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THE EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER SATISFACTION AND LOYALTY (IN THE CASE OF THE ETHIOPIAN BANKING INDUSTRY)

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Abstract
Recently, more than ever before, strong competition, fragmentation of markets, short life cycles of products and increasing customer awareness and complexity, caused companies to use relationship marketing strategy to create, maintain, and enhance strong relationships with their customers to secure their loyalty. This study aimed to empirically investigate the impact of relationship marketing underpinnings (namely trust, commitment, communication, conflict handling, bonding, shared values, empathy, and reciprocity) on customer satisfaction & loyalty in the Ethiopian banking industry. A Questionnaire containing 42 items that was completed by 322 randomly selected bank customers and multiple regression analysis was used for data analysis. The results revealed that all relationship marketing were directly associated with customer satisfaction and loyalty and had a significant effect on it. Therefore, it is reasonable to conclude that customer Satisfaction & loyalty can be created, reinforced and retained by Customer relationship plans aimed at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and proactive fashion, handling conflict efficiently, paying attention to shared values, improving the empathetic and reciprocal abilities of the salespeople, and developing strong bonds between buyers and sellers.

Keywords: Relationship marketing, Customer Orientation, Loyalty, Banking Industry, Ethiopia.

1. Introduction
Organizations seek benefits in order to develop a relationship with their customers, so that they will be able to create a competitive advantage. It is also the same for the customers, who seek a benefit to start relationship and respond with their loyalty (Rashid, 2003). So, the long-term relationship between a bank and its customers brings numerous financial benefits to both bank and customer which have a real economic value (Bae et al., 2002; Ashton and Pressey, 2004). Relationship marketing focuses on how to develop, maintain and enhance customer relationships over the customer life cycle rather than on attracting new customers (Zineldin & Philipson, 2007). Research has shown that the cost of serving one loyal customer is five to six times less than the cost of attracting and serving one new customer (Rosenberg and Czepiel, 1983; Ndubisi, 2003; Ndubisi and Wah, 2005; Gilaninia et al, 2011). Reichheld (1993) reported that a 5 percent increase in customer retention typically grew the company’s profit by 60 percent by the fifth year. If a bank builds and maintains good relationships with customers, it cannot be easily replaced by the competitors and therefore provides for a sustained competitive advantage. Relationship marketing is about the mutually beneficial relationship that can be established between customers and the bank (Gilbert and Choi, 2003).

2. Statement of the Problem
The dramatic expansion of the banking industry in Ethiopia for the past two decades has created a high competition among banks in attracting potential customers and faced difficulties in retaining the existing customers. In the preliminary survey, a multitude of problems such as irregularity of profit magnitude generated per annum, low level of IT infrastructure, low level of customer –oriented employees, unhealthy competition among banks, lack of advanced banking technologies, unfavorable regulatory frameworks, Low saving culture of the people and institutions, poor handling of customers complaints and less emphasis to customer relationship management and lower dividend to shareholders were uncovered. CRM, studies had been replicated in most developed countries like USA, Europe and Asia and in developing countries like South Africa, Ghana and Nigeria, but without recourse to Ethiopia.. Since customer relationship building creates mutual rewards (Ndubisi, 2006, 2007) and both the firm and the customer benefit, it is important, therefore, to empirically examine the actual impact of the underpinnings of relationship marketing on customer satisfaction & loyalty. Therefore, this study was planned to examine the impact of relationship marketing underpinnings (namely trust, commitment, communication, conflict handling, bonding, shared values, empathy, and reciprocity) on customer satisfaction and loyalty in the banking industry in Ethiopia.

3. Literature Review
The concept of relationship marketing has emerged within the field of services marketing and industrial marketing (Dwyer et al. 1987; Thorbjornsen et al. 2002; Swaminathan et al. 2007, Bolton et al. 2008; Ndubisi and Wah, 2005) and blossomed in the late 1980s and 1990s (Beetles and Harris, 2010). The American Marketing Association’s (AMA) definition of relationship marketing embodies these principles: "Relationship marketing is a kind of marketing that its goal is developing and managing long-term and trustworthy relationships with customers, suppliers and all others acting in the market" (Gilaninia et al, 2011). There are four fundamental values for relationship marketing. First the activities regarding relationship marketing do not focus upon a specialized department. This means there must be a marketing orientation of the whole company. Second, relationship marketing emphasizes on long term collaboration, so companies should view their

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suppliers and customers as partners, where the goal is to create mutual value. The relationship must be meaningful for all those involved, with the purpose of retaining long- term relationships with parties. Third, all parties should accept responsibilities. Relationship must also be interactive that means customer can initiate improvements or innovation of the product. Fourth, customers should be considered as individuals, suppliers' task is also to create value for the customers (Kavosh et al, 2011). Therefore relationship marketing is a strategy where the management of interactions, relationships and networks are fundamental issues (Ndubisi, 2007).This is achieved by a mutual symbiosis and fulfillment of promises (Ndubisi, 2003; Ndubisi and Wah, 2005). Consequently customer relationships are at the center of this marketing perspective (Zineldin and Philipson, 2007). Relationship marketing adopts a customer focus and its main benefits include greater customer retention, increased loyalty, reduced marketing costs, and greater profits (Stavros & Westberg, 2009) and the goal of relationship marketing is to form mutually beneficial alliances that must restrict trade among rivals by creating barriers to entry (Fontenot and Hyman, 2004). Kotler and Armstrong's definition of Relationship Marketing is noteworthy: "Relationship marketing involves creating, maintaining, and enhancing strong relationships with customers and other stakeholders.

Scholars have listed key virtues that have been theorized in the relationship marketing literature, for example, trust (Macintosh and Lockshin,1997; Sirdeshmukh et al, 2002; Veloutsou et al., 2002; Knemeyer et al., 2003; Beetles and Harris, 2010), commitment (Morgan and Hunt, 1994; Beetles and Harris, 2010), competence (Smith and Barclay, 1997; Metawa and Almossawi, 1998; Hunt et al, 2006), equity (Kavali et al, 1999),benevolence (Ndubisi and Wah, 2005), empathy (Ndubisi, 2004), conflict handling (Ndubisi and Madu, 2009; Gilaninia et al, 2011), and communication or sharing of secrets (Morgan and Hunt, 1994; Ndubisi and Wah,2005; Knemeyer and Murphy, 2005; Tian et al., 2008). Other scholars (e.g., Morgan and Hunt, 1994; Evans and Laskin, 1994; Wilson, 1995; Sin et al, 2002; Macmillan et al, 2005; Heffernan et al, 2008; Chattananon & Trimetsoontorn, 2009) have documented the following constructs, namely, shared values, bonding, and reciprocity as the underpinnings of relationship marketing.

Based on the literature it can be hypothesized that relationship marketing was a one-dimensional construct consisting of eight underpinnings (namely trust, commitment, communication, conflict handling, bonding, shared values, empathy, and reciprocity) and they have been linked in this study to customer loyalty. Ndubisi (2004) has suggested that companies should make sacrifices and worthwhile investments in building relationships with loyal, or at least potentially loyal, customers. It is argued here that the eight identified underpinnings of relationship marketing are directly linked to and are capable of predicting.

4. Conceptual Framework of the Study

The conceptual model depicted in Figure 1 was based on the combination of **two models presented in previous studies by Ndubisi in 2007 and Sin et al in 2002**. It highlights the effect of relationship marketing underpinnings on customer satisfaction &loyalty.

Components of the Conceptual Framework

Trust is the "cornerstone of long-term relationships (Jus's Grigate, 2011). Trust is "…"A willingness to rely on an exchange partner in whom one has confidence". A betrayal of this trust by the supplier or service provider could lead to defection (Ndubisi and Wah, 2005). Fulfilling promises that have been given is equally important as a means of achieving customer satisfaction, retaining the customer base, and securing long-term profitability, besides fanning the fire of trust. Gro¨nroos (1990) believed that the resources of the seller – personnel, technology and systems – have to be used in such a manner that the customer's trust in them, and thereby in the firm itself, is maintained and strengthened. Trust in organizations comes from customers‟ positive experiences that induce them to continue with the relationship (Vesel and Zabkar, 2010).

H1: There is a significant positive relationship between Trust and customer satisfaction and loyalty

Commitment

In the marketing literature, Moorman et al. (1992) have defined commitment as an enduring desire to maintain a valued relationship. Hocutt (1998) views commitment as "an intention to continue a course of action or activity or the desire to maintain a relationship". Studies in calculative and affective commitment, for example, have in fact demonstrated that buyers base their commitment on calculations of switching risks as well as on sentiments of allegiance (Barry et al, 2008). In general, commitment refers to an orientation that specific intentions and behaviors characterize with the purpose of realizing value for both parties over the long term (Vesel and Zabkar, 2010).

H2*: There is a significant positive relationship between Commitment and customer satisfaction and loyalty.*

Communication is defined as "the consumer's perception of the extent to which a retailer interacts with its regular customers in a warm and personal way". Such an interaction is reflected in the feelings of familiarity and friendship, personal knowledge, and the use of the client's family name and/or first name on the sales spot (Naoui and Zaiem, 2010).

Communication is also defined as the formal as well as informal exchanging and sharing of meaningful and timely information between buyers and sellers (Sin et al, 2002). Communication refers to the ability to provide timely and trustworthy information. When there is effective communication between an organization and its customers, a better relationship will result and customers will be more loyal (Ndubisi, 2007). Bidirectional communication leads to a strong relationship satisfying both parties, which in turn leads to increased loyalty. Communication should be proactive rather than just reactive (Boedeker, 1997) and it has three sub constructs. These are the frequency, relevance and timeliness of communication from the organization to the customer (Macmillan et al, 2005).

H3: There is a significant positive relationship between Communication and customer satisfaction and loyalty.

Conflict Handling
Dwyer et al. (1987) defined conflict handling as a supplier's ability to avoid potential conflicts, solve manifest conflicts before they create problems, and discuss solutions openly when problems do arise. How well this is done will determine whether the outcome is loyalty, "exit" or "voice". Frequency and bidirectionality communications has the strongest effects on interpersonal conflict and that communication should be meaningful, supportive and appropriate to be more effective (Meunier-FitzHugh & Piercy, 2010).

H4: There is a significant positive relationship between conflict handling and customer satisfaction and loyalty.

Competence
Competence has defined by perceptions of each of the party relationship amount of skills, abilities and knowledge needed the opposite party to effective function (Smith and Barclay, 1996). In this study competence is measured with factors such as necessary knowledge about bank service, market trends, consulting and planning about the investment to customers and effective advertising. So the hypothesis of competence and customer satisfaction can be expressed as follows:

H5: There is a significant positive relationship between Competence and customer loyalty.

Bonding is defined as the dimension of a business relationship that results in two parties (the customer and the supplier) acting in a unified manner toward a desired goal. The bonding process begins with the very basic force of the need for a seller to find a buyer for their product, and the desire for a buyer to purchase a product that will satisfy their needs (Chattananon & Trimetsoontorn, 2009). It was recognized by Shani and Chalasani (1992) in their identification of the bond developing between consumer, supplier, and product through the application of relationship marketing. Its application to relationship marketing consists of developing and enhancing consumer loyalty, which results directly in feelings of affection, a sense of belonging to the relationship, and indirectly in a sense of belonging to the organization or as Levitt (1983) described, developing and enhancing a long-term relationship (a bonded relationship) with the seller.

H6: There is a significant positive relationship between bonding and customer satisfaction and loyalty.

Shared Values Morgan and Hunt (1994) define shared values as, "the extent to which partners have beliefs in common about what behaviors, goals and policies are important, unimportant, appropriate or inappropriate, and right or wrong". Shared value has long been considered as an important component in building buyer–seller relationships (Evans and Laskin, 1994; Wilson, 1995; Sin et al, 2002; Macmillan et al, 2005; Heffernan et al, 2008).

H7: There is a significant positive relationship between shared values and customer satisfaction and loyalty.

Empathy is the ability to see a situation from another person's perspective (Wang, 2007). It is defined as seeking to understand somebody else desires and goals. It involves the ability of individual parties to view the situation from the other party's perspective in a truly cognitive sense (Chattananon & Trimetsoontorn, 2009). Empathy has a number of analogous meanings – the golden rule, the ethic of care and an "others" orientation. Empathetic marketers are not insensitive to the needs and concerns of the consumer. Empathy should not be equated with sympathy; marketers can be empathetic while still driving a hard bargain with customers (Murphy et al, 2007). In the personal selling literature, the empathetic abilities of the salespeople are a prerequisite for successful selling. In the service marketing literature, the component of empathy is used in developing the SERVQUAL test instrument for service quality. In the networking literature, empathy has been considered as an independent variable in explaining franchisor–franchisee working relationships (Sin et al, 2002).

H8: There is a significant positive relationship between empathy and customer satisfaction and loyalty.
Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009). Therefore the rule of reciprocity focuses on a recipient's behavior by the social norm expressed as „„if you have received a drop of beneficence from other people, you should return to them a fountain of beneficence"" (Wang, 2007). The links of

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reciprocity to relationship marketing have been considered as a basis for the interface between exchange transactions and marketing activities. In fact, relationship marketing is characterized by "…interactions, reciprocities, and long-term commitments" (Sin et al, 2002).

H9: There is a significant positive relationship between reciprocity and customer satisfaction and loyalty.

Customer Satisfaction

"Satisfaction is a customer's emotional response to his or her evaluation of the perceived discrepancy between his or her prior experience with and expectations of product and organization and the actual experienced performance as perceived after interacting with organization and consuming the product." (Vavra, 2002. p.5). He stated that, customer satisfaction is shaped by a comparison of expectations with perceived performance. According to Oliver (1997 p. 325) "Expectations are central to the satisfaction of customers because, in their later variations, they provide a standard for later judgment of product performance". Expectations provide the tools by which they may influence satisfaction. Consumers that do not use process performance because of lack of motivation or lack of ability, only rely on prior expectations for their satisfaction judgments. Expectations are a very important part of the satisfaction process, (Oliver, 1997).

Oliver's (1997) definition can be deemed the most widely accepted definition where he defined satisfaction as a function of disconfirmation, which in turn is a function of both expectations and performance. Spreng and Page, (2001) have found a direct effect of perceived performance on satisfaction. Kotler, (2000, p. 36) reported that there is general agreement that, "Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations". Based on this review, customer satisfaction is defined as the result of a cognitive and affective evaluation, where some comparison standard is compared to the actually perceived performance. If the perceived performance is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customers will be satisfied. Otherwise, if the perceived expectations are met with performance, customers are in an indifferent or neutral stage. According to Kara et al. (2005) customer satisfaction passes through two stages, first the customer develops expectations from the service provider through advertising, word of mouth or any other media, second the customer compares those expectations to what they have actually received. Bitner et al. (1990 cited in Srijumpa et al. 2007) reported key drivers for customer satisfaction:

Customer Loyalty

Loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite there are situational influence and marketing efforts having the potential to cause switching behavior (Oliver, 1999). Kotler defined the term loyalty as a lasting commitment to family, friends or country and believes that it initially entered to the marketing literature by emphasizing on brand loyalty (Ranjbaryan & Barari, 2009). One of the basic assumptions in relationship marketing is that long-term loyal customers are profitable. Storbacka *et al*. (1994) suggest that customer relationship profitability is achieved through a chain that starts with perceived value that creates customer satisfaction that, in turn, strengthens the relationships so that it lasts longer and thus becomes more profitable (palmer et al,2005) . It is assumed that it is cheaper to keep an existing customer than to acquire a new one (Morgan &Hunt, 1994).

5. Methodology

5.1 Sampling Design: The target population of this study was bank customers in Addis Ababa the capital city of Ethiopia. Customers of both public and private banks in Addis Ababa were selected for this study. Banks of Addis Ababa consist of 1 public bank and 15 private banks, totally 918 branches. It was assumed that the number of bank customers and the number of bank branches were proportionate. Therefore, the number of bank branches was considered in sampling method. Hence, stratified random sampling method was used in this study. The sample size was 384 persons which were determined by Cochran's formula. The 384 samples were allocated to each of the 16 commercial banks based on the relative share of related banks in terms of branch population as well as the number of customers served respectively.

5.2 Data Collection Instrument & Procedure: In order to gain Banking Industry customers' views, Ndubisi & Wah (2005) standard questionnaire was used. All items were measured by responses on a five-point Likert scale of agreement with statements, ranging from 1 = strongly disagree to 5 = strongly agree. Sin et al (2002) and Ndubisi (2007). Data was collected through a field survey of bank customers in Addis Ababa, in a period of five weeks. The respondents provided the data by means of a self-completed questionnaire containing 34 items. In the questionnaire completed by customers, items to measure the construct dimensions were adapted from previous studies done by Sin et al (2002) and Ndubisi (2007). All items were measured by responses on a five-point Likert scale of agreement with statements, ranging from 1 = strongly disagree to 5 = strongly agree. According to sample size, 384 questionnaires were handed out and 289 were returned. However, 62 were voided because of incomplete data, resulting in 322 usable responses. This is an 83.8. % response rate. Correlation analysis and multiple regression analysis were used for data analysis to determine the correlation of each predictor variable with the outcome variables and to predict the relationship between the eight “underpinnings” of relationship marketing and customer satisfaction and loyalty in respectively.

6. Validity and Reliability
This study adopted Cronbach’s alpha value as a tool for reliability examination. Based on the suggestion proposed by Guielford (1965), the higher the Cronbach’s alpha value, the higher the internal consistency is. If a value was higher than 0.70, then it showed that the reliability of measurement was high. The examination result of this study showed that Cronbach’s alpha value in each variable was higher than 0.7. The Cronbach alpha value of Relationship marketing dimensions (trust (0.722); commitment (0.705); communication (0.712); conflict handling (0.716);competence (0.708);bonding (0.770);shared value (0.716); empathy(0.861); relationship quality (0.723);customer satisfaction (0.804);customer loyalty (0.822) and the collective Cronbach’s Value for th e47 items =0.937which indicates high reliability.

7. Analysis and Results
The Information on the respondents‟ service usage, based on the number of years they have been with the particular bank show that 64.3% have been with the bank for 5 Years or less, 29.8% were between 6 and 10 years, 4.7% were between 10 and 20 years and 1.3% have been with the bank for 20 years or more.

Correlation Analysis
A correlation is a measure of how strongly two variables relate to each other. Correlation coefficients are frequently used to describe data because they are relatively easy to use and provide a great deal of information in just a single value (Mooi & Sarstedt, 2011). Karl Pearson’s coefficient of correlation or simple correlation is the most widely used Method of measuring the degree of relationship between two variables (Kotari, 2004).The calculated value of the correlation coefficient ranges from -1 to 1, where -1 indicates a perfect negative relation (the relationship is perfectly linear) and 1 indicates a perfectly positive relationship. A correlation coefficient of 0 indicates that there is no correlation (Mooi & Sarstedt, 2011).

The Pearson correlation coefficient has been computed .When we see the correlation of trust, commitment, communication, conflict handling, competence, bonding, shared value, empathy, and relationship quality with satisfaction they have a significant Pearson correlation of 0.375, 0.421, 0.240, 0.617, 0.171, 0.454, 0.546, 0.624, and 0.525 respectively at 0.01 confidence interval. With regard to customer loyalty those variables have a Pearson Correlation of 0.436, 0.347, 0.326, 0.539, 0.228, 0.466, 0.529, 0.510, and 0.501 respectively at 0.01 confidence interval. From this result we can conclude that all the independent variables and dependent variables are significantly correlated.

Regression Analysis Model

$$Y_1 = a + b1X1 + b2X2 + b3X3 + b4X4 + b5X5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + e$$
$$Y_2 = a + b1X1 + b2X2 + b3X3 + b4X4 + b5X5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + e$$

Where; Y1: represents Customer Satisfaction and Y2: represents Customer Loyalty. X_1: represents Trust; X_2: represents Commitment; X_3: represents Communication; X_4: represents Conflict handling; X_5: represents Competence; X_6: represents Bonding; X_7: represents Shared value; X_8: represents Empathy and X_9: represents Relationship Quality

Customer Relationship and Satisfaction
A simultaneous linear regression was carried out to determine the most important dimensions because the researcher has no prior ideas about which variables will create the best prediction equation. The Model Summary table gives the R (.719.) and Adjusted R square (.517). The Adjusted R square statistics ‘corrects’ R square value to provide a better estimate of the true population value. In cross-sectional designs, values of around 0.30 are common while for exploratory research, using cross-sectional data; values of 0.10 are typical (Mooi & Sarstedt, 2011). The ANOVA tests the null hypothesis that multiple R in the population equals 0. As can be seen from the **ANOVA** table, the independent variables significantly predicts *overall satisfaction, F* =37.133, /p < .000.

The coefficient values help us to know which of the variables included in the model contributed to the prediction of the dependent variable. It indicates that five variables which are; ***communication, conflict handling, shared value, empathy, and relationship quality*** influence customer satisfaction significantly at 95% confidence interval with a sig. level of 0.000, 0.000, 0.001, 0.000 and 0.013 respectively.

Table 1: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.817	.254		3.221	.001	.318	1.316

	Trust	.081	.064	.067	1.265	.207	-.045	.207
	Commitment	.107	.069	.087	1.554	.121	-.029	.243
	Communication	-.218	.058	-.186	-3.737	.000	-.333	-.103
	Conf.Handling	.232	.059	.239	3.911	.000	.115	.349
	Competence	.001	.052	.001	.021	.983	-.101	.103
	Bonding	.009	.053	.009	.163	.871	-.095	.112
	Shared. Value	.170	.051	.190	3.346	.001	.070	.270
	Empathy	.240	.055	.278	4.326	.000	.131	.349
	R.ship.Qual	.127	.051	.135	2.486	.013	.026	.227
a. Dependent Variable: Satisfaction								

The model for this regression was: $\mathbf{Y_1 = a + b1X1 + b2X2 + b3X3 + b4X4 + b5X5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + e}$. As the constant and B values are known the model will be:
$CuS = 0.817 + 0.081X_1 + 0.107X_2 – 0.218X_3 + 0.232X_4 + 0.001X_5 + 0.009X_6 + 0.170X_7 + 0.240X_8 + 0.127X_9 + 0.05$

Customer Relationship and Customer Loyalty

The Model Summary computation gives the R (.654.) and Adjusted R square (.428). The Adjusted R square statistics 'corrects' R square value to provide a better estimate of the true population value. In cross-sectional designs, values of around 0.30 are common while for exploratory research, using cross-sectional data; values of 0.10 are typical (Mooi & Sarstedt, 2011). Moreover, the ANOVA table shows that the independent variables significantly predicts *overall loyalty, F* =25.947, /p < .000.)

The coefficient table below shows the constant beta, and significance level of each variable. It indicates that five variables which are: trust, conflict handling, bonding, shared value, and relationship quality influence customer loyalty significantly at 95% confidence interval with a sig. level of 0.002, 0.013, 0.031, 0.000 and 0.009 respectively.

Table 2: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.830	.271		3.061	.002	.297	1.364
	Trust	.219	.069	.186	3.195	.002	.084	.354
	Commitment	-.045	.074	-.037	-.611	.542	-.191	.100
	Communication	-.041	.062	-.036	-.662	.509	-.164	.082
	Conf.Handling	.157	.063	.165	2.485	.013	.033	.282
	Competence	.004	.055	.004	.080	.936	-.104	.113
	Bonding	.122	.056	.131	2.167	.031	.011	.233
	Shared. Value	.193	.054	.219	3.538	.000	.085	.300
	Empathy	.046	.059	.054	.771	.441	-.071	.162
	R.ship.Qual	.143	.054	.156	2.626	.009	.036	.250
a. Dependent Variable: Cust.Loyalty								

The model for this regression was: $\mathbf{Y_2 = a + b1X1 + b2X2 + b3X3 + b4X4 + b5X5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + e}$.. As the constant and B values are known the model will be:

$CuL = 0.830 + 0.219X_1 - 0.045X_2 – 0.041X_3 + 0.157X_4 + 0.004X_5 + 0.122X_6 + 0.193X_7 + 0.046X_8 + 0.143X_9 + 0.05$

8. Conclusion

This research provides empirical evidence for the influence on customer satisfaction & loyalty of eight underpinnings of relationship marketing: *trust, commitment, communication, conflict handling, bonding, shared values, empathy and reciprocity*. This study adds value to the literature by empirically investigating the impact of relationship marketing underpinnings on customer satisfaction & loyalty in the banking industry in Ethiopia. *Communication, conflict handling, shared value, empathy, and relationship quality* are critical factors that significantly influenced customer satisfaction at 95%

confidence Firstly, providing timely and reliable information, for example about the uses and benefits of new banking services or about the status of transactions. *Secondly,* Banks should act proactive steps towards conflict resolution with satisfactory responses to manifest problems. *Thirdly, B*anks should pay attention to the feelings and opinions of customers to satisfy customers. *Fourthly,* bank employees must try to establish long-term relationships with customers and work in a close cooperation and should keep in touch with customers constantly. *Lastly,* giving and keeping promises, showing concern for the security of customer transactions, providing quality services, showing respect for customers, fulfilling obligations to customers are the major focal areas that need to be given undivided attention by the commercial banks in Ethiopia to satisfy customers.

Trust, conflict handling, bonding, shared value, and relationship quality influence customer loyalty significantly at 95% confidence. Thus Commercial banks in Ethiopia should give an exceptional attention to these constructs to remain competitative and profitable**.** *Thus, banks* that desire to build loyal customers should strive to earn customers trust. *Secondly,* Banks should take proactive steps towards conflict resolution with satisfactory responses to manifested problems and avoid potential conflicts-pre-empt potential sources of conflict and address them before problems become manifested. *Thirdly,* Commercial banks need to improve empathetic and reciprocal abilities of the salespeople, and developing strong bonds between buyers and sellers. *Fourthly,* banks should pay attention to shared values and the same feelings and opinions. Banks should provide a situation that both customers and employees try to solve difficulties and feel responsible to repay each other's kindness. *Lastly, banks should give and* keep promises, show concern for the security of customer transactions, provide quality services, show respect for customers, fulfill obligations to customers, and strive always to enhance customers‟ confidence. Therefore, it is reasonable to conclude that customer satisfaction and loyalty can be created, reinforced and retained by marketing plans by focusing on major constructs that influenced both customer satisfaction and customer loyalty.

9. Limitations and Future Research

The relationships investigated in this study deserve further research. Since this research focuses on the banking services in one country, further research in other sectors may be necessary before generalization can be made on the entire service industry. By employing these constructs and replicating this study in other industries, researchers would be able to unveil the factors that discriminate satisfied customers form non-satisfied customers and between loyal customers and those who are not. Moreover, the impact of the relationship marketing underpinnings can be investigated on other dependent variables such as market share, profitability and firm performance. Although the dimensions identified were really verified in this industry, it would be helpful to replicate this study in other industries. The outcome of the future studies will determine the extent of generalization to be made. An important future research direction is to examine the roles of the relationship marketing underpinnings, overall relationship quality in creating customer loyalty. Such knowledge would assist banks in designing effective strategies for consummating strong customer satisfaction & loyalty. Another future research direction in relationship marketing research may include other less widely acknowledged relationship marketing variables, for example, friendship, recognition, thoughtfulness, understanding, benevolence, competence, time to listen and likewise the impact of moderating variables such as demographic characteristics can be considered. These were excluded from this study which concentrated only on the more common relationship marketing underpinnings as identified by past studies. By using a more comprehensive list, a richer outcome may emerge.

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