalty, the following regression model was formulated:

$$SL = \beta_0 + \beta_1 SQ + \beta_2 CI + \beta_3 P + \mu_2$$

Stage 3: To examine the impact of customer satisfaction on service loyalty, the following simple linear regression was formulated:

$$SL = \alpha + \beta_{11} CS + \mu_3$$

Stage 4: To investigate whether customer satisfaction mediates service quality, corporate image, and price towards service loyalty, the independent variables were controlled and customer satisfaction was considered as independent variable (mediator) to service loyalty. Hierarchical multiple regression analysis (also referred to as sequential regression) is conducted to determine the mediational hypotheses. According to Baron and Kenny (1986), in order to establish mediation, the following conditions must hold: First, the independent variable must affect the mediator; secondly, the independent variable must have an effect on the dependent variable; and thirdly, the mediator must affect the dependent variable. If these conditions all hold in the predicted direction, then the independent variable must have no effect on dependent variable when the mediator is held constant (full mediation) or should become comparatively less significant. (partial mediation).

$$SL = \beta_3 + \beta_{10} CS + \beta_{12} SQ + \beta_{13} CI + \beta_{14} P + \mu_{11}$$

Where;

CS= Customer satisfaction

SQ= Service quality

CI= Corporate Image

P= Price

α_i and β_i =are parameters to be estimated

μ_i = Error term

3.1.6. Operational Definition of Variables

In order to test the hypothesised relationships, the main constructs/attributes measured in this study include the following: (1) Service quality (2) Corporate image (3) price (4) Customer satisfaction (5) Service loyalty. All the instruments are adapted from existing literature. Based on the literature the study used the following cues as measures of the variables in the study.

3.1.6.1. Dependent Variables

In the study two dependent variables were established: Customer satisfaction and service loyalty. In the regression equations 3 and 4, customer satisfaction was considered as a predictor to service loyalty. Responses for all Customer satisfaction and service loyalty questions were made on 1-7 likert-type scales labeled “very satisfied” (7) and “very dissatisfied” (1) at each extreme. Using the factor analyses, the values were turned out into continuous values (index).

- 1. Customer Satisfaction** – Customer satisfaction is defined as the consumer’s sense that consumption provides outcomes against a standard of pleasure versus displeasure. Customer satisfaction was measured in two ways. The first measure consists of responses to a single question on the customer-satisfaction questionnaire: “Overall, how satisfied are you with ... [the bank]?” The second measure assumed customer satisfaction as a multidimensional element.

Table 3.1. Items to measure Customer Satisfaction

Completely meets my expectations	Serkan Aydin and Gokhan Ozer (2005)
Customer-oriented	Gianfranco Walsh and Keith Dinnie and Klaus-Peter Wiedmann (2006)
Wise choice	Gi-Du Kang & Jeffrey James (2004)
Highly satisfied by the services of the bank	Bitner and HUBbert (1994)

2. **Service loyalty-** The degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service exists. Service loyalty was computed from 5 question items reflecting both attitudinal and behavioural aspects of loyalty on a 7 point likert scale. This characterisation is based on customer retention and recommendation intentions and is consistent with the characterization of Best (2009).

Table 3.2. Items to measure service loyalty

I say positive things about the bank	Gremler and Brown (1996)
Intend to continue doing business	Gremler and Brown (1996)
Recommend Friends and relatives	Gremler and Brown (1996)
Loyal to this service provider.	David Martin-Consuegra, Arturo Molina and Agueda Esteban (2007)
I would like to keep close relationship	Daniel and cephas (2009)

3.1.6.1. Independent Variables

The study has three independent variables: Service quality, corporate image and price. The variables are measured in terms of the variables enlisted in the tables below. Responses for all service quality, corporate image and price were made on 1-7 Likert-type scales labeled “very satisfied” (7) and “very dissatisfied” (1) at each extreme. Using the factor analyses, the values were turned out into continuous values (index).

- 1. Service quality-** service quality is described as a result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed. Service quality was assessed in two ways both as antecedents based on Parasuraman et al.'s (1988) five dimensions namely, tangibility, reliability, responsiveness, assurance and empathy as well as overall service quality. The measurement included 22 items to measure the five dimensions.

Table 3.3. Items to measure Service quality

Provides prompt service to the customers
Well dressed and neat appearance
knowledgeable to answer customer questions
State of are-technology equipment
Materials are visually appealing
Ready to respond to customers' requests
Insists on error-free service
Keeps customer informed
Sincere interest in solving problem
Willing to help customers
Feel safe in transactions
Has customers' best interest at heart
Individual attention
understand the needs of customers
personal attention
Visually appealing physical facilities
Consistently courteous
Convenient hours to customers
Provides services at the promised time

Provides services as promised
Instill confidence in customers
Performs services right at first time

- 2. Corporate Image-** Corporate image is the consumer’s response to the total offering and is defined as the sum of beliefs, ideas, and impressions that a public has of an organization. Corporate image was computed based on 5 itemised questions that reflect customers’ perception of how reputable they deem their bank to be.

Table 3.4. Items to measure Corporate Image

Innovative and pioneering	Nizar Souiden, Norizan M. Kassim, Heung-Ja Hong (2006)
Image is Persuasive	Nizar Souiden, Norizan M. Kassim, Heung-Ja Hong (2006)
Does business in an ethical way.	Nizar Souiden, Norizan M. Kassim, Heung-Ja Hong (2006)
Rank first among the other banks.	Daniel and cepahs (2009)
Repeatedly, the performance of this bank is superior	Daniel and cepahs (2009)

- 1. Price-** is the sum of money or other recompense in return for which somebody agrees to do something. the customer survey gauged price satisfaction by including questions that elicit responses on paying competitive interest rates on deposits and charging reasonable service fees among others.

Table 3.5. Items that measure Price

Paid a fair price	David Martin-Consuegra, Arturo Molina and Agueda Esteban (2007)
Interest earned on saving and fixed term deposits are higher compared to other banks	Daniel and Cepahs (2009)
Interest paid on loan is lower compared to others	Daniel and Cephas (2009)
Continue if prices increase.	Teemu Santonen (2007)

3.2 Profile of Wegagen Bank

Wegagen Bank is a private bank established as a share company and started operation on June 11, 1997. The Bank operates through the Head Office located in Addis Ababa inside Dembel City Center on Africa Avenue (Bole Road). Currently the Bank has a network of 50 branches, out of which 24 are in Addis Ababa and the remaining 26 are spread across major towns in the country. The total deposit of the Bank has reached 3.7 billion as at June 30, 2009. It has offered loans and advances: Currently, the amounts of loans channeled in to the economy kept on growing and reached Birr 2.37 billion. The total Capital as at June 30, 2009 the Bank's paid-up capital reached Birr 517.6 million. The total number of shareholders kept on growing and reached 1,247. Total Asset of the Bank has now stood at Birr 5.7 billion. And the net profit before tax of Birr 256.1 million was registered in FY 2008/09 according to audited financial report³.

Looking into the company's long term direction, Wegagen Bank has a vision of becoming the most preferred bank in Ethiopia and its mission statement is stipulated clearly and is to provide wide range of quality banking services through dynamic work force and up –to- date information technology solutions to satisfy the desire of shareholders. Wegagen Bank is committed to the following core business principles through which loyal and committed staff members make

³ http://www.wegagenbank.com.et/company_profile.html accessed on May 01, 2010

lasting customer relationships with outstanding customer services, business integrity, honesty and loyalty, effective, efficient and expanding operations, strong capital and liquidity position, prudent lending, reasonable cost control discipline, fair and objective employment practices, commitment to comply with the spirit and letter of the law playing a responsible role in aligning objectives with those of local communities.

Out of the 26 branches in major towns in the country one is found in Mekelle. It started operation on June 26/ 1997. Currently, the banks' customers have reached 2187, out of which the demand deposit account holders are 804 customers and the rest for saving deposits (Statistical report of the bank, March, 2010).

The bank has 48 permanent and 2 temporary employees. The bank renders four major services namely, Credit Facility, Saving Scheme, International Banking, and Fund Transfer. The bank provides a credit facility to its customers in different forms depending on their need and the nature of their business they are to invest on. Some of the credit lines offered include; overdraft facilities, term loans, letter of credit facilities, merchandise loans and personal loans. The other service the bank renders is deposit services including demand deposit, savings deposit, youth savings deposit and time/fixed deposit. The bank also renders international banking services like; opening letters of credit for importers, handling of incoming LCs for exporters, purchase of outward bills purchasing and selling of foreign currency denominated notes, receiving and transferring foreign currency payment by swift and handling incoming and outgoing international letters of guarantee. Furthermore, the bank is currently offering fund transfer (company profile document, 2009).

CHAPTER FOUR

Results and Discussion

Introduction

In this chapter, the results obtained in the study are presented and analysed. The study starts by presenting background information on the respondent statistics. Such information includes demographic profile and banking statistics of the subjects. Then follows the analysis of main hypotheses tested in the study and end the chapter by discussing the findings especially in relation to the theories espoused in chapter 2.

4.1. Profile of the Respondents

Data collected on the respondents was obtained in the areas of gender, age, education, and frequency of bank visits. The purpose of this profile was to obtain a visualization of the bank customers responding to the questionnaire.

As it is revealed in Table 4.1, the data provides gender profile by count and percent as part of the overall profile. The results reveal that out of the 200 respondents, 132 were males and 68 were females. This represents 66% males and 34% females respectively. Age of the respondents appears to be a reasonable representation of the banking universe in commercial banks. The Respondents in the 35 to 49 years of age category represented 43% of all replies, closely followed by the 21 to 34 age grouping of respondents at 33.5%. The age group in 20 and below years of age represented 14% of the respondents, while the age category in between 50 to 64 represented 9%. The 65 and over age category represented the smallest number of replies which is 0.5% of all the respondents.

The largest segment of the respondents, which accounts to 34.5%, are illiterate. The second largest group of the respondents is those who had completed high school representing 25.5%. Those respondents with an elementary schooling made up the third largest group at 16 %,

followed by 10.5% of the respondents who had a diploma. From the smallest groups, those who have a Certificate represent 7%. At the other end of the spectrum that have First Degree and above makes up 6.5%. Majority of the respondents (31.5%) come to the bank for a service 2 to 4 times on average in a month. While 27.5% of the respondents do business in 9 or more times, those respondents that transact 5 to 8 times made up to 23.5%. 17.5% of the respondents used to come one time or less on average in a month.

Table 4.1: Demographic Characteristics of respondents

		Frequency	Percent	Valid percent	Cumulative percent
Gender	Male	132	66.0	66.0	66.0
	Female	68	34.0	34.0	100.0
	Total	200	100.0	100.0	
Age	20 and below	28	14.0	14.0	14.0
	21 to 34	67	33.5	33.5	47.5
	35 to 49	86	43.0	43.0	90.5
	50 to 64	18	9.0	9.0	99.5
	65 and above	1	.5	.5	100.0
	Total	200	100.0	100.0	
Educational level	Illiterate	69	34.5	34.5	34.5
	Elementary	32	16.0	16.0	50.5
	High school	51	25.5	25.5	76.0
	Certificate	14	7.0	7.0	83.0
	Diploma	21	10.5	10.5	93.5
	Degree and above	13	6.5	6.5	100.0
	Total	200	100.0	100.0	
Visit Frequency	One time or less	35	17.5	17.5	17.5
	2 - 4 times	63	31.5	31.5	49.0
	5 - 8 times	47	23.5	23.5	72.5
	9 or more times	55	27.5	27.5	100.0
	Total	200	100.0	100.0	

Source: Author, Computed from survey data, 2010

4.2. Analysis of Measures

4.2.1. Reliability Test

A reliability analyses was conducted to each variable of the instrument. The reliability of the measures was examined through the calculation of Cronbach's alpha coefficients. For scale acceptability, Hair et al. (1998) suggested that Cronbach's alpha coefficient of construct is 0.6. If each domain obtains the value 0.6, it means that, the items in each domain are understood by most of the respondents. On the other hand, if the findings are far from the expected value of 0.6, this might be caused by respondents' different perception toward each item of the domain.

The Cronbach's alpha values are reported as follow. Service quality yield Cronbach's alpha = .913, corporate image yield Cronbach's alpha = .763, the Cronbach's alpha for price was at .812, Cronbach's alpha for customer satisfaction was at .781, and Cronbach's alpha for service loyalty was at .894. The Cronbach's alpha values for all the variables considered are greater than 0.6 and this indicates the items in each of the domains are well understood by the respondents. The items have measured what they were designed to measure.

4.2.2 Factor Analysis: KMO (Measure of Data Adequacy)

A number of measures are used for examining the appropriateness of data for factor analysis. KMO (Kaiser-Meyer-Olkin) measure of sampling adequacy is a popular diagnostic measure. KMO provides a means to assess the extent to which the indicators to a construct belong together. It is the measure of homogeneity of variable. It is said to be acceptable measure if the KMO is .6 or higher value (Sharma 1996). The Kaiser-Meyer-Olkin measure of sampling adequacy is greater than .6 for all domains with a value of .883 for service quality, .703 for corporate image, .818 for price, .779 for customer satisfaction, and, .868 for service loyalty. From the KMO test, it is inferred that items in each of the category belong together as the KMO for all the variables is above the cut-off point. Besides, it also explains the adequacy of the data to run factor analysis.

Table 4.2: KMO and Bartlett's Test

Variable		
Service Quality	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.883
Corporate Image	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.703
Price	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.818
Customer satisfaction	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.779
Service loyalty	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.868

Source: Author, Computed from survey data, 2010

The validity of measurements was tested by running factor analysis (Principle Component Analysis). Since the domain of the measurements had been identified, the aims of performing factor analysis were to determine whether items were tapping into the same construct and measuring the construct (Coakes, 2005).

Before conducting factor analysis, items have been classified into five domains, namely service quality, corporate image, price, customer satisfaction, and service loyalty. Factor analysis followed by varimax rotation was run by using principle component analysis according to items in each domain across. Since this analysis was designed to study whether items tapping into the domain itself, the extracted variables was used and explained according to factor loading of items in each domain. A factor loading is the correlation between a variable and a factor that has been extracted from the data. The study identified the variables on the basis of the results of the component matrix output. Each variable that gives acceptable factor loading (minimum of .4) towards a factor was considered as tapping and measuring the domain (Hinton et al., 2004). The result of the factor analysis is enrolled as follows:

Table 4.3: Factor Analysis and Reliability for more details

Variable		Factor loading	Reliability
Service quality	Provides prompt service to the customers	.744	.913
	Willing to help customers	.723	
	Provides services at the promised time	.721	
	Instill confidence in customers	.719	
	Provides services as promised	.715	
	Feel safe in transactions	.711	
	Has customers' best interest at heart	.706	
	Individual attention	.700	
	understand the needs of customers	.680	
	personal attention	.647	
	Visually appealing physical facilities	.613	
	Performs services right at first time	.612	
	Sincere interest in solving problem	.592	
	Keeps customer informed	.555	
	Insists on error-free service	.543	
	Ready to respond to customers' requests	.523	
	Materials are visually appealing	.473	
	State of are-technology equipment	.469	
	knowledgeable to answer customer questions	.452	
	Well dressed and neat appearance	.426	
Consistently courteous	.424		
Convenient hours to customers	.414		
Corporate image	Innovative and pioneering	.797	.763
	Superior Performance	.723	
	Does business in an ethical way	.716	
	Image Persuasive	.685	
	Bank ranks first	.649	
Price	Paid a fair price	.837	.812
	Continue if its prices increase	.791	
	Interest paid on loans	.512	
	Interest earned on savings	.507	
Customer satisfaction	Wise choice	.832	.781
	Absolutely delighted	.807	
	Completely meets my expectations	.792	
	Meets my pre-purchase expectations	.667	
Service loyalty	Remain customer	.893	.894
	Positive things	.876	
	Close relationship	.829	
	Recommend to others	.814	
	Feel loyal to the bank	.782	

Source: Author, Computed from survey data, 2010

As it can be evidenced from Table 4.3, the factor loading for each of the items in the categorized variables is greater than the minimum requirement 0.4. It could be inferred that the items tap the factors and can measure the variables which they were designed to explain. A useful byproduct of factor analysis is a factor scores. Factor scores are composite measures that can be computed for each subject on each factor. They are standardized measures with a mean = 0.0 and a standard

deviation of 1.0, computed from the factor score coefficient matrix. The factor scores were used in the subsequent analyses of the study.

4.2.3 Pearson's Correlation matrix

The outputs as can be evidenced from the correlation matrix table below, there is a positive significant relationship in between the variables and that all correlation coefficients are significant at 1% level of significance. As to the magnitude of the correlation scores is concerned, the following points can be supposed. The values indicate that the relationships between service quality and customer satisfaction, and service quality and service loyalty do have a moderate relationship. The same is true for customer satisfaction and service loyalty. Whereas, for the other variables though they are significant, the association is relatively weak.

Table 4.4: correlation matrix between variables

	Service quality	Corporate Image	Price	Customer satisfaction	Service loyalty
Service quality	1				
Corporate Image	.573*	1			
price	.481*	.498*	1		
Customer satisfaction	.681*	.413*	.352*	1	
Service loyalty	.688*	.481*	.298*	.653*	1

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

Source: Author, Computed from survey data, 2010

4.3. Testing of Hypotheses

This section presents analysis of the main hypotheses tested. To test the hypothesized relationship, Pearson's correlation, series of multiple regressions, chi square (χ^2) analyses were conducted.

Hypothesis 1: The five dimensions of service quality (*tangibility, reliability, responsiveness, assurance and empathy*) vary in the degree to which they drive customer satisfaction and service loyalty.

From the Table 4.5, it is imperative to test and analyse hypothesis 1. In the table, the 5 dimensions of service quality which serve as antecedent to overall service quality shows different correlation coefficients. The correlation coefficient between tangibility and customer satisfaction is 0.414 and that between reliability, responsiveness, assurance and empathy on the one hand and customer satisfaction on the other hand is respectively 0.517, 0.742, 0.567 and 0.555.

Further, the correlation coefficient between tangibility and service loyalty is 0.452 and that between reliability, responsiveness, assurance and empathy on the one hand and service loyalty on the other hand is respectively 0.582, 0.645, 0.570 and 0.566 respectively. Although all these correlations show relatively strong relationships it is found out that the strengths of the relationships vary. Thus the five service quality dimensions vary in the degree to which they drive customer satisfaction and loyalty. Thus, in Wegagen Bank, Mekelle Branch, the most important drivers of customer satisfaction and loyalty are responsiveness, assurance, empathy, reliability, and tangibility (in descending order based on the strength of their correlation coefficients). Tangibility is the least important driver of both customer satisfaction and customer loyalty.

Table 4.5: correlation matrix of the various constructs measured in the study.

	1	2	3	4	5	6	7	8
1. Tangible	1							
2. Reliability	.587*	1						
3. Responsiveness	.460*	.657*	1					
4. Assurance	.454*	.677*	.672*	1				
5. Empathy	.473*	.640*	.611*	.593*	1			
6. Service quality	.371*	.575*	.698*	.602*	.540*	1		
7. Customer satisfaction	.414*	.517*	.742*	.567*	.555*	.737*	1	
8. Service loyalty	.452*	.582*	.645*	.570*	.566*	.717*	.666*	1

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

Source: Author, Computed from survey data, 2010

Note: Numbers 1 to 8 on first row are codes as follows - 1=Tangible, 2= Reliability, 3=Responsiveness, 4= Assurance, 5= empathy, 6= Overall service quality, 7= Overall customer satisfaction, 8= Overall service loyalty

In terms of service delivery what has prevailed at the bank was produced in the descriptive statistics Table 4.6 above. From the table the mean rankings indicate the evaluation of the dimensions of service quality from customers' perspective. The bank placed more emphasis on assurance, 5.80, and least on tangibility 5.07.

Table 4.6: Means scores of dimensions of service quality

	N	Mean	Std. Deviation
Tangibility	200	5.0763	1.04581
Reliability	200	5.4040	.98959
Responsiveness	200	5.3188	1.09302
Assurance	200	5.8013	.88868
Empathy	200	5.4600	1.03603

Source: Author, Computed from survey data, 2010

Comparing the correlation values and the mean score of the dimensions, there is a mismatch between service quality the bank provides and service quality the customers' preferred. The bank emphasizes on service delivery as it relates to issues like employees' knowledge and courtesy and their ability to inspire trust and confidence since the study shows through the mean score well in assurance. What the customers prefer most in the quality of the service to enhance their

satisfaction and service loyalty was responsiveness as it relates to telling customers when exactly service will be provided, prompt services, willingness to help and the business of employees to respond to customers' request. With respect to the tangibility issues as can be seen from the correlation and the mean score, it seem that things are going well Hence in order to retain customers, there is a need to focus on the most important drivers of customer satisfaction and service loyalty as revealed thus far in the tables.

From the above analysis it is clear that there is differential importance in the degree to which the five service quality dimensions instigate customer satisfaction and service loyalty. Therefore, the analysis of, hypothesis 1, "the five dimensions of service quality namely tangibility, reliability, responsiveness, assurance and empathy vary in the degree to which they drive customer satisfaction and loyalty" is accepted.

Hypothesis 2-4

Multiple regressions were conducted to examine the objectives as framed in the form of hypotheses. First, the relationships between the independent variables (service quality, corporate image, and price) and dependent (mediator) variable, customer satisfaction was examined.

Regression Analysis (Independent variables as predictors to customer satisfaction)

The result from the regression analysis based on the three independent variables, service quality, corporate image and price, which are included in underpinnings of the relationship against customer satisfaction can be seen in Table 4.7. Based on the 'Model Summary', it can be inferred that the independent variables that entered into the regression model, the R (0.682), which is correlation of the three independent variables with the dependent variable, customer satisfaction. The independent variables explained the dependent variable by 46.50% (R square). Table 4.8, the ANOVA test, it is noticed that F value of 56.87 is significant at the 0.000 level. Therefore, from the result, it can be concluded that with 46.50 % of the variance (R-Square) in customer satisfaction is significant.

Table 4.9 presented the coefficients of the predictors of customer satisfaction and all the three have positive sign. These indicate that all the three variables influence customer satisfaction

positively. It is interesting to find out that corporate image and price do not have significant effect on satisfaction. It can be construed that corporate image alone is not a guarantee of success for the bank. The prices of the services delivered in Mekelle are generally comparable. This could be because the government sets the maximum to be charged when loans are given to the needy. On the other hand, it sets the minimum that the banks have to pay for the different forms of deposits. Banks in most cases use to strictly pursue to the limits. It is only service quality that has a significant and positive effect on customer satisfaction in Wegagen Banks' case. Service quality has the strongest effect on customer satisfaction, 65.50%. H₂, therefore, is accepted. Corporate image and price have no significant impact on the dependent variable, customer satisfaction; therefore, H₃ and H₄ are rejected.

Table 4.7: Model summary (Independent Variables as Predictors to Customer satisfaction)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.682 ^a	.465	.457	.73676

a. Predictors: (Constant), Price, Service quality, corporate Image
 Source: Author, Computed from survey data, 2010

Table 4.8: ANOVA (Independent Variables as Predictors to Customer satisfaction)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	92.610	3	30.870	56.871	.000 ^a
	Residual	106.390	196	.543		
	Total	199.000	199			

a. Predictors: (Constant), Price, Service quality, Corporate Image
 b. Dependent Variable: Customer satisfaction
 Source: Author, Computed from survey data, 2010

Table 4.9. Coefficients (Independent Variables as Predictors to Customer satisfaction)

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	2.210E-16	.052		.000	1.000
	Service quality	.655	.066	.655	9.883*	.000
	Corporate Image	.026	.067	.026	.388	.698
	Price	.024	.063	.024	.375	.708

a. Dependent Variable: Customer satisfaction

* Significant at 1% level of confidence

Source: Author, Computed from survey data, 2010

Hypotheses 5-7

Regression Analysis (Independent variables as predictors to service loyalty)

Table 4.10 depicted the model summary and that the three independent variables in the association have a correlation that accounts for (0.70) to mean their combined correlation against service loyalty. The independent variables explained the dependent variable by 49% (R square). The ANOVA table.4.11 revealed the F value 62.45% is significant at 1% or better. Thus, it can be deduced that 49% of the variance (R square) in service loyalty is significant. From Table 4.12, the coefficients of the independent variables service quality, corporate image, and price indicate that there is a positive relationship with service loyalty. Both service quality and corporate image are significantly associated with service loyalty. But, price has no significant influence on service loyalty. The coefficient of service quality is 64% and that of corporate image is 15.80%. Thus, it can be depicted that service quality followed by corporate image play a significant role in ensuring service loyalty of customers. Therefore, H₅, H₆, and H₇ are accepted. Avkiran (1994) indicated that a telephone study in the Australian state of Victoria revealed poor service to the customer as the most likely reason for customers to consider switching their banking

relationships. Finch and Helms (1996) noted that the delivery of superior service is the best means for satisfying and consequently retaining customers.

Table 4.10: Regression Model (Independent variables as predictors to service loyalty)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.700 ^a	.490	.482	.71966

a. Predictors: (Constant), Price, Service quality, Corporate Image

Source: Author, Computed from survey data, 2010

Table 4.11: ANOVA (Independent Variables as Predictors to Service loyalty)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	97.490	3	32.497	62.746	.000 ^a
	Residual	101.510	196	.518		
	Total	199.000	199			

a. Predictors: (Constant), Price, Service quality, Corporate Image

b. Dependent Variable: Service loyalty

Source: Author, Computed from survey data, 2010

Table 4.12. Coefficients (Independent Variables as Predictors to Service loyalty)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.417E-16	.051		.000	1.000
	Service quality	.640	.065	.640	9.885*	.000
	Corporate Image	.158	.065	.158	2.412*	.017
	Price	.088	.061	.088	1.441	.151

a. Dependent Variable: Service loyalty

* Significant at 1% level of confidence

Source: Author, Computed from survey data, 2010

Hypothesis 8:

Regression Analysis (Independent variable (Mediator) as predictors to service loyalty)

The hypothesis number eight of the study was tested using the simple regression analysis and the results are summarized in Table 4.13, 4.14, and 4.14. The table that depicts the model summary show the correlation of the independent variable (mediator) and the dependent variable is 65.30%. Customer satisfaction explained 42.60 % of the variance (R square) in the service loyalty. Table 4.14 presented the F value of 147.27 is significant. Therefore, H₈ is accepted. As can be evidenced from the table 4.14, 42.60 % of the variance (R square) in service loyalty is significant. The coefficient (65.30%) as can be seen from presented shows the strength of the predictor (customer satisfaction) towards service loyalty. Customer satisfaction explains 42.60% and the rest could be possibly to other attributes of service loyalty. The other attributes could be like value, levels of functional and emotional risk, and brand reputation, trust, effect and preference. A number of studies that have looked at the antecedents of loyalty have contributed to the understanding of the relationship between the consumer and provider. (Caruana, 2002; Oliver, 1999)

Table 4.13: Regression Model (Customer Satisfaction as predictors to service loyalty)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.653 ^a	.426	.424	.75924

a. Predictors: (Constant), Customer satisfaction

Source: Author, Computed from survey data, 2010

Table 4.14: ANOVA (Customer Satisfaction as predictors to service loyalty)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.863	1	84.863	147.217	.000 ^a
	Residual	114.137	198	.576		
	Total	199.000	199			

a. Predictors: (Constant), Customer satisfaction

b. Dependent Variable: Service loyalty

Source: Author, Computed from survey data, 2010

Table 4.15: Coefficients (Customer Satisfaction as predictors to service loyalty)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.507E-16	.054		.000	1.000
	Customer satisfaction	.653	.054	.653	12.133 [*]	.000

a. Dependent Variable: Service loyalty

^{*} Significant at 1% level of confidence

Source: Author, Computed from survey data, 2010

Hypothesis 9- Customer satisfaction is the mediator of the relationship between service quality, corporate image, and price towards service loyalty.

Hierarchical Regression

To test whether mediation role was rendered by a variable in a proposed model, Baron and Kenny (1986) suggested the following four step method.

Three regression equations should be established through this method in order to justify the presence of the mediation effect. The steps to test for mediation are as follows:

Step 1: To show that the independent variable is correlated with the dependent variable. This is to establish that there is an effect that may be mediated. The dependent variable is the criterion and the independent variable is the predictor in the regression equation.

Step 2: To show that independent variable is correlated with the mediator. This involves treating as if the mediator were an outcome variable. The mediator is the criterion and the independent variable is the predictor in the regression equation.

Step 3: To show that the mediator affects the dependent variable. The dependent variable is the criterion and the independent variable as well as the mediator is the predictors in the regression equation. The independent variable is to be controlled in establishing the effect of the mediator on the dependent variable.

Step 4: To examine whether the mediator partially or fully mediates the relationship between the independent variable and the dependent variable.

Regression Analysis (Independent Variables and Customer Satisfaction as Predictors to Service Loyalty)

The hypothesis number nine of the study was tested and the result summarized in the tables below. As it can be drawn from Table 4.16, the independent variables and the mediating variable (service quality, corporate image, price, and customer satisfaction) are correlated in 74.30% with the dependent variable. The independent variable explained the dependent variable 55.20% of the variance (R square) on service loyalty, which from the ANOVA table indicates significant association.

The coefficients on the table 4.18 presented the strength of the four predictors (service quality, corporate image, price, and customer satisfaction) toward service loyalty.

The R in the above regression table shows the percent of variability in the dependent variable that can be accounted for by all the predictors together (that's the interpretation of R-square). The change in R^2 is a way to evaluate how much predictive power was added to the model by the addition of another variable (the mediator variable). In this case, the % of variability accounted for went up from 42.60% to 55.20%. Both the first and the second models in the above table show that they are statistically significant. They are predictors of the dependent variable. The increase according to the logic is attributable to the mediating effect of customer satisfaction. As evidenced from the table the coefficients of the independent variables have decreased some how. There are evidences showing that customer satisfaction performs a mediating role on the link among service quality, corporate image and price towards service loyalty through multiple regression testing.

From the computed regression equations, the conditions required for mediation to hold are present. When the direct effect between the independent variable and the dependent variable is no longer statistically different from zero fixing the mediator variable, the mediation effect is said to be complete. However, from the above regression equations, the absolute size of the direct effect between the independent variables and the dependent variable is reduced after controlling

for the independent variable, but the direct effect is still significantly different from zero, the mediation effect is said to be partial (Baron & Kenny, 1986).

Thus, it can be inferred that customer satisfaction plays a partial mediating role for mainly two reasons: the positive increment of the R^2 and the reduction in values of the coefficients that show the strength of the independent variable in the association model and hence, H_9 is accepted.

Table 4.16. Model Summary Independent Variables and Customer Satisfaction as Predictors to Service Loyalty

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.653 ^a	.426	.424	.75924
2	.743 ^b	.552	.543	.67587

a. Predictors: (Constant), Customer satisfaction

b. Predictors: (Constant), Customer satisfaction, Price, Corporate Image, Service quality

Source: Author, Computed from survey data, 2010

Table 4.17. ANOVA (Independent Variables and Customer Satisfaction as Predictors to Service Loyalty)

ANOVA ^c						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.863	1	84.863	147.217	.000 ^a
	Residual	114.137	198	.576		
	Total	199.000	199			
2	Regression	109.924	4	27.481	60.160	.000 ^b
	Residual	89.076	195	.457		
	Total	199.000	199			

a. Predictors: (Constant), Customer satisfaction

b. Predictors: (Constant), Customer satisfaction, Price , Corporate Image, Service quality

c. Dependent Variable: Service loyalty

Source: Author, Computed from survey data, 2010

Table 4.18: Coefficients (Independent Variables and Customer Satisfaction as Predictors to Service Loyalty)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.507E-16	.054		.000	1.000
	Customer satisfaction	.653	.054	.653	12.133	.000
2	(Constant)	1.661E-16	.048		.000	1.000
	Customer satisfaction	.342*	.066	.342	5.217	.000
	Service quality	.416*	.074	.416	5.590	.000
	Corporate Image	.149*	.061	.149	2.422	.016
	Price	.096**	.057	.096	1.674	.096

a. Dependent Variable: Service loyalty

* Significant at 1% level of confidence

Source: Author, Computed from survey data, 2010

Table 4.19. Excluded variable

Excluded Variables						
Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	Service quality	.454 ^a	6.848	.000	.439	.536
	Corporate Image	.254 ^a	4.507	.000	.306	.829
	Price	.078 ^a	1.367	.173	.097	.876

a. Predictors in the Model: (Constant), Customer satisfaction

b. Dependent Variable: Service loyalty

Hypothesis 10- Dissatisfied customers switch to other banks in order to experience better service quality elsewhere.

In order to test this hypothesis, the researcher asked respondents to state whether they were satisfied or not with the overall service they receive from the bank. Out of those not satisfied, they were asked to state whether they would consider switching banks or not and also to assign reasons for their responses. Analysis of the responses revealed the following: Of the 200 respondents, 168 were satisfied with the services rendered by the bank and 32 were dissatisfied.

Of those dissatisfied 15 intended to switch to other service providers while 17 intended to continue staying with the bank. The explanatory notes provided by these respondents show that some hope for better services in the future as their reason for deciding to stay in spite of being dissatisfied. Some of those intending to continue with the bank believing that the services offered by the banks in Mekelle are homogenous and irrespective of whether they switch or not, it would not make a difference and hence they decide to continue with their bank.

The descriptive statistic above shows that majority of dissatisfied customers do not have switching intentions (53.12%) against a minority of 46.88 %. However to further validate these findings the study employed chi square (χ^2) analysis to show that the switching and non-switching intentions of dissatisfied customers are statistically significant.

In order to test hypothesis 10 statistically the researcher formulated the following:

Null hypothesis (H_0): The level of customer satisfaction and switching intentions are dependent

Alternative hypothesis (H_A): The level of customer satisfaction and switching intentions are independent.

To test the null hypothesis the study set up a contingency table which is a table of frequencies showing the distribution of data on two categorical variables (Iversen and Gergen, 1997) as shown in the table below.

Table 4.20: χ^2 contingency table for observed levels of customer satisfaction and their switching intentions (expected frequencies are in brackets)

<i>Level of customer satisfaction</i>				
		Yes satisfied	No not satisfied	Total
<i>Switching Intentions</i>	Intend to switch	0 (12.6)	15 (2.4)	15
	Do not intend to switch	168 (155.4)	17 (29.6)	185
	Total	168	32	200

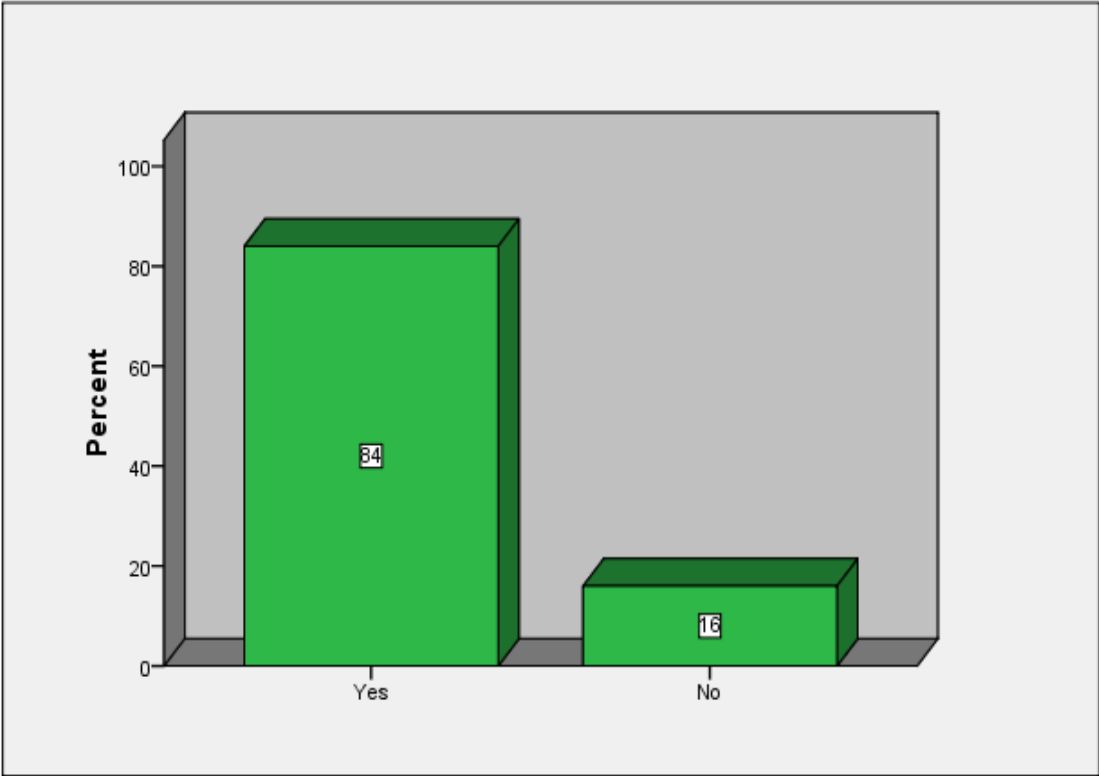
Source: Author, Computed from survey data, 2010

Decision rule: Reject H_0 if χ^2 calculated $>$ critical value at α (level of significance) = 0.05.

Substituting the observed and expected frequencies in the χ^2 equation, the calculated χ^2 is significant statistically at 5% level of significance and this shows the possibility that switching intentions and customer satisfaction are related. Thus, the null hypothesis is rejected.

Figure 2: Satisfaction-opinion of customers on overall service quality

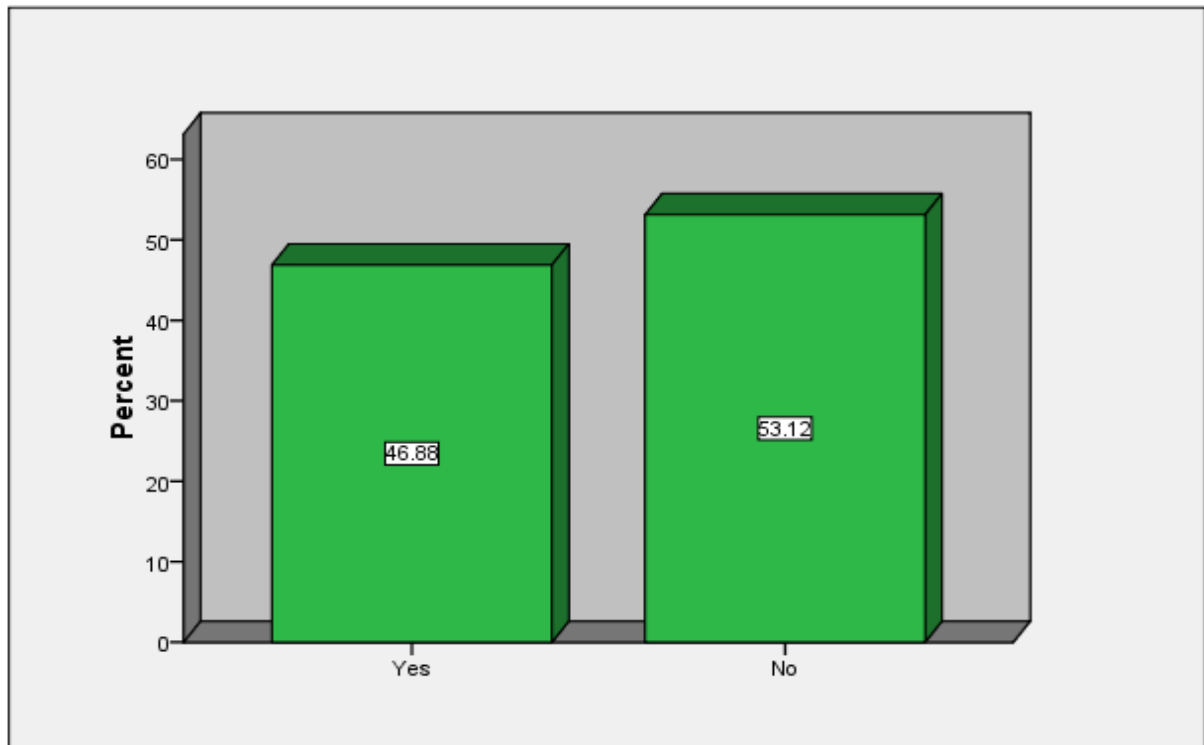
Are you satisfied with the over all service you receive from the bank?



Source: Author, Computed from survey data, 2010

Figure 3: Dissatisfied customers switching Intention

If not satisfied, would you consider switching to another bank?



Source: Author, Computed from survey data, 2010

From the analysis of both the graphical results and chi square, it is found out that majority of the dissatisfied customers do not have intentions to switch (53.12%), and also there was statistically significant difference between those with switching intentions and those who do not intend to switch. On the basis of the above analysis and findings therefore, it leads to the rejection of the null hypothesis (H₀) that “the level of customer satisfaction and switching intentions are dependent” and accept the alternative hypothesis (H_A) that “the level of customer satisfaction and switching intentions are independent.”

4.4. Demographic variables Impact on Satisfaction and Service Loyalty

One-Way ANOVA tests were used to determine if there were statistically significant differences in the respondents' satisfaction and service loyalty towards their bank.

Table 4.21: One-Way ANOVA result of Demographic Variables' impact on Customer Satisfaction

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
Gender	Between Groups	25.850	92	.281	1.580*	.011
	Within Groups	19.030	107	.178		
	Total	44.880	199			
Age Group	Between Groups	101.122	92	1.099	2.511*	.000
	Within Groups	46.833	107	.438		
	Total	147.955	199			
level of education	Between Groups	282.823	92	3.074	1.574*	.012
	Within Groups	208.972	107	1.953		
	Total	491.795	199			
Visit Frequency	Between Groups	135.020	92	1.468	1.697*	.004
	Within Groups	92.560	107	.865		
	Total	227.580	199			

* Significant at 1% level of confidence

Source: Author, Computed from survey data, 2010

Table 4.22: One Way ANOVA result of Demographic variables and their impact on Service Loyalty

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
Gender	Between Groups	30.953	100	.310	2.200*	.000
	Within Groups	13.927	99	.141		
	Total	44.880	199			
Age Group	Between Groups	98.644	100	.986	1.980*	.000
	Within Groups	49.311	99	.498		
	Total	147.955	199			
level of education	Between Groups	292.901	100	2.929	1.458*	.031
	Within Groups	198.894	99	2.009		
	Total	491.795	199			
Visit Frequency	Between Groups	150.580	100	1.506	1.936*	.001
	Within Groups	77.000	99	.778		
	Total	227.580	199			

* Significant at 1% level of confidence

Source: Author, Computed from survey data, 2010

The above two tables portray the relationship between the demographic variables and customer satisfaction and service loyalty. Based on the One Way ANOVA test result above in Table 4.21, and Table 4.22, the findings indicate that there is a significant difference in the level of satisfaction and service loyalty among the different groups in the demographic characteristics. Therefore, it can be concluded that age, gender, level of education, and visit frequency play an important role in measuring the level of customer satisfaction and service loyalty.

Table 4.23: Summary of Results of the Tested Hypotheses

S/N	Hypotheses	Results
1	H ₁ - The five dimensions of service quality vary in the degree to which they drive customer satisfaction and service loyalty.	Accepted.
2	H ₂ - Service quality has a positive effect on customer satisfaction.	Accepted.
3	H ₃ - Corporate image is significantly related to customer satisfaction.	Rejected.
4	H ₄ - Price is significantly related to customer satisfaction.	Rejected.
5	H ₅ - Service quality has a positive effect on service loyalty.	Accepted.
6	H ₆ - Corporate image has a positive effect on service loyalty.	Accepted.
7	H ₇ - Price has a positive effect on service loyalty.	Accepted.
8	H ₈ - Customer satisfaction has a positive effect on service loyalty.	Accepted.
9	H ₉ - Customer satisfaction is the mediator of the relationship among service quality, corporate image and reputation, and price and service loyalty.	Accepted.
10	H ₁₀ -Dissatisfied customers switch to other banks in order to experience better service quality elsewhere.	Rejected.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

This final chapter focuses on conclusion and recommendations of the study.

5.1. Conclusions

Quality service delivery is not an optional competitive strategy which may, or may not, be adopted to differentiate one bank from another: today it is essential to corporate profitability and survival. The major concern of the study was to empirically assess the relationship between service quality, corporate image, price, customer satisfaction and service loyalty in Wegagen Bank, Mekelle Branch. To achieve the stipulated objectives, the study used both primary and secondary data collected through self administered questionnaire from 200 subjects. Confirmatory factor analysis was applied to examine whether the variables were included in the domains or factors. Subsequent analyses were made from the outputs of the factor analyses where new scores vital for the regressions tests were determined.

The study examined the relationship among service quality, corporate image, price, customer satisfaction, and service loyalty. Further, it is worth noting that the findings of this study reveal that the five dimensions of service quality to varying degrees are important determinants of customer satisfaction and service loyalty in Wegagen Bank, Mekelle Branch.

From the study, it was confirmed that the dimensions of service quality vary in driving customer satisfaction and service loyalty. As was clearly put in the analyses, responsiveness was the most to instigate customer satisfaction and service loyalty and tangibility of course was the least. The study found that assurance was the next most to instigate satisfaction and loyalty. This implies that the bank

is not meeting the needs and wants of customers up to their expectation which in turn can enhance satisfaction and retain customers.

Service quality, corporate image, and price were found to be determining customer satisfaction and service loyalty at the bank. The independent variables explained the dependent variable in 45.7%. Among the established variables, service quality was the most important factor for customers of Wegagen Bank, Mekelle Branch. As discussed in the analyses part, service quality has positive and significant effect on customers' satisfaction judgments (65.5%). The results indicated that corporate image and price have positive effect on customer satisfaction. Though positively related, both have insignificant impact on customer satisfaction.

This study found that the major determinants of service loyalty are service quality and corporate image. Both were positively and significantly associated with service loyalty. The coefficient of price in the regression table portrays a positive relationship with service loyalty though it does not have significant effect. Price was found to be relatively less important to customer satisfaction and service loyalty as valued by the customers of the bank. The reasons could be that the price/ service charges, interest both on loans and savings are similar among commercial banks in the country. The government sets the minimum interest rate that has to be paid to the deposit account holders. In most of the banks, it is this minimum amount that is paid to customers. The same is true for the interest customers have to pay for the different forms of loans as the government sets the maximum limit that should be charged. These could be the factors attributing for the effect of price towards customer satisfaction and service loyalty to be not significant.

Customer satisfaction instigates service loyalty significantly as can be evidenced from the regression output. Besides, it plays a mediating role in between the independent variables (service quality, corporate image and price) and the dependent variable (service loyalty).

As to the overall level of satisfaction of customers, majority of the customers (84%) are satisfied with the service delivery. Regarding whether or not dissatisfied customers intend to switch to other banks, the result revealed indicates a weak relationship in between customer satisfaction and switching intentions. Most of the dissatisfied customers do not want to switch to other bank which is statistically significant.

The demographic variables, gender, age, level of education and visit frequency are found to have different level of satisfaction and service loyalty among different categories.

In conclusion, the results demonstrate the importance of improving the quality of service delivery, which in turn enhances customer satisfaction and service loyalty. It gives implications for differentiated marketing strategies according to the perceived value for customer satisfaction and service loyalty.

5.2. Recommendations

The customer is one of the vital assets for business regardless of its nature and size. Business that lacks this important asset may face the difficulty that operational income is less than operational cost; business losing customers may confront the problem of a profit decline. Several studies have shown that improving service quality and customer satisfaction results in better financial performance for business.

On the basis of the findings and conclusions reached the following recommendations are forwarded to the management of Wegagen Bank, Mekelle Branch, to possibly improve the service delivery in a way that boosts customers' satisfaction and service loyalty.

The bank should exert its utmost effort to meet customers' expectation up to the standard. The dimensions of service quality as presented in the analysis vary in the degree they influence satisfaction and loyalty. The bank to better satisfy its customers should emphasize on attributes of responsiveness, assurance, empathy, reliability, and tangibility in their descending order. It sounds that customers are valuing more to the human element and task efficiency. The bank employees should be imparted with a knowledge and skill that would enable them to accomplish their activities in the desired way. Besides, the behaviors of employees have to be shaped in a way that can satisfy the customers of the bank. This could be ensured through both training programmes and pursuing appropriate motivational techniques. But, when designing the training sessions care must be taken to address the dimensions according to their order as they are prioritized in the findings. Tangibility though not as serious as responsiveness in affecting satisfaction that doesn't mean it should be ignored. Of course, introducing equipment, materials

and networking technologies of the state-of-art-technology would facilitate and ensure prompt service delivery in the bank that would in turn enhance customer satisfaction and service delivery.

Service Quality, price, and corporate image are the most important factors to form customer satisfaction and service loyalty. Of course, the findings showed that the extent to which the independent variables influence the dependent variable vary. These indicate different level of emphasis has to be given to the determinants. The bank should build its strategy on quality because quality is something that not all banks do extremely well. To offer high quality service, management should be highly committed in terms of planning, leadership, implementation and follow-up in a way that leads to the development of a corporate culture that internalizes a quality orientation in all its activities.

The results from the study confirmed the role of corporate image as a factor in the perception of customer satisfaction and service loyalty. Though corporate image was not found to determine customer satisfaction significantly, positive corporate image makes it easier for the bank to communicate effectively, and it makes people more perceptive to favorable word-of mouth messages. In this regard, the management of the bank should work hard to build a strong positive image that consumers use to judge matters such as credibility, perceived quality and purchase intentions.

The study findings indicate clearly the dimensions that characterize pricing decisions have no significant association with both customer satisfaction and service loyalty. Due to the regulations of NBE, price associated dimensions are relatively comparable and hence can not be a means to competitively outsmart others in the banking industry. Therefore, the management of the bank should formulate a pricing strategy placing their emphasis on the unique characteristics of the services that they render in the market.

For customers to remain satisfied, everyone in the organization has to take the responsibility for helping customers, by setting high standards and sticking to those standards. The bank should set customers benchmark not just from what similar service companies are doing, but what the best

service providers in general are doing. Additionally, the bank should design its culture to encourage employees to adopt the “right first time” philosophy that would possibly result in a better customer satisfaction and service loyalty.

It is apparent that a multidimensional construct of service quality explains consumer behavioral intentions in service industry. Management of the bank should therefore be aware of the need to include all service-quality dimensions in their efforts to improve service quality. The bank should not wait until complaints arise from customers about service quality. An organization that continuously monitors the satisfaction of its customers can improve its services by listening to the evaluations of customers. Loyalty is built through a positive differentiation that is usually achieved by providing superior customer service.

5.3. Implication for Future Research

This study was conducted in Wegagen Bank, Mekelle Branch. Care should be taken in applying the findings of this study to other banks or other sectors. Alternatively, in the future research, including other banks in the city would give a better understanding of the integration in between service quality, corporate image, price, customer satisfaction and service loyalty in commercial banks.

Ideally, research should be conducted in different sectors in order to eliminate peculiarity of a single industry and to ensuring the observed relationships are extrapolated to a broader population.

Bibliography

- Albert Caruana (2002), "Service Loyalty: The Effects of Service Quality and the Mediating Role of Customer Satisfaction", *European Journal of Marketing*, 36(7/8)
- Anderson, Carl and Carl P. Zeithaml (1984), "Stage of the Product Life Cycle, Business Strategy and Business Performance", *Academy of Management Journal*, 27
- Anderson, E.W. (1996), "Customer Satisfaction and Price Tolerance", *Marketing Letters*, 7(3).
- Anderson, Eugene. W., E. P. Cox, and D. G. Fulcher (1976), "Bank Selection Decisions and Market Segmentation," *Journal of Marketing*, 40 (January).
- Ancarani, F. and Shankar, V. (2004), "Price Levels and Price Dispersion Across and Within Multiple Retailer Channels: Further Evidence and Extension", *Journal of the Academy of Marketing Science*, 32(2)
- Aydin, S. and Ozer, G. (2005), "National Customer Satisfaction Indices: An Implementation in the Turkish Mobile Telephone Market", *Marketing Intelligence & Planning*, Vol. 23 No. 5.
- Babakus, Emil and George W. Boller (1992), "An Empirical Assessment of the SERVQUAL Scale," *Journal of Business Research*, 24.
- Bagozzi, R.P., Gopinath, M. & Nyer, P.H. (1999), "The Role of Emotions in Marketing", *Journal of the Academy of Marketing Science*, 27(2)
- Bahia, Kamilia and Jacques Nantel (2000), "A Reliable and Valid Measurement Scale for the Perceived Service Quality of Banks," *International Journal of Bank Marketing*, 18/2
- Baker, W., Marn, M. and Zawada, C. (2001), "Price Smarter on the Net", *Harvard Business Review*, 79 (2)
- Barich, H. and Kotler, P. (1991), "A Framework of Marketing Image Management", *Sloan Management Review*, 32(2)
- Baron, R.M. and Kenny D.A. (1986), "The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations", *Journal of Personality and Social Psychology*, 51(6)
- Bateson, John E. G (1977), "Do We Need Service Marketing?" in *Marketing Consumer*
- Bei, L.T. and Chiao, Y.C. (2001), "An Integrated Model for the Effects of Perceived Product, Perceived Service Quality, and Perceived Price Fairness on Consumer Satisfaction and Loyalty", *Journal of Consumer Satisfaction, Dissatisfaction & Complaining Behavior*, 14
- Beldona, S. and Namasivayam, K. (2006), "Gender and Demand-based Pricing: Differences in

- Perceived (un)Fairness and Repatronage Intentions”, *Journal of Hospitality & Leisure Marketing*, 14(4)
- Bendapudi, N. and Berry, L.L. (1997), “Customers’ Motivations for Maintaining Relationships with Service Providers”, *Journal of Retailing*, 73(1).
- Bennett, D. and Higgins, M. (1993), “Quality means more than smiles”, *ABA Banking Journal*.
- Berry, Leonard L. (1980), “Service Marketing is Different,” *Business*, 30 (3).
- Berry, L. (1987) Big ideas in services marketing. *The Journal of Services Marketing*, 1(1)
- Berry, Leonard L., David R. Bennett, and Carter W. Brown (1988), *Service Dimensions*,” unpublished working paper, Helsinki: Service Management Institute, Finland OY
- Best, R. (2009) *Market-Based Management: Strategies for growing customer value and Profitability*. 5th edition. Pearson, Prentice Hall
- Bitner (1990), “Evaluation service encounters: the effects of physical surroundings and complaint reports”, *Journal of Marketing*, 54(4)
- Bitner, Mary Jo (1992), “Servicescapes: The Impact of Physical Surroundings on Customers and Employees,” *Journal of Marketing*, 56 (April)
- Bolton, R.N. and Drew, J.H. (1991), “A Multistage Model of Customers’ Assessments of Service Quality and Value”, *Journal of Consumer Research*, 17(March)
- Bowen, J.W. and Hedges, R.B. (1993), “Increasing service quality in retail banking”, *Journal of Retail Banking*, 15
- Brady, M.K. and Cronin, J.J. (2001), “Some New Thoughts on Conceptualizing Perceived Service Quality: A Hierarchical Approach,” *Journal of Marketing*, 65
- Boulding, William, Ajay Kalra, Richard Staelin, and Valarie A. Zeithaml (1993), “A Dynamic Process Model of Service Quality: From Expectations to Behavioral Intentions,” *Journal of Marketing Research*, 30 (February)
- Campbell, M.C. (1999), “Perceptions of Price Unfairness: Antecedents and Consequences”, *Journal of Marketing Research*, 36(2)
- Carman, J.M. (1990) “Consumer perceptions of service quality: an assessment of the SERVQUAL dimensions”, *Journal of Retailing*, 66(1)
- Carmen, James M. and Eric Langeard (1980), “Growth Strategies of Service Firms,” *Strategic Management Journal*, 1 (January-March)
- Churchill, G. A. Jr & Suprenant, C. (1982), “An Investigation into Determinants of Customer

- Satisfaction”, *Journal of Marketing Research*, 1(4)
- Coakes, S.J. (2005), *SPSS Version 12.0 for Windows: Analysis Without Anguish*, CMO Image Printing Price, Singapore.
- Coakes, S.J. and Steed, L. (2007), *SPSS Version 14.0 for Windows: Analysis Without Anguish*, JohnWiley & Sons Australia Ltd., Australia.
- Cronbach, L. J., (1951). Coefficient Alpha and The Internal Structure of Tests. *Psychometrika*, 16 (September).
- Cronin, J. and Taylor, S. (1994), “SERVPERF versus SERVQUAL: Reconciling Performance Based and Perceptions-minus-expectations Measurement of Service Quality”, *Journal of Marketing*, Vol. 58 (January)
- Cronin, J. Joseph and Steven A. Taylor (1992), “Measuring Service Quality: A Reexamination and Extension,” *Journal of Marketing*, 56 (July).
- Cronin, Jr., J. Joseph, Michael K. Brady, and G. Tomas M. Hult (2000), Assessing the Effects of Quality, Value, and Customer Satisfaction on Consumer Behavioral Intentions in Service Environments,” *Journal of Retailing*, 76(2).
- Crosby, P. B. (1979), *Quality Is Free*, New York, NY: New American Library.
- Cunningham, R. M (1956), “Brand Loyalty – What, Where, How Much”, *Harvard Business Review*, 39
- Daniel Nukpezah and Cephas Nyumuyo, What Drives Customer Loyalty and Profitability? Analysis of Perspectives from Retail Customers in Ghana's Banking Industry, 2009.
- Darian, J.C., Tucci, L.A. and Wiman, A.R. (2001), “Perceived Salesperson Service Attributes and Retail Patronage Intentions”, *International Journal of Retail & Distribution Management*, 29 (4/5)
- David Martin-Consuegra, Arturo Molina & Agueda Esteban (2007), “An Integrated Model of Price, Satisfaction and Loyalty: An Empirical Analysis in the Service Sector”, *Journal of Product and Brand Management* 16/7.
- Davies, F., Moutinho, L. and Curry, B. (1995), “Construction and testing of a knowledge-based system in retail bank marketing”, *International Journal of Bank Marketing*, 13(2)
- Dawes, J. and Swales, S. (1999), “Retention sans frontiers: issues for financial service retailers”, *International Journal of Bank Marketing*, Vol. 17 No. 1
- Day, G.S. (1969), “A Two-Dimensional Concept of Brand Loyalty”, *Journal of Advertising*

Research, 9

- DeRuyter, K., Bloemer, J. and Peeters, P. (1997), "Merging Service Quality and Service Satisfaction: An Empirical Test of an Integrative Model", *Journal of Economic Psychology*, 18.
- DeRuyter, K. & Bloemer, J. (1998), "Customer Loyalty in Extended Service Settings: The Interaction between Satisfaction, Value Attainment and Positive Mood", *International Journal of Service Industry Management*, 10(3)
- Dick, A.S. and Basu, K. (1994), "Customer Loyalty: Toward an Integrated Conceptual Framework", *Journal of the Academy of Marketing Science*, 22(2).
- Disney, J. (1999). Customer satisfaction and loyalty: the critical elements of service quality. *Total Quality Management*, 10 (4-5).
- Dobni, D. & Zinkhan, G.M. (1990), "In Search of Brand Image: A Foundation Analysis", *Advances in Consumer Research*, 17.
- Dolan, R.J. and Moon, Y. (2000), "Pricing and Market Making on the Internet", *Journal of Interactive Marketing*, 14(2)
- Doney, P.M. and Cannon, J.P. (1997), "An Examination of the Nature of Trust in Buyer-seller Relationships", *Journal of Marketing*, 61(2)
- Dube, L. & Menon, K. (2000), "Multiple Roles of Consumption Emotions in Post purchase Satisfaction with Extended Service Transactions", *International Journal of Service Industry Management*, 11(3)
- East, R. (1997), *Consumer Behaviour: Advances and Applications in Marketing* File, K.M. and Prince, R.A. (1992), "Positive Word of Mouth: Customer Satisfaction and Buyer Behaviour", *International Journal of Bank Marketing*, 10(1)
- Folkes, V.S. (1998), "Recent Attribution Research in Consumer Behavior: A Review and New Directions", *Journal of Consumer Research*, 14.
- Fombrun, C.J. (1996), *Reputation: Realizing Value from the Corporate Image*, Harvard Business School Press, Boston, MA.
- Fombrun, C.J., Gardberg, N.A. and Sever, J.W. (2000), "The Reputation Quotient: A Multi-stakeholder Measure of Corporate Reputation", *The Journal of Brand Management*, 7(4)
- Fornell, C. (1992), "National Satisfaction Barometer: the Swedish Experience", *Journal of Marketing*, 56 (January)

- Fornell, C., Johnson, M., Anderson, E., Cha, J. and Bryant, B. (1996), "The American Customer Satisfaction Index: Nature, Purpose, and Findings", *Journal of Marketing*, 60(4)
- Fournier, S. (1998), "Consumers and Their Brands: Developing Relationship Theory in Consumer Research", *Journal of Consumer Research*, 24 (March)
- Gale, B. (1992), "Monitoring Customer Satisfaction and Market-perceived Quality", American Marketing Association Worth Repeating Series, No. 922CSO 1, American Marketing Association, Chicago, IL.
- Garbarino, E. and Slonim, R. (2003), "Interrelationships and Distinct Effects of Internal Reference Prices on Perceived Expensiveness", *Psychology and Marketing*, 20(3)
- Garvin, David A. (1983), "Quality on the Line," *Harvard Business Review*, 61 (Sept-Oct).
- Garvin, David A. (1987), "Competing on the Eight Dimensions of Quality," *Harvard Business Review*, 65 (November-December).
- Geyskens, I., Steenkamp, J-B.E.M. and Kumar, N. (1999), "A Meta-analysis of Satisfaction in Marketing Channel Relationships", *Journal of Marketing Research*, 40 (May)
- Ghauri, P. and Grönhaug, K. (2005) *Research methods in Business studies- a practical guide*. 3rd edition. Prentice Hall, Financial Times
- Gi-Du Kang and Jeffrey James (2004): "Service Quality Dimensions: An Examination of Gronroos's Service Quality Model", *Managing Service Quality*, Volume 14(4)
- Gianfranco Walsh, Keith Dinnie and Klaus-Peter Wiedmann (2006), "How Do Corporate Reputation and Customer Satisfaction Impact Customer Defection? A study of Private Energy Customers in Germany", *Journal of Services Marketing*, No. 20/60.
- Goldzimer, L.S. (1990), *Customer Driven*, Hutchison Business Books Ltd, London.
- Gray, J.G (1986), *Managing the Institutional Image*, Quorum Books, Westport, CT. Ditcher, E. (1985), "What's In An Image?", *Journal of Consumer Marketing*, 2 (1)
- Gremler, D. D. and Brown, S. W. (1996), "Service Loyalty: Its Nature, Importance and Implications", in Edvardsson B., Brown, S. W., Johnson, R. Scheuing, E.E., *Proceedings American Marketing Association*.
- Gremler, D. D., and Stephen, W. B. (1999). The loyalty ripple effect appreciating the full value of customers. *International Journal of Service Industry Management*, 10 (3),
- Gronroos, C. (1984), "A service quality model and its marketing implications", *European Journal of Marketing*, 18.

- Gronroos, Christian (1982a), "A Service-Oriented Approach to Marketing of Services," *European Journal of Marketing*, 12/8.
- Gronroos, Christian (1982b), "An Applied Service Marketing Theory," *European Journal of Marketing*, 16/7.
- Gronroos, Christian (1990), *Service Management and Marketing: Managing the Moments of Truth in Service Competition*, Lexington, MA: Lexington Books.
- Guruswamy, D. & Malik, S. A., (2007). Customer Preferences for Retail Banking Services in Ethiopia: with special reference to retail banks in Mekelle City. FBE, Mekelle University (Unpublished)
- Gwinner, K.P., Gremler, D.D. and Bitner, M.J. (1998), "Relational Benefits in Services Industries: The Customer's Perspective", *Journal of Marketing Science Academy* , 26(2)
- Habtamu, (2010). An Assessment of Service Delivery and Customer Satisfaction: The case of Dashen Bank, Mekelle Area Branch, MBA. Project dissertation, Mekelle University, (Unpublished)
- Hair, J. F., Anderson, R. E., Tatham, R. L. & Black, W. C. (1998), *Multivariate Data Analysis*, 4th ed., Macmillan, New York, NY.
- Hallowell, Roger (1996), "The Relationship of Customer Satisfaction, Customer Loyalty, and Profitability: An Empirical Study," *International Journal of Service Industry Management*, 7 (4).
- Henning-Thurau, T., Gwinner, K.P. and Gremler, D.D. (2002), "Understanding Relationship Marketing Outcomes: An Integration of Relational Benefits and Relationship Quality", *Journal of Service Research*, 4(3)
- Herbig, P., Mileuicz, J. & Golden, J. (1994), "A Model of Reputation Building and Destruction", *Journal of Business Research*, 31.
- Hinton R., Perry, et al. (2004), *SPSS Explained*. Roulledge Inc., New York.
- Howcroft, Barry, Robert Hamilton, and Paul Hewer (2002), "Consumer Attitude and the Usage and Adoption of Home-Based Banking in the United Kingdom," *International Journal of Bank Marketing*, 20/3
- Iacobucci, D., Grayson, K.A., and Ostrom, A.L. (1994), "The Calculus of Service Quality and Customer Satisfaction", in Swartz, T.A., Bowen, D.E., and Brown, S.W. (Eds), *Advance in Services Marketing and Management*, Vol. 3, JAI Press Inc, Greenwich, CT.

- Jacoby, J. and Olson, J. (1977), "Consumer Response to Price: Attitudinal Information Processing Perspective", American Marketing Association Proceedings, Chicago, IL.
- Jacoby, Jacob, Jerry C. Olson and Rafael A. Haddock (1973), "Price, and Brand Name
- Jamali, D. (2007), "A Study of Customer Satisfaction in the Context of a Public Private Partnership", *International Journal of Quality & Reliability Management*, 24(4)
- Jay Kandampully, Hsin-Hui Hu (2007), "Do Hoteliers Need to Manage Image to Retain Loyal Customers?", *International Journal of Contemporary Hospitality Management*, 19(6)
- Josee Bloemer, Ko de Ruyter and Martin Wetzels (1999), "Linking Perceived Service Quality and Service Loyalty: A Multi-dimensional Perspective", *European Journal of Marketing*
- Kalyanaram, G. and Winer, R.S. (1995), "Empirical Generalizations from Reference Price Research", *Journal of Marketing Science*, 14(3)
- Kalwani, M.U. and Yim, C.K. (1992), "Consumer Price and Promotion Expectations: An Experimental Study", *Journal of Marketing Research*, 29(1)
- Kennedy, S.H. (1977), "Nurturing corporate image", *European Journal of Marketing*, 11(3)
- Kostecki, M. M. (1994), *Marketing Strategies for Services: Globalization, Client Orientation, Deregulation*, Pergamon Press, Oxford.
- Kotler, Ph., Armstrong, G., Saunders, J. and Wong, V. (1999), *Principles of Marketing*, Prentice-Hall Europe, Cambridge.
- Kung, M., Monore, K.B. and Cox, J.L. (2002), "Pricing on the Internet", *Journal of Product & Brand Management*, 11(5)
- Lehtinen, Uolevi and Jarmo R. Lehtinen (1982), "Service Quality: A Study of Quality Levesque, T. and McDougall, G.H.G. (1996), "Determinants of Customer Satisfaction in Retail Banking", *International Journal of Bank Marketing*, 14(7)
- Leonard, Frank S. and W. Earl Sasser (1982), "The Incline of Quality," *Harvard Business Review*, 60 (September-October).
- Lewis, Robert C. and Bernard H. Booms (1983), "The Marketing Aspects of Service Quality," in *Emerging Perspectives on Service Marketing*, L. Berry, L. Shostack, and G. Upah, eds. Chicago, IL: American Marketing Association.
- Lichtenstein, D., Blonch, D. and Black, W. (1998), "Correlates of Price Acceptability", *Journal of Consumer Research*, 15(2).

- Likert, R. (1932) "A Technique for the Measurement of Attitudes," *Archives of Psychology*, 140.
- Liljander, V. and Strandvik, T. (1997), "Emotions in Service Satisfaction", *International Journal of Service Industry Management*, 8(2)
- Link, F. (1997), "Diffusion Dynamics and the Pricing of Innovations", PhD Thesis, Lund University.
- Lovelock, Christopher H. (1983), "Classifying Services to Gain Strategic Marketing Insights," *Journal of Marketing*, 47 (Summer)
- Lovelock, C. and Wright, R. (2002), *Principles of service marketing and management*, 2nd edition. New Jersey: Pearson Education Inc
- Manuel Sanchez Perez, Juan Carlos Gazquez Abad, Gema Maria Marin Carrillo and Raquel Sanchez Fernandez (2007), "Effects of Service Quality Dimensions on Behavioural Purchase Intentions: A Study in Public-Sector Transport", *Managing Service Quality*, 17(2)
- Marshall, A. (1980), *Principles of Economics*, Macmillan Press, London.
- Martins, M. and Monroe, K.B. (1994), "An Integrated Model of Price, Satisfaction and Loyalty: An Empirical Analysis in the Service Sector", in Allen, C.T. and Roedder John, D. (Eds), *Advances in Consumer Research*, Vol. 21, Association for Consumer Research, Provo, UT.
- McBean, E.A. and Rovers, F.A (1998) *Statistical Procedures for Analysis of Environmental Monitoring Data and Risk Assessment* Prentice Hall, N.J.
- McConnell, J.D. (1968), "Effect of Pricing on Perception of Product Quality", *Journal of Marketing*, 47
- McInnis, D.J. & Price, L.L. (1987), "The Role of Imagery in Information Processing: Review and Extensions", *Journal of Consumer Research*, 13.
- Mano, H. and Oliver, R.L. (1993), "Assessing the Dimensionality and Structure of the Consumption Experience: Evaluation, Feeling, and Satisfaction", *Journal of Consumer Research*, 20 (December)
- Monroe, K.B. (1990), *Pricing: Making Profitable Decisions*, McGraw-Hill, New York, N.Y.
- Monroe, Kent B. and R. Krishnan (1983), "The Effect of Price on Subjective product Evaluations", Blacksburg : Virginia Polytechnic Institute, working paper.
- Morrison, L. (2004), "Measuring Service Quality: A Review and Critique of Research Using

- SERVQUAL”, *International Journal of Market Research*, 46(4)
- Nagle, T.T. and Holden, R.K. (2002), *The Strategy and Tactics of Pricing: A guide to Profitable Decision Making*, Prentice-Hall, Englewood Cliffs, NJ.
- Naser, K., Jamal, A., and Al-Khatib, A. (1999), “Islamic Banking: A Study of Customer Satisfaction and Preferences in Jordan”, *International Journal of Bank Marketing* 17/3.
- Nguyen, N. & LeBlanc, G. (1998), “The Mediating Role of Corporate Image on Customers Retention Decisions: An Investigation in Financial Services”, *International Journal of Bank Management*, 16 (2)
- Nguyen, N. & LeBlanc, G. (2001), “Image and Reputation of Higher Education Institutions in Students’ Retention Decision”, *The International Journal of Educational Management*.
- Nunnally, J. (1978), *Psychometric Theory*, McGraw-Hill, New York, NY in David Martin-Consuegra, Arturo Molina & Agueda Esteban (2007), “An Integrated Model of Price, Satisfaction and Loyalty: An Empirical Analysis in the Service Sector”, *Journal of Product and Brand Management* 16/7.
- Nunnally, J. C. (1978), *Psychometric Theory*, 2nd Ed, New York: McGraw-Hill.
- Oakland, J. (2000), *Total Quality Management*, Butterworth-Heinemann, Oxford. *Journal of Applied Psychology*, 55(6).
- Oliver, R.L. (1980), “A cognitive model of the antecedents and consequences of satisfaction decisions”, *Journal of Marketing Research*, No. XVII, November.
- Oliver, R.L. and Swan, J.E. (1989), “Consumer Perceptions of Interpersonal Equity and Satisfaction in Transactions: A Field Survey Approach”, *Journal of Marketing*, 53(2)
- Oliver, R.L. (1980), “A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions”, *Journal of Marketing Research*, XVII (11)
- Parasuraman, A., Leonard L. Berry, and Valarie A. Zeithaml (1991a), “Perceived Service Quality as a Customer-based Performance Measure: An Empirical Examination of Organizational Barriers Using an Extended Service Quality Model,” *Human Resource Management*, 30/3 (Autumn)
- Parasuraman, A., Valarie A. Zeithaml, and Leonard L. Berry (1994), “Reassessment of Expectations as a Comparison Standard for Measuring Service Quality: Implications for Future Research,” *Journal of Marketing*, 58 (January)

- Parasuraman, A., Valarie A. Zeithaml, and Leonard L. Berry (1985), "A Conceptual Model of Service Quality in its Implications for Future Research," *Journal of Marketing*, 49 (Fall).
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1988), "SERVQUAL: A Multiple-item Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1985)," A Conceptual Model of Service Philips, Lynn W., Dae R. Chang and Robert D. Buzzell (1983), "Product Quality, Cost Position and Business Performance: A Test of Some Key Hypotheses", *Journal of Prentice-Hall*.
- Rabin, Joseph H. (1983), "Accent Is on Quality in Consumer Services This Decade," *Marketing News*, 17 (March 4).
- Raymond B. Cattell (1952) *Factor Analysis* New York: Harper & Bros.
- Regan, William J. (1963), "The Service Revolution," *Journal of Marketing*, 27 (July).
- Reichheld, F.F.(2003), "The One Number You Need to Grow", *Harvard Business Review*, 81(12)
- Richens M.L. (1983), "Negative Word of Mouth by Dissatisfied Consumers: A Pilot Study", *Journal of Marketing*
- Rita Martenson (2007), "Corporate Brand Image, Satisfaction and Store Loyalty: A Study of the Store as a Brand, Store Brands and Manufacturer Brands", *International Journal of Retail & Distribution Management*, 35(7).
- Robert, Stern M (2005), "The Place of Services in the World Economy" Discussion papers 530, University of Michigan.
- Rose, C. and Thomsen, S. (2004), "The Impact of Corporate Reputation on Performance: Some Danish Evidence", *European Management Journal*, 22(2)
- Rust, R. T. and A. J. Zahorik (1993), "Customer Satisfaction, Customer Retention, and Market Rust, R. T. and Oliver, R. L. (1994), "Service Quality: Insights and Managerial Implications from the Frontier", in Rust, R. T. and Oliver, R. L. (Eds), *Service Quality: New Directions in Theory and Practice*.
- Rust, R.T. and Zahorik, A.J. (1993), "Customer satisfaction, customer retention and market share", *Journal of Retailing*, 69(2) (Summer).
- Sasser, W. Earl, Jr. R. Paul Olsen, and D. Daryl Wyckoff (1978), *Management of Service Satisfaction with Extended Service Transactions*", *International Journal of Service Industry Management*, 11(3)
- Scale for Measuring Consumer Perceptions of Service Quality," *Journal of Retailing*,
- Selnes, F. (1993), "An Examination of the Effect of Product Performance on Brand Reputation,

- Satisfaction & Loyalty”, *European Journal of Marketing*, 27(9)
- Shapiro, Bensen (1972), “The Price of Consumer Goods: Theory and Practice”, Cambridge, MA: Marketing Science Institute, working paper
- Sherif, C.W. (1963), “Social Categorization as a Function of Latitude of Acceptance and Series Range”, *Journal of Abnormal and Social Psychology*, 67(2)
- Subhash Sharma, *Applied Multivariate techniques*. 1996. John Wiley & Sons, Inc. United States of America.
- Shostack, G. Lynn (1985), “Planning the Service Encounter,” in *The Service Encounter*, J. Czepiel, M. Solomon, and C. Suprenant, eds. Lexington, MA: Lexington Books.
- Souiden N., Kassim N.M., Hong H.J (2006), “The Effect of Corporate Branding Dimensions on Consumers’ Product Evaluation”, *European Journal of Marketing*, Vol. 40 No. 7/8.
- Stafford, M.R. (1996), “Demographic discriminators of service quality in the banking industry”, *The Journal of Services Marketing*, 10(4)
- Stauss, B. & Neuhaus, P. (1997), “The Qualitative Satisfaction Model”, *International Journal of Service Industry Management*, 8(3)
- Teas, R.K. (1994), “Expectations as a comparison standard in measuring service quality: an assessment of a reassessment,” *Journal of Marketing*, 58(1)
- Takeuchi, Hirotaka and John A. Quelch (1983), “Quality Is More Than Making a Good Marketing strategies.
- Teemu Santonen (2007), “Price decisions and customer satisfaction”, *Journal of Service Marketing*, 8(5).
- Tse, A. (2001), “How Much More Are Consumers Willing to Pay for a Higher Level of Service? A Preliminary Survey”, *Journal of Service Marketing*, 15(1)
- Tucker, S. (1966), *Pricing for Higher Profit: Criteria, Method, Applications*, McGraw-Hill, NY
- Tucker, W. T. (1964), “The Development of Brand Loyalty”, *Journal of Marketing Research*, 1
- Upah, Gregory D. (1980), “Mass Marketing in Service Retailing: A Review 64 (1)
- Walker, James L. (1995), “Service Encounter Satisfaction: Conceptualized,” *Journal of Services Marketing*, 9.
- Walsh, G. and Wiedmann, K.P. (2004), “A Conceptualization of Corporate Reputation in Germany: An Evaluation and Extension of the RQ”, *Corporate Reputation Review*, 6(4)
- Weiner, B. (1985), “Spontaneous Causal Thinking”, *Psychology Bulletin*, Vol. 97 No. 1.

- Wirtz, J. and Kimes, S.E. (2007), “The Moderating Role of Familiarity in Fairness Perceptions of Revenue Management Pricing”, *Journal of Service Research*, 9(3)
- Wong, A. and Sohal, A. (2003), “A Critical Incident Approach to the Examination of Customer Relationship Management in a Retail Chain: An Exploratory Study”, *Qualitative Market Research: An International Journal*, 6(4)
- Xia, L., Monroe, K.B. and Cox, J.L. (2004), “The Price is Unfair! A Conceptual Framework of Price Fairness Perceptions”, *Journal of Marketing*, 68(4)
- Yu, Y.T. & Dean, A. (2001), “The Contribution of Emotional Satisfaction to Consumer Loyalty”, *International Journal of Service Industry Management*.
- Yuille, J.C. & Catchpole, M.J. (1977), “The Role of in Models of Cognition”, *Journal of Mental Imagery*, 1.
- Zeithaml V.A. (1988) “Consumer perceptions of price, quality and value: A means-end model and synthesis of evidence,” *Journal of Marketing*, 52
- Zeithaml, Valarie A., Leonard L. Berry, and A. Parasuraman (1988), “Communication and Control Processes in the Delivery of Service Quality,” *Journal of Marketing*, 52 (April)
- Zeithaml, Valarie A., A. Parasuraman, and Leonard L. Berry (1990), *Developing Quality Service—Balancing Customer Perceptions and Expectations*, New York, Free Press
- Zeithaml, V.A. and Bitner, M.J. (1996), *Service Marketing*, McGraw-Hill, New York, NY
- Zeithaml, V.A. (2000), “Service Quality, Profitability, and the Economic Worth of Customers: What We Know and What We Need to Learn”, *Journal of the Academy of Marketing Science*, 28(1)

Internet sources:

- http://www.theodora.com/wfbcurent/ethiopia/ethiopia_economy.html accessed on March 01, 2010.
- <http://www.nbebank.com/aboutus/index.htm> accessed on March 05, 2010
- http://www.wegagenbank.com.et/company_profile.html accessed on May 01, 2010.

Appendix

- Appendix A: Regression tests
- Appendix B: Questionnaire (English and Tigrigna)

A. Regression Tests

Tests to ensure the appropriateness of the regression model including heteroskedasticity test, multicollinearity test and normalization tests for the equations.

```
. reg customer satisfaction1 service quality corporate image1 price satisfaction
```

```
Linear regression                                Number of obs =      200
                                                F( 3, 196) =      56.87
                                                Prob > F       =      0.0000
                                                R-squared     =      0.4654
                                                Root MSE     =      .73676
```

customersa~1	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
servicequa~y	.6551118	.0662856	9.88	0.000	.5243872	.7858365
corporatei~1	.0260269	.0670045	0.39	0.698	.1061154	.1581693
pricesatis~n	.0235215	.0626501	0.38	0.708	.1000333	.1470762
_cons	5.23e-09	.0520965	0.00	1.000	.1027416	.1027416

```
. reg customersatisfaction1 servicequality corporateimage1 pricesatisfaction, robust
```

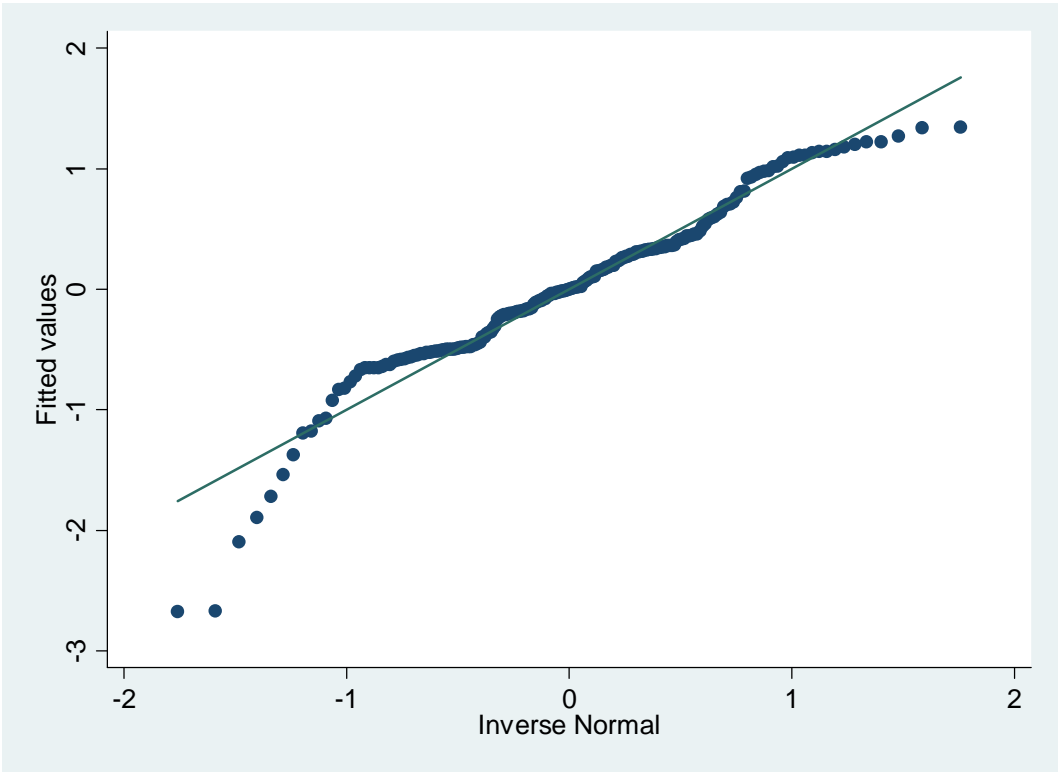
```
Linear regression                                Number of obs =      200
                                                F( 3, 196) =      64.39
                                                Prob > F       =      0.0000
                                                R-squared     =      0.4654
                                                Root MSE     =      .73676
```

customersa~1	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
servicequa~y	.6551118	.0799482	8.19	0.000	.4974426	.812781
corporatei~1	.0260269	.0675819	0.39	0.701	.1072541	.1593079
pricesatis~n	.0235215	.0710712	0.33	0.741	.116641	.163684
_cons	5.23e-09	.0520965	0.00	1.000	.1027416	.1027416

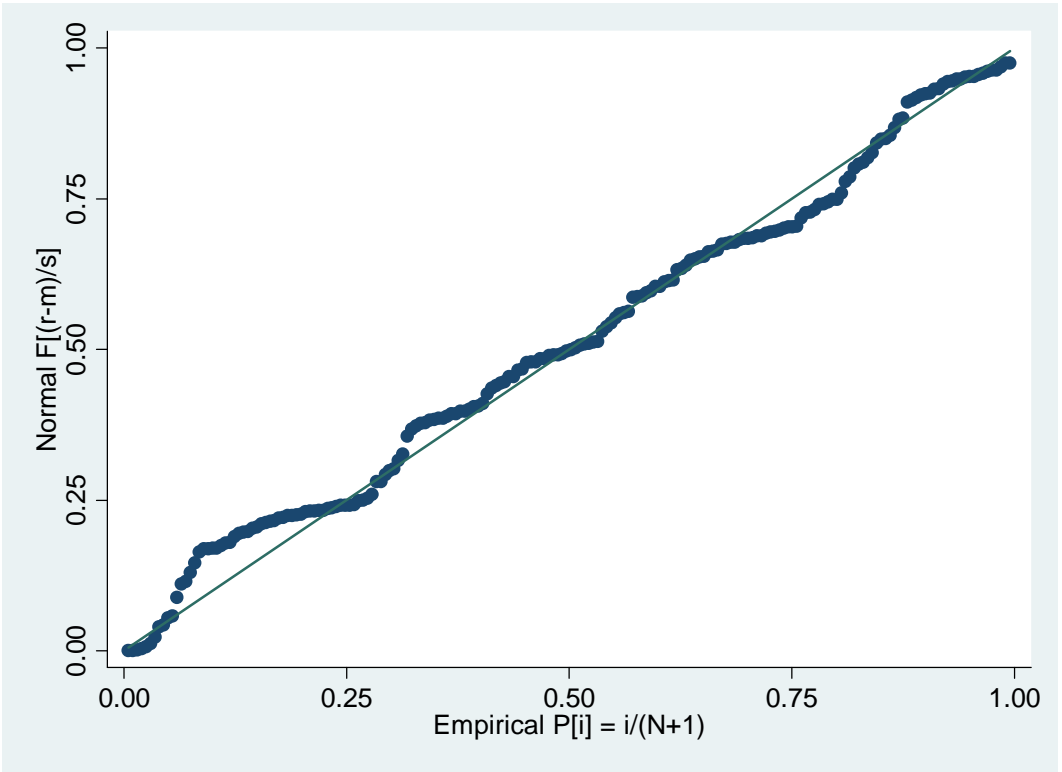
To test for multicollinearity the variance inflation factor was applied and no multicollinearity was found.

```
vif
```

Variable	VIF	1/VIF
corporatei~1	1.65	0.607555
servicequa~y	1.61	0.620804
pricesatis~n	1.44	0.694945
Mean VIF	1.57	



Q norm test



P norm test

```
reg serviceloyalty2 servicequality corporateimager1 pricesatisfaction
```

Source	SS	df	MS	Number of obs =	200
Model	97.4896962	3	32.4965654	F(3, 196) =	62.75
Residual	101.510303	196	.517909712	Prob > F =	0.0000
				R-squared =	0.4899
				Adj R-squared =	0.4821
Total	199	199	.999999998	Root MSE =	.71966

serviceloy~2	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
servicequa~y	.6400279	.0647475	9.88	0.000	.5123366 .7677192
corporatei~1	.1578445	.0654497	2.41	0.017	.0287684 .2869206
pricesatis~n	.0881801	.0611963	1.44	0.151	.2088679 .0325077
_cons	3.37e-10	.0508876	0.00	1.000	-.1003575 .1003575

```
. hettest
```

```
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
```

```
Ho: Constant variance
```

```
Variables: fitted values of serviceloyalty2
```

```
chi2(1) = 9.04
```

```
Prob > chi2 = 0.0026
```

The hetroscedasticiy test indicates there is a hetro problem. To avoid the problem the model is robusted.

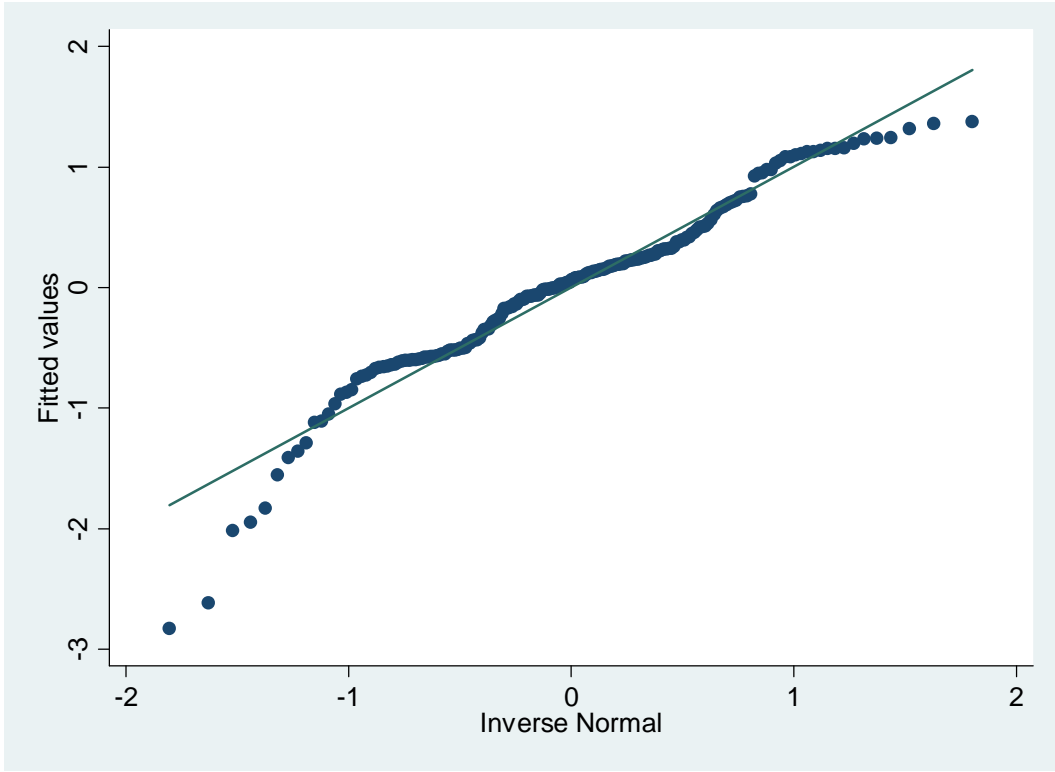
```
. reg serviceloyalty2 servicequality corporateimager1 pricesatisfaction, robust
```

Linear regression	Number of obs =	200
	F(3, 196) =	61.77
	Prob > F =	0.0000
	R-squared =	0.4899
	Root MSE =	.71966

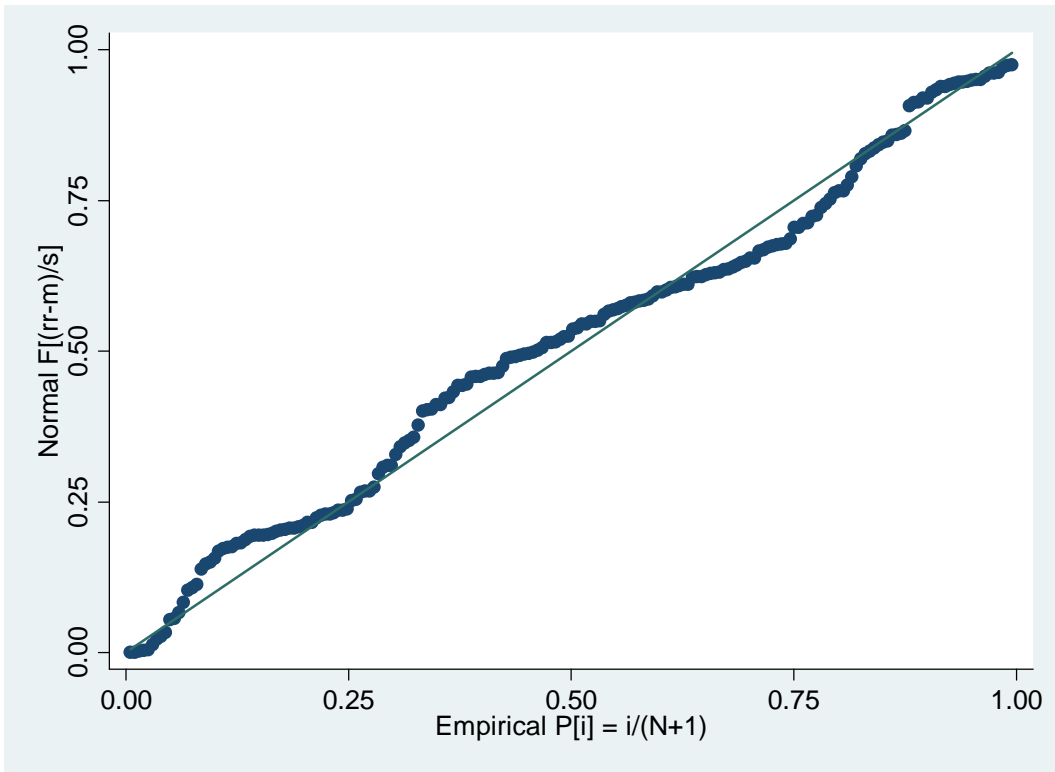
serviceloy~2	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]
servicequa~y	.6400279	.0631148	10.14	0.000	.5155567 .7644991
corporatei~1	.1578445	.0680598	2.32	0.021	.023621 .292068
pricesatis~n	.0881801	.0655943	1.34	0.180	.2175413 .041181
_cons	3.37e-10	.0508876	0.00	1.000	.1003575 .1003575

```
Vif test of multicollinearity
```

Variable	VIF	1/VIF
corporatei~1	1.65	0.607555
servicequa~y	1.61	0.620804
pricesatis~n	1.44	0.694945
Mean VIF	1.57	



Q norm



p norm

```
. reg serviceloyalty2 customersatisfaction1
```

Source	SS	df	MS	
Model	84.8631389	1	84.8631389	Number of obs = 200
Residual	114.136861	198	.576448792	F(1, 198) = 147.22
Total	199	199	.999999998	Prob > F = 0.0000
				R-squared = 0.4264
				Adj R-squared = 0.4236
				Root MSE = .75924

serviceloy~2	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
customersa~1	.6530298	.0538213	12.13	0.000	.5468933 .7591663
_cons	-2.92e-09	.0536865	-0.00	1.000	-.1058708 .1058708

```
. hettest
```

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of serviceloyalty2

chi2(1) = 39.74

Prob > chi2 = 0.0000

```
. reg serviceloyalty2 customersatisfaction1, robust
```

Linear regression

Number of obs = 200

F(1, 198) = 72.76

Prob > F = 0.0000

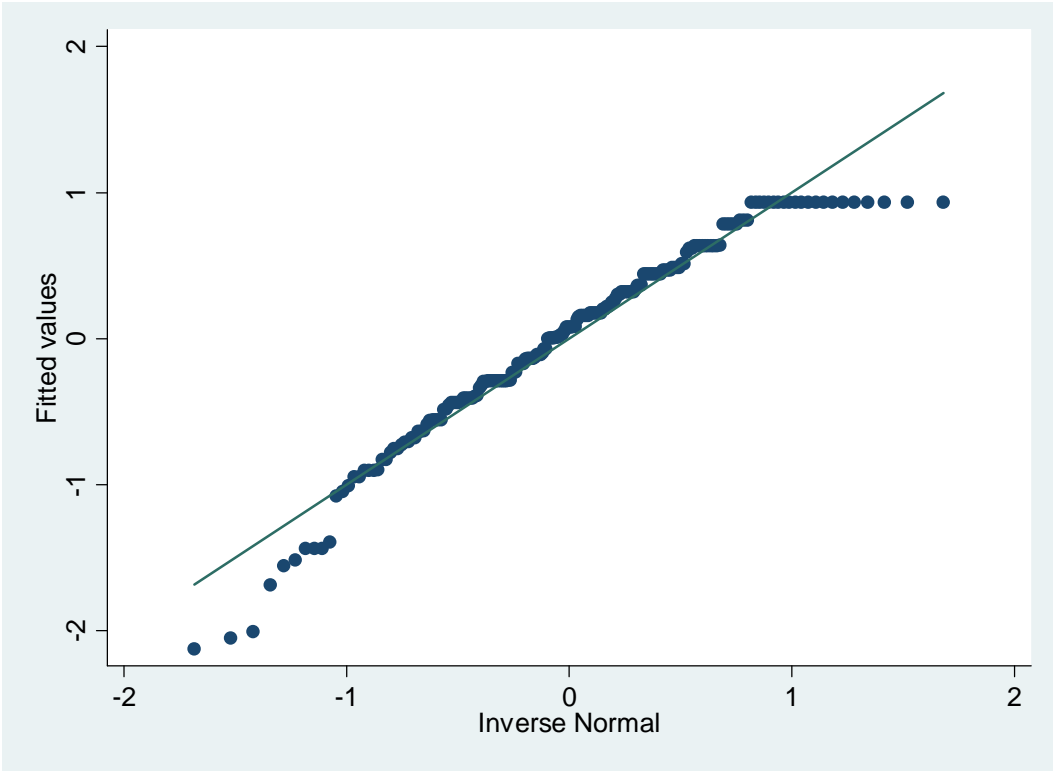
R-squared = 0.4264

Root MSE = .75924

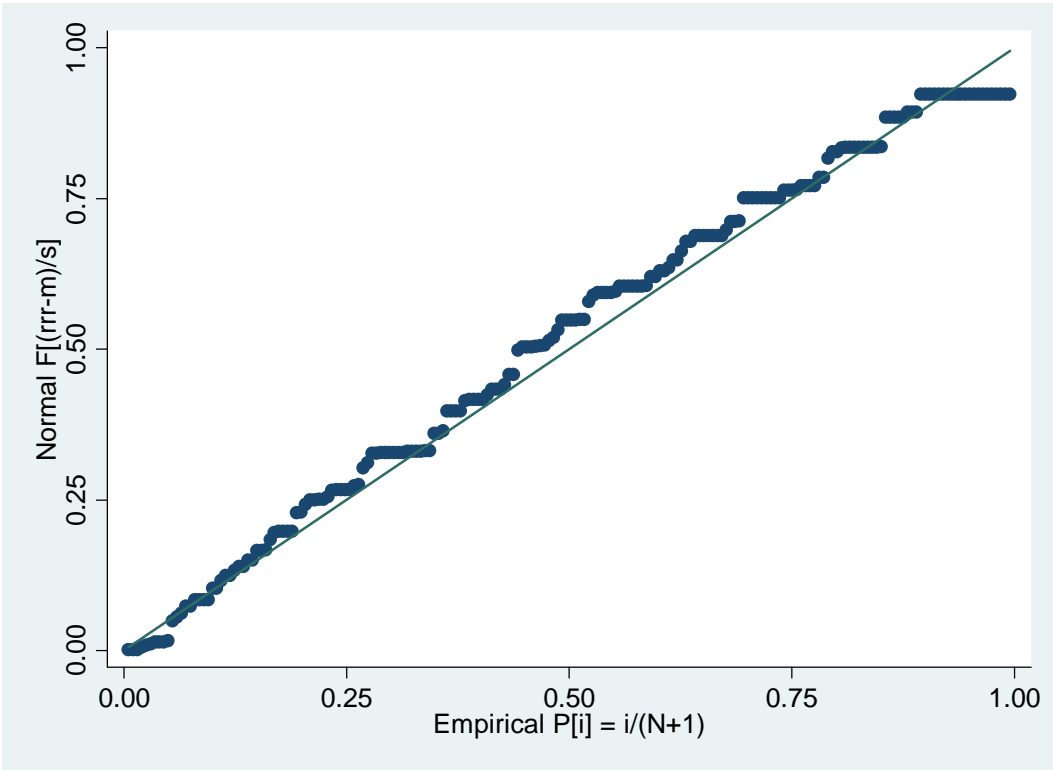
serviceloy~2	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]
customersa~1	.6530298	.0765549	8.53	0.000	.5020622 .8039974
_cons	-2.92e-09	.0536865	-0.00	1.000	-.1058708 .1058708

```
vif
```

Variable	VIF	1/VIF
customersa~1	1.00	1.000000
Mean VIF	1.00	



q norm



p norm

```
reg serviceloyalty2 servicequality corporateimagerl pricesatisfaction
customersatisfacti
> on1
```

Source	SS	df	MS	Number of obs =	200
Model	109.92432	4	27.48108	F(4, 195) =	60.16
Residual	89.0756795	195	.456798357	Prob > F =	0.0000
Total	199	199	.999999998	R-squared =	0.5524
				Adj R-squared =	0.5432
				Root MSE =	.67587

serviceloy~2	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
servicequa~y	.4160626	.074433	5.59	0.000	.2692656 .5628597
corporatei~1	.1489466	.0614908	2.42	0.016	.0276742 .270219
pricesatis~n	.0962215	.0574932	1.67	0.096	.2096098 .0171669
customersa~1	.3418733	.0655256	5.22	0.000	.2126434 .4711032
_cons	-1.45e-09	.0477911	-0.00	1.000	-.0942539 .0942539

```
hettest
```

```
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
```

```
Ho: Constant variance
```

```
Variables: fitted values of serviceloyalty2
```

```
chi2(1) = 17.76
```

```
Prob > chi2 = 0.0000
```

```
Linear regression
```

```
Number of obs = 200
```

```
F( 4, 195) = 49.56
```

```
Prob > F = 0.0000
```

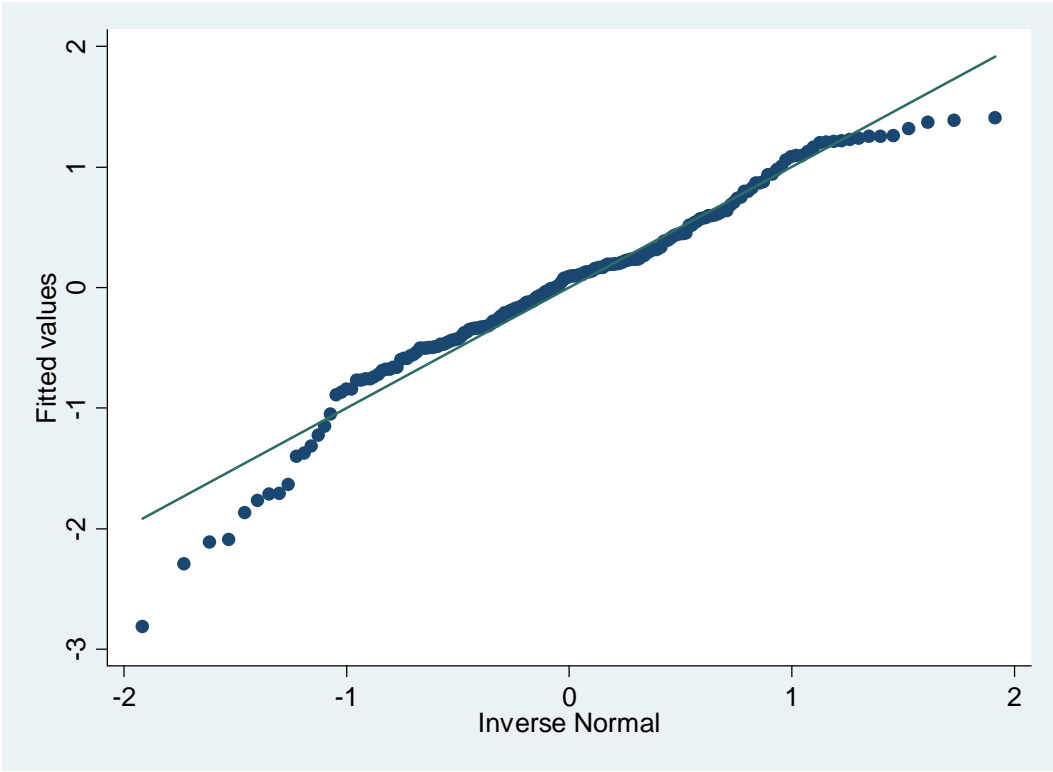
```
R-squared = 0.5524
```

```
Root MSE = .67587
```

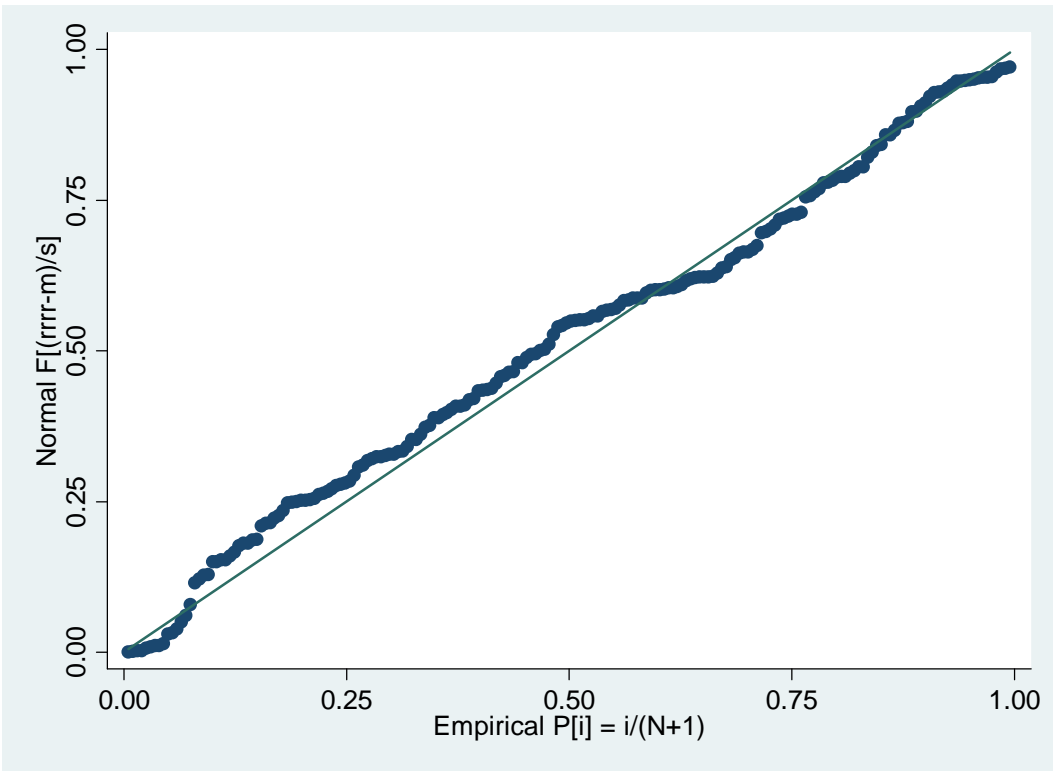
serviceloy~2	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]
servicequa~y	.4160626	.0851957	4.88	0.000	.2480393 .584086
corporatei~1	.1489466	.0630943	2.36	0.019	.0245117 .2733814
pricesatis~n	.0962215	.0638416	1.51	0.133	.2221302 .0296873
customersa~1	.3418733	.0978936	3.49	0.001	.1488072 .5349393
_cons	-1.45e-09	.0477911	-0.00	1.000	-.0942539 .0942539

```
vif
```

Variable	VIF	1/VIF
servicequa~y	2.41	0.414324
customersa~1	1.87	0.534625
corporatei~1	1.65	0.607087
pricesatis~n	1.44	0.694445
Mean VIF	1.84	



q norm



B. Questionnaires

**Mekelle University
College of Business and Economics
Department of Management**

Research Questionnaire

Dear Bank Customer:

I am an MBA student in Mekelle University. As part of my studies , I am carrying out a research on consumers' perception of services in Wegagen Bank. You have been selected to participate in this survey, and I would appreciate you for answering all the questions. Please answer the following questions **as candidly as you can!** It takes only 10-15 minutes.

Please be assured that the responses you give are for academic purposes only and don't put your name on the questionnaire. No individual answers will be analyzed. Rather, only composite information will be used.

Since the sample size of this survey is relatively small your response is extremely important.

Thank you for your assistance in providing this valuable information.

Kibrom Aregawi

Section A (Put an '✓' mark on the space provided)

1. Gender: Male
Female

2. Age group:

Below 21 years old 21 to 34 years old
35 to 49 years old 50 to 64 years old
65 years and older

3. Please indicate the highest level of education you have attained

Never been to school

Completed elementary school

Completed high school

Completed Certificate

Completed Diploma

Obtained a bachelors degree

Post graduate degree (masters or doctorate degree)

4. In an average month, how often do you conduct business with your bank each month? (*Please check only one.*)

One time or less

2 to 4 times

5 to 8 times

9 or more times

Section B

Please rank the following on a scale 1-7 to reflect your feelings and the extent to which you agree with the statements. The minimum you may rank is 1 and the maximum 7. This ranged from 1= strongly disagree, 2 = somewhat disagree, 3 = slightly disagree, 4 = neutral, 5 = slightly agree, 6 = somewhat agree to 7 = strongly agree. You may rank 1, 2, 3, 4, 5, 6 or 7. Please circle or highlight your answer in bold.

<i>Tangible</i>	Strongly Disagree						Strongly Agree
1. The bank uses state of the art technology and equipments in their service delivery	1	2	3	4	5	6	7
2. The bank's physical facilities like furniture, computers and equipment are visually appealing	1	2	3	4	5	6	7
3. The employees are well dressed and neat in appearance	1	2	3	4	5	6	7
4. The materials in the bank like the deposit slip, cheque, and other documents are visually appealing	1	2	3	4	5	6	7
<i>Reliability</i>	1	2	3	4	5	6	7
5. When the bank promises a certain service by a certain time, it does so	1	2	3	4	5	6	7
6. When customers have a problem, the bank shows sincere interest in solving it	1	2	3	4	5	6	7

7. The bank delivers its services promptly at the time it promises to do so	1	2	3	4	5	6	7
8. The bank always performs the service right the first time	1	2	3	4	5	6	7
9. The bank insists on error-free records	1	2	3	4	5	6	7
<i>Responsiveness</i>							
10. The bank employees tell me exactly when services will be performed	1	2	3	4	5	6	7
11. The bank employees give me a prompt service	1	2	3	4	5	6	7
12. The bank employees are always willing to help me	1	2	3	4	5	6	7
13. The bank employees are never too busy to respond to my requests	1	2	3	4	5	6	7

<i>Assurance</i>	Strongly Disagree						Strongly agree
14. The behaviour of employees instil confidence in me	1	2	3	4	5	6	7
15. I feel safe in all my transactions at the bank	1	2	3	4	5	6	7
16. In the bank, employees are consistently courteous with me	1	2	3	4	5	6	7
17. Employees in the bank have the knowledge to answer my questions	1	2	3	4	5	6	7
<i>Empathy</i>							
18. The bank employees give customers individual attention	1	2	3	4	5	6	7
19. The employees of the bank give customers personal attention	1	2	3	4	5	6	7
20. The employees understand customers specific needs	1	2	3	4	5	6	7
21. The bank provider has convenient operating hours to its customers	1	2	3	4	5	6	7
22. The bank has customers' best interest at heart	1	2	3	4	5	6	7
<i>Customer Perceived overall service quality</i>							
23. The bank always delivers excellent overall service	1	2	3	4	5	6	7
24. The services offered by the bank are of high quality	1	2	3	4	5	6	7
25. The bank delivers superior service in every way	1	2	3	4	5	6	7

<i>Customer Satisfaction</i>	Strongly Disagree						Strongly Agree
26. The bank completely meets my expectations.	1	2	3	4	5	6	7
27. In my view, the bank is customer-oriented.	1	2	3	4	5	6	7
28. My choice to use this bank is a wise one.	1	2	3	4	5	6	7
29. I feel absolutely delighted with the banks' services	1	2	3	4	5	6	7
<i>Behavioural intentions of customer</i>							
30. I would like to remain as a customer of the present bank	1	2	3	4	5	6	7
31. I would like to recommend the bank to friends and people I know	1	2	3	4	5	6	7
32. I will say positive things about the bank to other people	1	2	3	4	5	6	7
33. I would like to keep close relationship with the bank	1	2	3	4	5	6	7
34. I consider myself to be loyal to the bank	1	2	3	4	5	6	7
<i>Competitive Pricing (Price satisfaction)</i>							
35. Interest rate on loans is relatively lower compared to other banks	1	2	3	4	5	6	7

36. I feel the service charge that I have paid for local transfer, cheque, and account blocking is fair.	1	2	3	4	5	6	7
37. Interest earned on saving and fixed term deposits are higher compared to other banks	1	2	3	4	5	6	7
38. I will continue to patronize this bank even if the service charges are increased moderately	1	2	3	4	5	6	7
<i>Image and reputation</i>							
39. The bank is innovative and pioneering in its service delivery	1	2	3	4	5	6	7
40. The bank does business in an ethical way	1	2	3	4	5	6	7
41. To me, this bank would rank first among the other banks	1	2	3	4	5	6	7
42. The bank in its service delivery is persuasive.	1	2	3	4	5	6	7
43. Repeatedly, the performance of this bank is superior to that of competitor's one	1	2	3	4	5	6	7

Part C

1. Are you satisfied with the overall service you receive from you're the bank?

____Yes ____No

2. If no, would you consider switching to another bank? ____Yes____ No

3. If Yes, why? _____

4. If No, why? _____

5. In your opinion, what alternative measures should the bank take so as to improve the service delivery to enhance customer satisfaction and service delivery.

መቐለ ዩኒቨርሲቲ
ኮሌጅ ቢዝነስና ኢኮኖሚክስን
ክፍሊ ትምህርቲ ማናጅመንት

ፅንዖታዊ መሐተት

ዝኸበርኩም ዓማዊል ባንኪ ወጋገን መቐለ ቅርንጫፍ

እዙይ ትምህርታዊ መፅናዕቲ ኣብ ወጋገን ባንኪ ዝውሃቡ ግልጋሎታት ምስ ምርዋይን ናይቲ ባንኪ ዓሚል ምስ ምዃን ብዝተተሓዘ መንገዲ መረዳእታ ንምትእኸኻብ ክኸውን እንተሎ እቲ ዓላምኡ ድማ ኣብ መቐለ ዩኒቨርሲቲ ናይ ካልኣይ ዲግሪ መሚልኢ ፅሑፍ ንምዝግጃው እዩ።

በይዘኣም ነቶም ዝቀረብሎም ሕቶታት ብዘይምስልቻው ንክመልኡለይ ብትሕትና እንዳሓተትኩ ንዝተገብሩለይ ትሕብብር ምስጋናይ ዝለዓለ እዩ። ናይ ዝህብዎ መልሲ ምሽጥራውነቱ ዝተሓለወ ኣብ ርእሲ ምዃኑ ኣብ ባንኪ ወጋገን መቐለ ቅርንጫፍ ንዘሎ ኣዋህባ ግልጋሎት ንምምሕያሽ ስለዝሕግዝ ትክክል እዩ ኢሎም ዝኣምንሉ መረዳእታ ይሃቡ። ካብ 10-15 ደቂቕ ዝኸውን ጊዜኹም ብምሽማግይ ኣቀዲመ ዓብይ ኣክብሮታዊ ምስጋና የቅርብ።

ክብሮም ኣረጋዊ

I. ሓፈሻዊ መረዳእታ

በይዘኣም ናይ ምልክት ኣብቲ ክፍቲ ቦታ ይግበሩ

- 1. ፆታ ተባዕታይ ኣንስታይ
- 2. ዕድመ
 - ካብ 21 ዓመት ንታሕቲ
 - ካብ 21-34 ዓመት
 - ካብ 35-49 ዓመት
 - ካብ 50-64 ዓመት
 - ካብ 65 ዓመት ንላዕሊ

3. ደረጃ ትምህርቲ

- ምንባብን ምፅሓፍን ዘይክእል
- ዲግሎማ
- 1-6
- ዲግሪ
- 7-12
- ካልኣይ ዲግሪን ካብኡ ንላዕሊ
- ሰርተፌኬት

4. ኣብ ዝሓለፈ ወርሒ ውሽጢ ንክንደይ ጊዜ ዝኣከል ካብቲ ባንኪ ኣገልግሎት ረኪቦም/ብክን?

- ሓደ ጊዜን ካብኡ ንታህቲን
- ካብ ክልተ ክሳብ ኣርብዕተ ጊዜ

- ካብ ሓሙሽተ ክሳብ ሾሞንተ ጊዜ
- ካብ ትሻዓንተ ጊዜንላዕሊ

II. ካብዚይ ንተሕቲ ዝሰዕቡ ሕቶታት ስለ ባንኪ ወጋገን ኣብ ኣዋህባ ግልጋሎት ዘለዎም ርእይቶ ዝገልፁ እዩም። ነቲ ባንኪ ብትክክል ይገልፃል እዩ ዝብልዎ መግረፂ ካብ 1 ስጋብ 7 ካብ ዘለው መሪዖም ብምክባብ መልሶም ይሃቡ። /1= ፈፂኒ መ ኣይስማምዕን እንትውክል ቁዕሪ 7 ካዓ ብጣዕሚ ይስማማዕ ይውክል/

ጭቡጥ ዝኮኑ መዐቀኒታት	ፈፂኒ መ ኣይስማምዕን						ብጣዕሚ ይስማምዕ
1. እቲ ባንኪ ዝጥቀመሎም ናውቲ ሰራሕ ፍርያት ዘመናዊ ቴክኖሎጂ እዩም	1	2	3	4	5	6	7
2. እቲ ባንኪ ንዓይኒ ዝስሕቡን ምቹው ዝኮኑ መሳርሒታት ኮምፒዩተር፣ ታይፕራይተር፣ ወናብ ር ኣለውዎ።	1	2	3	4	5	6	7
3. ናይቲ ባንኪ ስራሕተኛታት ፅሩያትን ኣክዳድን ኣምን ዝተሰተኻኽለን እዩ።	1	2	3	4	5	6	7
4. ናይቲ ባንኪ ግልግሎት መውሃቢ መሳርሒታት/ በራሪ ፅሑፋትን ቅጥዕታትን ንዓይኒካ ሰሓብቲ እዩም።	1	2	3	4	5	6	7
ተኣማንነት ዝገልፁ መዐቀኒታት							
5. እቲ ባንኪ ብዝኣተዮ ቃል መሰረት ዝግባእ ኣገልግሎት ይህብ።	1	2	3	4	5	6	7
6. እቲ ባንኪ ቅሬታ ወይ ክዓ ፀገም ዘለዎም ተገልገልቲ ብዝግባእ የተኣናግድን ይፈትሕን እዩ።	1	2	3	4	5	6	7
7. እቲ ባንኪ ግልጋሎት ክህብ እዩ ብዝበሎ ግዝን ብቐልጠፍን ይህብ።	1	2	3	4	5	6	7
8. እቲ ባንኪ ንመጀመሪያ ጊዜ ዝመፀ ዓሚል ፅቡቕ ዝብሃል ግልጋሎት ይህብ።	1	2	3	4	5	6	7
9. እቲ ባንኪ ካብ ስሕተትን ጌጋን ነፃ ዝኮነ ግልጋሎት ንምሃብ ይፅዕር።	1	2	3	4	5	6	7

ምላሽ ወሃባይነት መሰረት ዝገበረ መዐቀኒ							
10. ሰራሕተኛታት እቲ ባንኪ ግልጋሎት መሓዝ ከምዝፍፅሙለይ ብትክክል የፍልጡኒ እዮም።	1	2	3	4	5	6	7
11. ሰራሕተኛታት እቲ ባንኪ ቅልጡፍ ዝኮነ ግልጋሎት ይህቡ።	1	2	3	4	5	6	7
12. ሰራሕተኛታት እቲ ባንኪ ብቅነዕ ልቦና ዓማዊል ንምሕጋዝ ድልዎት እዮም	1	2	3	4	5	6	7
13. ሰራሕተኛታት እቲ ባንኪ ንሕቶታት ዓማዊል መልሲ ንምሃብ ብፃዕቲ ስራሕ ዝተቆረኑ ኣይኮኑን።	1	2	3	4	5	6	7
ውሕስነትን ምትእምማን ዝምልከቱ መዐቀኒታት							
14. ፀባይ ስራሕተኛታት እቲ ባንኪ ኣብቲ ትካል ናይ ምትእምማን መንፈስ ንኸህልወኒ ይገብር።	1	2	3	4	5	6	7
15. ምስ እቲ ባንኪ ዘለኒ ናይ ስራሕ ረክቢ ድሕንነት ይስመዐኒ።	1	2	3	4	5	6	7
16. ናይ እቲ ባንኪ ስራሕተኛታት ንዓማዊሎም ኩሉ ጊዜ ትሑታት እዮም።	1	2	3	4	5	6	7
17. ስራሕተኛታት እቲ ባንኪ ናይ ዓማዊል ሕቶ ንምምላስ ዘኸለል እኩል ፍልጠት እለዎም።	1	2	3	4	5	6	7
ስምዒትን ድልየትን ዓማዊል ምርዳእ							
18. እቲ ባንኪ ንሕድሕድ ዓማዊል ፍሉይ ጠመተ ይገብር።	1	2	3	4	5	6	7
19. ሰራሕተኛታት እቲ ባንኪ ዓማዊል ከከም ድልየቶም የገልግሉዎም።	1	2	3	4	5	6	7

20. ስራ-ሕተኛታት እቲ ባንኪ ናይ ዓማዊሎም ድልዎትን ፈልዮም ይርድኡ።	1	2	3	4	5	6	7
21. እቲ ባንኪ ንዓማዊሎ ምቹው ዝኮነ ናይ ስራሕ ስዓት-አለዎ።	1	2	3	4	5	6	7
22. ስራ-ሕተኛታት እቲ ባንኪ ናይ ዓማዊሎ ድልዎት ምምላእ ከም መሰረሕ ይቅበሉ።	1	2	3	4	5	6	7
ዓማዊል ብአዋህባ ገልጋሎት እቲ ባንኪ ዘለዎም ሪኢቶ							
23. ብሓፈሻ እቲ ባንኪ ዝህቦ ግልጋሎት ብጣዕሚ ዕቡቅ እዩ	1	2	3	4	5	6	7
24. እቲ ባንኪ ዝህቦ አገልግሎት ዝለዓለ ዕርዮት አለዎ	1	2	3	4	5	6	7
25. እቲ ባንኪ ካብ ካልኦት ባንኪታት ዝበለፀ አገልግሎት ይህብ	1	2	3	4	5	6	7
ዕግበት ብዝምልከት							
26. ካብቲ ባንኪ ክረኽቦ ዝተፀበይክዎ ግልጋሎት ምሉእ ብምሉእ ረኽቢ	1	2	3	4	5	6	7
27. ብናተይ ሪኢቶ እቲ ባንኪ ዓማዊል ማእኸል ዝገበረ ግልጋሎት ይህብ	1	2		4	5	6	7
28. ንዝደለኹዎ ግልጋሎት እዚ ባንኪ ብምምራፀይ ውሳኔይ ትኽክለኛ እዩ።	1	2	3	4	5	6	7
29. በቲ ባንኪ ብዝረክብክዎ ግልጋሎት ካብ መጠን ብላዕሊ ዓገብ እዩ	1	2	3	4	5	6	7
ዓማዊል ብዛዕባ እቲ ባንኪ ዘለዎም ውሽጣዊ ስምዒትን ክገብርዎ ዝሓሰብዎን							
30. ናይ እዚ ባንኪ ዓሚል ኮይነ ክቅፅል ይደሊ	1	2	3	4	5	6	7
31. ዕቡቅነት እቲ ባንኪ ንመሓዙተይን ቤተሰባይን ንክጥቀሙ ይሕብረሎም	1	2	3	4	5	6	7
32. ስለ እቲ ባንኪ ዕቡቅነትን አገልጋላይነት ክናገር እዩ	1	2	3	4	5	6	7
33. ምስ እቲ ባንኪ ዝጠበቀ ረክቢ ክህልዮኒ ይደሊ	1	2	3	4	5	6	7
34. ነቲ ባንኪ እሙን ዓሚል ከምዝኮንኩ ይስመዓኒ	1	2	3	4	5	6	7

ናይ ዋጋ ዕግበት ብዝምልከት							
35. ብልቃሕ ንዝውሰድ ገንዘብ ዝኸፍል ወለድ ካብ ካልኣት ባንኪታት ብተነፃፃሪ ዝነኣሰ እዩ	1	2	3	4	5	6	7
36. እቲ ባንኪ ክፍፅመላይ ንዝደልዩ ግልጋሎት ንኣብነት ንኣዋላን ቼክን ዝመሳሰሉ ተመጣጣኒ ክፍሊት የኸፍል	1	2	3	4	5	6	7
37. ንዕቋር ገንዘብ ዝከፈለ ወለድ ካብ ካልኣተ ባንክታት ዝሓሸ እዩ	1	2	3	4	5	6	7
38. ዋላኳ እቲ ባንኪ ምጠነኛ ወሰክ ክፍሊት ግልጋሎት እንተገበረ ተገልጋላይነተይ ክቅፅል እዩ	1	2	3	4	5	6	7
ምስሊን ተቀባልነትን እቲ ባንኪ ብዝምልከት							
39. እቲ ባንኪ ሓደሽቲ ምሕዞታት ኣብ ምትእትታው ዕቡቅ እዩ።	1	2		4	5	6	7
40. እቲ ባንኪ ግልጋሎት ኣብ ምውሃብ ስነ ምግባር ብዝሓለየ መልክዑ ይፍፅም	1	2	3	4	5	6	7
41. እቲ ባንኪ ኣብ ኣዋህባ ግልጋሎት ዓማዊል ብዘቀበልዎ መልክዑ ይሰርሕ	1	2	3	4	5	6	7
42. ንዓዩይ እዚ ባንኪ ምስ ካልኣት ባንክታት እንትነፃፀር እቲ ዝበለፀ እዩ	1	2	3	4	5	6	7
43. ብተደጋጋሚ ናይ እዚ ባንኪ ስራሕ ኣፈፃፀማ ካብ ተወዳደርቲ ባንክታት ዝሓሸ እዩ	1	2	3	4	5	6	7

III.

1. ብሓፈሻ ካብ እዚ ባንኪ ዝረክቦ ግልጋሎት ኣዕጊቡኒ ኢሎም ዶ ይሓስቡ?

እወ ዓጊበ ኣይፈሉን

2. ንቁፅሪ 1 መልሶም ኣይዓገብኩን እንተኮይኑ ናብ ካሊእ ባንኪ ክቅየሩ ሓሳብ ኣለዎም ዶ?

እወ የብለይን

3. **ንመልሶም እወ እንተኮይኑ ንምንታይ ?**

4. **መልሶም የብሉይን እንተኮይኑ ንምንታይ ?**

5. **ብናቶም/ብናተን ኣረኣእያ፣ ባንኪ ወጋገን እቲ ዝህበ ግልጋሎት ንምምሕያሽን ዕግበት ግግዊሉ ንምርዋይን እንታይ ክገብር ኣለዎ ይብሉ።**

ንዝተገበረለይ ምትሕብባር ኩሉ ካብ ልቢ የመስግን!!