



Wolkite University
College of business and economics
DEPARTMENT OF MANAGEMENT

**FACTORS AFFECTING CUSTOMER BRAND
LOYALTY IN WOLKITE PRIVATE
BANKING SECTOR**

**A RESEARCH PAPER SUBMITTED TO THE DEPARTMENT OF
MANAGEMENT IN PARTIAL FULFILLMENT FOR THE
REQUIREMENT OF BA DEGREE IN MANAGEMENT**

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ABSTRACT

Customer loyalty is one of the most important issues organizations face today. Considering highly competitive, complex and dynamic environment of the banking industry together with slight differences which exist in financial products and services, brands become a key differentiator to enable the bank to gain a competitive advantage in the industry. Accordingly, it has become increasingly important for the banks to identify the factors that keep their customers brand loyal to them. Therefore, the present study focuses to comprehensively identify and measure the most important determinants of the brand loyalty in wolkite private banking industry. To meet the purpose of the study, statically descriptive, quantitative survey method is used. The population in this research consist only individuals who have experience using banking services in any one of the wolkite private banks. Considering the large population of bank service users, a simple random sampling method is used to collect data in view of time and cost constraints and a sample size of 99 is selected from the defined target population accordingly. The data collection process is done using self-administered questionnaire filled by customers and it has taken place in different branch premises of the selected banks. A three page standardized survey questionnaire was employed. Descriptive analysis, are used for purpose of analyzing the data. Finding of factor analysis revealed that all the identified influences as true influences of brand loyalty and most of the statements selected for each influence were indeed valid. The study showed that there is a positive relationship between almost all of the variables considered under the study. The percentages of responses for each question confirm that effect of culture, switching cost and relationship Propones are less important factors and they have week influence on Brand loyalty of banking customers whereas Perceived Value, Repeat Purchase Involvement are important factors and has a strong influence on Brand loyalty of banking customers but brand trust and customer satisfaction are the key factors. Given the findings, it is recommended that management should focus their managerial actions on the more important brand loyalty influences first, once these render the best results, managerial input can focus on those influences of lower importance.

Key Words: *Brand Loyalty, Loyalty Influences, privet Banking Industry, factors analysis*

CHAPRTE ONE

1. INTRODUCTION

1.1 Background of the Study

The success of a firm depends largely on its capability to attract consumers' towards its brands. In particular, it is critical for the survival of a company to retain its current customers, and to make them loyal to the brand. Brand loyalty has been a one of the biggest issues in the world of marketing over the last years (Kotler, 1994). Added focus was put on the topic once marketers realized that brand loyalty has a strong connection to higher sales volumes, gives companies the option of premium pricing, and encourages the customers to search for their preferred brand (Giddens & Hoffman, 2002). Another factor contributing to stronger focus on brand loyalty is the fact that it can cost up to six times as much to win over a new customer as it costs to retain an already existing one (Kapferer, 1992). Loyal brand users do not only spread positive word of mouth about their preferred brand as well as defending the brand in arguments and discussions, but also often talk competitive brands down. This suggests that brand loyalty to one brand not only influence the brand positively, but also possibly have negative effects on the competitive brands (Raju, 2009). According to Aaker (1991), brand loyalty is one of the factors that create brand equity. When it comes to brand loyalty, Aaker also states that just by having an intensely loyal customer base, even though it is relatively small, can create significant brand equity for a firm. Kandampully (2000) argued that the ability of a company to create, maintain and expand a large and loyal customer base over a longer time period is crucial to attain and sustain a premium position on the market.

The economic liberalization of the financial sector started in 1991 in Ethiopia laid a foundation for the formation and expansion of private banks. This coupled with rapid technological advancement and improved communication systems, have contributed for the private banking industry to growing in size, resources and capabilities and each bank is trying to improve its competitive position by offering a variety of services to meet customer needs and expectations. The Ethiopian private banking industry is flourishing and this can be evidenced by the financial results of the industry for the fiscal year 2012-2013.

The industry has enjoyed high growth, high profits, and high dividends. Even in the middle of various challenging situations, all key areas of the banking operations; collecting deposits, providing loans and foreign exchange dealings have showed growth. Currently, there are nineteen banks in Ethiopia of which sixteen are privately owned banks. In the highly competitive, complex and dynamic environment of the

banking industry, the very slight differences which exist in financial services and products together with an increasingly demanding customer, brands become a key differentiator to enable the bank to gain a competitive advantage in the industry (Silver & Berggren, 2009). Therefore, it has become increasingly important for the banks to identify the factors that keep their customers brand loyal to them.

In this regard, the basic aim of this study is to identify and measure the most important factors which affect customers brand loyalty in the private banking industry of wolkite. In order to do this, previous studies were reviewed to identify more factors that can be considered in banking industry. Finally the researcher learnt that the factors which was identified by Ahammed Molla (Moolla, 2010) is comprehensive, complete and latest. Therefore the present study was focus to identify and measure the determinant factors of brand loyalty through the use of a measuring factors identified by Moolla (Moolla, 2010).

1.2. Statement of the Problem

Customer loyalty is one of the most important issues organizations face today. Creating loyal customers has become more important due to significant increase in competition and highly concentrated markets. Businesses are trying to attract and satisfy customers and to build long-term relationship through building loyalty among customers (**Gremler, 1996**).

Developing a network of loyal and satisfied customers is critical for the survival of many corporations (Kotler, 2004). In this regard, branding is used to establish a competitive position by addressing one of the purposes of branding i.e. repeat sales or loyalty (Lamb, 2008). Managers have recognized the importance of brand loyalty and have discovered the benefits of retaining customers rather than seeking new ones.

Firms including commercial banks have recognized the importance of brand loyalty as strategic competitive tool (Kotler and Keller 2006).

The Ethiopian private banking industry has become more competitive and challenging from time to time. This is due to the result of factors such as; government imposition of obligatory regulations on private banks, government sponsored rivalry action of governmental banks mainly through Commercial Bank of Ethiopia and the increase in number of private banks. The competition becomes stiff especially in the area of local deposit and foreign exchange mobilization. Due to the intensive marketing efforts made by competing private banks, the tendency of consumers to switch banks increased and customers are becoming less loyal than before. Hence, private banks are now began to comprehend creating of loyal customers becomes vital to the long-run profitability and ultimate survival. In the interest of building

healthy, long-term, mutually profitable and satisfying relationships, bankers need to understand the factors which contribute for the creation of loyal customers and the degrees of loyalty that exist among customers in order to design marketing activities that can address the loyalty gaps, carrying out those tasks is ongoing process.

In this research context there is no previous research work on the subject area of factors that affecting customers brand loyalty in wolkite private banking sector. Therefore, the present study is focus to comprehensively identifying and measuring the most important determinants of the brand loyalty in wolkite private banking sector.

1.3 Research Questions

The study is aims to find answers for the following research questions.

- ✓ What are the key factors elements of brand loyalty in wolkite private banking industry?
- ✓ What are major factors can affect brand loyalty of consumers towards privet bank brands?
- ✓ Is there any relationship exist between the factors that affect brand loyalty of bank service users?

1.4 Objectives of the Study

The overall objective of the study is to identifying and investigate the main factors that can affected brand loyalty of bank customers in wolkite private banking industry by applying the factors identified of brand loyalty developed by Moolla (Moolla, 2010).

1.4.1 Specific Objectives

- ✓ To identify the key factor element of brand loyalty in wolkite private banking industry;
- ✓ To measure the effect of factors which affect brand loyalty of consumers towards bank brands
- ✓ To identify the relationships that exist between the factors that affect brand loyalty of bank service users.

1.5 Significance of the Study

This research is intended to test whether the bank customers are satisfied with the services provided to them, which is eventually lead to loyalty. Thus, the research is help close the gap by providing empirical information on how to choose a bank service provider and the factors which can affect a consumer's decision to stay or leave that provider. By doing so, rendered information is provided guidelines for service providers to help develop appropriate marketing strategies in order to satisfy their current customers and attract new ones.

By examining different bank in other sides of country the one should benefit in this study to better understand loyalty and factors affecting it. This study is initially address the literature related to the primary construct under study. Therefore, the finds of this study could add to the existed body of the literature and could serve as a starting point on which future studies could be built.

1.6 Scope the Study

This research is focus on factors that could affective\customers brand loyalty in wolkite privet banking sector. The banks is included in this research were privet banks in the wolkite town. The research intended to test whether the privet banks customers are satisfied with the services provided to them, which is eventually lead to loyalty, to done this simple random sampling was applied, Since this research is confined to the private banking industry; the population consist only individuals who have experience of using banking services in any one of Wolkite private banks

1.7 Organization of the Paper

This research is consist of five chapters. The first chapter is deal about introductory part. The second chapter focused on the review of related literature. The third chapter is be the research methodology and design. The fourth chapter is concern about analysis and interpretation of the data and the last chapters is contain summary, conclusion and recommendation of the study in addition to this the study is concluded reference and appendix at the end of paper page.

1.8 Research Ethical Considerations

In order to complete a research successfully cooperation from participants is found essential. As a result the respondents need to be treated with respect and honesty. Moreover the information gathered from the survey is confidential which means that information supplied in confidence would keep and closed transfer directly to third parties.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Chapter Overview

Brand loyalty is affected by several factors. This literature review tries to determine and elaborate factors which affect brand loyalty in the private banking environment.

2.2. Theoretical review

Loyalty can be equated with the mother of all profitability engines. If loyal customers are happy customers, then it is likely they are unpaid ambassadors for a company, spreading the word on how wonderful it is to do business with the company. That saves the company real money in reduced customer acquisition costs. Customers also value their relationships with their branded possessions and with marketing agents and institutions that own and manage the brand and as such announce the value of the brand to family, friends, social groups and work colleagues (Aaker, 1996).

2.3 What is Brand?

A brand can be defined as a distinguishing name and/or symbol, intended to identify a product or producer (Aaker, 1991). The American Marketing Association defines the term a little deeper and states that a brand is a customer experience represented by a collection of images and ideas; often, it refers to a symbol such as a name, logo, slogan, and design scheme. Brand recognition and other reactions are created by the accumulation of experiences with the specific product or service, both directly relating to its use, and through the influence of advertising, design, and media commentary. A brand often includes an explicit logo, fonts, color schemes, symbols, sound which may be developed to represent implicit values, ideas, and even personality” (AMA’s homepage, 2013).

Brand is the image of a product in a market. Two different aspects of a brand can be distinguished; the experiential aspect and the psychological aspect. The experiential aspect touches on all previous experiences that an individual has had with the brand before. The psychological aspect refers to the perceived image of a brand, something subjective and symbolic (Broyles & Schumann, 2004). A company’s brand and the image surrounding it can be the main source of its competitive advantage. Therefore it is a valuable strategic asset. It is important to create not only a brand identity, but a brand personality. Otherwise a brand can easily be passed over, especially in these days where information is overflowing all around us. This brand personality should portray something greater than just a set of

different product or service attributes that can easily be imitated. A brand needs to be easily identifiable in order to penetrate the minds of consumers and to be rerecognized. To sum it up, a brand is not just a representation of a product or a service; it is a symbol of the company itself, and that is where the core of brand loyalty lies (Kotler, 1994).

2.4 Brand Loyalty

Customer loyalty to specific brands has been a big focal point of strategic marketing planning over the last years (Kotler, 1994). Strong brand can only exist given that it has a strong supply of brand loyal customers. Today this is considered to be an obvious fact, but this only first surfaced in the early 1980's. Before that time, companies mainly focused on trying to steal customers from their competitors and constantly get more customers. After this fact got the attention that it deserved, the focus shifted towards keeping already existing customers. This has become more and more important strategy since now in the times of countless offers, buyers tend to jump from one brand to the next (Kapferer, 1992). It can cost up to six times as much to gain a new customer compared to what it costs to retain an existing customer. On top of that, various studies indicates that depending on the industry, there is a possibility to increase profits up to 60% after reducing customer migration by a mere 5%. Therefore, one of the main focuses of marketers in companies should be to create loyalty in order to create customer retention. (Kapferer,1992)

2.4.1 Brand Loyalty Definitions

Brand loyalty refers to the extent of faithfulness of consumers to a particular brand. Brand loyalty is most commonly expressed through repeat purchases, irrespective of marketing pressure generated by competing brands (Jacoby &Chestnut, 1978).Oliver (1999) also defines loyalty as a deeply held commitment to repurchase or repertories a preferred product/service consistently over time, despite situational influences and marketing efforts that might have the potential to cause switching behavior. Brand loyalty has been described as a behavioral response and as a function of psychological processes (Jacoby &Chestnut, 1978).

Brand loyalty is closely connected to brand equity because the more loyal the consumers are to the brand, the higher the value of the brand can be estimated (Aaker, 1991). Brand loyalty can qualitatively be distinguished from the other dimensions of brand equity because it is attached closer to the experience factor. Although purchase and use experience are basic factors in brand loyalty, the loyalty of a customer is also influenced by other dimensions of brand equity (Aaker, 1991).

Aaker (1991) pointed out that brand loyalty is a variable having different level of strengths depending on a particular customer. Switchers are the customers, who keep on changing brands due to low switching

costs. Habitual buyers are the people who have a habit to buy the same brand repeatedly, but do not have an emotional attachment with the product. Satisfied customers are the people who are loyal to a brand because it continuously satisfies their needs and wants (Aaker, 1991). Likes have an emotional attachment with the product and committed customers are at the top of the pyramid. These people share strong commitment and trust with the brand and value this attachment.

According to Oliver (1999) there is a social connection between the customer and brand. This social connection helps in development of the loyalty and satisfaction of the customer towards the brand. Oliver (1999) carried out a research indicating that satisfaction plays an important role in brand loyalty; however other factors like quality, customer's interest in the brand and social connection between customer and brand also important factor for brand loyalty development.

Dick and Basu (1994) suggest that brand loyalty favors positive word of mouth and greater resistance among loyal customers to competitive strategies. Obviously such findings encourage marketers to build and maintain brand loyalty among customers. When striving for such goals, information on factors determining the creation of brand loyalty among customers becomes an important matter. Maintaining brand loyalty remains the ultimate goal of a marketer. Brand loyalty is the consumer's conscious or unconscious decision, expressed through intention or behavior, to repurchase a brand continually. It occurs because the consumer perceives that the brand offers the right product features, image, or level of quality at the right price. Consumer behavior is habitual because habits are safe and familiar. In order to create brand loyalty, advertisers must break consumer habits, help them acquire new habits, and reinforce those habits by reminding consumers of the value of their purchase and encourage them to continue purchasing those products in the future.

2.3.2 Brand Loyalty Concepts

Kumar and Datta (2006) stipulates that brand loyalty is indicated when the consumer deliberately chooses a brand from a set of alternative brands. The consumer does not go through a decision process to select a brand when he/she is brand loyal. Though there is a great deal of similarity/overlap between habit and loyalty, the repeat purchase made out of convenience can be classified under habit whereas a purchase made out of commitment is loyalty.

2.3.2. Brand loyalty expressed over time

An incidental bias towards a brand does not guarantee brand loyalty (Kumar and Datta, 2006). As the process is dynamic, some consistency is needed during a certain time span. This suggests that one should not only consider the number of times a specific brand is purchased during that period, but also the

purchase pattern over successive purchase occasions. As such, one can distinguish partially loyal behavior from completely (none) loyal behavior.

2.3.2. Brand loyalty as a decision-making unit

Brand loyalty is defined by the purchase pattern of a decision-making unit which may be an individual, a household or a firm. Important to note is that the decision unit does not have to be the actual purchaser. For example, the purchases of household goods are often made by one of the parents, but other members of the household may also be involved in the decision process. This issue becomes important when the members of a household have different product needs and use goods for different purposes. This usually results in switching behavior on the household level which represents different needs or usage purposes by different family members rather than an absence of brand loyalty (Anderson and Srinivasen, 2003).

2.3.2. Selection of brands

The fifth condition is that one or more brands are selected out of a set of brands. This condition implies that consumers may actually be loyal to more than one brand (Rungie & Lockshin, 2007). Especially for low involvement goods, the consumer often does not evaluate brands on a continuous scale, but classifies them discretely as acceptable or unacceptable. However, evaluation is done on a continual basis because of the high involvement. If more than one brand is acceptable, an individual might be indifferent between them and exhibit loyalty to a group of brands rather than to a single brand. A problem with multi-brand loyalty is that it is hard to distinguish this kind of behavior from brand switching, especially if there are only a few brands available. This suggests that an individual who buys brand A and B with the purchase sequence ABBABAAB may be defined as a multi-brand loyal consumer if more than two brands are available. But if only brands A and B can be selected, the behavior can be interpreted as brand switching, since every brand available is used regularly. In selection of brands, in order to have brand loyalty, there must be an opportunity to choose among alternatives. Before one could speak of brand loyal, one must have the opportunity of being disloyal. As such, brand loyalty cannot exist when a brand has a monopoly position. The determination of the product category therefore becomes of major importance (Rungie & Lockshin, 2007).

2.5 Benefits of Brand Loyalty

Firms selling brands with a high rate of loyal consumers reduce the marketing costs of the firm (Levins, 2009). Brand loyal consumers reduce the marketing cost of the firm as the cost of attracting a new customer. Levins, claim that the cost of seeking new customers is about six times higher than the cost of retaining an old one. Similarly, Holt (2008) confirms that as costs escalate, credit access shrinks and competition increases, a strong and resilient brand is the solution for obvious competitive advantage (Holt, 2008). Holt (2009) state that loyal customers translate into lower marketing costs and increasing

revenue over a customer's lifetime relationship with a company. Patterson(2007) asserts that many firms are beginning to shift their marketing focus from new customers to existing customers in an attempt to secure a cohort of brand loyal customers to first ensure sustainability.

Brand loyal consumers are willing to pay higher prices and are less price sensitive Brand loyalty also provides the firm with trade leverage and valuable time to respond to competitive moves (Aaker, 1991). In sum, loyalty to the firm's brands represents a strategic asset which has been identified as a major source of the brands' equity.

The following have been identified as the most common benefits from brand loyalty:

2.5.1 Higher sales volume

The average company loses half of its customers every five years, equating to a 13% annual loss of customers. This statistic illustrates the challenges companies face when trying to grow in competitive environments. Achieving even 1% annual growth requires increasing sales to customers, both existing and new, by 14%. Reducing customer loss can dramatically improve business growth and brand loyalty which leads to consistent and even greater sales since the same brand is purchased repeatedly (Giddens, 2010).

2.5.2 Premium pricing ability

Studies show that as brand loyalty increases, consumers are less sensitive to price changes. Generally, they are willing to pay more for their preferred brand because they perceive some unique value in the brand that other alternatives do not provide. Additionally, brand loyalists buy less frequently on cents-off deals – these promotions only subsidize planned purchases (Aaker, 1996).

2.5.3 Retain rather than seek

Brand loyalists are willing to search for their favorite brand and are less sensitive to competitive promotions. This inelasticity results in lower costs for advertising, marketing and distribution. It is easier to reinforce behaviors than to change them and the sale is just the beginning of an opportunity to turn the purchaser into a loyalist. It costs four to six times as much to attract a new customer as it does to retain an old one. (Giddens, 2010)

2.5.3 Creating perceptions

Price premium creates the perception of quality. It follows the age-old axiom of “you get what you pay for”. Price and quality of a product are two of the most important strategic variables within the marketing mix. A thorough knowledge of their interdependence is not only valuable for the product manager who sets prices and determines product design. In some instances, it can also help those consumers who might take price as an exclusive or additional cue for evaluating the quality of a product. There is a tendency

among consumers to associate higher prices with higher quality. This notion that consumers use price as an exclusive or additional variable to predict product quality could be empirically confirmed in many experimental studies.

It should be noted, however, that the importance of price in the consumer's decisionmaking process does also to a large extent depend on situation (that is search time) and consumer-related (that is familiarity with products or brands) factors. (Gregg and Walczak, 2010)

2.5.4 Increased usage and spending

Perceived quality has been shown to positively affect customer usage. Consumers tend to select brands they perceive to be quality brands. This also connects to repeat buying or brand loyalty. Consumers tend to continue buying brands that reward them with a good experience versus repeating the evaluation process time after time (Aaker, 1996). For example, a customer who repeatedly stays at the same hotel becomes more familiar with the hotel's full product line, such as gift shops and banquet rooms. And that customer will be likely to sample other product lines of the company, thus helping the company achieve a larger share of customers

2.5.5 Financial benefits

The advantages of customer loyalty are long-term and cumulative. The longer a customer remains loyal, the more profit a business can get from that single customer. The results of research conducted by Giddens reveal that positive financial benefits can be attained through customer loyalty (Giddens, 2010).

2.5.6 Customer acquisition

Brand building plays a central role in customer acquisition in that high equity brands attract and retain customers much more easily than new or low equity brands. This fact alone explains the high speed at which high equity brands captures market share (Giddens, 2010).

2.5.7 Enhanced return

Loyal customers are inclined to buy more types and more volume of products and services from their preferred brand, thereby generating an enhanced return over the life of the relationship. Financial benefits are actually experienced through customer spend over their lifetime.(Aaker, 1996).

2.5.8 Strategy for reducing ongoing expense

Loyalty can be a strategy for reducing ongoing expense. A company that is retaining customers is one that can, in theory, reduce its investment in customer replacement. By closing the proverbial hole in the bottom of the bucket through which customers leak out, the company can improve profitability substantially. There is an increase in the number of companies concentrating their efforts on customer retention. Attributes to the increase in retention strategies are to the following reasons: there is increasing

intensity in competition; Customers are becoming more promiscuous; the cost of customer acquisition is higher than customer retention; and it makes business sense to focus on existing customers. (Giddens, 2010).

2.5.10 Lower price elasticity

Customer loyalty can be associated with lower price elasticity and willingness on behalf of the customer to pay more for the privilege of doing business. Higher margins, almost always drop to the bottom line. Brands with a high level of brand loyal customers experience lower price elasticity as customers accept the price they pay for the brand name and brand association. Some studies indicate that price reductions have actually had a negative result in sales due to the disapproval of brand loyalists (Aaker, 1996).

2.5.11 Referrals

Loyalty can be equated with the mother of all profitability engines. If loyal customers are happy customers, then it is likely they are unpaid ambassadors for a company, spreading the word on how wonderful it is to do business with the company. That saves the company real money in reduced customer acquisition costs. Customers also value their relationships with their branded possessions and with marketing agents and institutions that own and manage the brand and as such announce the value of the brand to family, friends, social groups and work colleagues (Aaker, 1996).

The study by Moolla (Ahmed Ismail Moolla, 2010) identified twelve major influences that are important influences of brand loyalty. A measurement questionnaire for brand loyalty has been developed. The twelve influences identified are:

2.5.12 Customer satisfaction

Customer satisfaction is the result of purchase expectation and post purchase experience comparison with incurred cost (Serkan & Gökhan, 2005). The customer might have high, low and no expectation. It is also depends on the importance of brand as well as the cost. If the expectation for brand/product performance is high, post purchase experience will determines customer satisfaction even if the customers are low cost conscious. Customer satisfaction can be overall satisfaction (Serkan &Gökhan, 2005). Overall satisfaction is the result of accumulative experience and encounter rather than specific satisfaction or dissatisfaction, which has longitudinal by nature (Serkan &Gökhan, 2005). Overall customer satisfaction is longitudinal, so a customer's response is cognitive. Serkan &Gökhan (2005) states that customer satisfaction is “customer’s psychological response to his/her or her positive evaluation of the consumption outcome in relation to his/her expectation”. Satisfaction is a subjective evaluation of the consumption experience. The argument is based on disconfirmation satisfaction theory. The theory state that customer evaluation of product/brand is based on comparison between expected performances with actual performance.

Disconfirmation theory of satisfaction has conceptualized as expectation, performance, disconfirmation and satisfaction (Jensen & Hansen 2006).

Expectation indicates the customers anticipated performance. There are various expectation indicators that customers might expect from brand performance. Customers might expect brand provide functional or other expectation, but that depends on customer's interest. Although all customers might not be able to list out the entire possible brand benefits due to the fact that customers might have little awareness or motivation to do so (Jensen & Hansen 2006).

Their brand performance rating is based on the attributes' that they are familiar with or the attributes that customers want to have from the brand. Performance is how the product or brand carries out the intended purpose or operating character .It is highly influenced by customer expectation (Jensen & Hansen, 2006).

Brand performance is a baseline for comparison with the customer expectation. Brand performance might exceed, meet or below expectation. The performance criteria are highly based on tangible and intangible's brand attributes. Brand specific performance attributes include hardware, software, stylishness or other attributes. Hardware refers physical components of the technology. That can be anything physically handled i.e. Keyboard, camera, screen etc. Software refers operating systems that run on the system, i.e iTunes, GPS etc. Stylishness refers the outlook of the object. i.e weight, size, shape, design, color etc., Encyclopedia Britannica Online. Disconfirmation is the variance between prior expectation and actual performance (Jensen & Hansen 2006). Customers might have positive or negative disconfirmation of their experience. Positive disconfirmation indicate performance exceed expectation, while negative disconfirmation indicate performance less than anticipated expectation. If the consumers have no previous experience with alternative brands, they might be less motivated to compare the difference between expectation and performance; it is hard for them making any meaningful comparison (Jensen & Hansen, 2006). However, individual consumption experiences determine the outcome of satisfaction or dissatisfaction (Rodoula Tsotsou, 2005).

Customer consumption experience rated based on individual attitude on continuum range, very dissatisfied to very satisfied.

Why is important to study customer satisfaction? Satisfied customer will be more inclined to stay with service provider or using the same brand in the future, however, dissatisfied customers are willing to search alternative brand information. Rodoula Tsotsou (2005). stated that “a dissatisfied customer is more probable to search for information on alternatives and more likely to yield to competitor overtures than is a satisfied customer. According to Hill & Alexander (2006) “It is far less costly to keep the

existing customers than it is to win new ones up". In supporting previous argument Hill & Alexander (2006) state that customer satisfaction one way of measuring organization and product performance in a competitive marketplace "customer satisfaction is a measure of how your organization totals product performance in relation as a set of customer requirements." Satisfied customers have high probability remain to use the existing company product or brand as compare to dissatisfied customers, who are willing to search information about alternative product or brand. Numerous empirical studies on goods and service markets support customer satisfaction influence loyalty positively (Youl & Joby, 2010). However, satisfaction is a necessary condition to customer loyalty, but not it is sufficient condition. Even if customers are satisfied with the brand, sometime they switch to other brands. Brand loyalty is a deeply held positive attitude combine with repeat purchasing behavior (Youl & Joby, 2010). Only those satisfied customers will have a positive attitude and repeat purchasing behavior. It is hard to conceptualize dissatisfied customers might have a high positive attitude, and even if they show repeats purchasing behavior in situations where there is no alternative brand to substitute or high switching cost (Youl & Joby, 2010).

Brand satisfaction is one factor that influences brand loyalty (Youl & Joby 2010). The more the customer satisfied with the brand the more they are willing to use the same brand in the future. (Feick and Lee, J, 2001). stated that high level satisfaction strongly correlated with increase brand loyalty.

2.5.13 Switching Costs/Risk Aversion

Switching cost is cost incur by a customer when they decide to switch to another brand.

The cost might be one time, which includes financial and non financial (Burnham & Mahajan, 2003). According to them, the cost includes" searching cost, transaction cost, learning cost, customer habit, emotional cost, cognitive effort, coupled with financial, social and physiological risk of part of the buyer." Searching cost might include time and an effort made in searching information and comparing alternative brand quality, price, serviceability, product warranty and other brand offering from competitive brand (Burnham & Mahajan, 2003).

The economic cost is sunk cost and progressive cost. Sunk cost is the one-time purchase cost incurred by customers, which is paid at the beginning of brand purchase and one time sum payment. Progressive cost is an additional cost incurred by customers when they update functional system and repair. The sunk costs and progressive costs increase switching costs because it increases customers' investment on a brand (Burnham & Mahajan, 2003).

Learning cost usually stated as the effort and energy put by customers to learn new setting and feature. Learning progress depends on customer skill and the complexity of brand. The more complex to learn a

brand is the more time-consuming to get used to a new setting and procedure. Long procedural learning might frustrate customers and they hesitate to change brands.

Social and physiological risk also factor to switching cost. Customers' perception about brand switching might affect social status (Burnham & Mahajan, 2003). If a brand glorify/undermine social states, the high / low probability the customer will show switching tendency. Customers might fear they might not end up using the new brand which is considered as less worthy among friends and family members (Burnham & Mahajan, 2003). Physiological risk is uncertainty associated brand when customers were not sure about brand quality and performance in advance (Burnham & Mahajan, 2003). Switching cost has some advantage to a firm, because it has a direct effect on brand loyalty, they stated that higher the switching cost reduces customer sensitivity to price and satisfaction level. Switching cost makes customers less likely to switch to another brand (Feick and Lee, J, 2001). They state that even if the customers are dissatisfied, they will keep using the brand due to high switching cost. The higher switching cost reduces information searching for alternative brands.

2.5.14 Brand Trust

Trust has been defined as the willingness to rely on an exchange partner in whom one has confidence or confidence in an exchange partner's reliability and integrity (Morgan & Hunt, 2004). Chaudhuri & Holbrook, (2002) define brand trust as the customer's willingness to rely on the ability of the brand to perform its stated function. Trust causes dedication because it reduces the costs of negotiating agreements and lessens customers' fear of opportunistic behavior by the service provider. In social psychology trust is considered to consist of two elements: trust in the partner's honesty, and trust in the partner's benevolence. Honesty is the belief that a partner stands by his word, while benevolence is the belief that the partner is interested in the customer's welfare, and will not take actions with negative impact on the customer. In the marketing literature, Morgan & Hunt (1994) also suggest that brand trust leads to brand loyalty and commitment because trust creates exchange relationships that are highly valued. Research by Garbarino and Jobson (1999) found a strong relationship between loyalty and brand trust. Their research suggested that there is a distinct need for trust in developing positive attitudes towards brands. According to them, brand trust is the central construct for any long-term relationship and is an important contributor in attaching an emotional commitment which leads to long-term loyalty.

2.5.15 Repeat Purchase

A customer experience different phases in purchasing products and can be influenced by the previous phase. Businesses spend a lot of money on marketing campaigns to convince potential customers to buy their products or make use of their banking services for the first time. Yet the ultimate goal is to drive a relationship to the point that the experience of the customer leads to repurchase and ultimately brand

loyalty. Riley (2009) defines repeat business as encouraging customers who buy for the first time to buy again and again. The purchasing decision is affected by customer satisfaction of the service delivery of the bank or service provided and is the result of the customers like or dislike of the service after experiencing it.

Marketers therefore develop alternatives to ensure that they make use of as much mediums as possible to ensure that the repeat purchases/transactional repeats stay with the firm. Many marketers are really only interested in repeat purchase. For them, 'customer loyalty' means customers coming back for more, and they are not too fussy about the reasons why. A program that does it successfully is often called a loyalty program, with little real examination of whether people are being loyal or simply exhibiting short term self-interest.

According to Riley (2009) it will cost firms 5 to 8 times more to recruit new customers as to maintain a positive and loyal relationship with current customers. It is also important to note that as much as 68% of customers may stop using your services as soon as your service delivery is not up to the brand promise and will therefore result in the loss of repetitive purchases/transactions (Riley, 2009).

2.5.16 Involvement

Customer product involvement is conceptualized as individual customer's connection with the brand. Customers might think a specific product or brand is personally important and necessary. The customer perceptions determine a product involvement level rather than a product (Pascale & AI Lin Lim, 2003). The brand might have different importance in different situations and it influences customers' product involvement. For example, a person who is going to prepare a dinner for the guest who has diabetes/allergic problem might highly involve in the selection of grocers than other time. Customers are highly involved in product selection when product is considered very important, essential and give meaningful pleasure & desire. The essence of a brand for a customer's might influence information searching, processing and decision making. According to Pascale & AI Lin Lim (2003) a consumer's level of involvement with an object, situation, or action is determined by the degree to which she/he perceives that concept to be personally relevant. Personal relevance of brand emerged usually from individual self-concept, self-esteem and public self-consciousness according to them. Customers' involvement with a brand has different reasons. Mittal & Lee (1989) state that the followings are the reasons that drive customer involvement " (a) utilitarian, i.e., economic, rational, functional goals - these concerns the physical performance of a product (b) sign-value, i.e., A social, self-concept related, or impression management goals and (c) hedonic, i.e., Sensory pleasure or experiential goals." From the statement utilitarian, sign value and hedonic are the antecedent factor for customer involvement. Mittal & Lee (1989) stated brand risk is another valuable source to customer product involvement. According to them,

the brand risk is the probability that customers happen to buy inferior products. Customers' consumption of brand is not based on only satisfying a basic need; it is also used as a way of expressing self as an individual and social status. They argue that "It is a way of self expression, individual identity formation, creativity, or even art." Brand loyalty interacts with customer product involvement (Pascale & Ai Lin Lim, 2003). They stated that the repetitive purchase of the high involvement product indicates brand loyalty. Park (1996) stated that product involvement and attitudinal loyalty are highly correlated. He stated product involvement is a strong indication of brand loyalty "brand loyalty has typically explained the origins of brand commitment as attitudinal loyalty or as an outcome of product involvement, and suggested a positive relationship between product involvement and brand loyalty.

2. 5.17 Perceived value

Punniyamoorthy and Raj (2007) describe perceived value as the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. Perceived value is made up of several of the following components:

Functional Value: The functional value of a brand along with the emotional value and Social value is collectively referred by many authors as customer value or perceived value (Punniyamoorthy and Raj 2007).

Emotional Value: According to Diep and Sweeny (2008), emotional value is the utility derived from the feelings or affective states that a product generates. Emotions play a part in every purchase decision.

Price-worthiness Factor: This factor denotes the utility derived from the product due to the reduction of its perceived costs (Diep and Sweeny, 2008). Higher levels of price worthiness lead to higher levels of brand loyalty (Punniyamoorthy and Raj 2007).

Social Value: The utility derived from the product's ability to enhance social selfconcept. A higher level of social value will lead to a higher level of brand loyalty (Punniyamoorthy and Raj 2007).

2.6.6 Commitment

According to Kim (2008), brand commitment occurs when consumers pledge or bind themselves to purchase the brand. Customer commitment is a central construct in the development and maintenance of marketing relationships because it is a key psychological force that links the consumer to the selling organization (Kim, 2008). There is overwhelming evidence to suggest that the higher the level of commitment, the higher the level of brand loyalty (Fullerton, 2005).

2. 5.18 Relationship Proneness

Consumer relationship proneness refers to the idea that some customers are intrinsically inclined to engage in relationships and it has been shown that consumer relationship proneness has a positive impact on commitment and loyalty. Bloemer (2002) states that consumer relationship proneness is a strong determinant of commitment and it may have a direct impact on behavioral intentions of customers. It is clear that customers, who are prepared to have a relationship with a particular brand, will be impacted by relationship proneness to have the willingness to trust the service provider and to commit to the brand. According to Matthing (2006), it has also been found that different customers will act differently to proneness. This correlates with arguments of Bloemer, (2002) that some customers may not desire a personal relationship, but rather prefer a transaction orientated relationship. They classify customers as relationship-seekers and relationship-switchers. Seekers that will engage in long term relationships with a willingness to share information and improve the processes, while switchers focus on the outcome of the service and they focus on short-term benefits of the relationship through the services offered.

2. 5.19 Brand Affect

Chaudhuri and Holbrook (2001) define brand affect as “a brand’s potential to provoke a positive emotional response in the average consumer as a result of its use.” Matzler, (2006) states that brand affect refers to the emotional aspects of customer behavior and that it can be expected that the higher the pleasure potential of a product the greater its potential to elicit positive emotional response in a consumer. In the context of building and maintaining brand relationships, brand affect has to be considered as an important antecedent of brand loyalty (Matzler, 2006). Marketers should strive to create enjoyable experiences that create a fulfilled state for a consumer who will exploit the advantages of utilizing brand affect as a brand loyalty influence (Chaudhuri & Holbrook, 2001).

2.5.20 Brand relevance

Owolabi (2011) defines brand relevance as the ability of brand to be pertinent and applicable to the needs of society, environment, culture and values of consumers in order for it to be sustainable. The concept of brand relevance encompasses ability of product or service to appeal to target market, starting from problem recognition to the consumption phase. According to Aaker (2011) brand relevance of a brand only occurs when the following three conditions are met: a product or service or subcategory. There is a perceived need or desire from a specific customer segment for a new product category or subcategory. The brand is in the set that segments consider to be material to the product or subcategory.

The brand’s relevance will only take place when a customer’s need is satisfied with the differentiation of the product to compete with competitors’ similar product offerings, but with different attributes that is relevant to the need of the customer. Simister (2011) states that companies can create brand relevance by

forming a new category to create a tighter focused strategy towards a narrower group of customers. The creation of a strategy that is focused on a narrow set of customers will be much more appealing and therefore will be enhancing the preference of the brand to the targeted customers.

2.5.21 Brand Performance

Evaluation of product or service performance following the consumption experience. Brand performance as stated by Musa (2005) is the subjective evaluation of the core product (that is, attributes of the focal product), comprising both intrinsic (effectiveness) and extrinsic (packaging) characteristics. Brand performance, as indicated by various studies, is a major loyalty factor that must be considered when measuring brand loyalty (Dick and Basu 1994; Chaudhuri and Holbrook 2002; Musa 2005).

2.5.22 Culture

Kotler and Keller (2006) regard reference groups as the most important consumer buying organization in society. Sahay and Sharma (2010) confirm that young individuals remain loyal to family brands until other factors take over. Lamb (2008) maintains that family and culture play an integral role in purchasing behavior and brand loyalty. Bravo and Martínez (2007) adds that the family introduces a psychological dimension to brand loyalty in that it indirectly promises security and trust through generations of use. Bravo and Martínez (2007) also affirms that nostalgia is a related factor that keeps individuals loyal to classical brands.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Chapter Overview

The purpose of this chapter is to describe the research methodology that is followed during the empirical phases of the study. Therefore, design of the research, population and sampling frame, sampling design, data collection procedure and method of data analysis is given.

3.2 Research Design and methodology

The methodology that is applied by study has been chosen in order to acquire information and deduce conclusion about the factor affecting customer brand loyalty in Wolkite privet banking sector. For the above reason, descriptive survey aim at investigated the factor in privet banking sector.

According to cooper and chandler (2003) a study concerned with finding out who, what, where, how, and when of a phenomenon in descriptive study which are the concern of presented study.

3.3 Population and Sampling Frame

A population consists all elements (individuals, items or objects) whose characteristics are being studied (Mann, 1995). Since this research is confined to the private banking industry; the population consist only individuals who have experience of using banking services in any one of Wolkite private banks. The sampling frame for this study incorporates the customer of awash and nib international bank located in Wolkite branch.

3.4 Sampling Design

Ideally one wants to study the entire population. However, usually it is impossible or unfeasible to do this and therefore one must settle for a sample. According to black and champion (1976), sample is a portion of elements taken from a population, which is considered to be representative of the population.

In order to reach adequate sample size a Population consists all elements (individuals, items or objects) whose characteristics are being studied (Mann, 1995). Since this research is confined to the private banking industry; the population consist only individuals who have experience of using banking services in any one of Wolkite private banks. The sampling frame for this study incorporates the customer of awash and nib international bank located in Wolkite branch by using simple random sampling. The common sampling error 10% and the confidence level of 90% is use (taro Yamane's 1997) sample size determination formula.

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

Where: N=total population

n=sample size

e=error

$$n = \frac{15720}{1 + 15720(0.1)^2}$$

$$n = \frac{15720}{1 + 157}$$

$$n = 99$$

3.5. Data collection methods

There are two types of data collection, primary data and secondary data. Both primary and secondary data will use in this study, as follows:

3.3.1 Primary data

A questionnaire is use for collected primary data from the target population. The survey questionnaire is accompanied with a cover letter explained the purpose of the research.

3.6 Method of Data Analysis

Data for the analysis would be extracted from the field survey questionnaire. Each specific statement on the .Simple statistical methods like the frequency distribution table, and figures is used to analyze each statement. After determining the absolute figure for the various responses, percentage scores are also determined for each statement.

Descriptive statistics: to describe the characteristics of the respondents and demographic comparison and to illustrate the means of each research variable.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Chapter Overview

The purpose of this research was to establish the factors affecting customer brand loyalty at wolkite privet banking sector. This chapter present analysis and finding of the study as set out in the research objective and methodology. The result are presented on the factors affecting customer brand loyalty at wolkite privet banking sector.

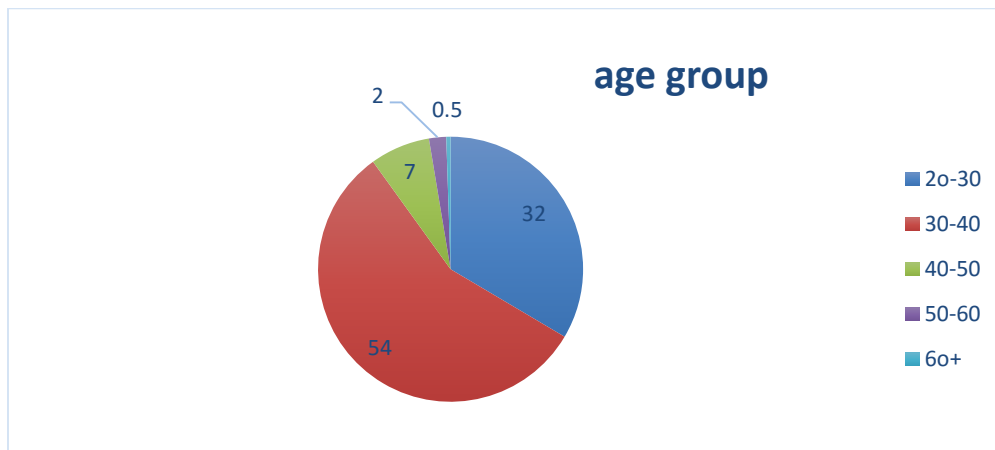
4.1.1. Response rate

The main objective of the study was to establish the factors affecting customer brand loyalty at wolkite privet banking sector. The completed questionnaires were coded and then analyzed through descriptive statistics. The finding are presented in the tables and figures. The study targeted 99 respondent out of whom 90 filled in and returned questionnaires giving a response 91%. Out of the respondents that filled in and returned their questionnaires, 60% were nib international bank while 40% were awash bank. This translated to a response rate of 91%. According to mungenda and mugenda (2003) the statistically significant response rate for analysis should be at least 50%

4.1.2 Characteristics of Demographic and Banking Profile

The demographic profile of the respondents is shown in Figures 4.1 to 4.6. The respondents were classified according to their age group, gender, income levels, bank in which they are customers, type of banking service, account type.

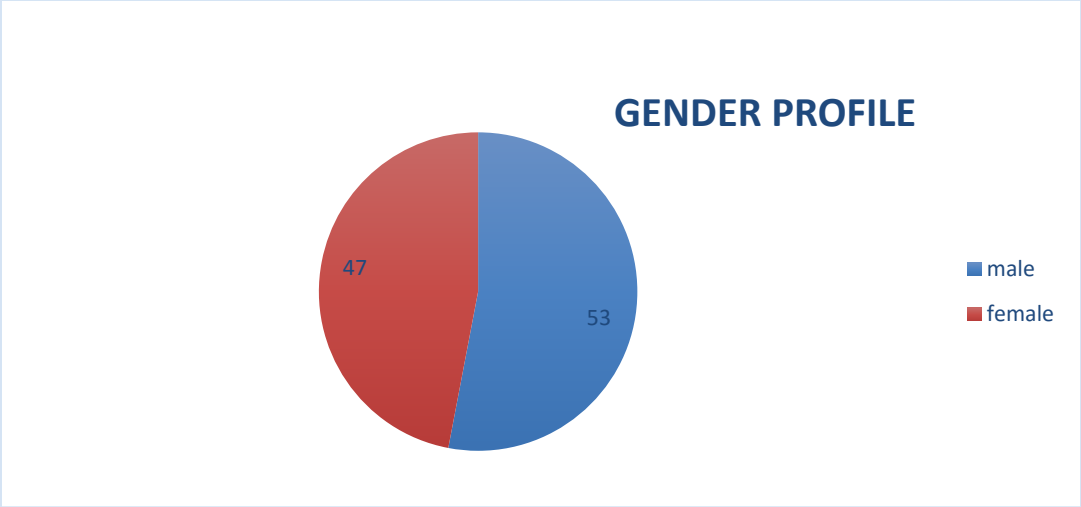
4.2.1 Demographic profile



Source: own 2011

Figure 4.1 age group

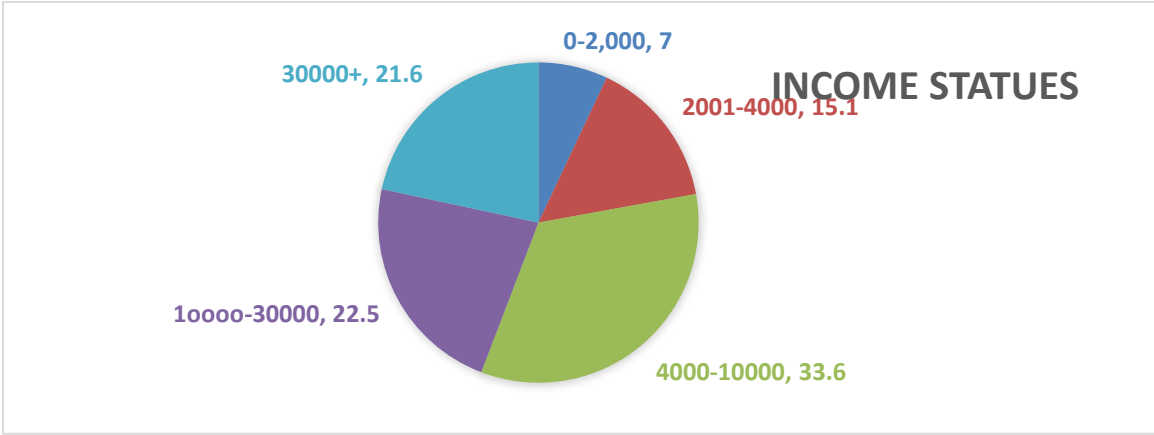
The majority (90%) of the respondents are between the age of 20 and 40 years. Figure 4.1 may shows that young population of the society are major users of privet banking users than the aged ones. Another significant percentage which is 10% of the respondents is above 51 year.



Source: Own data survey, 2011

Figure 4.2 gender profile

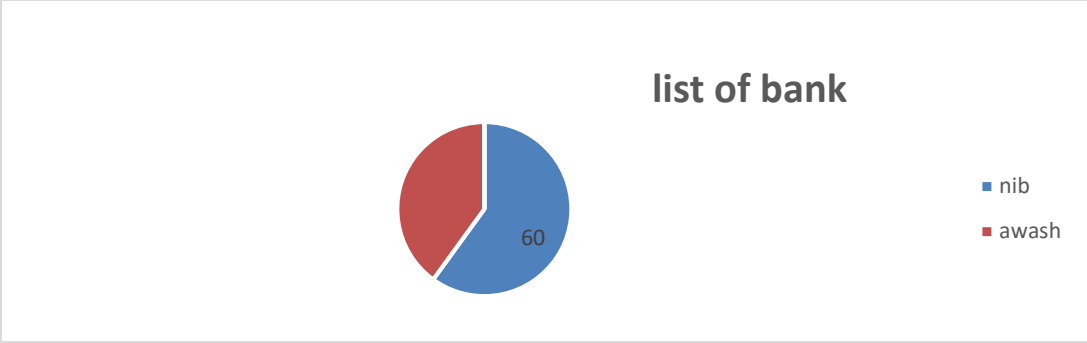
Figure 4.2 simply depicts a split of 53:47 between male and female respondents. This figure show that in wolkite male and female are almost proportional in privet bank consumption.



Source: own 2011

Figure 4.3 Income per Month

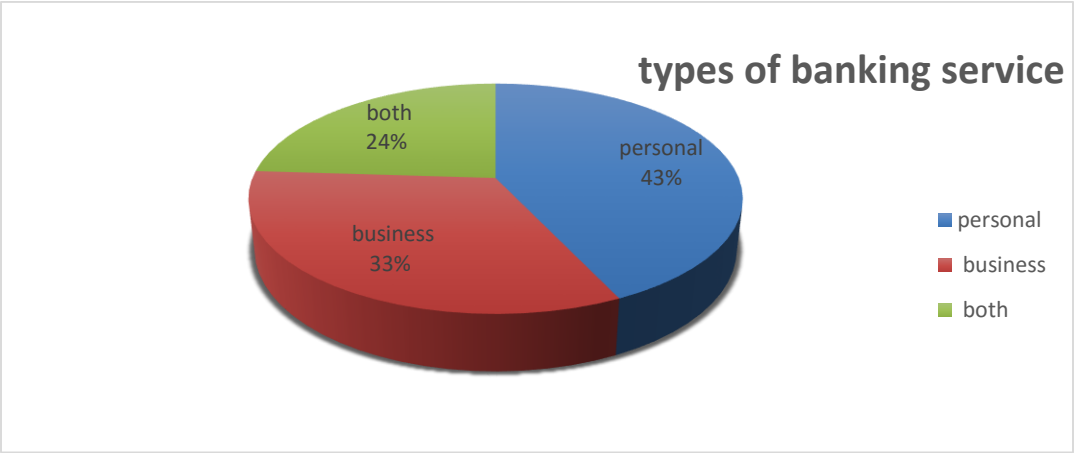
Figure 4.3 shows that only 7% of the respondents earned less or equal to 2000 birr per month and 15% of the respondent earn between 2000 and 4000 per month majority of the respondents 56% fall under in the income group of 4,000 to 30,000 per month and 22% of the respondents earned 30,000 and above.



Source: own 2011

Figure 4.4 Banking profile

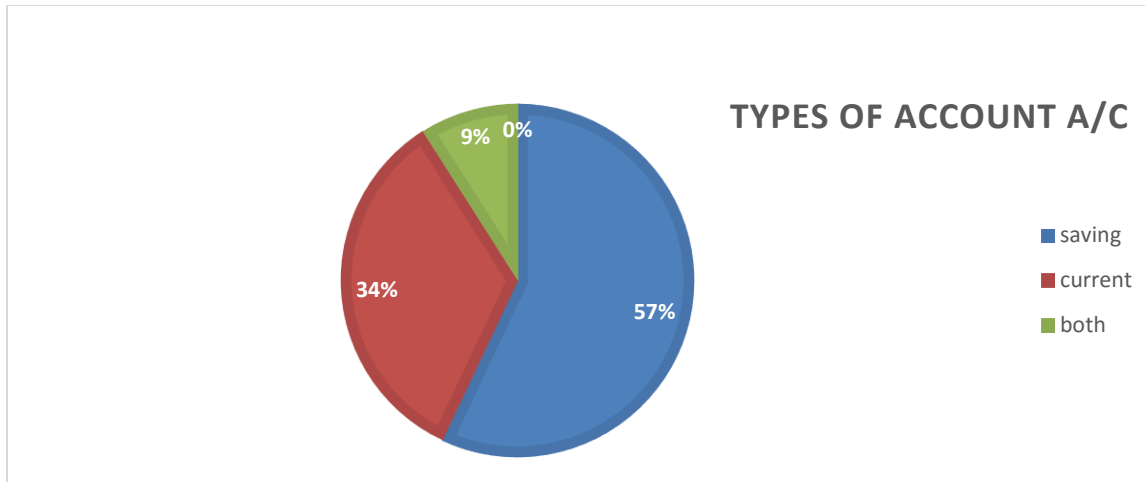
From the above figure you can observe that majority of the respondent are nib international bank customers that is 60% and 40% are awash bank customer.



Source: Own data survey, 2011

Figure 4.5 types of banking service

Figure 4.5 Types of banking service above depict that the type of bank services the respondents are engaged in and type of accounts they maintained respectively. About 43% of the respondents employ banking services for business and 33% for personal purposes. 24% of the respondents go to privet banks for both their business and personal matters.



Source: own survey, 2011

Figure 4.6 Type of Bank Account

From the above figure you can observe that majority the people use saving account that is 57% and 34% are use current account and only 9% are use both.

4.6 Analysis of Influences of Brand Loyalty

4.6.1 Customer satisfaction (CUS)

The percentages of responses for the questions under the factor Customer satisfaction are summarized below in table 4.1

Code	Question	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		N	%	N	%	N	%	N	%	N	%
CUS01	I am very satisfied with the listed brand in use.	37	41.1	40	44.4	13	14.5	-	-	90	100
CUS02	My loyalty towards particular bank brand	43	47.8	35	38.9	12	13.3	-	-	90	100

	increases when I am satisfied about the brand										
CUS03	I do not repeat a usage if I am dissatisfied about a particular bank brand	38	42.2	42	46.7	10	11.1	-	-	90	100
CUS04	Distinctive product attributes in my bank keep me loyal	40	44.4	35	38.9	15	16.7	-	-	90	100

The responses obtained from that majority of the respondents fall under strongly agree to agree as the percentage implies. (CUS01, CUS02, CUS03, CUS04), 41.1%, 47.8%, 42.2%, 44.4%, respectively this shows the customers have high level of satisfaction towards service offered by privet bank of wolkite, there is also significant percentage in disagree (CUS01, CUS02, CUS03, CUS04,) 14.5%, 13.3%, 11.1%, 16.7% respectively shows somehow there is unsatisfied customer in privet bank.

4.6.2 Switching costs (SCR)

The percentages of responses for the questions under the factor Switching Cost are summarized below in table 4.2.

Code	Question	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		N	%	N	%	N	%	N	%	N	%
SCR01	I don't switch bank brands because of the high cost implication	-	-	20	22.2	34	37.	36	40	90	100
SCR02	I avoid switching bank brands due to the risks involved	-	-	-	-	60	66.6	30	33.3	90	100
SCR03	I switch bank brands according to the prevailing economic conditions	10	11.11	37	41.1	30	33.3	13	14.4	90	100
SCR04	I prefer not to switch bank brands as I stand to lose out on the benefits from loyal customer program	-	-	10	11.11	45	50	35	38.8	90	100

From the study finding in the table 4.2 majority of the respondents fall under disagree (SCR01, SCR02, SCR03, SCR04,) is indicated that switching cost doesn't affect customer brand loyalty to very great extent while said the switching cost affect their loyalty to great extent. The finding reveal the switching cost isn't great determinant of customer loyalty in wolkite privet banking.

4.6.3 Brand Trust (BTS)

The percentages of responses for the questions under the factor Brand Trust are summarized below in table 4.3.

Code	Question	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		N	%	N	%	N	%	N	%	N	%
BTS01	I trust the Bank brands I am loyal to	67	74.4	23	25.5	-		-	-	90	100
BTS02	The Bank brands I use has consistently high quality	53	58.8	37	41.1	-	-	-	-	90	100
SCR03	The reputation of a Bank brand is a key factor in me maintaining brand loyalty	34	37.77	41	45.5	15	16.6	-	-	90	100
SCR04	I have confidence in the Bank that I am loyal to	55	61.11	35	38.8	-		-	-	90	100

Almost all of the responses obtained from the respondents fall under strongly agree to agree (BTS01, BTS02, BTS03, BTS04,) is 74.4% 58.8% 37.77% 61.11% and 25.5%, 41.1% 45.5%, 38.88%, respectively, this indicate that brand trust enhance their loyalty and the banks are well trusted. This indicated that brand trust affect customer loyalty to very great extent. The finding reveal that brand trust is great determinant of customer loyalty in wolkite privet banking.

4.6.4 Repeat purchase

The percentages of responses for the questions under the repeat purchase are summarized below in table 4.4.

Code	Question	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		N	%	N	%	N	%	N	%	N	%
RPR01	I prefer to maintain a long term relationship with a Bank brand	34	37.77	46	51.11	-	-	-	-	90	100
RPR02	I maintain a relationship with a Bank brand in keeping with my personality	37	41.11	40	44.44	12	13.33	-	-	90	100
RPR03	I maintain a relationship with a Bank brand that focuses and communicates with me	40	44.44	39	43.33	11	12.22	-	-	90	100

From repetitive perches most percentage fall under agree to strongly agree (RPR01, RPR02, RPR03) IS 51.11%, 44.44%, 43.33%, and 37.77%, 41.11%, 44.44%, respectively, except sum percentage like RPR02, 13.33%, and RPR03, 12.22% fall under disagree. As we can see the above table of the repetitive purchase its affect customer brand loyalty at sum extent in wolkite privet bank.

4.6.5 Involvement (INV)

The percentages of responses for the questions under the factor Involvement are summarized below in table 4.5.

Code	Question	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		N	%	N	%	N	%	N	%	N	%
INV01	Loyalty towards a Bank brand increases the more I am involved with it	39	43.33	4 2	46.66	9	10	-	-	90	100
INV02	Involvement with a Bank brand intensifies my arousal and interest towards	46	51.12	3 4	37.77	10	11.11	-	-	90	100
INV03	I consider other Bank brands when my involvement with my Bank brand	-		3 4	37.78	29	32.22	27	30	90	100
INV04	My choice of a Bank brand is influenced by the involvement others have with			2 3	25.56	37	41.11	30	33.33	90	100

The responses obtained from the majority of the respondent fall under agree to strongly agree as the percentage as the percentage value implies (INV01, INV02, INV03, INV04), is 46.66%, 37.77%, 37.78%, 25.56% and 43.33%, 51.12% respectively sum percentage of the response of the respondent fall under disagree to strongly disagree is (INVO3) , 32.22%, and (INV04), 41.11%. This indicate that involvement affect customers brand loyalty at some extent. This indicate that involvement of customer determine brand loyalty in wolkite privet bank.

4.6.7 Commitment (COM)

The percentages of responses for the questions under the factor Commitment are summarized below in table 4.6.

Code	Question	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		N	%	N	%	N	%	N	%	N	%
COM01	I have pledged my loyalty to particular Bank brands	39	43.3	27	30	19	21.11	5	5.5	90	100
COM02	I do not consider other Bank brands if my Bank brand is unavailable					27	30	63	70	90	100
COM03	I identify with the Bank brands that I use and feel as part of the brand community	30	33.3	50	55.55	10	11.11	-		90	100

COM04	The more I become committed to a Bank brand, the more loyal I become	45	50	40	44.4	5	5.55	-	-	90	100

-As clearly depicted on table 4.34, In connection with questions COM01, COM03 and COM04 majority of the responses (43%, 55.5,% and 44.4%) respectively fall under strongly agree to agree. However the responses for question COM02, showed quite different result. The percentage results for question COM02 indicates that 30% and 70% of the respondents response fall in the agree to strongly agree. This indicate that commitment of the customers are high at wolkite privet banks and commitment affect customers brand loyalty at sum extent.

4.6.8 Relationship proneness (RPS)

The percentages of responses for the questions under the factor Relationship proneness are summarized below in table 4.7.

Code	Question	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		N	%	N	%	N	%	N	%	N	%
RPS01	My loyalty towards Bank brands is purely habitual			34	37.7	49	54.4	7	7.7	90	100

RPS0 2	I do not necessarily use the same Bank brands all the time			9	10	50	55.55	31	34.4	90	100
RPS0 3	I always sample new Bank brands as soon as they are available			12	13.3	53	58.89	25	27.7	90	100
RPS0 4	I establish a Bank brand usage pattern and seldom deviate from it			20	22.2	33	36.67	37	41.1	90	100

The response obtained from majority of respondent fall under disagree to strongly disagree (RPS0 ,RPS02, RPS03, RPS04,) is 54.4%, 55.5%, 58.9%, 36.7% and 7.7%, 34.4%, 27.7% 41.1% respectively, except sum percentage like (RPS01), 37.7% (RPS02), 10%, (RSP03), 13.3% (RSP04), 22.2% fall under agree. This indicate that relationship proneness doesn't affect customer brand loyalty at great extent in wolkite privet banks.

4.6.9 Brand affect

The percentages of responses for the questions under the factor Brand affects are summarized below in table 4.8.

Code	Question	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		N	%	N	%	N	%	N	%	N	%
BAF01	I attain a positive emotional response through the usage of my Bank brand	40	44.4	34	37.8	16	17.7	-	-	90	100
BAF02	The Bank brands that I am loyal to makes a difference in my life					33	36.7	57	63.3	90	100
BAF03	I am distressed when I am unable to use a particular Bank brand					23	25.5	67	74	90	100

From brand affect most fall under strongly agree to agree for question (BAF01, BAF02), is 44.4% 37.7%,respectively but potential percentage of respondent responses fall under disagree

to strongly disagree for (BAF03, BAF04,) is 36.7% 74%. This indicate that brand affect customer brand loyalty at sum extent in wolkite privet banks.

4.6.10 Brand relevance (BRV)

The percentages of responses for the questions under the factor Brand Relevance are summarized below in table 4.9.

Code	Question	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		N	%	N	%	N	%	N	%	N	%
BRV01	The Bank brands that I am loyal to stands for issues that actually matters	39	43.3	33	36.7	18	20	-	-	90	91%
BRV02	The Bank brands that I am loyal to have freshness about them and portray positive significance messages communicated.	40	44.4	37	41.1	13	44.4	-	-	90	91%

As shown on table regarding with questions (BRV01, BRV02, BRV03,) majority of the respondents 43.3%, 44.4% 65.5%, Respectively responded strongly agree and 37.7%, 41.1%, 34.5%, are fall under agree respectively. However the responses for sum question indicates that

respondents responded disagree as the percentage implies. This indicate that brand relevance affect customer brand loyalty and it is determinant factor.

4.6.11 Brand performance

4.6.11 Brand Performance (BPF) The percentages of responses for the questions summarized below in table 4.10.

Code	Question	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		N	%	N	%	N	%	N	%	N	%
BPF01	I evaluate a Bank brand based on perceived performance	45	50	37	41.1	8	8.9	-	-	90	100
BPF02	I will switch Bank brand loyalty should a better performing Bank brand be available	43	47.8	33	36.7	14	15.6	-	-	90	100
BPF03	I am loyal only to the top performing Bank brand	53	58.9	37	41.1			-	-	90	100

The respondent were asked the extent to which they affected on the above table on effects of the brand performance on the customers loyalty. From the response majority of the responses fall under strongly agree to agree (BPF01,BPF02, BPF03), is 50%,47.8%, 58.9% and 41.1%, 36.7%, 41.1% respectively. This indicate that brand performance affect customer loyalty at great extent and it is a determinant factor at wolkite privet banks.

4.6.12 Culture (CUL)

The percentages of responses for the questions under the factor culture are summarized below in table 4.11.

Code	Question	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		N	%	N	%	N	%	N	%	N	%
CUL01	My choice of Bank brands is in keeping with the choice made by other members in my race group			20	22.2	37	41.1	33	36.7	90	100
CUL02	My loyalty towards a Bank brand is based on the choice of Bank brand used by my family			27	30	30	33.3	33	36.7	90	100

CUL03	Religion plays a role in my choice and loyalty of Bank brands	35	38.9	30	33.3	25	27.8	-	-	90	100
CUL04	Family used Bank brands indirectly assure brand security and trust			27	30	63	70			90	100

The response obtained from the majority of respondent fall under strongly disagree to disagree (CUL01, CUL02,) is 36.7%, 36.7% and (CUL01, CUL02,) is 41.1%, 33.3% respectively, and there is significant number of respondent responses fall under agree (CUL01, CUL02, CUL03,) is 22.2%, 33.3% 30% respectively, this indicate that culture doesn't affect customer brand loyalty at great extent in wolkite privet banks and it isn't determinant factor.

Chapter Five

5. Summary of Major Findings, Conclusion and Recommendations

5.1. Chapter Overview

This chapter provides summary of major findings, conclusions and recommendations based on the result of the study. The chapter concludes the study by presenting possible avenues for future research.

5.2. Summary of Major Findings

Descriptive analysis revealed that most respondents fall in the age group of 20 to 40 years which is 90%. Concerning their gender mix it is almost equal between male and female that is 47:53. The results showed that about 56% percent of the respondents received a monthly income of ETB 4000 to ETB 30,000. Concerning banking profile most the customers are nib international bank 60%. Regarding to types of banking service majority of the customer are engaged in personal type of account maintained 43%. In relation with the type of account most respondents used saving account the results showed that about 57% use saving account.

Percentage of responses based on the respondent's level of agreement towards each statement is discovered. According to that the percentage value of switching cost, repeat purchase, relationship proneness, brand affect, brand relevance, culture, involvement, and commitment are less influence. Therefore they are seen as less important factors and they have weak influence on Brand loyalty of wolkite banking customers. Influences that are customer satisfaction, trust and perceived value are percentage value. This variable can be considered as the most important factors and has a strong influence on Brand loyalty of banking customers. According to Soong, Kao, Juang. (2013) on their Study on the Relationship between Brand Trust and the Customer Loyalty based on the Consumer Aspects. They found that the brand trust to the customer loyalty exist significant influence, the brand trust of the student consumers exist the direct relation with the customer loyalty.

5.3 Conclusion

Despite the fact that the banking industry is getting highly competitive and dynamic from time to time, it is characterized by limited and very similar offering of products and services to the market which are not enough of a differential element anymore, therefore brands become a key differentiator to enable the bank to gain a competitive advantage in the industry. Accordingly the aim of study is to identify Factors Affecting Customers Brand Loyalty in bank industry of wolkite. Based on the objective and the measuring instrument employed there are twelve independent factors and one dependent factor which are

identified and measured. Among the factors, the findings provide evidence that brand loyalty is significantly affected by factors that is trust and customer satisfaction whereas factors: commitment, involvement, brand affect, repeat purchase, brand relevance, relationship proneness and switching cost are found to be insignificant factors in affecting brand loyalty.

According to the result of the study trust is found as top influence of brand loyalty. McCarthy ,(2015) define brand trust: “Brand trust is the willingness of the consumer to rely on the ability of the brand to perform its stated function while seeing the engagement with the brand as supportive and enforcing of personal values”. Customers who do not trust a vendor in a competitive marketplace are unlikely to be loyal. Based on the findings, it is indicated that feeling of security held by the consumer in his/her interaction with the bank brand is very important. It is based on the customer perception that the brand is reliable and responsible for the interests of the consumer. Therefore, trust showed up as a significant determinant of brand loyalty. The other factor that affects customer brand loyalty is customer satisfaction. Customer satisfaction is the result of purchase expectation and post purchase experience comparison with incurred cost. According to the result satisfied customer decides to choose the bank and will stay to bank in the future.

The result of the study confirmed that wolkite privet banks customers are less affected by brand affect, relationship proneness and switching cost, commitment, involvement.

5.4 Recommendations

Based on the findings of the study and the conclusion drawn the following recommendations are given.

- ✓ It is found that Trust is the major influences of brand loyalty. The result is in line with the nature of the banking industry that reliability, integrity and having of confidence in an exchange partner is very important. Hence, marketing managers should consider Brand Trust as the central construct during designing and implementation of their marketing strategy.
- ✓ As it is revealed on the study, customer satisfaction is the one influencer among the 12 influences of Brand loyalty. Satisfied customer will stay and become loyal customer. Therefore, marketers and bank managers should emphasis that customer satisfaction is the most important factor that leads to long-term loyalty.
- ✓ The other recommendation is loyal customers is the main source of income for banks in wolkite. Today banks has series issue on foreign currency so the bank managers should retains importers to overcome this series issue.

- ✓ And the banks manager should understand analyzing those things are ongoing process.

5.4. Suggestions for Future Research

Although this study did have a favorable response of 90 respondents, it is still not representative with regard to the whole wolkite banking sector. The study is just the first step and it is hoped that the findings could stimulate further research. A few suggestions are proposed here for the benefits of future research.

Since the present study is limited to privet banks customers who reside in wolkite, continued research in the banking industry on a larger scale is recommended which includes geographical areas throughout Ethiopia either to confirm or refine the findings of this study. This will increase the quality of the research and the generalizability of results.

Similar research can be done into other industries by using the brand loyalty factors which implemented here and include other factors and also a questioner used in this study.

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Appendix
Wolkite University

College of business and economics

Department of management

Questionnaires to be filled by customers

Dear respondent,

The purpose of this questionnaire is to conduct a research regarding the factors affecting customers brand loyalty in wolkite privet banking sector for the partial fulfillment of degree in management from Wolkite University. Since your response is important to this research, i kindly request you to respond each question genuinely and timely. And i would like to confirm you that the information you provide does not affect you in any case and will be kept in secrete.

Note:

No need to write name

Give your answer by encircling or tick the box.

Thank you in advance for your cooperation!!

Part 1 demographical data

Age group

- a 20-30 b 30-40 c 40-50 d 50-60 e 60+

Sex

- a male b female

Bank in which you are a customer

- a awash international bank b nib international bank

Type of banking service you do use

- a personal b business c personal and business

Your account type maintained in bank

- a saving account b current account c both

Monthly income

- a 0-2000 b 2001-40000 c 4001-10,000 d 10,001-30,000 e 30,000+

Part 2 research related questions

Expectation questions

Please indicate the level of your agreement and disagreement with the following descriptions by encircling the appropriate answer based on the following ratings.

1. I am very satisfied with the listed bank brand i use

- a strongly agree b agree c disagree d strongly disagree

2. My loyalty towards a particular bank brand increases when i am satisfied about that brand

- a strongly agree b agree c disagree d strongly disagree

3. I do not repeat a usage if i am dissatisfied about a particular bank brand

- a strongly agree b agree c disagree d strongly disagree

4. Distinctive product attributes in my bank keep me loyal

- a strongly agree b agree c disagree d strongly disagree

5. I do not switch Bank brands because of the high cost implication.

- a strongly agree b agree c disagree d strongly disagree
6. I avoid switching bank brands due to the risks involved
- a strongly agree b agree c disagree d strongly disagree
7. I switch bank brands according to the prevailing economic condition.
- a strongly agree b agree c disagree d strongly disagree
8. I prefer not to switch bank brands as I stand to lose out on the benefits from loyal customer program.
- a strongly agree b agree c disagree d strongly disagree
9. I trust the bank brands I am loyal to
- a strongly agree b agree c disagree d strongly disagree
10. The bank brands I use has consistent high quality
- a strongly agree b agree c disagree d strongly disagree
11. The reputation of a Bank brand is a key factor in me maintaining brand loyalty
- a strongly agree b agree c disagree d strongly disagree
12. I have confidence in the bank that I am loyal to
- a strongly agree b agree c disagree d strongly disagree
13. I prefer to maintain a long term relationship with a bank brand.
- a strongly agree b agree c disagree d strongly disagree
14. I maintain a relationship with a Bank brand in keeping with my personality
- a strongly agree b agree c disagree d strongly disagree
15. I maintain a relationship with a Bank brand that focuses and communicates with me
- a strongly agree b agree c disagree d strongly disagree

16. Loyalty towards a Bank brand increases the more the I am involved with it
a strongly agree b agree c disagree d strongly disagree
17. Involvement with a Bank brand intensifies my arousal and interest towards
A strongly agree b agree c disagree d strongly disagree
18. I consider other Bank brands when my involvement with my bank brands
a strongly agree b agree c disagree d strongly disagree
19. My choice of a Bank brand is influenced by the involvement others have with
a strongly agree b agree c disagree d strongly disagree
20. My Bank brand loyalty is based on product quality and expected performance.
a strongly agree b agree c disagree d strongly disagree
21. I have an emotional attachment with the Bank brands I am loyal to
a strongly agree b agree c disagree d strongly disagree
22. Price worthiness is a key influence in my loyalty towards bank brands.
a strongly agree b agree c disagree d strongly disagree
23. I have pledged my loyalty to particular bank brands.
a strongly agree b agree c disagree d strongly disagree
24. The more I become committed to a bank brand the more loyal I become.
a strongly agree b agree c disagree d strongly disagree
25. My loyalty towards Bank brands is purely habitual.
a strongly agree b agree c disagree d strongly disagree

26. I do not necessarily use the same bank brands all the time.

a strongly agree b agree c disagree d strongly disagree

27. I always sample new Bank brands as soon as they are available.

a strongly agree b agree c disagree d strongly disagree

28. I attain a positive emotional response through the usage of my bank brand.

a strongly agree b agree c disagree d strongly disagree

29. I am distressed when I am unable to use a particular Bank brand

a strongly agree b agree c disagree d strongly disagree

30. The Bank brands that I am loyal to stands for issues that actually matters.

a strongly agree b agree c disagree d strongly disagree

31. The Bank brands that I am loyal to are constantly updating and improving so as to stay relevant.

a strongly agree b agree c disagree d strongly disagree

32. I evaluate a bank brand based on perceived performance

a strongly agree b agree c disagree d strongly disagree

33. I will switch bank brand loyalty should a better performing bank brand be available

a strong agree b agree c disagree d strongly disagree

34. I am loyal only to the top performing bank brand

a strongly agree b agree c disagree d strongly disagree

35. My choice of bank brands is in keeping with the choice made by other members in my race group

a strongly agree b agree c disagree d strongly disagree

36. My loyalty towards a bank brand is based on the choice of bank brand used by my family

a strongly agree b agree c disagree d strongly disagree

37. Religion plays a role in my choice and loyalty of bank brands

a strongly agree b agree c disagree d strongly disagree

38. Family used bank brands indirectly assure brand security and trust

a strongly agree b agree c disagree d strongly disagree