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# THE MEDIATING ROLE OF MOBILE TECHNOLOGY IN THE LINKAGE BETWEEN CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

**BY**

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# DECLARATION

I, the undersigned, Rumbidzai Anna Chihombori, hereby declare that this dissertation is my own original work and that it has not been submitted, and will not be presented at any other University for a similar or any other degree award.

Signature R.A Chihombori

Date 13/02/2013

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I, the undersigned, Rumbidzai Anna Chihombori, hereby declare that I am fully aware of the University of Fort Hare's policy on plagiarism and I have taken every precaution to comply with the regulations.

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Date 13/02/2013

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# ABSTRACT

The main objective of this study was to critically investigate the mediating role that the use of mobile technology plays in the linkage between customer satisfaction and customer loyalty in a semi-urban environment. The research problem focused on the application of mobile technology in the linkage between customer satisfaction and customer loyalty in the clothing industry in King Williams Town.

In accomplishing this objective, this research study hypothesised that mobile technology plays a mediating role in the linkage between customer satisfaction and customer loyalty of customers of clothing retailers in South Africa. Multiple regression was conducted to test for the first hypothesis.

The first secondary objective aimed at establishing if there is disconfirmation between customer expectations and the performance of clothing retail outlets in King Williams Town. In exploring this objective, it was hypothesised that there is negative disconfirmation between customer expectations and performance. A paired sample test was conducted to test for this hypothesis.

In addition, the influence of service quality and customer satisfaction on customer loyalty was explored. To accomplish these, it was hypothesised that both service quality and customer satisfaction have an influence on customer loyalty. Pearson's Correlation and the Chi-Square Test were applied to test the influence of service quality and Customer satisfaction on Customer loyalty.

Data was analysed using the Statistical Package for Social Sciences (SPSS) statistical software. Regression analysis, chi-square tests, Paired sample tests and correlation reports were used to analyse data inferentially. Reliability and validity of the research was also tested using Cronchbach's alpha test.

The results show that mobile phones have become a basic necessity for customers and that mobile technology plays a mediating role in the linkage between customer satisfaction and customer loyalty; however, the mediation is partial. The results also show that there is positive disconfirmation between customer expectations and retailer performance; that both service quality and customer satisfaction have a positive correlation with customer loyalty and that mobile technology enhances customer loyalty. Finally, the results show that the total service experience of customers is favourable

because the five components of service quality were rendered at a high level of service quality.

The study offers several managerial recommendations. **Firstly**, retail managers should make strategic investments in mobile technology and use this technology to the full to reap the benefits of technologically advanced mobile communication. **Secondly**, managers should be creative in their use of this mobile technology to enhance customer satisfaction and, hence, customer loyalty. **Thirdly**, managers should prioritise the improvement of all five components of service quality in order to enhance customer loyalty. **Finally**, managers should provide a customer-centred service experience that exceeds customer expectations for service quality and mobile communication, one that maximises customer satisfaction and loyalty. The implementation of these recommendations could result in clothing retailers providing a customer-focused service experience in all five aspects of service quality.

To successfully implement these recommendations, clothing retailers should: ensure that expectations created, could be accomplished or exceeded to build and enhance customer satisfaction; create expectations that are realistic to avoid negative disconfirmation and hence customer dissatisfaction; implement innovative and creative mobile communication strategies to build and enhance customer loyalty; and finally, improve loyalty programmes to enlarge the customer base.

# LIST OF TABLES

# LIST OF FIGURES

## LIST OF ABBREVIATIONS

| | |
|---|---|
| **MMS.**.......................... | Multi Media Messaging |
| **Mobisites** .................. | Mobile Websites |
| **SMS**............................ | Short Messaging Service |
| **M-commerce**.............. | Mobile Commerce |
| **E-commerce**............... | Electronic Commerce |
| **TOA** ............................ | Time of Arrival |
| **WTO**…………………… | World Trade Organisation |
| **DTI**……………………... | Department of Trade and Industry |
| **SPSS**…………………... | Statistical Package for Social Sciences |
| **SARS**…………………… | South African Revenue Services |
| **BMI** ……………………… | Business Monitor International |
| **GDP**……………………… | Gross Domestic Product |
| **B2C**………………………. | Business to Customer |

# LIST OF ANNEXURES

**TABLE OF CONTENTS** **PAGE**

# CHAPTER ONE

# INTRODUCTION TO THE STUDY

## 1.1 INTRODUCTION

Since the start of the new millennium, marketing research and marketing practice has rekindled the importance of understanding the role of customer satisfaction in several ways. Customers will always remain the primary focus of every business because without customers there will be no reason for a business to operate (Roberts-Lombard 2009:070). Customer satisfaction is an important predictor not only of customer loyalty, but also of the profitability of a firm's marketing activities (Evanschitzky and Wunderlich, 2006: 331; Zeithaml, Rust, and Lemon, 2001:119). According to Roberts-Lombard (2009:073) the ultimate aim of any business is to ensure that the customer that buys its product or service is satisfied. However, consumers could also make satisfaction decisions that depend on their overall experience with a firm that may be based on multiple transactions over a period of time.

Consumer satisfaction pertaining to the service delivery of a firm makes more sense if it is based on the overall experience on which long-term relationships are built and maintained, rather than on the satisfaction derived from any one transaction (Olsen and Johnson, 2003). The pressure on businesses today is increased by a market where the customer acquisition rate is slowing, customer loyalty is decreasing and sales cycles are lengthening (Roberts-Lombard 2009:070). Customer loyalty results in a bond being formed between the business and the customer and the bond is based on more than a positive feeling about the business (Roberts-Lombard 2009:073).

Service quality is considered a key factor for enhancing customer satisfaction (Geetika, 2010). According to Santourdis and Trivellas (2010:343) service quality is generally accepted to have an influence on customer satisfaction and customer loyalty. Customers tend to seek the service environment and interaction quality in their service experience (Santourdis and Trivellas 2010:343). Thus, it becomes important for firms to deliver a service experience of high quality in order to build customer satisfaction that leads to customer loyalty. The success of a service experience depends on the satisfaction it delivers to customers (Abbasi, Khalid, Azam and Riaz 2010:97). Service quality does not only play a vital role to satisfy customers (Gerzinic 2007) but is also considered as a value driven for consumers and a way to position product or service in a dynamic environment (Kaul 2005). The understanding of customers' requirements about service quality is beneficial to firms in many ways (Shahin 2002). Hence, it is the fulfillment of expected needs after the service experience as a result of integrated activities focused on the customers (Abbasi *et al*., 2010:97).

## 1.2 BACKGROUND OF THE STUDY

Various developments in South Africa such as political changes, high inflation rates and the implementation of the New Credit Control Act in 2006, have severely negatively affected customer's lifestyles and expenditure levels. Performing trade worldwide is inevitability rather than opulence in most industries (Abbasi *et al*., 2010:97). Practically all tactical decisions today are embroidered by global concerns (Abbasi *et al*., 2010:97). Competition is also ferocious in retailing. Therefore, firms need to understand consumer behaviour. The clothing industry is characterised by short product life cycles, tremendous product variety, volatile and unpredictable demand and inflexible supply processes (Fashion Apparel Industry Overview 2011). The industry is also being affected by transition through increasing use of electronic commerce in retail (Fashion Apparel Industry Overview 2011). The use of electronic commerce helps marketers to build relationships with customers.

Firms are now striving to build long-term relationships that result in customer loyalty because it is less expensive than acquiring new customers. According to Kotler and Armstrong (2006:550), it costs five times as much to attract a new customer as it does to keep a customer satisfied. This forms the basis of the motivation to explore the topic of this research.

The advent of the use of technology has motivated firms to apply mobile technology to communicate with customers in order to build loyalty. This research focused on the use of mobile technology by three clothing retailers in the semi-urban environment of King Williams Town, namely Edgars, Truworths and Foschini that cater for middle to high income earners. The research focused on four aspects, namely, service quality, customer satisfaction, customer loyalty and the Disconfirmation-Expectancy theory.

This chapter presents the synopsis of the research at hand by outlining the introduction and background of the study, the problem statement, the research objectives, the research hypotheses, the significance of the study and the literature review. Furthermore, the chapter briefly discusses the research methodology applied, data analysis, limitations of the study, ethical considerations and the research structure.

The next section focuses on a description of the problem statement.

## 1.3 STATEMENT OF THE PROBLEM

In these times of intensifying competition, eroding customer loyalty, economic uncertainty and changing customer expectations, firms have adopted a proactive approach in formulating loyalty strategies. Most South African customers are empowered with high levels of knowledge about their rights. In addition, the emergence of more educated consumers has called for more customer-driven firms resulting in increased customer satisfaction and the building of customer loyalty. The retail segment of the market faces one of the greatest challenges when it comes to competition (Badler, 2004:143). The factor of competition compels firms to build customer loyalty.

Limited research studies explored the mediating role mobile technology plays in the linkage between customer satisfaction and customer loyalty in South Africa and specifically on the performance of clothing retailers. The concept of service quality is of importance to firms since it influences customer satisfaction and customer loyalty. The concept of service quality and its influence on customer loyalty is also of importance. Since the turn of the century there have been major advancements in mobile technology and hence, clothing retailers need to be competitive in this arena. A gap exists between customer expectations of products or services and the performance of these products or services; hence, there is disconfirmation in expectations and performance that causes this gap. The research problem that is derived from this gap is:

**The application of mobile technology in the linkage between customer satisfaction and customer loyalty in the clothing industry in King Williams Town remains unclear and unexplored.**

With this backdrop, clothing retailers focus on customer satisfaction and loyalty in order to build long-term relationships with their customers and to meet customer expectations. Therefore, the main aim of the research is to critically investigate the mediating role that the application of mobile technology by retailing clothing stores plays in the linkage between customer satisfaction and customer loyalty in a semi-urban environment. The research will specifically investigate the use of mobile communication to achieve customer satisfaction and loyalty.

The next three sections describe the research objectives, the hypotheses and the significance of the problem.

## 1.4 RESEARCH OBJECTIVES

The research study had four objectives; the following section focuses on the primary objective followed by a section on the secondary objectives.

### 1.4.1 Primary Objective

- To explore the mediating role of mobile technology on the linkage between customer satisfaction and loyalty among account holding customers of clothing retailers in King Williams Town.

### 1.4.2 Secondary Objectives

- To establish if there is disconfirmation between customer expectations and the performance of clothing retail outlets in King Williams Town.
- To investigate the influence of service quality on customer loyalty of customers of clothing retailers in King Williams Town.
- To investigate the influence of customer satisfaction on customer loyalty of customers of clothing retailers in King Williams Town.

## 1.5 HYPOTHESES

The following section focuses on the primary hypothesis and secondary hypotheses.

### 1.5.1 Primary Hypothesis

- $H1_0$ : Mobile technology does not play a mediating role in the linkage between customer satisfaction and customer loyalty of customers of clothing retailers in King Williams Town.
- $H1_1$ : Mobile technology does play a mediating role in the linkage between customer satisfaction and customer loyalty of customers of clothing retailers in King Williams Town.

### 1.5.2 Secondary Hypotheses

- $H2_0$ : There is negative disconfirmation between customer expectations and performance of the three clothing retailers.
- $H2_1$ : There is positive disconfirmation between customer expectations and performance of the three clothing retailers.

- $H3_0$ : Service quality does not have an influence on the customer loyalty of customers of clothing retailers in King Williams Town.
- $H3_1$ : Service quality does have an influence on the customer loyalty of customers of clothing retailers in King Williams Town.

- $H4_0$ : Customer satisfaction does not have an influence on the customer loyalty of customers of clothing retailers in King Williams Town.
- $H4_1$ : Customer satisfaction does have an influence on the customer loyalty of customers of clothing retailers in King Williams Town.

## 1.6 SIGNIFICANCE OF THE PROBLEM

This research study is considered significant for the following reasons:

- This research has a South African context whereas many studies have been conducted in developed countries. The research focused on clothing retailers in a semi-urban environment of South Africa, a sector with limited exposure to previous research studies.
- With continuous advances in mobile technology, this research area and problem will continue to demand further research.
- This research study attempted to enlighten the retailing industry on the role that the use of mobile technology plays in their endeavour to build customer loyalty. The research aids the three clothing retailers to better understand how mobile technology helps in building customer loyalty with customers.
- It is intended that the expected research findings aid the clothing retailing industry at large in the formulation of mobile technology enhanced customer loyalty strategies.

- The research investigated the mediating role mobile technology plays in the linkage between customer satisfaction and customer loyalty.

The next section provides a review of existing literature.

## 1.7 LITERATURE REVIEW

The independent variables for this study are customer expectations of service quality, performance of service quality, service quality and customer satisfaction. The dependent variable is customer loyalty while the intervening variable is mobile technology.

### 1.7.1 Mobile Technology

The constant changes in the macro-environment of South Africa have triggered a greater need for efficient and effective customer loyalty strategies to be implemented by clothing retailers. In recent years, mobile technology has become an effective and new instrument to reach customers anywhere and anytime to build relationships (Hsu and Lin 2008:133). These changes have also resulted in the need of using mobile communication to enhance customer satisfaction and loyalty. Mobile phones have become a widespread implement among customers. According to Hsu and Lin (2008:133) mobile phones are almost always kept in the customers pocket due to ease of use and ease of communication. Ragon (2009) states that since the beginning of the new millennium, the use of mobile technology has increased. Mobile communication uses many forms of communication such as MMS statements, mobile advertising, Multi media advertising, SMS technology and mobisites.

There is greater need to keep customers satisfied in order to build long-term relationships with them. According to Hsu and Lin (2008:133) mobile technology aids firms to build customer satisfaction and to maintain customers. This also results in the strengthening of relationships with customers. According to Du Plessis, Van Heerden and Cook (2009:383), SMS is a component of mobile technology, which is a communication tool applied to keep in touch with customers and to build long-term relationships with them. In addition, SMS is a tool used to keep in touch with various consumers and build relationships (Du Plessis *et al.,* 2009:384). According to Keegan and Green (2008:587) SMS is now a globally accepted wireless standard for sending information to promote services and products. Thus, consequently mobile technology offers flexible communication with customers and aids in increasing customer satisfaction and deepening relationships with customers.

### 1.7.2 Customer Satisfaction

According to Kotler and Armstrong (2006:8), customer satisfaction is the extent to which products perceived performance matches buyer's expectations of those products. The ultimate goal of any firm is to ensure that the customer that purchases its product or service is satisfied (Brink and Berndt, 2004:49). Customers have different expectations of a firm's product or service offerings. Hence, positive customer perceived value accrues when the customers' experiences of products or services offered by firms are equal or exceed their expectations of the product or service.

According to Guo, Kumar and Jiraporn (2004:131), satisfied customers tend to be loyal and willing to make repeat purchases. However, Keaveney and Parthasarathy (2001), as well as Zabava (2003), argue that customer satisfaction is not the only predictor of customer loyalty. Therefore, customer loyalty has other predictors besides customer satisfaction. However, customer satisfaction remains one of the most consistent predictors of loyalty (Zabava, 2003:195).

### 1.7.3 Customer Loyalty

Brink and Berndt (2004:32) state that customer loyalty, the objective of sound customer relations management, is more than having customers make repeat purchases and being contented with their experiences and products or services they bought. Customer loyalty results in a bond being formed between the firm and the customer and the bond is based on more than a positive feeling about the firm. Customer loyalty implies that customers are committed to purchasing products and services from a specific firm and will resist the actions of rival firms attempting to attract their patronage.

It has become increasingly difficult for firms to assume that there exists an unlimited customer base prepared to maintain patronage (Kandampully and Suhartanto 2003:4). Hence, in the scheme of business, it has become apparent that the ultimate goal of any firm in a competitive market is to maintain a loyal customer base. According to (Kandampully and Suhartanto, 2003:4), reflecting on research conducted by Reichheld and Sasser (1990), a five percent increase in customer loyalty has a profit-leverage effect of 25-85 percent. They argue that the profitability of an individual customer grows permanently with the duration of the business-relationship. They also found that up to

60 percent of increased sales to new customers could be attributed to customer recommendations, which is an indicator of customer loyalty. It is of essence that clothing retailers should maintain high levels of customer loyalty in order to reduce customer defection rates that in turn will propel favourable rates of customer retention.

The following section focuses on the research methodology and design.

## 1.8 RESEARCH METHODOLOGY AND DESIGN

This section describes the research plan, the research design, the population, the data collection instruments, the sources and the procedures for data analysis. The research design involves the systematic planning of the research that includes the formulation of a strategy to solve a particular problem, the collection, recording and processing of the data as well as its interpretation (Tustin, Martins, Ligthelm and Van Wyk, 2005:85).

### 1.8.1 Survey Area and Population

The research was conducted in King Williams Town, Eastern Cape. The town is the largest town in the Buffalo City Metro. King Williams Town has ample retail clothing outlets to cater for the diverse needs of the cosmopolitan inhabitants. Three clothing retail outlets, namely Edgars, Truworths and Foschini were selected for the survey and their customers constituted the target population for this study.

### 1.8.2 Research Method

This research was survey-based and applied a quantitative approach for acquiring numeric data. The research format applied is descriptive due to the fact that the primary hypothesis is of a descriptive nature. A questionnaire containing mainly structured questions was used as a data collection instrument. In addition, the researcher used secondary data from existing literature for the study.

### 1.8.3 Sample Size

The sample size was 180 respondents' that were deemed appropriate for this research. This is because a similar study used a sample size of 100 (Moreri-Toteng (2007). Sixty respondents' of each of the three clothing outlets were conveniently sampled.

### 1.8.4 Sampling Technique

The study applied a non-probability sampling method. This method was used because it is least time consuming and least expensive compared to other sampling techniques (Cant, Gerber-Nel, Nel and Kotze 2005:96). The convenience sampling method was applied in selecting the sample elements because it accommodates the lack of co-operation often experienced in mall surveys. Convenient sampling selects elements in an unstructured manner from the population and is employed in many practical situations (Tustin, *et al*., 2005:346).

The survey was a mall-intercept; therefore the respondents' were intercepted in the shopping malls where the three outlets conduct their business. This sampling technique was used by Moreri-Toteng (2007) on a similar study, hence it has been deemed appropriate for this study. The researcher conveniently selected customers of the three clothing retailers willing to participate in the survey.

### 1.8.5 Data Collection Instrument

As the research was survey-based, structured questionnaires were distributed to customers of the three clothing outlets. The questionnaire, divided into five sections A to E, contained a combination of Likert, and dichotomous question formats. The first section of the questionnaire focused on selected biographical information, the second section on mobile technology, the third section on disconfirmation theory, the fourth section on service quality and the fifth section on customer satisfaction, customer loyalty and customer retention. Likert-type scales based on previous studies, adapted to suit the uniqueness of this study, were utilised for the research. The Likert scales ranged from strongly disagree to strongly agree and were seven point Likert scales. The constructs were operationalised using variables from previous studies and the variables were adapted to suit the study. Questionnaires were utilised because they are effective in gathering large volumes of data.

### 1.8.6 Questionnaire Administration

A hundred and eighty questionnaires were distributed to 60 sample elements (customers) of each of the three clothing retailers. The elements were intercepted in malls and the central business area for the three clothing retailers. Questionnaire-completion took place under the supervision of the researcher and with the assistance of fieldworkers who also collected the filled questionnaires after completion.

### 1.8.7 Pre-Testing the Questionnaire

A pilot study of 10% of the sample was conducted in order to test and adjust the designed questionnaire. The researcher was thus able to detect questionnaire weaknesses before the formal study was executed. The questionnaire was adjusted on the initial length and degree of difficulty of questions.

### 1.8.8 Data Analysis

The descriptive method of analysis was applied, along with tables and figures for a comprehensive presentation of findings. Data collected was analysed using the Statistical Package for Social Sciences (SPSS) statistical software. Regression analysis, chi-square tests, paired sample tests and correlation reports were used to analyse data inferentially. Reliability and validity of the research were also tested using Cronbach's alpha test. The researcher was assisted by the University of Fort Hare Statistics Department to analyse the data.

The next section addresses some ethical considerations.

## 1.9 ETHICAL CONSIDERATIONS

Generally, carrying out a research that focuses on customers has several ethical implications. The research addressed ethical issues that occurred during data collection and data analysis. Ethics within a society pertain to commonly accepted standards of right and wrong behaviour (Cant, *et al*., 2005:11). Individuals have a right to privacy that means the researcher accepted any refusal of a customer to take part in the research. The researcher also ensured that embarrassing and prying questions were avoided and ensured that respondents' were comfortable.

The researcher required informed consent from respondents' thus, respondents' were informed about the aims and nature of the research and findings dissemination. During the data collection stage, objectivity and confidentiality were maintained by the researcher and fieldworkers, thus, ensuring that the data was collected accurately and completely.

The maintenance of the researcher's objectivity was ensured during the data analysis stage in order to avoid misrepresentation of the data collected and to ensure statistical accuracy. Careful considerations of ethical issues were ensured throughout the research project in terms of the impact of the study to the respondents'.

The next section discusses some limitations of the study.

## 1.10 DELINEATIONS AND LIMITATIONS OF THE RESEARCH

This research focussed on consumer markets hence this is a limitation. The research focuses on assessing the mediating role of mobile technology on the linkage between customer satisfaction and customer loyalty from the perspective of the customer and not from the perspective of employees and management. Since the research collected quantitative data, limited information was obtained about the opinions or feelings of the respondents. The research only focused on the King Williams Town clients of the three clothing outlets specifically; therefore these clothing outlets might not be truly representative of Eastern Cape clients or of South Africa as a whole. The research was limited by time constraints and budget constraints.

## 1.11 OVERVIEW OF THE REMAINING CHAPTERS OF THE STUDY

**Chapter Two** provides a background overview of the clothing retail industry.

**Chapter Three** provides an overview and description of customer satisfaction, service quality and the disconfirmation-expectations model.

**Chapter Four** outlines and discusses customer loyalty.

**Chapter Five** outlines and discusses mobile technology.

**Chapter Six** describes and discusses the research methodology and design applied. The chapter also describes the sampling methodology and data collection methods used in the research.

**Chapter Seven** presents the research findings and an analysis and interpretation of the research findings.

**Chapter Eight** highlights the most important conclusions and recommendations to the three clothing retail outlets and suggest opportunities for further research.

# CHAPTER TWO

# THE CLOTHING INDUSTRY

## 2.1 INTRODUCTION

The clothing industry is one of the most profitable and largest industries in South Africa and is characterised by competitiveness, complexity and dynamism (Datamonitor 2005). South Africa represents the largest retail market in Africa and one of the most stable economies on the continent (Datamonitor 2005). The clothing retail industry is one of the most important sectors in the economy in terms of investment, revenue and employment generation (Fashion Apparel Industry Overview 2012). Clothing consumption and expenditure is an area of importance to clothing retailers and marketers.

Clothing retailers are the channel between the clothing industry and consumers (Kleinhans 2003). Given the present competitive landscape and the nations' emerging economy status more foreign entrants are entering the market (Fashion Apparel Industry Overview 2012). The general business environment is characterised by continuous change and challenges to stay at the forefront.

The clothing retailers are faced with demanding consumer markets and the complexity of a dynamic and changing manufacturing industry (Van der Vyver 2008). The clothing retail environment is also highly competitive. South Africa is a sophisticated economy with lots of young emerging professionals who are increasingly becoming aware of fashion (Business Week 2012). The retail environment depends on consumer spending hence economic swings affect this sector. There has also been new shopping mall development which has boosted the sector (White, 2012). The following section focuses on Retailing, Definitions of Retailing and Challenges Facing Clothing Retailers.

## 2.2 RETAILING

Retailing is probably one of the toughest most competitive industries in South Africa (Terblanche, 2002:26). South Africa has one of the most exciting retail landscapes in the world. There is exponential growth in the formats of retailing today. This dynamism in retailing that is seen in the growth of retail outlets has resulted in a high concentration of retail space (Terblanche, 2002:26). Clothing retailers are now competitive, hence resulting in the usage of loyalty cards and store cards to build relationships.

The retailing environment and industry in South Africa has undergone numerous changes since 1994; more specifically changes in the demographic, economic, technological and legal environments. The ongoing high population growth in certain communities as well as the rising income levels of previously disadvantaged population groups in South Africa triggered new opportunities for retailing businesses. The increase in the number of professional and career-women also creates new opportunities for retailing (Terblanche, 2002:49).

### 2.2.1 Definitions of a Retailer

The two most practical definitions of a retailer are the following:

- A retailer is an enterprise deriving more than 50% of its turnover from sales of goods to the general public for household use (Stats S.A, 2010).
- A retailer is a business that focuses its marketing efforts on the final customers with the intention of selling goods and services to them (Terblanche, 2002:26).

There are numerous types of retailers in the business world; the focus of this study is, however, on clothing retailers who are termed speciality retailers. Speciality retailers concentrate on a certain product line in the market, offering for example clothing and apparel to consumers. According to Terblanche (2002:30) the following factors influence the image of a clothing retailer:

- price, variety of products and quality offered,
- behaviour, appearance, knowledge and helpfulness of staff members,
- customer mix, and
- convenience and accessibility,

The following sub-section focuses on challenges faced by retailers.

### 2.2.2 Challenges Facing Retailers

The following are some of the challenges retailers face (Terblanche, 2002:40):

- the increasing concentration of retailing into regional shopping centres,
- longer trading hours,
- the shift in power from manufacturers to retailers,
- greater specialisation and focus,
- the provision of credit facilities, and
- the increasing use of research.

Table 2.2 depicts the dimensions and components of retailing.

**Table 2.2: Dimensions and Components of Retailing**

| DIMENSIONS | COMPONENTS |
|---|---|
| **Merchandise** | quality, depth, width, style, price and innovativeness |
| **Service** | lay-bye plans, credit, packaging and complaints handling |
| **Clientele** | loyal customers, passing trade, browsers |
| **Physical Facilities** | cleanliness, store layout, decor, width of aisles and displays |
| **Convenience** | location, accessibility and parking provision |
| **Communication** | advertising, sales promotion and sales staff |
| **Institutional** | shop reputation, time in operation and size of firm |
| **Post-Transaction** | performance on guarantees and response to calls |

Source: Terblanche, 2002:31.

It is vitally important that clothing retailers focus on these dimensions and components of retailing to provide customers with an unforgettable experience of the firm that will bring them back for repeat purchases. A retailer plays an important function in the provision of goods and services, hence factors that influence the image of the three clothing retailers in this study should be carefully considered to successfully create customer satisfaction and loyalty. Clothing retailers should also ensure that they research their customers' expectations in order to meet and exceed them. Hence, the three clothing retailers should ensure convenience and visually appealing physical appearance of facilities, in order to make the service experience a memorable one for the customer.

The following section provides an overview of the global clothing retailing industry.

## 2.3 A GLOBAL VIEW ON THE CLOTHING INDUSTRY

According to Retail Industry Perspective (2011) there is a sluggish pace of recovery from the recession. Consumers are still uncertain about the outlook of the economy particularly in view of the macroeconomic environment. Customers continue with the habits they established in the depths of the recession such as pursuing price at the expense of convenience and looking for bargains (Retail Industry Perspective 2011). Negative macroeconomic factors affect the clothing retail industry in that customers have a tendency to trade down or postpone clothing purchases because of these factors.

The global clothing industry is one of the most important sectors in terms of investment, revenue, trade and employment generation all over the world (Fashion Apparel Industry Overview 2011). It is characterised by short product life cycles, tremendous product variety, volatile and unpredictable demand and inflexible supply processes (Fashion Apparel Industry Overview 2011). This industry is also characterised by increasing use of electronic commerce. Globalisation has resulted in competition increasing in the apparel industry (Fashion Apparel Industry Overview 2011).

By 2013, the global clothing retail is expected to increase in value by 15.4 percent since the economic recession of 2008 (Fashion Apparel Industry Overview 2011). In addition, it is expected that a further modest growth will be witnessed over the 5-year period, 2013-2017 (Business Wire 2011). Globally, the clothing industry is not only susceptible to general economic downswings but clothing retailers are also affected by store design, layout and information systems. Clothing retailers also face increased pressure to augment profit margins hence clothing retailers are looking at sourcing their supplies from very competitively priced Far East markets (Business Wire 2011).

On a positive note, factors like positive demographics (a growing middle class, changing lifestyles and increasing consumer incomes because of double income families), population growth, urbanisation and new shopping malls, are expected to grow the market to the benefit of the global clothing industry (Business Wire 2011).

## 2.4 THE CLOTHING INDUSTRY IN SOUTH AFRICA

The clothing manufacturing industry in South Africa is facing increased global competition, therefore, a dire need to adapt to global standards and cost-efficiency is paramount. Expenditure on clothing is of key interest to South African manufacturers, marketers and clothing retailers (Van der Vyver, 2008). The general business environment is beset by constant change and need to stay ahead in competition. The general business environment in South Africa is inundated with ongoing change and clothing manufacturers and clothing retailers need to stay ahead of competition by pro-active marketing strategies.

Over and above the fact that the South African market is saturated with similar products and imitations, the market has become highly complex while consumers are more sophisticated and informed than ever before (Van der Vyver, 2008:3). Business Wire (2011) and White (2012) support this observation stating that South Africa has become a sophisticated economy with a number of young emerging professionals that are increasingly becoming aware of fashion resulting in an increased demand for clothing apparel. Since 1994 the South African Clothing retail sector has benefited from the growing affluence among the black majority of South Africa, particularly the emerging black middle class, has provided the much required stimulus to this sector while a rise in educational attainment has also resulted in higher customer expectations. The middle class has more than doubled in size in South Africa (South Africa Retail Report, 2011). An expansion in retail sales is expected and factors underlying this expansion include economic growth, rising disposable income, falling unemployment, increasing urbanisation, the emergence of a black middle class and an increase in the number of economically active individuals (White, 2012).

The consumption on clothing by South African consumers has been negatively affected by different factors among others: global equity, market volatility, high interest rates, the implementation of the National Credit Act, No 34, of 2005 and even high fuel prices. The clothing industry is also heavily dependent on imports (White, 2012).

Clothing and footwear retailers in South Africa experienced a marked general slow-down of growth over the period of 2009 to 2010, in both volume and value terms. This can be ascribed to unfavourable macroeconomic variables such as high interest rates and inflation that have eroded consumers' disposable incomes (South Africa Retail Report, 2011). The implementation of the National Credit Act of 2005 also affected consumers' access to credit and had a negative effect on the overall growth in retail sales. The growth in the market for women apparel was complemented by an increase in the level of advertising and trade promotions by clothing retailers targeted at them.

The expected growth in retailing sales over the 2-year period from 2011 to 2012, on account of the historical low interest rates and steady inflation rate, failed to materialise attributable to the restrictions on access to consumer credit caused by the National Credit Act of 2005.

### 2.4.1 Imports

Over the recent past, many clothing retailers have sourced products globally in order to achieve a cost advantage. The appreciation of the rand and the very substantial liberalisation of trade over the decade since World Trade Organisation (WTO) accession, has caused a very rapid and sustained surge in imports, particularly from China (Fin 24, 2011). The limitation of imports through import quotas on clothing imports from China is an issue of debate (Fin 24, 2011). Clothing retailers argue that local manufacturing firms are unable to fill the supply deficit that the imposing of quotas would bring about.

Clothing retailers also argue that these costs of imports are borne by customers. It is argued that if duties were reduced to about 20 percent (which is closer to the global norm), clothing prices in South Africa would drop by 10 percent or more (Fin 24, 2011). However, South Africa has not derived optimal benefit from this development of trade between the countries: the trade balance with China is negative and growing as South African imports are growing significantly faster than exports (Fin 24, 2011).

### 2.4.2 The Position of Clothing Retailers

The fashion apparel business is traditionally characterised by intense competition and short product life cycles (Guercini and Runfola, 2004). Marketing literature also highlights the increasing significance of retailing as clothing retailers assume a primary role in the forming of supplier networks, being operators who act globally, either in terms of market exploration, or in seeking and establishing supplies.

Hence, buyer-seller relationships are receiving increased focus due to the increase in new formulas in clothing retailing with production management models inconsistent with traditional systems. These new trends seem to have a significant impact on the upstream relationships in the supply chain, due to vertical integration in some industrial functions (designing, sourcing and quality control) by clothing retailers (Guercini and Runfola, 2004). The overall market for clothing and footwear can be described as mature, and it is highly concentrated, as demonstrated by the dominant positions of established clothing retailers (Euro Monitor, 2009). This domination by large South African retail firms covers the core clothing target market of lower, middle and upper income customers.

The formal retailing sector is in competition with informal clothing retailers and the former has gradually taken away market share from the latter by positioning themselves competitively. The rise in the number of shopping malls consolidated the migration of market share towards the established brands that are the preferred tenants at these newly established complexes (Euro Monitor, 2009).

### 2.4.3 Clothing Retailers Contribution to the Economy

The turnover in the retail trade industry in 2009 was R486 937 million (Stats S.A. 2009). The contribution of clothing, footwear and leather goods sector was 20 percent or R97 984 million of this amount (Stats S.A. 2009). This sector had the highest net profit margin of 10.8 percent of all retailing sectors and also employed the largest proportion, 20% or 130 781, of all employees in the retailing industry (Stats S.A. 2009). In addition, retailing has been one of the fastest-growing providers of new employment in the past years (Fin 24, 2011).

The South African Retail Report (2011), forecasts that the country's retail sales will grow at a steady rate in the future; key factors behind this growth will be underlying economic growth, increasing disposable incomes, falling unemployment, increasing urbanisation and the emergence of a black middle class. It was foreseen that South Africa's economic growth rate of 3.0 percent would increase to 3.7 percent as the economy continues to recover (South Africa Retail Report, 2011). Average annual GDP growth of 3.9 percent is predicted by BMI between 2011 and 2015 (South Africa Retail Report, 2011).

The clothing retail industry affects the economy, through the provision of employment, services and goods (Fin 24, 2011). While, retailing is not directly affected by the crisis in the manufacturing industry, it is indirectly affected by a decline in disposable incomes caused by job losses in this industry. Contrary to expectations, increases in retail clothing sales, driven by the factors mentioned in 2.4.2, were not accompanied by an expansion in the local clothing retail and textile industry due to the influx of imports.

Overall, the South African clothing retailing industry successfully attracted foreign investment and contributed substantially to the earning of additional tax revenues by SARS (Fin 24, 2011).

## 2.5 THE GLOBAL ECONOMIC CRISIS AND THE CLOTHING INDUSTRY IN SOUTH AFRICA

The global economy has undergone deep structural changes and the past few decades have seen the rise of new sources of global economic growth, trade and investment flows that are redefining the global economic landscape (Davies 2012). In support, White (2012) purports that growth in the South African retail sector, over the recent years, has been due to steady economic growth, an increase in disposable income and higher consumer confidence. However, on the contrary, the severe global economic crisis of 2008 plunged the South African economy into a recession causing a 1.3 percent decline in growth (Davies, 2012).

This recession was the first in seventeen years (ILO, 2010). Sharp declines in GDP of 7.4 percent and 2.8 percent followed in the first two quarters of 2009. Overall, there was a 1.8 percent contraction in GDP in 2009 (National Treasury, 2010) causing a loss of nearly one million jobs during the global economic crisis (White, 2012). This negatively affected disposal income and consumer spending while consumer confidence declined. Consumers became more price and quality conscious because of their low household incomes. Fortunately, consumer confidence increased to improved levels after the recession (White, 2012).

The global economic crisis has not only affected the general consumer spending but also substantially reduced consumer spending on clothing. While the South African economy is still recovering from the recession, other factors have reduced consumer purchasing power curbing consumer spending on non-basic items such as clothing further. During this recovery period, it is important that clothing retailers formulate distinct marketing strategies to build consumer confidence and to lure customers to purchase clothing apparel. During the recent past, consumer confidence has increased as disposable income increased rose driving the market upward. The recovery, however, is slow and fragile (White, 2012).

## 2.6 PERSPECTIVES ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY IN THE SOUTH AFRICAN CLOTHING INDUSTRY

Due to the fact that fashions and trends constantly change within the clothing retail sector keeping up to date is expensive making this a lucrative but difficult market. Customers increasingly want to be treated as individuals and to have their own specific tastes and needs met (Van der Merwe 2005). According to Van de Merwe (2005) price and quality have an influence on customer loyalty. Today in the business world management recognises that customers are the core of a business (Nguyen, Sherif and Newby 2007) and that satisfying and retaining them is essential for achieving competitive advantage in the market place (Grönroos, 2007).

With a challenging retail sector characterised by increased competition, enhanced opportunity to analyse markets and greater shopping expectations it is evident that it is crucial to adequately manage satisfaction (Gomez, McLaughlin and Wittink 2004). According to Retail Industry Perspectives (2011) firms should identify and focus on those factors that have the greatest potential to drive customer satisfaction. Customer satisfaction should also be a concept at the centre of every clothing retailer. It is imperative to be conversant about customer's perceptions of a firm's product and services in order to build customer satisfaction.

Ongoing research should be conducted to explore changing customer needs, to improve product quality and by this means, to enhance satisfaction (Business Wire 2011). Therefore, customer satisfaction ought to be continuously improved in order to improve quality. Customer satisfaction is a response to expectation and shopping experience (Van der Vyver 2008:28). Therefore, customer satisfaction depends on whether the expectations prior to the shopping experience are met.

According to Singh and Sirdeshmukh (2000:15) customer loyalty is rapidly becoming the marketplace currency of the twenty first century. Good customer satisfaction has an effect on profitability on every firm (Van der Vyver 2008). A good understanding and knowledge of customer perceptions and experiences of customer satisfaction are strategic tools to attain and retain clientele in the increasingly competitive clothing retail sector (Van der Vyver 2008:8).

Customer satisfaction results in customer loyalty. In an increasingly competitive market, a business needs more than satisfied customers (Business Wire 2011). Therefore, it needs loyal customers. According to Chung and Tu (2005) customer satisfaction increases repeat purchase behaviour and purchase of other products at the same store. The greater the satisfaction experienced during purchasing the greater the intention to repeat purchase (Chen-Yu and Hong 2002). Reinartz and Kumar (2002) agree and state that customer loyalty is an important corner stone for achieving sustainable competitive advantage and profitability in the clothing retailing sector.

## 2.7 CONCLUSION

The South African economy is consumer driven where consumer spending accounts for two thirds of the GDP (White, 2012). Therefore, retailers need to adopt a customer-centric approach in their strategies. Retail competition continues to intensify hence clothing retailers should keep in touch with changing customer needs for long-term survival and growth. Firms have to keep up with changes in the macro- environment and changing customer needs.

Clothing retailers have a need to understand customer perceptions on shopping experience and customer satisfaction. These clothing firms should also differentiate themselves from competitors. With foreign entrants entering the clothing retail arena there is need for clothing retailers to adhere to global standards and also gain a competitive edge.

The chapter focused on retailing in general, clothing retailers from a global view, clothing retailers from a South African view and the economic crisis and South African clothing retailers.

The following chapter focuses on Customer satisfaction.

# CHAPTER THREE

# CUSTOMER SATISFACTION

## 3.1 INTRODUCTION

Customer Satisfaction is a central concept in marketing theory and in retailing practice (Matzler, Hinterhuber, Daxter and Huber 2005:671). The apparel retail setting is very competitive and retail store managers have to maintain and promote superior customer need-satisfaction on an on-going basis. According to Levy and Weitz (2004:149), the retailing concept, an adaptation of the marketing concept, is a management orientation that focuses a retailer on determining the needs of its target market and satisfying these needs more effectively and efficiently than its competitors. In addition, the retail environment is complex, dynamic and subject to many rapid changes. Customer satisfaction is an important predictor not only of customer loyalty, but also of the profitability of a firm's marketing activities (Evanschitzky and Wunderlich, 2006:330; Zeithaml *et al.,* 2001:136).

This drive by clothing retailers to accomplish greater customer satisfaction has rekindled new interest within the framework of the paradigm shift from transactional marketing to relationship marketing. Firms are now using customer satisfaction to improve their competitive positions and to formulate marketing strategies (Matzler and Pechnar 2001:26). Customer satisfaction provides a common yardstick for comparing the impacts of marketing performance across diverse industries and geographical locations (Mittal, Kamakura, and Govind, 2004:48). Furthermore, customer satisfaction is renowned as the foundation for the building and maintenance of long-term customer relationships and loyalty. Customer satisfaction is important because research indicates that customers' intentions to repurchase a product or service are determined primarily by satisfaction with prior use (Anderson and Fornell, 2000:870).

Research confirmed that customer satisfaction has a direct influence on customer loyalty (Mittal and Kamakura, 2001:131). Customer satisfaction is, therefore, a key focus area for both researchers and retail managers because a high level of customer satisfaction leads to an increase in patronage among current customers and aids customer recruitment by enhancing a firm's market repute. Being able to successfully judge customers' satisfaction levels and to apply that knowledge is imperative in establishing and maintaining long-lasting relationships with customers and to obtain long-term competitiveness. The following section focuses on the different definitions of customer satisfaction.

Table 3.1 below, gives some of the definitions of customer satisfaction derived from different authors.

**<u>TABLE 3.1:</u> Definitions of Customer Satisfaction**

| AUTHOR | DEFINITIONS |
|---|---|
| **Bateson and Hoffman (2011)** | **Customer satisfaction is a comparison of customer's expectations to perceptions regarding the actual service-experience.** |
| **Hu, Kandampully and Juwaheer (2009)** | **Customer satisfaction is a cognitive or affective reaction that results in response to a one off or multiple set of service-experiences.** |
| **Kotler and Keller (2012)** | **Customer satisfaction depends on the product's perceived performance relative to a buyer's perception.** |
| **Roberts-Lombard (2009)** | **Customer satisfaction can be described as the degree to which a business's product or service performance matches up to the expectations of the customer.** |

These definitions explain that customer satisfaction is achieved when customer expectations are matched or exceeded by the performance of a product. It can also be ascertained from these definitions that satisfaction is based on a customer's subjective judgement.

## 3.2 <u>DEFINITIONS OF CUSTOMER SATISFACTION</u>

Customer satisfaction has been defined by various authors. However, it is a subjective concept as can be inferred from the different definitions found in literature. Rai (2008) defined customer satisfaction as the difference between customer perception of the service received and customer expectation of the service experience. According to Hsu and Lin (2008) customer satisfaction is the process of comparing expectations with perceived performance hence it is believed to be comprised of a cognitive process within a consumer’s conscious control.

Bateson and Hoffman (2011) suggest that customer satisfaction is a short term and transaction specific measure. According to Ferrel and Hartline (2008) customer satisfaction is defined relative to customer expectations. Kotler and Keller (2012) further add that if performance falls short of expectations the customer is dissatisfied, if performance matches expectations the customer is satisfied and if performance exceeds expectations the customer is highly satisfied or delighted. Abbasi, Khalid, Azam and Riaz (2010) define customer satisfaction as a judgement of a product or service feature and it shows the level of contentment with the service or product. The following section focuses on the characteristics of Customer satisfaction.

### 3.2.1 Characteristics of Customer Satisfaction

Customer satisfaction is important to firms. This is because meeting and exceeding customers’ expectations results in many benefits to firms. In addition, customer satisfaction is characterised by positive word of mouth publicity and customer retention (Bateson and Hoffman, 2011:295). Customer satisfaction is associated with positive word of mouth. According to Ranaweera and Prabhu (2003) customers are willing to inform others of service incidents that give them satisfaction. Therefore, meeting and exceeding customer expectations may result in customers informing others of the service experience. Customer satisfaction is associated with recommendations and repeat intentions Kassim and Abdullah (2010).

According to Bateson and Hoffman (2011:297) satisfied customers often purchase more frequently and are less likely to be lost to competitors than are dissatisfied customers. This is because satisfied customers will probably return to the firm and make additional purchases. Firms with high customer ratings are also able to protect themselves from competitive pressure especially price competition. According to Kotler and Keller (2012:21) customer satisfaction results in loyal customers and they do not switch to competitors. Customer satisfaction also leads to customer loyalty which results in better business performance (Kotler and Keller 2012:27). The following section focuses on the antecedents of Customer satisfaction.

## 3.3 CUSTOMER SATISFACTION ANTECEDENTS

The notion of customer satisfaction formed the basis of the marketing concept for years. Customer satisfaction has several antecedents; however, for the purposes of this study, the main focus was on product quality, service quality and customer expectations. The following subsection discusses product quality.

### 3.3.1 Product Quality

According to Kotler and Keller (2006:146), quality is the totality of features and characteristics of a product that bear on its ability to satisfy stated or implied needs. Hence, total quality is the key to customer satisfaction. In order for customers to be satisfied with the firm, a product should match or exceed their expectations. Hence, it implies that these clothing retailers should provide products of high quality in order to satisfy their customers and to increase repurchase intentions.

Quality plays an influential role in determining and influencing customer satisfaction hence, in the case of clothing retailers, products should offer a high level of performance and be durable. However, clothing retailers have to be aware that providing a quality product is not sufficient, the service experience should also contribute to enhance the need-satisfaction of the customer. This is because of the paradigm shift from transaction-based marketing to relationship-based marketing. The focus of this research is on service quality although the clothing retail industry is affected by both product quality and service quality. The research focused on service quality.

### 3.3.2 Service Quality

A service is a process consisting of a series of more or less intangible activities that normally take place in interactions between the customer and the service provider as solutions to customer problems or for need-satisfaction (Grönroos, 2000:46). This could include interactions with service employees or physical resources or goods or systems of the service provider. The level of satisfaction experienced by customers is a good indicator of the level of quality of the service that customers receive. Therefore, understanding service quality is a crucial step in achieving customer satisfaction. Kotler (2000:34) defines a service as any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may, or may not, be tied to a physical product.

A firm's offering to the marketplace often includes some services. The service component can be a minor or a major part of the total offering. According to Kotler (2000:36) five categories of offerings can be distinguished, namely:

- pure tangible good: the offering consists primarily of a tangible good,
- tangible good with accompanying services: the offering consists of a tangible good accompanied by one or more services,
- hybrid: the offering consists of equal parts of goods and services,
- major service with accompanying minor goods and services: the offering consists of major service along with additional services or supporting goods; and
- pure service: the offering consists primarily of a service.

Clothing retailers provide both goods and services hence they could be described as hybrids. The hybrid offerings of clothing retailers have tangible and intangible features that are inherent to it. The most prominent intangible components are responsiveness and empathy. The hybrid nature of their offerings makes the rendering and ensuring of both service and product quality a challenging task.

#### 3.3.2.1 Characteristics of services

Services have certain characteristics inherent to them. According to (Kotler, 2000; Pride and Ferrel 2003), services have four major characteristics, namely:

- Intangibility: services are intangible and unlike physical products cannot be seen, tasted, felt, heard or smelt before they are purchased. Buyers will, therefore, look for signs or evidence of the service quality and will draw inferences about quality from the location, staff, communication material, symbols and price they see,
- inseparability: services are typically produced and consumed simultaneously and are, therefore, not manufactured, put into inventory, distributed and consumed later,
- variability: services are deemed highly variable because they depend on who provides them, and when and where they are provided; and
- perishability: services cannot be stored.

The differences between goods and services are discussed in the following section.

#### 3.3.2.2 Differences between goods and services

The goods and services continuum suggested by Palmer (2005:24) identifies numerous products that are a combination of tangible goods and intangible services. Hence, in practice it is evident that most products fall between the two extremes by being a combination of goods and services. Goods and services are different due to: intangibility, visualisation and perishability. Having identified the differences that surround services and goods, clothing retailers need to plan their service or product strategy. In order to understand these differences, they must define the term product and understand the nature of products that they are offering. The term product is described as a complexity of tangible and intangible attributes, including functional, social and psychological utilities or benefits (Pride and Ferrell, 2003; Dibb and Simkin, 2000).

#### 3.3.2.3 The concept of service quality

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001). Service quality affects customer satisfaction and management should ensure that it is of high standard (Zeithaml and Bitner and Gremler, 2006; Arasli, Katircioglu and Mehtap-Simadi, 2005). The delivery of a supreme quality service is considered as an essential strategy for success and survival in today‘s competitive environment (Chowdhary and Prakash, 2007:493). Many firms sell a similar product of similar quality; the only differentiator between them is the service quality that is offered to the customer (Arasli, *et al*., 2005:510). Service quality is an attitude about the superiority of a service. Table 3.2 below shows the definitions of service quality.

**<u>Table 3.2:</u> Definitions of Service Quality**

| AUTHOR | DEFINITIONS |
|---|---|
| **Bateson and Hoffman (2011)** | Service quality is an attitude formed by a long-term, overall evaluation of a firm's performance. |
| **Johnson and Clark (2008)** | Service quality is the shared understanding of the service nature provided and received. |
| **Kaul (2007)** | Service quality is described as a global judgement or attitude relating to the overall superiority of the service. |
| **Shin and Kim (2008)** | Service quality is a consumer's overall impression of the relative efficiency of the service provider. |

Service quality has been modelled as a contributory antecedent of customer satisfaction and an essential aspect for service firms hoping to achieve customer satisfaction. The quality of a service is subjectively perceived by customers during the interactions with a firm (Grönroos, 2000). Therefore, service quality is an important practice in any firm. The following subsection discusses service excellence.

#### 3.3.2.4 Service excellence

Firms across all industries recognise that services are an important aspect in all their business dealings to obtain a competitive advantage (Strydom, 2005:114). Therefore, innovative firms offering unique services to customers, now succeed in markets where established firms failed (Lovelock and Wirtz, 2004:4).

According to Boshoff and Staude (2003:9), poor service delivery, if allowed to continue, will threaten the long-term survival of a firm. Therefore, service industry employees are the backbone of a firm and should be well equipped with the right skills in order to ensure service excellence. The delivering of superior customer service is an important strategy for the growth and survival of any firm in South Africa (Brink and Berndt, 2004:46). Experiences and perceptions by customers in the interaction process will obviously have critical impacts on customers' evaluation of service quality (Grönroos, 2000).

Below is a list of critical factors that should be inherent to each person who is working in a service capacity. Clothing retailers need to adopt these skills to be inherent in their employees from salespersons to the point of sale attendants to ensure optimum and efficient provision of good customer service. According to Shonhiwa (2001:34-35), these critical factors are the following:

- an awareness by every service person of the cause-effect relationship of his or her actions at all times,
- an understanding of the needs of customers and being empowered to communicate effectively with them,
- customer-caring employees that always display great passion for service,
- the development of a constantly learning attitude to be abreast of changes in service techniques,
- the displaying of a sincere eagerness to make a difference for the better in every business situation,
- the spirit of serving customers with real inherent respect and dignity,
- perseverance in rendering consistent service excellence, and
- an internal competitiveness by every service worker to gain competency to discriminate against poor standards of performance and striving towards service excellence benchmarked against the best practices.

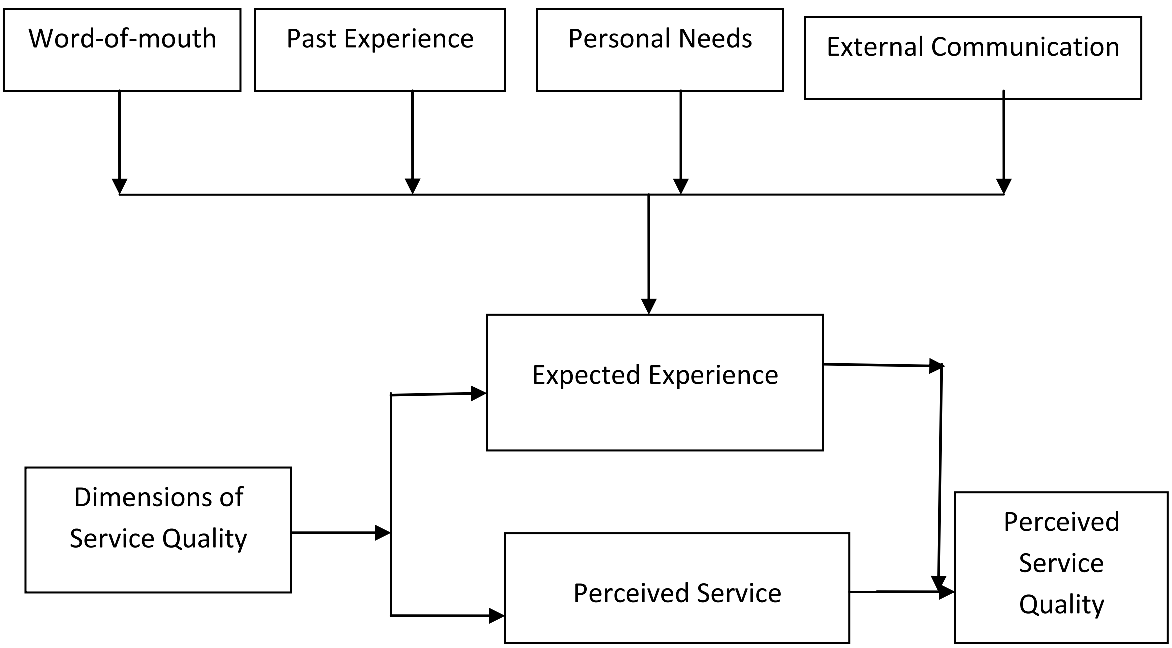
Clothing retailers should endeavour to instil assurance, responsiveness and credibility in their employees so that improved service excellence can be guaranteed. This could be achieved through the application and practice of internal marketing. The overall customer experience can be negatively or positively impacted by the attitude and behaviour of staff in a clothing retailer. The next section focuses on customer assessment of service quality.

#### 3.3.2.5 Customer assessment of service quality

Zeithaml *et al*., (2006:46) state that the expectations of customers are shaped by different factors such as word-of-mouth communications, the personal needs of the customer, past experience and external communications from the service provider. Therefore, for the customers of clothing retailers, service quality can be evaluated through the good reputation that emerges from positive word-of-mouth and the personal needs of the customer such as providing certain services for a customer. Past experience also determines the customer’s view of the retailer’s service delivery. Therefore, it is reasonable to expect that a customer would continue to do business with a firm that strives to provide good experiences. Clothing retailers must utilise their external communications media as good communication strategies, reliable information and advertisements.

Figure 3.1 below, illustrates the customer assessment of service quality and shows the effect of word-of-mouth, personal needs and previous experiences on the perceived service quality. Hence, this makes it imperative for clothing retailers to understand the components that shape the final assessment of the service quality by customers. Dimensions of service quality, expected service and perceived service are all interlinked in the assessment of service quality by customers.

**Figure 3.1: Customer Assessment of Service Quality**




Source: Adapted from Zeithaml, *et al*. (2006:107)

#### 3.3.2.6 Dimensions of service quality

Parasuraman, Zeithaml and Berry (1988:12-40) propose a detailed classification of service quality that includes five dimensions: reliability, responsiveness, assurance, empathy and tangibles. Research by Parasuraman, *et al*. (1988) focused on the belief that service quality is measurable in the eyes of the customer. An operational example of a standardised framework for understanding service quality is the SERVQUAL instrument, developed by Parasuraman, *et al*. (1988) and explained in section 2.2.3.7. The standards of service are defined by customers who have experienced that service and utilised their experiences and feelings to form a judgment. Parasuraman, Zeithaml and Berry (1985:42) suggest three underlying themes that are characteristic of service quality, namely:

- service quality is more difficult for the consumer to evaluate than goods quality,
- service quality perceptions result from a comparison of consumer expectations with actual service performance, and
- quality evaluations do not solely depend on the outcome of a service and they also involve evaluations of the process of service delivery.

A service is produced and consumed simultaneously; hence, the customer takes part in creating and producing the service. The nature of a service has several implications for customer satisfaction in the clothing retailing industry and this is because the service can result in superior customer satisfaction, partial satisfaction, partial dissatisfaction or total dissatisfaction. The following section discusses the SERVQUAL model.

#### 3.3.2.7 The SERVQUAL model

Various ways of measuring service quality have been devised over time. The most well-known being that of the SERVQUAL instrument (Parasuraman, *et al*., 1988). This instrument for measuring service quality is based on the differences between the perceptions and expectations of customers regarding the dimensions of service quality (Athanassopoulos, Gounaris and Stathakopoulos, 2001:687). The SERVQUAL instrument is an illustration of universal service quality dimensions. Its authors sought to determine common dimensions of service delivery and discovered the following ten general dimensions:

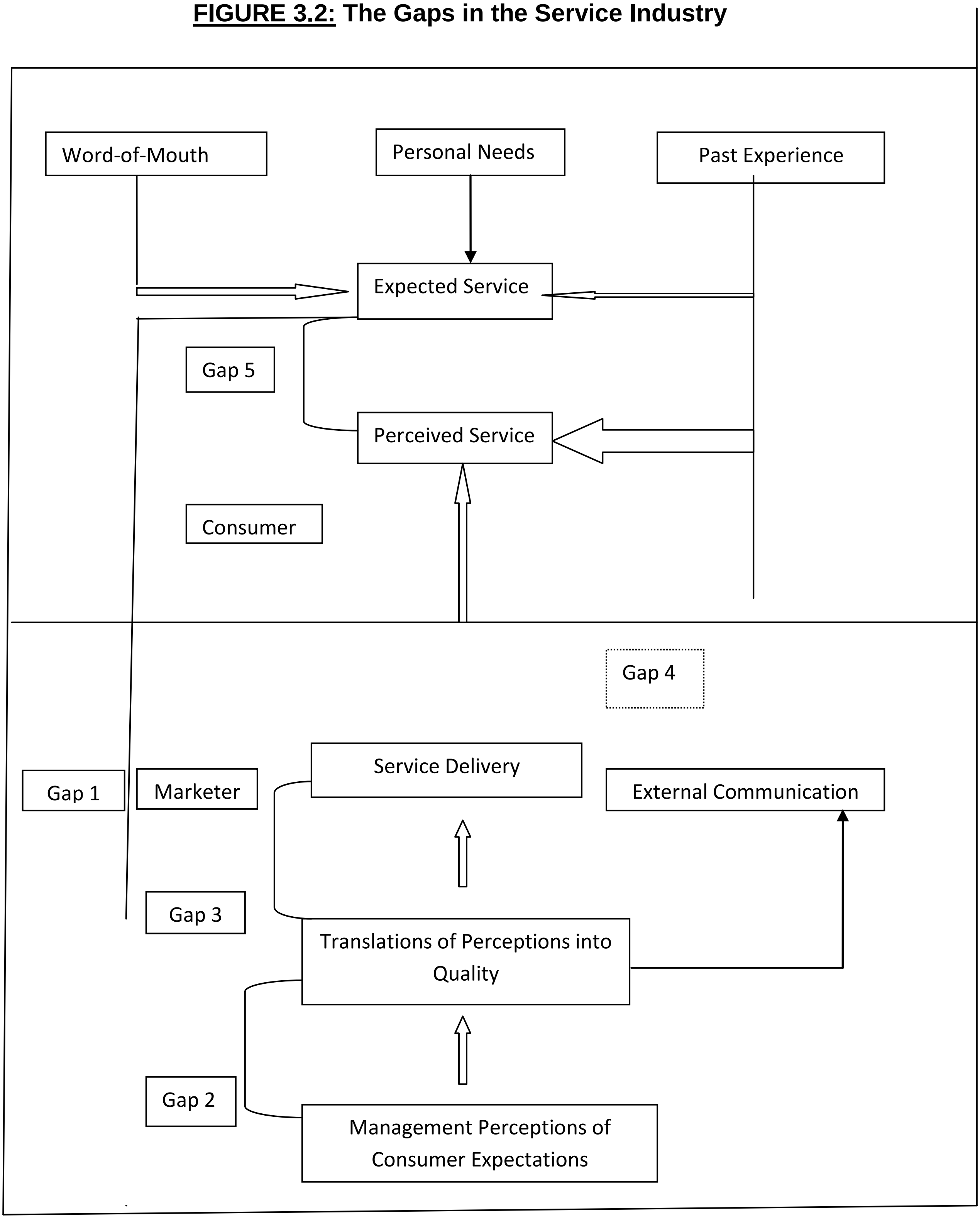
- tangibles: physical facilities, appearance of personnel, tolls or equipment, physical representation of service,
- credibility: trustworthiness and honesty,
- competence: possession of required skills and knowledge,
- access: approachability and ease of contact,
- reliability: performing the service at designated time, dependability of performance, accuracy of billing and correct record keeping,
- responsiveness: timeliness of service,
- courtesy: politeness, respect, consideration and friendliness of contact personnel,
- communication: keeping customers informed in a language they can understand and listening to customers' comments,
- empathy: making an effort to understand the customer and
- security: freedom from danger, risk or doubt.

These ten dimensions of service quality relate not only to the service consumed but also to the customers' confidence in those providing the service. The above dimensions, later reduced to five dimensions by Parasuraman, *et al*. (1985:42), are explained below:

- reliability: this refers to the extent to which the service provider delivers on the promises made to the customer. Reliability is regarded as the most important dimension of service quality (Chowdhary and Prakash,2007; Zeithaml *et al.,* 2006);
- responsiveness: this refers to the willingness on the part of the service provider to deliver assistance to the customer (Zeithaml *et al.,* 2006; O'Neill and Palmer, 2003),
- assurance: this refers to the degree of confidence and trust that the dealership is able to engender in the customer, based on the interactions between the parties (Zeithaml *et al*., 2006; O'Neill and Palmer, 2003);
- empathy: this refers to the way a customer is treated in order for them to feel important to the firm, and to be made to feel that their needs are important to the firm, this is achieved through receiving care and individualised attention (Zeithaml *et al*.,2006; O'Neill and Palmer, 2003); and
- tangibles: this refers to the physical cues that are part of the service delivery process (Zeithaml *et al*., 2006; O'Neill and Palmer, 2003).

Figure 3.2 below, illustrates the gaps found in the service industry. The gap between expected service quality and perceived service quality measures the service received. High service quality is received when the gap is zero or is very small and if the gap is large service quality is low. Gaps 1 to 4 are within the control of a firm and need to be analysed to establish the cause and to implement changes to reduce or eliminate Gap 5. Parasuraman, *et al.* (1985:42) argues that with minor modifications, SERVQUAL can be adapted to any service firm. Figure 3.2 below also shows the relationships that result in the gaps.

**<u>FIGURE 3.2:</u> The Gaps in the Service Industry**



Source: Adapted from Pitt, Bromfield and Nel (1992:232).

Information on levels of customer expectations can help managers to understand what customers actually expect from a particular service. Therefore, information on service quality gaps can help managers identify where performance improvement can best be targeted.

#### 3.3.2.8 Criticism of the SERVQUAL model

Despite the extensive use of the SERVQUAL model in measuring service quality, the instrument is not without criticism. Operational and theoretical criticisms have been identified, largely linked to the interpretation and implementation of the instrument (Newman, 2001). It has also been suggested that SERVQUAL does not have a universal applicability. The focus of SERVQUAL has also been criticised, as it is on the service-delivery process, rather than the service-encounter outcomes (Kang, 2006). Another criticism that has been levelled against SERVQUAL is its inability to connect the perceptions in the model to specific attitudes, and also not connecting to fields of study such as psychology and economics (O'Neill and Palmer, 2003). Research that is more recent indicates more and more support for the exclusion of expectations in measuring service quality (Brady and Cronin, 2001). With this movement away from using expectations, the theoretical background of service quality is moving from expectancy to disconfirmation.

#### 3.3.2.9 The linkage between service quality and customer satisfaction

Bateson and Hoffman (2011:325) suggest that customer satisfaction and service quality are intertwined. However, the authors further argue that the relationship between customer satisfaction and service quality remains largely unexplained. Hurley and Estelami (1998) argue that satisfaction and service quality are two distinct constructs that possess a causal relationship in which perceptions of service quality affect the feelings of satisfaction which eventually influences purchase behaviour. Service quality and customer satisfaction are related concepts that are sometimes understood to be synonymous especially by practioners but theoretical and empirical research mostly support the view that they are distinct concepts and that quality performance leads to satisfaction. According to Caruana, Money and Berthon (2000) service quality is directly and significantly related to customer satisfaction.

## 3.4 EXPECTATIONS

Satisfaction is intimately related to expectations (Diehl and Paynor, 2010:312). Expectations are known to play a key role in customer satisfaction by serving as a comparison standard (Youjae and Suna 2003:20). Customers' expectations regarding costs and benefits of the relationship mainly depend on past experience, and satisfying experiences increase the motivation and the likelihood that an individual stays in the relationship (Mouri, 2005). Therefore, expectations are pre-purchase viewpoints about service provision that act as a benchmark or reference point for perceptions on post-purchase performance. Customer expectations play a significant role in the evaluation of satisfaction.

According to Diehl and Paynor (2010:312), satisfaction is linked to expectations that are predictors about the future, the focus of which can range from general beliefs to specific product characteristics. According, to Youjae and Suna (2003:22), expectations are an anticipation of future consequences based on prior experience and current circumstances. Ofir and Simonson (2007:164) argue that expectations may be ill-defined and asking customers to state their expectations results in the formulation and creation of them. Customers form certain perceptions that translate into expectations about a firm. For example, certain clothing retailers may price their products highly which may be translated by customers as offering high quality products. According to Zeithaml, *et al*. (2006: 118-142), customers may base their expectations of a firm on the following factors:

- prices: high prices may be translated by customers into high quality merchandise and service,
- external communication of the firm: a firm may market itself as being a high, quality firm hence raising customer expectations,
- current circumstances,
- word-of-mouth communication,
- previous experience with the firm, and
- personal needs.

Therefore, it is imperative that firms conduct surveys to determine customer expectations of their total offering in order to match or exceed them. According to Burns, Graefe and Absher (2003:365), it is also of importance to determine and understand customer expectations and desires in advance, because failure to meet or exceed these expectations, may lead to defection and dissatisfaction. According to Ofir and Simonson (2007:165), stating expectations may have the following effects on the consumption experience:

- stating expectations might confirm and reinforce existing beliefs about the experience under consideration, that in turn affects post-experience evaluations in accordance with the stated expectations,
- stating expectations might generate higher post experience evaluations, and
- stating expectations might generate lower post experience evaluations.

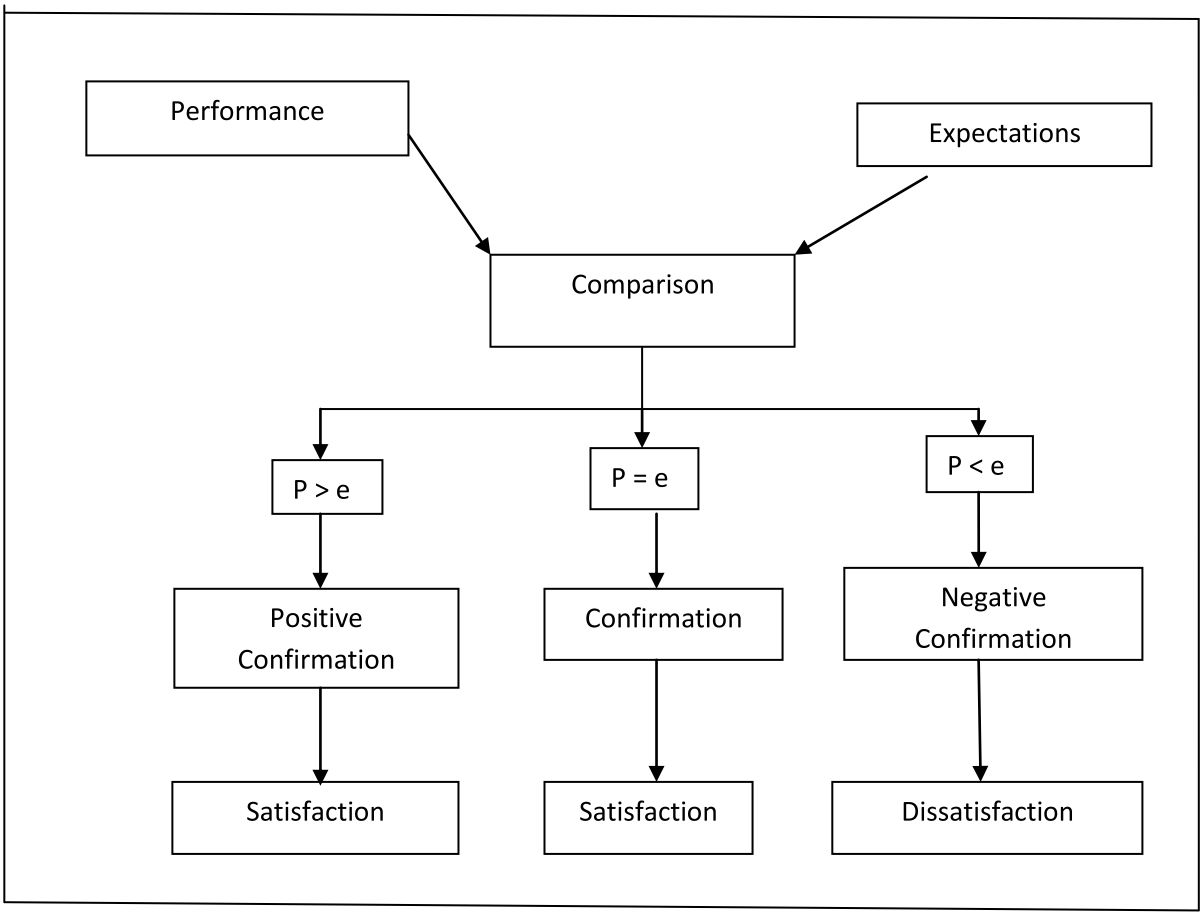
Firms should realise that communication strategy can play a key role in formulating expectations (Hoffman and Bateson, 2006:206). Expectations can be set by something as unequivocal as a promise or as embedded as a behaviour pattern. Customers may view statements issued by a firm as building contracts (Hoffman and Bateson, 2006:206). Hence, in competitive terms firms make promises and strive to build expectations that will differentiate them in the market place and cause customers to support them rather than their competitors. According to the disconfirmation paradigm customers formulate expectations of a product or service and then compare the experienced performance with prior expectations. It is widely accepted that exceeding customer expectations is key to customer satisfaction, delight and loyalty (Kotler and Keller, 2006:36).

### 3.4.1 <u>The Disconfirmation Paradigm</u>

According to the Expectancy-Disconfirmation paradigm, disconfirmation is divided into two steps, firstly, the formulation of expectations and secondly, a comparison of performance experienced with the formulated expectations (Yingzi, Goedegebuure and Heijden, 2007:84). Researchers have proposed expectations and desires as determinants of disconfirmation (Khalifa and Liu, 2003:32). The expectation-disconfirmation model rests on the notion that customer satisfaction is formed through disconfirmation. Past studies have found the direct effect of expectations as well as the direct effect of performance on customer satisfaction (Anderson, Fornell, and Lehmann, 1994:112; Anderson and Sullivan, 1993:125).

Figure 3.3 shows the definitions of positive disconfirmation, confirmation and negative disconfirmation. The figure also shows the relationship of performance and expectations on satisfaction. It shows how performance and expectations relation may lead to satisfaction or dissatisfaction.

**FIGURE 3.3: The Disconfirmation Paradigm**




Source: Adapted from (Lamb, Hill and McDaniel, 2004:5).

The nature of expectations differs among customers depending on the service experience received. According to Spreng and Page (2001:11), an expectation could be affected by the manner in which it is formed. An expectation formulated based on information obtained from a highly credible, expert source, is likely to be held with more confidence than one developed from an expectation formed based on information obtained from a highly credible, expert source, is likely to be held with more confidence than one developed from casual word-of-mouth conversations (Spreng and Page, 2001:11). In conclusion, negative disconfirmation results in customer dissatisfaction that may lead to negative word-of-mouth and customer defection (Hoffman and Bateson, 2006:304). In contrast positive disconfirmation results in positive word-of-mouth and customer retention. Hence, firms ought to exceed or meet expectations in order to build customer loyalty.

## 3.5 CONSEQUENCES OF CUSTOMER SATISFACTION

Firms are increasingly using customer satisfaction as a decisive factor for evaluating product or service performance. The following section focuses on the consequences of customer satisfaction.

### 3.5.1 Customer Satisfaction and Price Tolerance

Customer satisfaction is a post hoc evaluation of consumption experience (Oliver, 1980). A customer's satisfaction evaluation can be quite precise in nature, based on a single transaction or on cumulative transactions. Consequently, it might be expected from customers to have greater price-tolerance for products providing greater satisfaction (Matzler *et al.,* 2005:674).

### 3.5.2 Customer Satisfaction and Repurchases

It is generally accepted that customer satisfaction leads to repurchases. The continuous repurchase of a firm product results in the building of a relationship between the customer and the firm. According to Dholakia and Mortiwz (2002:160) customer satisfaction leads to more favourable evaluations of a firm and has a positive effect on purchase behaviour.

### 3.5.3 Customer Satisfaction and Cross Selling

Customer satisfaction leads to cross selling, because when customers are satisfied with a firm they may quickly adopt new products that are introduced by the firm. Cross-selling has two major consequences. Firstly, the total sales of the firm grow and markets can be penetrated faster because customers who have become loyal are responding better to a firm's marketing efforts (Srivastava, Shervani and Fahey, 1998). Faster market penetration accelerates cash flows and therefore also enhances shareholder value.

### 3.5.4 Customer Satisfaction and Word-of-Mouth

Customer satisfaction also leads to positive word-of-mouth that can significantly enhance the effectiveness of marketing communication and therefore lower acquisition costs for new customers which in turn, increases a firm's cash flow. Positive word-of-mouth also contributes to an improvement of a firm's reputation.

### 3.5.5 <u>Customer Satisfaction and Profitability</u>

Through experience curve effects and economies of scale, a firm can lower its relationship costs significantly and subsequently increase shareholder value. In addition, the stable customer base can enhance a firm's shareholder value in multiple ways (Srivastava, *et al*., 1998).

## 3.6 BENEFITS OF CUSTOMER SATISFACTION

According to Lamb, Hill and McDaniel (2004:7), keeping customers satisfied by offering them superior value, increases a firm's long-term survival and growth. Satisfied customers tend to recommend a firm through word-of-mouth advocacy hence widening its customer base. Hence, this translates into new customers and insulation against competitors (Hoffman and Bateson 2006:306). Through providing superior customer satisfaction, a firm can gain several competitive advantages which are as follow (Hoffman and Bateson 2006:306):

- reduction of costs since customer satisfaction results in less wasted effort ,
- an increase in customer loyalty, and
- reducing selling costs.

The following section focuses on the concept of customer satisfaction, its development and, consequently, its linkage to the Disconfirmation Paradigm.

## 3.7 THE IMPORTANCE OF CUSTOMER SATISFACTION

According to Hoffman and Bateson (2006:302), every firm needs to proactively define and measure customer satisfaction. According to the Technical Assistance Research Program (TARP) as quoted by Hoffman and Bateson (2006:303), the following aspects show the importance of customer satisfaction:

- the average firm does not hear from ninety six percent of its unhappy customers,
- for every complaint received twenty six customers actually have the same problem,
- the average customer with a problem tells nine or ten people,
- customers who have problems resolved share the outcome with an average of 5 people, and
- ninety five percent of customers who complain are likely to do business with a firm again if problems are resolved quickly.

These statements show that customers voice their dissatisfaction, through defection to competitors and through word-of-mouth advocacy. Hence, a firm should handle complaints in a way that ensures customer satisfaction in order to build a strong customer base. In the late 1980s, customer satisfaction or the lack of it was explained by the expectation disconfirmation theory that is based on the premise that satisfaction is determined by the intensity and direction of the gap between expectations and perceived performance (Khalifa and Liu, 2003:34).

## 3.8 CONCLUSION

The chapter focused on the concept of customer satisfaction that can either be transaction-specific or cumulative. In addition, the antecedents of customer satisfaction, namely, product quality, service quality and expectations were described; service quality was emphasised due to its effect on customer satisfaction, while the assessment of service quality from the customer's viewpoint and the benefits and consequences of customer satisfaction were also highlighted. Finally, the discussion of the development of customer satisfaction theory was augmented by describing the linkage between customer satisfaction and the disconfirmation theory.

The following chapter focuses on the description of customer loyalty. In addition, the relationship between customer satisfaction and customer loyalty is also discussed.

# CHAPTER FOUR

# CUSTOMER LOYALTY

## 4.1 INTRODUCTION

Building and maintaining customer loyalty, has been a central theory and practice in achieving sustainable competitive advantage (Gommans, Krishan and Scheddold, 2001:43). As markets became more competitive many firms realised the importance of retaining current customers and some have initiated a variety of activities to improve customer loyalty (Mc Mullan and Gilmore 2007:1084). In the current global marketplace, competition has intensified (Sivadas and Baker-Prewitt 2000:74). Therefore, customer loyalty for has become a strategic objective for most firms because it is a source of wealth, achieved through attracting and building long-term relationships with customers. Singh and Sirdeshmukh (2000:15) purport that customer loyalty is rapidly becoming the market place currency of the twenty first century.

According to Pfeifer (2005:79), it costs five times more to acquire new customers than to retain an existing one. Therefore, it is a common viewpoint that it makes commercial sense for firms to retain current customers before acquiring new ones (Walsh, Groth and Wiedman, 2005:421). Customer acquisition does not ensure long-term success of a firm, hence, most firms realise that customer acquisition must be balanced through the building of customer loyalty. Over a period of years, a school of thought has emerged regarding customer loyalty that embraces this principle that it costs more to acquire a new customer than it is to retain an existing one (Duffy, 2005:284). This perception has become prevalent among marketers and became one of the standard concepts in customer-loyalty building.

Loyal customers have higher retention rates, commit a higher share of their spending and are more likely to recommend others to become customers of the firm (Zeithaml, 2000:70). Therefore, this has resulted in firms shifting focus to customer loyalty and the building of long-term relationships with customers. However, Brink and Berndt (2004:32) argue that customer loyalty is about extending beyond having customers make repeat purchases and being content with their experiences and products or services they bought, it is more specifically focused on ensuring that a customer develops commitment to a certain market offering (Brink and Berndt 2004:32).

Firms in South Africa need to adopt the concept of building customer loyalty since there is intense competition and changing customer expectations. Hence, firms should anticipate customer expectations in order to build loyalty. Customers are important to every firm hence that is the reason why firms are focusing on customer satisfaction, loyalty and retention. It is of essence that clothing retailers uphold high levels of customer loyalty in order to decrease customer defection rates, which in turn, will propel favourable rates of customer retention. Customer loyalty is a strategy now being used by firms to build sustainable competitive advantage.

According to Beerli, Martı´n, and Quintana (2002:253), loyalty has been, and continues to be defined as repeat purchasing frequency or relative volume of same-brand purchasing. Table 4.1 shows the definitions of customer loyalty from different authors.

**TABLE 4.1: Definitions of Customer Loyalty**

| SOURCE | DEFINITIONS |
| --- | --- |
| **Bandyopadhyay and Martell (2007)** | Customer loyalty embodies various feelings that an individual customer creates on the overall attachment to a product, service or organisation. |
| **Bateson and Hoffman (2011)** | Customer loyalty reflects an emotional attachment as well as a business attachment to the service firm. |
| **Doherty and Nelson (2008)** | Customer loyalty is the desire of the customer to continue the relationship even if competitors lower prices, the willingness to recommend friends and intention to continue to patronise. |
| **Paswan (2007)** | Customer loyalty implies that customers are committed to purchasing products and services from a specific business and will resist activities of rivalry firms attempting to attract their patronage. |

From the definitions, it can be deduced that customer loyalty occurs when;

- a good or service is purchased repeatedly and

- a customer holds a favourable attitude towards a good or a service or a favourable attitude towards a firm.

The following section discusses the concept of customer loyalty.

## 4.2 CUSTOMER LOYALTY

Literature recognises customer loyalty as a key path to profitability (Srinivasan, Anderson and Ponnavolu, 2002:280). It is generally accepted that customer acquisition costs five times more than customer retention. Zairi (2000:332) argues that customers are the reason for firms to be in business and the firm and the customer depend on each other. That is the underlying factor why firms are focusing on customer satisfaction, loyalty and retention. According to Brink and Berndt (2004:32) customer loyalty implies that customers are committed to purchasing products and services from a specific firm and will resist the activities of rival firms attempting to attract their patronage.

A customer loyalty focus differs from a transactional focus in several ways, as depicted in Table 4.2, below. A transactional focus is a traditional business viewpoint discarded by most firms, subsequently, in order to retain customers and increase profitability; firms have adopted the loyalty concept.

**Table 4.2:** **Differences between a Transactional Focus and a Loyalty Focus**

| **Elements** | **Transactional focus** | **Loyalty focus** |
|---|---|---|
| **Customer relations** | Short term focus | Long-term focus |
| **Pricing** | More price sensitive | Less price sensitive |
| **Market Share** | Market share is the key metric | Retention and lifetime value are key metrics |
| **Quality** | Technical quality dominates | Functional quality dominates |
| **Focus** | Optimise each transaction | Lasting relationships with key customers |
| **Surveys** | Ad hoc surveys | Real time customer information systems |
| **Approach** | Functional management | Integrative approach |
| **Relationship** | Close the deal | Do what's best for the relationship |

Adapted from: Swarts (2005).

It is clear from the differences between a transactional focus and a loyalty focus depicted in Table 4.2 above, that a loyalty focus aims at maintaining long-lasting relationships with customers.

### 4.2.1 Customer Loyalty Approaches

The current trend in marketing is to create engaging and lasting experiences for the customers (Gilmore and Pine, 2002). The early school of thought on customer loyalty focused on repeat purchase behaviour. Research on customer loyalty was conducted from both a behavioural perspective and an attitudinal perspective (Baumann, Burton and Elliot 2005 and Zeithaml, *et al*., 2000). All forms of loyalty are vital although behavioural and attitudinal loyalties are more significant for long-term sales and market share. Baumann, *et al.* (2005) note that Day (1969) four decades ago, introduced the notion that loyalty has both behavioural and attitudinal dimensions. Zeithaml (2000) agrees and states that previous studies viewed customer loyalty as being either behavioural or attitudinal.

Behavioural loyalty is mainly expressed in terms of revealed purchase and usage behaviour, often conditioned on customer satisfaction (Mascarenhas, Kesavan and Bernacchi, 2006:399). The behaviour approach includes criteria such as repeat purchase, share-of-wallet, and word-of-mouth referrals, whereas the attitudinal approach consists of criteria like commitment, trust or emotional attachment. Wulf, Oderken-Schroder and Iacobucci, (2001:33) also define the construct of behavioural loyalty as a composite measure, based on a consumer's purchasing frequency and amount of money spent at a retailer, compared with the amount spent at other clothing retailers from which the consumer buys.

The first marketing studies conceptualised loyalty as a behavioural response expressed over time and determined it through metrics such as proportion of purchase sequence and purchase frequency (Kumar and Shah, 2004:317). The behavioural view of loyalty includes repeat purchasing or frequency of attendance and the duration of the customer-service provider relationship (Soderlund, 2006:76).

Attitudinal loyalty is often expressed as an ongoing relationship to a firm or brand, often habituated on positive customer preferences towards the market offering (Mascarenhas *et al*., 2006:400). Gremler (1995) suggests that both the attitudinal and behavioural dimensions need to be incorporated in any measurement of loyalty. The attitudinal approach is based on the fact that customers experience a sense of belonging or commitment to the good or service. The attitudinal view of loyalty includes two major indicators of customer retention, customers' intention to repurchase and their willingness to recommend the service to other prospective customers (Zeithaml *et al*., 2006; Rundle-Thiele, 2005; Voss, Roth, Rosenweig, Blackmon and Chase, 2004).

The key indicators of behavioural loyalty include; a higher number of store visits; smaller inter-purchase times; higher purchase volumes and share of purchase. Among the most important generic behavioural intentions is the willingness to recommend the service to others and repurchase intent (Zeithaml, *et al.*, 2006:149). Soderlund (2006:76), however, asserts that few researchers clearly distinguish between repatronage intentions and word-of-mouth intentions. Word-of-mouth intentions link the customer to other prospective customers, while repatronage intentions relate to a potential future relationship between the customer and the service provider (Seiders, Voss, Grewal and Godfrey, 2005).

Reichheld (2003:9) states that the strongest evidence of customer loyalty is the percentage of customers who are enthusiastic enough to refer a friend or colleague to a particular good and service. There are also approaches comparing loyalty with marriage (Hofmeyr and Rice 2000:53-83). Hofmeyr and Rice (2000:87) divide customers to loyal (behavioural) or committed (emotional). Emotional loyalty is deemed much stronger and longer lasting than behavioural loyalty (Hofmeyr and Rice 2000:87). It can be expressed as a continuing desire to retain a cherished relationship. The relationship is so important for the customer that they make maximum efforts to maintain it (Reichheld 2003:9).

The following section focuses on the drivers of customer loyalty.

### 4.2.2 The Drivers of Customer Loyalty

It is generally accepted that loyalty is expressed through consumers' purchasing behaviour. When customers purchase frequently from a firm, they are more likely to express loyal feelings or attitudes towards that firm. However, behaviour may be a poor indicator of a customer's loyalty. Moreover, customer relationships and switching costs concurrently enhance customer loyalty. It has also been found that as customers' perceptions of switching costs increase, the longer they remain with a particular firm (Aydin and Ozer, 2005; Patterson, 2004). Other factors that contribute to customer loyalty include customer relationships management strategies, corporate image, communication, and complaint handling. Many theorists have suggested that research should examine behaviour and attitudes such as commitment that may influence loyalty. Thus, the next sub-sections explain the aspect of commitment and trust respectively.

#### 4.2.2.1 Commitment

Commitment has been defined as a consumer's conviction to maintain rather than terminate a relationship that might produce functional and emotional benefits (Wulf, Odekerken and Iacobbucci 2001; Odekerken-Schroder, Wulf and Schumacher 2003). Commitment is defined as an enduring desire to maintain a valued relationship and committed relationship partners that are unlikely to switch even if a competing supplier outperforms the incumbent value offer (Ulaga and Eggert, 2006 as quoted by Herbst and Forrest 2008:36). The difference between commitment and loyalty is that commitment refers primarily to consumer attitudes and not to behaviour. Commitment can be a source of competitive advantage to a firm because it offers cost reduction, enhanced profits and positive word-of-mouth and the prospect of sales at a premium price (Hur, Park and Kim 2010:2293). Commitment is a critical aspect for distinguishing between lasting and transitory loyalty.

Marketing theorists have suggested that both loyalty and commitment are either distinct or synonymous. An intermediate view suggests that the constructs are related yet distinct, with commitment leading to loyalty. Commitment can be defined as the symbolic attachment or identification with a firm. Research has suggested that the development of loyalty is significantly influenced by the presence of commitment (Brown, 2001; Gustafsson, Johnson and Roos 2005). Therefore, commitment is not only important in maintaining good and long-term relationships but is also an expression of customers' willingness to stay with clothing retailers (Wulf, *et al*., 2001; Odekerken-Schroder, *et al.,* 2003). Morgan and Hunt (1994) find empirical support for the relationship between a customers' commitment and acquiescence, propensity to leave, and cooperation, all of which can be regarded as behavioural outcomes of relationships.

The main aim of relationship commitment is to enable parties in the relationship to maintain and enhance a continuous and long-term relationship. Morgan and Hunt (1994) as quoted by Herbst and Forrest (2008:36), point out that firm should identify commitment among exchange partners as a key to achieving valuable outcomes for themselves and endeavour to develop and maintain this special attribute in their relationship. One of the drivers of commitment is satisfaction that contributes to a customer's decision to participate in the service encounter and results in commitment.

The presence of commitment, satisfaction and trust in a relationship will result in an ongoing and long-term relationship since these concepts are positively related. Various types of commitment have been suggested in previous studies. Gruen, Summers, and Actio (2000) classify commitment as 'continuous', 'normative', and 'emotional'. Drawing on the definitions and classifications used in previous studies, these three categories of commitment can be summarised as follows:

- Affective commitment refers to a propensity to continue stable transactions over the long-term by utilising social ties and familiar relations with partners (Geyskens, Steenkamp, Scheer and Kumar 1996). Such affective commitment can result in strong trusting relationships based on personal involvement and reciprocity (Garbarino and Johnson, 1999; Morgan and Hunt, 1994). Such emotional ties are often closely connected to brand image and/or consumer's lifestyle.

- Calculative commitment develops through a cognitive assessment of the gains and losses that would be generated if the transaction relationship were terminated (Geyskens, *et al*., 1996). The motivation for maintaining the relationship is thus based on whether the gains from sustaining the relationship are greater than the losses generated from terminating it. Financial considerations (such as searching costs and switching cost) play a significant role in this type of commitment (Geyskens, *et al*., 1996).
- Normative commitment refers to a sense of obligation (Bansal, Irving and Taylor, 2004). The concept of 'normative commitment' was originally developed in the context of workplace commitment but it has application in services marketing when consumers feel that it is the 'right thing to do' to remain with a given service provider. Normative commitment develops through socialisation as individuals internalise a set of norms concerning appropriate behaviour (such as the acceptability or non-acceptability of switching service providers) (Bansal, *et al*., 2004).

#### 4.2.2.2 Trust

Muthuraman, Sen, Gupta, Seshadri and Narus (2006) and Mc Mahon-Beattie (2005) suggest that customer trust is an essential factor in building sustainable and loyal relationships. Trust may be viewed as a conviction when customers develop an implicit understanding with a firm. Moorman, *et al*. (1993) purport that trust is a kind of willingness to rely on transaction partners who have confidence in each other. Morgan and Hunt (1994) explain trust through the concept of confidence and reliability. Trust is when an individual is able to make an investment in a situation due to a high level of commitment. According to the trust-commitment theory by Morgan and Hunt (1994) as quoted by Herbst and Forrest (2008:36), trust is the key mediating variable that is central to any relational exchange.

Trust increases an individual's motivation to be engaged in a beneficial understanding with a firm. According to Herbst and Forrest (2008:36), trust is one party's belief that its needs will be fulfilled in the future by actions taken by the other party. Chaudhuri and Holbrook (2001:91) argue that trust is directly related to both purchase and attitudinal loyalty. Hence, it can be concluded that trust is the main element to develop high-level relationships, especially during the initial period of relationship development.

The following section focuses on the benefits of customer loyalty.

### 4.2.3 The Benefits of Customer Loyalty

Loyalty leads to commitment and committed customers will not easily switch to competitors. Committed customers stay with a firm for longer, buy more often, spend more on the products, are less price sensitive, recommend more, consider competitors less and feel committed (Hill and Alexandra, 2000:17). Lamb, Hill and McDaniel (2004) identify the following benefits of customer loyalty:

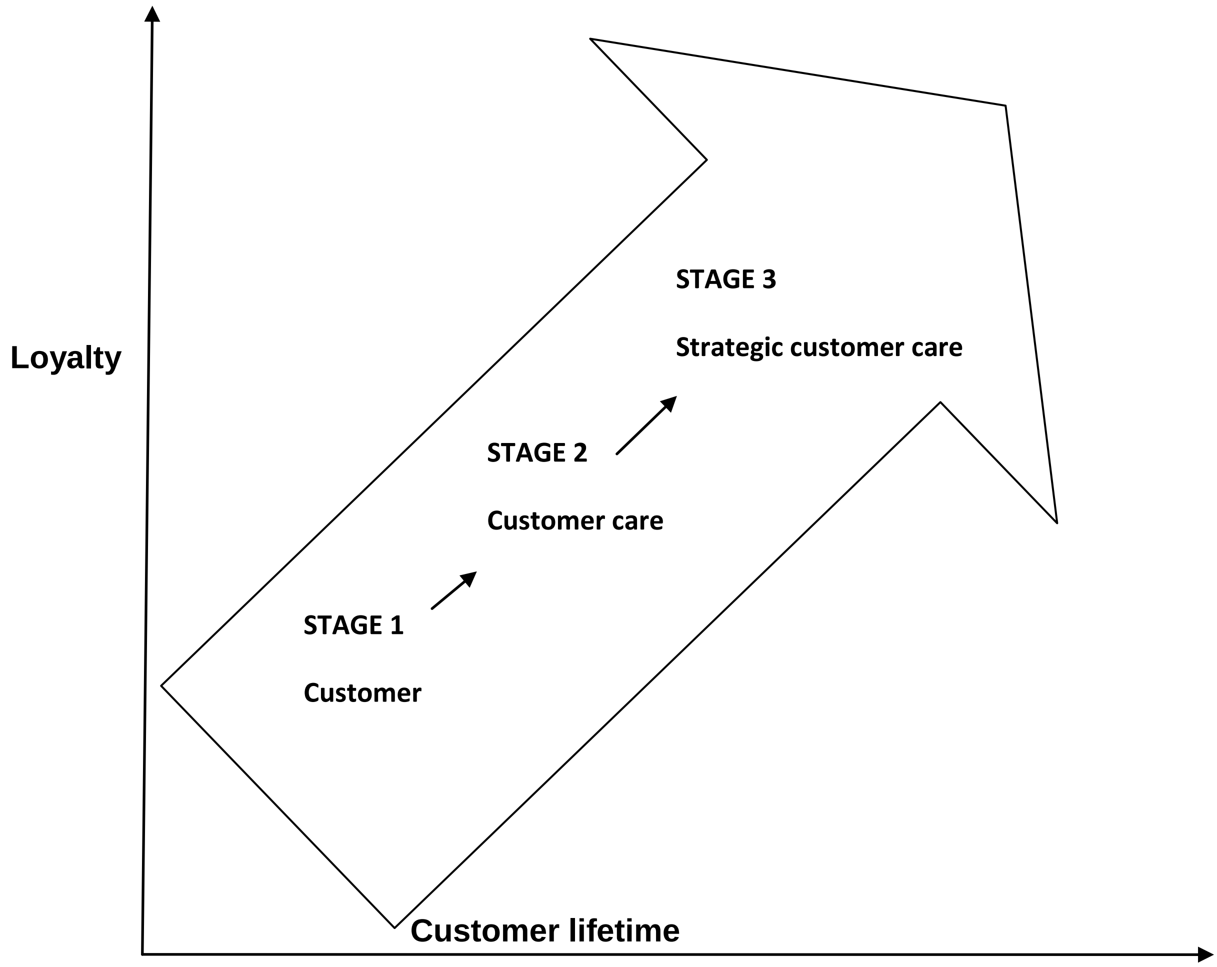
- cost savings: customers who are loyal are familiar with a firm and know how to transact with the firm,
- referrals: customers who are loyal refer the firm to friends and acquaintances this can be done through word-of-mouth which is very powerful,
- complain rather than defect: loyal customers complain when they have a bad experience rather than defecting quietly,
- unaided awareness: customers make others aware of the firm without the firm participating in any way,
- positive word-of-mouth marketing,
- improves profitability: customer spending accelerates over time hence increasing profits and profitability,
- lower acquisition costs: these costs are associated with acquiring new customers' such as advertising and promotional expenditure; the costs are lower for firms with large loyal customer base,
- provides a competitive advantage, and
- increased sales from an existing customer base.

The following section discusses the path to customer loyalty.

## 4.3 THE PATH TO CUSTOMER LOYALTY

The concept of loyalty is very important to every firm; hence, firms should have an understanding of how loyalty develops. Customer bonding is a process that results in customers feeling loyal towards a firm. Loyalty, implying commitment is suggested to be a process that develops from financial bonding through emotional bonding and thereby commitment. Clothing retailers should consider a committed customer as an essential asset to their firm and continuously build customer loyalty. Figure 4.1 shows the development stages of customer loyalty.

**<u>FIGURE 4.1:</u> The Development Stages of Customer Loyalty**




<u>Adapted:</u> from Hollensen (2003:627).

It can be noted from the figure that customer loyalty is a process that begins by acquiring the customer, satisfying the customer and retaining the customer and then customer loyalty will emerge. Firms have to find ways of creating loyal customers and these ways may include granting of price discounts to customers who make frequent purchases and financial incentives. According to Hollensen (2003:627), the path to customer loyalty consists of three stages which are as follow:

**Stage 1: Customer Acquisition (the courtship)**

Having knowledge of the customer in terms of needs and wants is crucial before acquiring the customer. Loyalty is still weak in this phase because it is not based on relationships but solely on the look and feel of prices and products. The customer can easily switch to a competitor. The focus in this stage is on customer acquisition. Technology is mainly used to build the customer base. In this phase, firms also spend significant amounts of time on best-practice benchmarking and conducting initial customer research (Hollensen, 2003:627).

**Stage 2: Customer Retention (the relationship)**

At this stage affection grows and a solid relationship is created. The firm will be concerned with the attitude of the customer both before and after the purchase. Loyalty is now also based on the relationship and not only on price and product. The relationship is solid enough, a mutual desire exists and both parties begin to benefit from the continual growth of the relationship. In this stage the focus has shifted to maximising the customer relationships. During this stage the firm differentiates itself from stage 1 firms by beginning to segment its customers into groups with similar needs (Hollensen, 2003:627-628).

**Stage 3: Strategic Customer Care (the marriage)**

A long-lasting relationship is mutually agreeable and both parties become intimately linked. Loyalty is now based on a high degree of satisfaction and the customer will get personally involved with the firm. As the marriage continues, the bond between the two parties is gradually strengthened. In this stage the relationship is characterised by loyalty and the beginning of customer dependency. For the marriage to continue, both parties must receive a positive reciprocal benefit. During this stage, firms tend to be biased towards the Most Valuable Customers (MVCs) who are potentially profitable, those who hold more long-term promise than others. At stage three, businesses have adopted a win-win situation for both their customers and themselves hence depending on each other (Hollensen, 2003:628). High loyalty levels are the consequence of the customer being satisfied with both the relationship and service/product quality. Henceforth, it can be noted that there is a positive relationship between customer loyalty and customer satisfaction.

The following section focuses on defection management.

## 4.4 DEFECTION MANAGEMENT

It is imperative that clothing retailers decide on strategies to be implemented in order to maintain existing customer base and regain lost customers. Customer defection management is essential in any firm because it is more expensive to acquire new customers than to maintain them. Lindquist (2006) and Bland (2004) suggest that for firms to manage customer defection they should understand customer expectations. However, for any firm there will be times when customers defect (Gee, Coates and Nicholson 2008:363). Hence, firms should engage in internal marketing by training employees to be knowledgeable and kindly disposed so as to reduce the rate of customer defection.

Customer defection can be reduced through having market offerings that meet or exceed customer expectations and offering high customer service. Arasli, *et al*. (2005) purports that the switching cost factor directly affects loyalty, and has a moderating effect on both customer satisfaction and trust. Therefore, customer relationships and switching costs simultaneously enhance customer loyalty. Moreover, research also revealed that as customers' perceptions of switching costs increase, the longer they remain with a particular service supplier (Aydin and Ozer, 2005; Patterson, 2004).

Kotler and Keller (2006:151), outline the following five steps that firms can take to reduce customer defection.

- define and measure customer retention rates,
- must differentiate the causes of customer attrition and identify those that can be managed better; there are many reasons why customers leave the firm, therefore, knowing these reasons will help the firm to employ suitable strategies,
- firm needs to estimate how much profit it loses when a customer defects; in the case of an individual customer, the loss is equal to the Customer Lifetime Value,
- establish how much it would cost to reduce the defection rate; as long as it costs less than the lost profit, the firm can spend the money, and
- take cognisance of the comments and wishes of the customers.

Reducing the defection rate in this twenty first century is the solution to counter the rivalry from competing firms, especially in the clothing retail industry. The major challenges (Gee, *et al.*, 2008:363) facing clothing retailers are:

- customers have become more value conscious,
- customers are more empowered than in the previous millennium,
- customers are more price conscious due to the current economic recession,

- customers are more demanding and have higher expectations, and
- customers are faced with more variety from competitors with equal or better offers

However, the challenge is not essentially to render high levels of customer satisfaction nor, to deliver low rates of customer defection, but rather to produce delighted and loyal customers.

The following section focuses on the linkage between satisfaction and customer loyalty.

## 4.5 CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

In times of severe competition and rising customer expectations, firms are highly interested in keeping existing customers (Homburg and Giering 2001:43). Hence, a strong concentration on customer satisfaction as an antecedent of customer loyalty has developed. In addition, it is believed that customer loyalty contributes to higher shareholder value and asset efficiency. Therefore, achieving high levels of customer satisfaction and loyalty have become essential business objectives. Typically, customer satisfaction is regarded as an immediate antecedent to customer loyalty (Anderson and Sullivan 1993:125).

Several publications provide empirical evidence of a positive relationship between customer satisfaction and customer loyalty. There is a positive association between customer satisfaction and customer loyalty (Rowley, 2000). Homburg and Giering (2001) argue that there is a strong positive relationship between customer satisfaction and customer loyalty. Customer loyalty can be considered a by-product of customer satisfaction (Gable, Fiorito and Topol 2008:38); however, there is an absence of an obvious simple association between customer satisfaction and customer loyalty. According to Oliver as cited by Wallace *et al.,* (2004) satisfaction is the “seed” out of which loyalty develops enhancing satisfaction is an important means for achieving loyalty. In addition, for a customer to have true customer loyalty there should be total satisfaction.

Loyalty does not develop overnight but is rather a stream of experiences, built on a customer’s experience over a long period of time. In addition, Gee *et al.,* (2008) suggests that multiple experience with products and services should be satisfactory to lead to the positive predisposition of long term loyalty. However, even satisfied customers switch to other firms, if they believe that they will receive better services from a rival firm. Homburg and Giering (2001:45) argue that a single transaction producing a state of satisfaction is unlikely to lead to long term loyalty. Therefore, a single transaction that leads to dissatisfaction is also unlikely to result in customers switching to competitors. Moreover, dissatisfied customers may also stay with a firm and spread negative word-of-mouth. Research has shown that when consumers are completely satisfied, they are less likely to defect or switch to competitors.

This suggests that the intensity of satisfaction influences the extent of customer loyalty (Rowley, 2000). Rowley (2005) suggests that customer satisfaction can be a differentiating element of a firm's service offer. The author further purports that overall satisfied customers tend to become loyal customers. Therefore, since different factors seem to influence the propensity to be loyal under conditions of low and high satisfaction, it could be assumed that the form of the relationship between customer satisfaction and loyalty is altered at different levels of satisfaction. As a result, it is not simple to turn loyalty into profits (Keiningham, Cooil, Andreassen and Aksoy 2007; Vázquez-Casielles, 2009). Despite the lack of consensus, however, researchers and empirical evidence suggest that there exists some relationship between customer satisfaction and customer loyalty. Hence, the following section focuses on customer loyalty programmes that aid in building loyalty.

### 4.5.1 Customer Loyalty Programmes

Customers in the twenty first century have a wide variety of choices and low switching barriers (Yuping 2007). Therefore, it is easy for customers to switch between firms and this poses a significant threat to customer relationships because customers are unlikely to commit to a single firm (Yuping, 2007). The implementation of loyalty programmes results in the raising of switching costs for customers, promotion of commitment and lowering of customer defection. According to Dunne and Lusch (2004:392), loyalty programmes provide detailed customer information, allowing clothing retailers to develop new approaches to service delivery and execution of business operations. This is because loyalty programmes reward customers for repeated patronage and hence customers will focus their purchases on one firm in order to maximise the benefits the firm offers. Hence, customers will develop interest in the firm and it will be difficult for competitors to attract them.

According to Meyr-Waarden (2006), loyalty programmes is an integrated system of marketing actions that aims to make customers more loyal by developing personalised relationships with them. Loyalty programmes are premeditated in such a manner that customers will make repurchases, in spite of competition. Loyalty programmes have hard and soft benefits to customers as reward for repeated purchases. Hard benefits are usually economic in nature, and represent coupons and discounts whereas soft benefits are not of economic nature and represent exclusive member benefits such as special invitations and other special conveniences (Gable, *et al.*, 2008).

According to Gable, *et al*. (2006:33), loyalty programmes can be perceived as a barrier to customer defection and similarly a barrier to entry for competing clothing retailers. These programmes base customer rewards on cumulative buying and aim to make customers make repeat purchases. This results in switching costs and building of relationships for cross and up selling possibilities. These programmes result in physiological, sociological and relational drivers that enhance trust, effective commitment and attachment to the firm and thereby entailing higher switching costs (Meyer-Waarden 2006).

Customers who become members of loyalty programmes are likely to identify more strongly with a firm (Meyer-Waarden 2006). This is considered beneficial in sectors in which customers purchase frequently such as the retail sector. Loyalty programmes are data-enriched environments for exploring relational outcomes. Loyalty cards are scanned at the point of purchase and data is captured. This data contains information cataloguing time, day, products bought, prices and a variety of information. According to Allaway, *et al*., (2005) analysis of such data can provide insights into how customers shop, customer reactions to marketing efforts and long-term patterns of behaviour. Clothing retailers are able to develop new methods of measuring and managing their business and customer experiences (Gable, *et al.,* 2008).

Many clothing retailers now regard loyalty programmes as important (Meyer- Waarden, 2006). Clothing retailers in South Africa are faced with a dynamic and competitive retail environment. This is as a result of increased globalisation, market saturation and increased competitiveness through mergers and acquisitions of firms. Clothing retailers are seeking methods for gaining competitive advantages and to better manage customer relations (Anderson*, et al.,* 2007). The retail sector faces a difficult task, in that its customers must first be identified before any action is taken. This is in contrast with other sectors such as banking or insurance, that are acquainted with their customer details from the start (Wood, 2005). A loyalty scheme provides clothing retailers with an effective instrument to identify the most dominant market segment in terms of customer spending; enables retailers to gain a greater understanding of customer buying habits, enables clothing retailers to capture extra information on their customers and then to apply this information across the whole customer base (Wood, 2005).

Loyalty programmes have become widespread and arguably 'ubiquitous' (Rowley, 2000:366). The author also claims that increasingly competitive markets have encouraged industry enthusiasm and commitment for loyalty programmes. Rowley (2000:367) states that slow growth and intense competition in retail markets in recent years have made retention and attraction of customers a particular concern for clothing retailers.

Loyalty cards are the most common instruments adopted for these programmes throughout the world today. They have gained mammoth popularity immensely in the past years, partly due to the developing culture of entitlement in that customers expect or perceive a notion of being granted special treatment by service providers. Direct rewards, such as price discounts, are 'front-loaded incentives' and are incompatible with long-term programme goals (Leenheer, *et al.,* 2007:43).

## 4.6 CONCLUSION

The concept of customer loyalty has grown in importance and is driven by several factors. The advent and use of loyalty schemes have also grown in popularity in South Africa; hence, clothing retailers need to fully understand the implementation and the implications of loyalty programmes. Customer Loyalty has a relational focus and it is important to retain customer and manage their defection. Customer loyalty is considered the new way to achieve competitive advantage in the market-place. Loyal customers have higher retention rates, commit a higher share of their spending and are more likely to be positive of word of mouth advocates recommending the firm to prospective customers. The determinants of customer loyalty should also be taken into account and their effect on customer loyalty explored. Clothing firms should, among others, consider the fact that customers' are now more informed, in the implementation of their loyalty programmes.

The following chapter focuses on Mobile Technology and different elements of mobile technology are discussed.

# CHAPTER FIVE

# MOBILE TECHNOLOGY

# AND

# MOBILE COMMERCE

## 5.1 INTRODUCTION

The explosive development and worldwide diffusion of communication practices involving mobile media technologies are naturally attracting the interest of scholars (Craig, 2007:386). According to Siau, Lim and Shen (2001), firms are now adopting new types of e-commerce transactions conducted through mobile devices (for example cell phones) using wireless telecommunication networks and other wired e-commerce technologies that are termed mobile commerce (m-commerce). The clothing retail industry is a very competitive industry; hence, the adoption of mobile technology as a communication strategy is highly essential. Mobile marketing has become increasingly important in retailing due to the virtues of the mobile medium that makes it both time sensitive and location sensitive (Shankar, Venkatesh, Hofacker and Naik 2010:3). In addition, Muller-Veerse (2000) states that mobile marketing is characterised by personalisation, localisation, ubiquity, and convenience. Therefore, mobile marketing has the potential to change the paradigm of retailing (Shankar, *et al*., 2010:3).

Advancement in wireless technology and mobile devices has resulted in a new kind of e-commerce termed mobile commerce. New types of e-commerce transactions, conducted through mobile devices using wireless telecommunication networks and other wired e-commerce technologies, are termed mobile commerce (m-commerce) (Siau, *et al*., 2001). Mobile commerce transactions are conducted via mobile devices using wireless telecommunication networks and other wired e-commerce technologies. Mobile commerce extends contemporary internet sales channels into more instantaneous and personalised mobile environments.

The mobile phone has arguably evolved into the first truly personal computer due to the fact that it combines communication and computing capabilities with mobility and personality (Sirkka and Lang 2005:7). As opposed to desktop or laptop computers, the mobile phone is typically never separated from, but always with its user (Sirkka and Lang 2005:7). Therefore, users tend to develop close partnerships with their mobile devices (Kopomaa 2000, Rheingold 2002).

Major marketers reported that they plan to introduce mobile marketing (for example, text or multimedia messaging) to target this emerging consumer segment of technologically empowered customers (Mobile Marketing Association, 2006). Among the marketers of 50 major brands surveyed, 89% indicated that they planned to introduce mobile marketing by 2008 (Mobile Marketing Association, 2006). The popularity of mobile marketing is also largely attributed to the rapid development of mobile commerce. Table 5.1 below, illustrates some of the characteristics of wireless technology.

**TABLE 5.1: The Characteristics of Wireless Technology**

| | |
|---|---|
| **Ubiquity** | Mobile devices fulfil the need for real-time information and communication independent of the user's location (anywhere). |
| **Localisation** | Technologies like GPS (Global Positioning System), TOA (Time Of Arrival), will enable marketers and consumers to send, receive, and access information, services, and conduct transactions specific to their location. Knowing where the user is physically located at a particular moment will be of particular importance to offering relevant services. |
| **Convenience** | Users are not constrained by time and place. Devices are always at hand and are getting easier and easier to use. |
| **Accessibility** | Consumers and businesses alike are easy to access and timing and organisational responsiveness will become critical. Responsiveness relates to speed and coordination at the firm level; an entrepreneurial organisational culture will become an important differential advantage for firms in the future. |
| **Personalisation** | The availability of personal information will move customisation to a higher level. |

Source: Chipp and Ismail, 2006:414.

Interest in mobile devices had increased since firms realised the impending potential for using m-commerce applications as mobile marketing tools. Therefore, this caused many firms to spend considerable resources on these technologies. Mobile technology, particularly, grew in importance, popularity and application in firms (Siau and Shen 2003; Gayeski 2002). However, Anckar and D'Incau (2002) argue that the popularity of m-commerce cannot simply be measured by the popularity of mobile devices, the same way popularity of wired e-commerce cannot be measured by the popularity of computers. Therefore, firms should learn from the collapse of a large number of dot-com firms and apply traditional marketing laws to m-commerce (Rosenbloom, 2002).

The clothing retailing industry has a mixture of formal and informal traders and that is an element that sets them apart. Mobile technology plays a mediating role in communicating what these clothing retailers have to offer. It also helps in fostering relationships for the purpose of building customer loyalty among the customers. The extremely competitive nature of the clothing retail industry necessitates a marketing investigation to identify how mobile technology plays a mediating role between customer satisfaction and customer loyalty. Therefore, the chapter describes mobile technology that is instrumental for introducing mobile commerce in the clothing retail industry in South Africa.

## 5.2 MOBILE COMMERCE

Mobile commerce is now discussed in greater detail in the paragraphs to come, more specific: definitions of m-commerce, drivers of m-commerce, types of mobile technology and barriers to m-commerce.

### 5.2.1 Mobile Commerce Defined

Different definitions of mobile commerce are commonly used in literature (Stoica, Miller and Stotlar, 2001), namely;

- the use of mobile handheld devices to communicate, inform, transact and entertain using text and data via connection to public and private networks,
- any transaction with monetary value that is conducted via a mobile telecommunications network, and
- the use of wireless technologies to provide convenient, personalised and location-based services to customers, employees and partners.

### 5.2.2 Drivers of Mobile Commerce

According to Chipp and Ismail (2004:415), the following factors are driving consumers towards the use of mobile devices and m-commerce.

- increased time pressures: consumers are able to access information on their mobile devices while at work or at home,

- widespread availability of mobile devices: mobile devices such as cellular phones are becoming prevalent and affordable,
- the growth of the handset culture: cellular phones are seen as fashionable accessories and form part of conspicuous consumption that denote owner’s status in society. South Africa is as much part of this trend hence there is a degree of pressure among the young and stylish to have the most advanced phones and with the most advanced phones come the more advanced m-commerce capabilities,
- the availability of subsidised phones for contract users in South Africa: Although contract users form the smallest part of the cellular phone market in the country, they have access to the latest technologies at a subsidised rate through free cellular upgrades,
- the improvement of bandwidth: The availability of GPRS does enable many services such as email and MMS at greater speeds and therefore lower costs through cellular phones,
- increased mobile content and services: South African mobile service providers provide more and more features, memory, data and applications to cellular users,
- the concept of technological convergence, and
- as a solution to the digital divide, the need for personal computer has become superfluous to access basic content and services on the internet.

Furthermore, mobile devices are more widespread currently than e-commerce enabled computers. As mobile devices increase in their versatility, more customers have access to internet through m-commerce.

### 5.2.3 Definitions of Mobile Technology

Several definitions for mobile technology found in literature. The following are some of the definitions used to define mobile technology.

- Mobile technology is computing on the move using portable devices through wireless networks (Malladi and Agrawal 2002; Varshney and Vetter 2000).

- Mobile technology includes technological infrastructure for connectivity as well as mobile information appliances which include mobile phones (Nah 2005).

- Mobile technology allows users to have anytime, anywhere access to information and applications which provides greater flexibility in communication (Sheng 2005).

### 5.2.4 Types of Mobile Technology

Mobile technology has grown in stature since the start of the new millennium, emerging from being a new technology to a mature one, with mobile websites (mobisites) and mobile communication regarded as mainstream channels to communicate with customers. There is potential for changes in mobile commerce and particularly in the mobile marketing sphere. Selected examples of mobile technologies are explained in the following sub-sections.

#### 5.2.4.1 Multimedia messaging service

Multimedia messaging service is a media tool that facilitates the sending of images and videos through mobile phones. The use of multimedia media messaging (MMS) campaigns continues to grow in South Africa and it is not slowing down (Groenewald, 2011). Firms are increasingly using MMS to drive customer traffic directly to their mobile websites. Firms increasingly use MMSs that are less costly communication media and that are, normally, receiving positive responses from recipients (Groenewald, 2011). The application of video MMSs are also growing and have gained more traction and popularity recently; more firms use actual video clips in MMSs to communicate with consumers (Groenewald, 2011).

#### 5.2.4.2 Mobile websites

This is a central portal for mobile optimised information. Firms are now providing users with mobile websites (mobisites) as they load quicker and provide faster access to information from a mobile phone. The cost of browsing on a mobile website is also cheaper and faster than browsing on a traditional website on a mobile phone, making mobisites an attractive alternative (Groenewald, 2011). This communication medium is also very easy and accessible to the customer.

#### 5.2.4.3 Mobile advertising

This is a type of internet based advertising via mobile phones. The concept of buying an application has become common practice (mobile commerce) and the power of an application customised for mobile viewing. Clothing retailers also use the mobile medium to advertise their brand image and products. Clothing retailers typically advertise using images and pictures that highlight new products or products with special offers (Shankar, et al., 2010:5). Many firms are adding mobile applications to their traditional websites and mobisites as a way to communicate with people (Groenewald, 2011).

#### 5.2.4.4 Social media

Social media is the use of web-based mobile technologies to turn communication into an interactive dialogue. Social media had a huge uptake in terms of mobile access. In 2011, Facebook had over 500 million active users globally or around 25% of the people on the Internet in total (Groenewald, 2011); of that, 200 million people (40% of Facebook users) actively use Facebook from their mobile phones (Groenewald, 2011). It is estimated that there were 3.35 million Facebook users in South Africa in 2011(Groenewald, 2011). Therefore, if the 40% ratio applies, that is 1.34 million active Facebook mobile users are in South Africa (Groenewald, 2011). This has resulted in many firms using social media that may be accessed through mobile phones as a mode of communication strategy.

#### 5.2.4.5 Short messaging service

Short Messaging Service is a feature available with practically all modern phones that allows users to send and receive short text messages. Firms increasingly realise the potential for using SMS as a mobile marketing tool (Sirkka and Lang 2005:7). Numerous applications in many business areas have been designed to reach a wide mobile audience by Short Messaging Service (SMS). SMS's are only available through GSM technology and their use depends on this as well as the pricing of services. With the adoption of SMS, users are beginning to view their phones as more than voice systems and hence opening doors for more mobile applications (Chipp and Ismail, 2006).

### 5.2.5 <u>Barriers to M-Commerce</u>

The adoption of m-commerce benefits has several factors that impede it such as privacy and security. According to Chipp and Ismail (2006) the following barriers impede the adoption of m-commerce:

- security: The issue of security on mobile phones is of concern to customers;
- privacy: Privacy requires security and control over personal data that is much an issue in m-commerce as online. Privacy is also threatened by the possibility that communications may be considered as spam and consumers may find it increasingly difficult to opt out of SMS mailing lists;

- infrastructure: Standardisation and Billing: Although South Africa belongs to the widely used GSM /GPRS technology standard there are still problems with a lack of standard security protocols;
- threats of localisation;
- device characteristics;
- poor web design for WAP services: WAP technology is more complex when designing websites hence this may lead to unattractive and hard to navigate mobile websites. Lack of attention to aspects such as these leads to poor mobile experiences and a reluctance of customers to come back for more,
- lack of content provision: there are few m-commerce websites and there is little for customers to do in the mobile world;
- transmission limitations: the problem of poor network coverage particularly if networks are overloaded, all lead to transmission failure; and
- health concerns: many customers do not want to use mobile commerce much as they are concerned about the effects of radiation.

## 5.3 CONCLUSION

The consumer population of South Africa is increasingly becoming technologically empowered, subsequently; the adoption of m-commerce is growing rapidly, further supported by its convenience. M-commerce is being lauded as the current technology (Chipp and Ismail, 2006:423). Mobile technology plays a mediating role by communicating to customers what a firm has to offer. Clothing retailers should, thus, ensure that mobile technology is applied effectively and efficiently as a communication strategy. This may be achieved through using communication strategies that are well informed, such as mobile technology.

This chapter has discussed mobile technology, retailing and provided an overview of the clothing retail industry. The chapter explained the different concepts inherent to these concepts.

The following chapter focuses on the Research Methodology applied for the research.

# CHAPTER SIX

# RESEARCH METHODOLOGY

## 6.1 INTRODUCTION

This research investigates the mediating role mobile technology plays in the linkage between customer satisfaction and customer loyalty in a clothing retail environment. The chapter presents the methodology to be used in addressing the research objectives formulated in the first chapter. Research methodology is a plan that specifies the methods and procedures to be used for data collection. According to Welman, Kruger and Mitchell (2005:53), it is a framework to be followed when doing research. The chapter outlines the scope of the study, sampling methodology, research design, data analysis and the limitations of the study. Furthermore, the validity and reliability of constructs are assessed and statistical measures applied for data analysis are discussed. The chapter also describes ethical considerations of importance for the study. The following section describes the focus of the study.

## 6.2 FOCUS OF THE STUDY

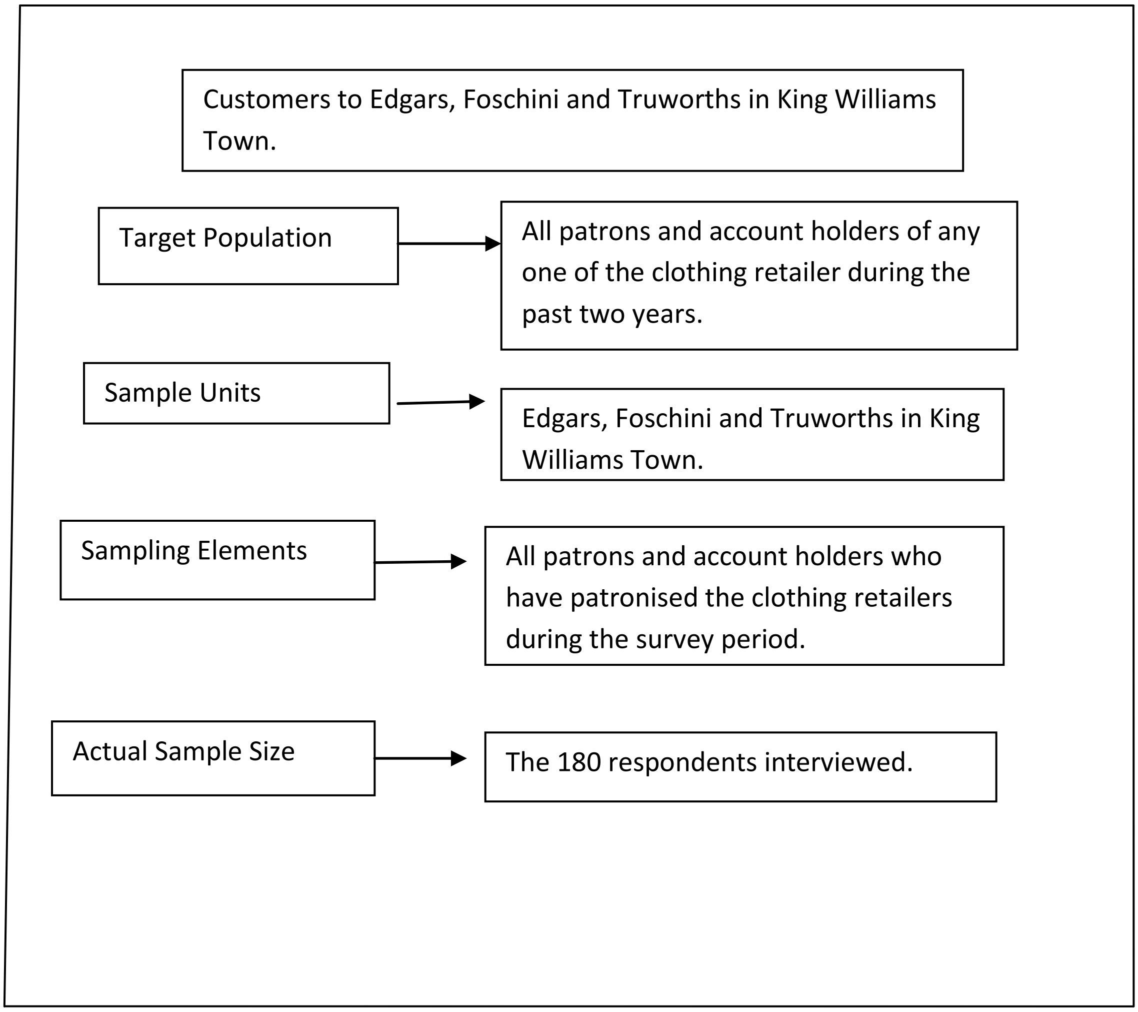
The section focuses on the objectives of the study at hand. According to Kumar, Aaker and Day (2002:54) the research objective is a statement in simple language of what and why the information is needed. The scope and focus of the research refer to the boundaries and margins that physically and conceptually delineate the source and location of the elements of the study that provide the required data.

The primary objective of the study is to establish the mediating role that mobile technology plays in the linkage between customer satisfaction and customer loyalty. The secondary objectives include establishing whether there is a disconfirmation between customer expectations and performance, the influence of independent variables such as service quality on customer loyalty and the influence of customer satisfaction on customer loyalty. In the following section the scope of the study is outlined.

## 6.3 SCOPE OF THE STUDY

The scope of the study delineates the survey area, the study unit and the population. Therefore, it implies that the scope of the study seeks to provide answers to questions as to, where the study was conducted, what study units were selected for the investigation and what comprised the study population. Cooper and Schindler (2003:284) stipulated that failure to know scope of your information sources may result in missing essential information by relying on incomplete sources. The section also provides the motivation for choosing the survey area and study units.

**Figure 6.1: Target Population, Sample Units, Sample Elements and Actual Sample Size of the Study**




Source: Developed for the study

### 6.3.1 Survey Area

According to Cooper and Schindler (2003:18), the survey area refers to the place where a research survey is conducted. The study was conducted in King Williams Town, Eastern Cape. Focus was given to King Williams Town because it is one of the larger towns in Buffalo City Municipality. King Williams Town also has ample retail clothing outlets that cater for the diverse needs of the cosmopolitan inhabitants. Therefore, three clothing retail outlets, namely Edgars, Truworths and Foschini were selected for the survey and its customers constitute the target population of this study. All three of these outlets have loyalty programmes.

### 6.3.2 Study Units

According to Cooper and Schindler (2003:186), study units comprise the sample elements to be investigated. The study units surveyed are Edgars, Truworths and Foschini from a customer perception. The study units were selected because they offer loyalty programmes to customers. These outlets also focus on middle to high income earners and are found throughout South Africa. The specific study units were selected because clothing is not an everyday purchase and because of their proximity to each other, reduced transport costs.

### 6.3.3. Survey Population

The survey population encompassed the total collection of all units of analysis about which the researcher wishes to make specific conclusions (Welman, *et al*., 2005:52). Churchill and Brown (2007:351) describe the survey population as all objects that meet certain designated requirements in the overall group. Furthermore, Malhotra (2004:314) states that the population is the aggregate of all elements that share some common set of characteristics that comprise the universe, constituting the goal of the research problem. Hence, it is important to define the population elements of the study. Therefore, the population of this study comprised all the customers of the three clothing retailers. The next section outlines the research methodology.

## 6.4 RESEARCH METHODOLOGY

A quantitative research design was used for this research study. According to Malhotra (2004:137), quantitative research seeks to quantify the data, is easy to interpret and results in meaningful conclusions. According to Cooper and Schindler (2006:216), quantitative research entails the precise count of specific behaviour, knowledge, opinion or attitude. Furthermore, quantitative research techniques involve obtaining data from a large group of participants and are used in causal research to quantify data and generalise the results from the representative sample of the population of interest (Hollensen, 2003:740).

This research applied a quantitative research design. Tustin, *et al*. (2005:90) state that quantitative research requires statistical summarisation, while, Welman, *et al*. (2005:8) claim that quantitative research methods emphasise the measurement and analysis of causal relationships between variables. This research required measurement and statistical summarisation, thus, making quantitative research relevant to the study.

The difference between quantitative research and qualitative research motivates the rationale for choosing quantitative research for this study. Quantitative research intends to quantify data and generalise the results from the population of interest whereas qualitative provides an insight and understanding of the problem (Malhotra 2004:137). The background of the research problem justifies the use of quantitative research methodology.

### 6.4.1 Research Format

The research type applied for this research, is descriptive, this is due to the nature of the problem, the problem statement and all related issues. The research format applied the descriptive method for this study. This is because the descriptive method describes the marketing research problem or opportunity in detail. Descriptive research also helps determine the levels of customer satisfaction and customer loyalty (Cooper and Schindler 2006:20). The purpose of the applied research format is to test the identified hypotheses. In addition, it provides answers to questions such as what, where, when and why (Malhotra, 2004:78).

### 6.4.2 Research Technique

This entails the method that is used to collect primary data. The research was conducted by administering a structured questionnaire survey to collect data. Self-administered questionnaires are usually used for large samples and where respondents have no time constraints. In addition, it is cheaper as compared to other research instruments. Tustin, *et al.* (2005:86) purport that respondents enjoy the convenience of self-administered questionnaires because it can be completed at their own pace. The questionnaires were personally distributed by the researcher to respondents patronising the clothing retailers.

### 6.4.3 Operationalisation of Constructs

The constructs reflected in Table 5.1 were applied for the survey. The operationalisation of the constructs was derived from prior research and literature but adapted for purposes of this research.

**TABLE 6.1: Operationalisation of Constructs**

| Construct | | Variables | Authors |
|---|---|---|---|
| **Service Quality** | | Tangibility, Reliability, Responsiveness, Assurance and Empathy. | Rosen, Karman and Scribner (2003). Chou, Min, Chang and Lin (2010); Moreri-Toteng (2007); Go and Govers (2000); Qu and Ping (1999). |
| **Customer Loyalty** | | Retailer a first choice, intention to recommend, levels of loyalty, encouraging other people to do business with the retailer. | Kandapully and Surhantato (2003); Youjae and Suna (2003). |
| **Customer Satisfaction** | | Provision of high quality products, service experiences are normally positive, complaints handling, the retailer being a first choice. | Moreri-Toteng (2007); Petrick (2004); Bennet (2000). |
| **Mobile Technology** | | Usefulness of mobile communication and information transfer, appreciation of mobile communications, attractiveness of mobile graphics. | Lee and Park (2008). |

The variables in Table 6.1 were included in the questionnaire because literature justified their inclusion. Authors mentioned in Table 6.1, have formulated specific arguments that present the constructs and variables that were adapted for designing and measuring the constructs for this research.

## 6.5 RESEARCH INSTRUMENT

A questionnaire was used as a primary research instrument for the survey. According to Sekaran (2003:236), a questionnaire is a pre-formulated written set of questions to which respondents record their answers, usually within closely related alternatives. In addition, it is a formalised set of questions for obtaining information from respondents.

Buckingham and Saunders (2004:43) describe a questionnaire as a structured set of questions for purposes of statistical compilation or comparison of the information gathered. Self-administered questionnaires were used for the study to save on time and costs. As opposed to other survey types, the respondent takes the responsibility for reading in self-administered questionnaires. However, self-administered questionnaires present a challenge to the researcher because they rely on the clarity of the written word rather than skills of the interviewer (Zikmund and Babin 2007:143).

### 6.5.1 Questionnaire Design

In the design of a questionnaire, a number of factors have to be considered. These factors include question content, wording of the questionnaire, the language to use, the measurement scale and the measurement items. Respondents were interviewed in English. The questionnaire had a short section which explained the purpose of the research. A separate cover letter was also available. This covering letter was collected from the Department of Business Management explaining the purpose of the research. The first part of the questionnaire was a cover letter indicating that information collected from respondents will be kept in strict confidence. This cover letter was essential to the study because a covering letter provides information about a survey. According to Martins, Loubser and Van Wyk, (2002:152), a cover letter motivates respondents to cooperate by describing the project. A cover letter aided in explaining the nature of the study to respondents.

According to Martins *et al.,* (2002:216) questionnaires are designed to achieve the following objectives; to maximise the relevance and accuracy of data collected, to maximise the participation and cooperation of the target respondents and to facilitate the collection and analysis of the data. The questions were short, simple and comprehensible to avoid ambiguous, vague, leading questions. Question wording is the translation of the desired question content and structure into words that respondents can clearly and easily understand. The questionnaire comprised mostly of structured questions. The questionnaire content was divided into five sub-sections A to E. This was done to create a logical sequence of questions in line with the objectives and the formulated hypotheses.

Part A of the questionnaire focused on demographical details of the respondents and behavioural questions.

The first section of part B focused on mobile technology and contained statements that measured customers' opinions about mobile technology. The statements read as follow:

B 7.1 The mobile technology communication text messages meet with my expectations (MT1).

B 7.2 The timing of most mobile communication text messages is convenient (MT 2).

B 7.3 The text and graphics are attractive (MT 3).

B 7.4 These mobile communication text messages are clear and easily understood (MT 4).

B 7.5 I share these mobile communication text messages with my friends and relatives (MT 5).

The second sub-section of part B focused on the influence of mobile technology on customer loyalty. The statements read as follow:

B 8.1 I appreciate the informative mobile communications received from my favourite clothing retailer (Inf MT 1).

B 8.2 These mobile communications positively influence my relationship with my favourite retailer (Inf MT2).

B 8.3 The use of mobile technology influences my level of loyalty towards my favourite clothing retailer (Inf MT 3).

B 8.4 The informative nature of mobile messages makes me eager to receive these messages and contribute to the satisfaction derived from their services and products (Inf MT 4).

The first sub-section of part C focused on service quality feature. Items measuring service quality were adapted from Rosen, Karman and Scribner (2003). The statements read as follow:

C9.1 Tangibility (Expe 1 - physical facilities and attractiveness of the store)

C9.2 Reliability (Expe 2 - dependability and reliability)

C9.3 Responsiveness (Expe 3 - willingness of employees to help)

C9.4 Assurance (Expe 4 - instilling confidence to customers)

C9.5 Empathy (Expe 5 - individual attention given by employees)

The second sub-section of Part C focused on service quality experience. Items measuring service quality were adapted from Chou, Min, Chang and Lin (2010); Rosen, Karman and Scribner (2003); Moreri-Toteng (2007); Go and Govers (2000) and Qu and Ping (1999). The statements read as follow:

C10.1 Tangibles (Expe Rec 1 - physical facilities and visual attractiveness).

C10.2 Reliability (Expe Rec 2 - dependability and reliability).

C10.3 Responsiveness (Expe Rec 3 - willingness of employees to help).

C10.4 Assurance (Expe Rec 4 - instilling of confidence in customers).

C10.5 Empathy (Expe Rec 5 - individual attention given by employees).

The third sub-section of Part C focused on total experience and the questionnaire item was adapted from Chou, Min, Chang and Lin (2010); Rosen, Karman and Scribner (2003); Moreri-Toteng (2007); Go and Govers (2000) and Qu and Ping (1999). The statement reads as follow:

C1 How would you scale your experience about retail clothing expectations (total experience about clothing expectations).

Part D of the questionnaire focused on perceptions on service quality. The questionnaire items were adapted from Rosen, Karman and Scribner (2003. The statements read as follow:

D11.1 Tangibles (SQ 1 - the physical facilities of the retailer are visually appealing).

D11.2 Reliability (SQ 2 - the clothing retailer is reliable and dependable).

D11.3 Responsiveness (SQ 3 - employees are always willing to help customers and customers receive prompt attention on arrival).

D11.4 Assurance (SQ 4 - the clothing retailers focus on solving customer complaints and the behaviour of employees instils confidence to customers).

D11.5 Empathy (SQ 5 - employees give customers individual attention).

Part E of the questionnaire focused on satisfaction aspects and loyalty aspects. The first construct of satisfaction was measured by questionnaire items adapted from Moreri-Toteng (2007); Petrick (2004) and Bennet (2000). The statements read as follow:

E13.1 High quality products are provided (Sat 1 - high quality products provided).

E13.2 Service-experiences are normally positive (Sat 2 - service-experiences normally positive).

E13.3 Complaints are handled on time (Sat 3 - complaints handled on time).

E13.5 The retailer is my preferred outlet of choice (Sat 4 - preferred outlet of choice).

The second sub-section of Part E focused on loyalty aspects. These questionnaire items were measured using construct items adapted from Kandampully and Surhartanto (2003) and Youjae and Suna (2003). The statements read as follow:

E14.1 I would recommend the retailer to friends (Loy 1 - recommend).

E14.2 The clothing retailer is my preferred outlet (Loy 2 - preferred outlet).

E14.3 I consider myself highly loyal to the clothing retailer (Loy 3 - highly loyal).

E14.4 I encourage other people to do business with the retailers (Loy 4 - encourage people to do business with retailers).

### 6.5.2 Response Format

The questionnaire used close-ended questions. Mostly scaled questions, that include seven-point Likert scales, were utilised in the questionnaire. According to Kumar, *et al.* (2002:260), Likert scales require a respondent to indicate a degree of agreement or disagreement through a variety of statements related to the attitude or object. The questions weighed on a rating scale where the respondent is given a continuum of labelled categories that represent the range of responses.

In this study a 7 point Likert scale was used that ranges from strongly disagree =1 to strongly agree=7. Likert scales are appropriate for marketing research as it allows the respondent to respond to attitudinal questions in varying degrees that describe the dimensions under investigation (Kumar *et al*., 2002:260). Likert scales were also adopted because the scale is widely used in market research and has been extensively tested in marketing (Kassim 2001:104, Kumar *et al.,* 2002:260) They were also deemed appropriate because they yield higher reliability co-efficents with fewer items than scales developed using other methods (Kassim 2001:104, Kumar *et al.,* 2002:260).

### 6.5.3 Pre-Testing the Questionnaire

According to Malhotra (2004:233), pre-testing refers to the testing of the questionnaire on a small sample of respondents to identify and eliminate potential problems. Pre-testing the questionnaire and revising the questionnaire is done in order to provide data of high quality and quantity in order to satisfy the objectives of the research. According to (Zikmund 2000) pretesting ensures that the questions are eliciting the responses required; uncover ambigious wording or errors before survey is launched at hand. It is an essential stage preceding the final data collection stage.

According to Tustin, *et al.* (2005:413), pre-testing is an inexpensive insurance for the success of the questionnaire and the research. The pre-test was conducted on 10 percent of the sample which was eighteen respondents. Malhotra *et al.,* (2008:233) stated that ordinarily the pre-test sample size is usually small ranging from 15-30 respondents for the initial testing depending on the heterogeneity of the target population. These respondents were from the target population of King Williams Town. This is because pre-testing is supposed to be done on similar respondents as those who will be incorporated in the survey.

The researcher identified some questions that required adjustment prior to the conducting of the survey. The pre-testing helped in identifying a few questions that needed re-wording because of vagueness and difficult questions. The questionnaire was initially too long and pre-testing helped to identify this problem. The aspects adjusted include the initial length of the questionnaire, the wording of questions and the degree of difficulty of some questions. Respondents did not complain about sequence of questions and form and layout of questionnaire.

### 6.5.4 Survey Administration

The researcher distributed the questionnaires to customers of the three clothing retailers during mall intercepts. Fieldworkers assisted the researcher in conducting the survey.  Shoppers patronising the shopping malls were intercepted by the researcher and asked whether they were clients of any of the three specific clothing retailers. The cooperation of those shoppers that responded positively was requested and the contents of the questionnaire explained. The respondents’ that agreed to be part of the survey were given the self-administered questionnaire which they completed and returned to the fieldworkers. The survey was conducted over a period of a month and during working hours. The respondents were assisted by the fieldworkers and the researcher if they needed clarification on any of the questions. Questionnaires were completed with the help of fieldworkers and the researcher this was done in order to help respondents having problems with the questionnaire. This was also done to clarify questions. The fieldworkers were first trained on how to approach respondents and on the objectives and other elements of the study. The following section focuses on sampling methodology.

## 6.6 SAMPLING METHODOLOGY

The sampling methodology refers to the procedure applied by the researcher in selecting a representative portion of the population for the survey. Researchers use sampling, rather than a census because it is impossible and very costly to conduct a survey of the whole population. Therefore, this section focuses on the procedures and practices that were used in obtaining a representative sample by the researcher.

### 6.6.1 Sampling Type

The study applied a non-probability sampling method. According to Bradley (2007:175), non-probability methods rely heavily on human judgement. Non-Probability sampling implies that each element in the population does not have an equal chance of being selected. Therefore, chance selection procedures are not used to determine the sample. The researcher decides which elements to include in the sample. The convenience sampling method was used in selecting the respondents. This sampling method was applied for being most appropriate, least time consuming and least expensive for the circumstances, compared to other sampling techniques (Cant, *et al*., 2005:96). There are four sampling methods in non-probability sampling which are the following

#### 6.6.1.1 Judgement sampling

This is a form of sampling where elements are selected based on the judgement of the researcher (Cant *et al.,* 2005:96). Furthermore, the researcher decides which elements will form an appropriate sample. This non-probability sampling method is relatively cheap as compared to other sampling methods and can be done quickly.

#### 6.6.1.2 Quota sampling

Quota sampling is conducted when the sample is divided into quota's of which the characteristics of interest represent the population (Maholtra 2008:166). These quotas may be in the structure of age and gender. Once these quotas have been established researchers may use other forms of non-probability methods.

#### 6.6.1.3 Snowball sampling

In snowball sampling an initial group of respondents is selected. These respondents will then refer the researcher to other respondents within the target population (Maholtra

2008:167). This process is repeated when the referrals refer more respondents causing a snowball effect.

#### 6.6.1.4 Convenience sampling

During convenience sampling the researcher selects the elements (Malhotra 2008:166). Often the respondents selected are those in the right place at the right time when the sample is drawn. Therefore, it becomes convenient for the researcher to use these respondents. An example of convenience sampling is mall intercepts. Mall intercepts were used for this particular study.

### 6.6.2 Sampling Technique

Convenience sampling was used because it accommodates lack of co-operation in mall surveys. The respondents were selected on the basis of availability and convenience as required by the specific nature of the research (Tustin, *et al*., 2005:253). This sampling technique, used by Moreri-Toteng (2007) in a similar study based on customers' viewpoints and that focused on service quality and disconfirmation, was deemed appropriate for this study. Hence, the researcher conveniently selected customers of the three clothing retailers that were willing to participate in the survey. Convenient sampling selects elements in an unstructured manner from the sample frame and is employed in many practical situations (Tustin, *et al*., 2005:346).

### 6.6.3 Sample Size

In determining the sample size of a survey, the researcher should consider the nature and purpose of the study as a point of departure (Roberts-Lombard, 2006:7). In non-probability sampling, the availability of financial resources and the number of sub groups to be analysed, determine the sample size (Cant, *et al*., 2005:178). According to Bradley (2007:185), the sample size of any survey depends on the purpose of the study, the composition and size of the population, as well as time, budget and other resource constraints. The selected sample size, deemed appropriate for this research, was 180 respondents. In a similar study by Moreri-Toteng (2007) that focused on service quality and disconfirmation from a customer's perspective, a sample size of only 100 respondents were used. The researcher conveniently sampled sixty customers of each of the three clothing outlets to serve as respondents' for the survey.

## 6.7 DATA PREPARATION and ANALYSIS

This entails the stages of data preparation and the transformation of the collected data towards reporting and highlighting useful findings and reaching relevant conclusions. The section focuses on the data preparation and the methods used to analyse data for meaningful conclusions.

### 6.7.1 Cleaning, Entering and Processing the Data

The data was examined before analysis in order to ensure that it was captured correctly in the data file. This process involved identifying questions that were answered incorrectly or not answered at all for possible elimination termed data cleaning. The researcher has personally conducted this process.

### 6.7.2 Editing

Sekaran (2008:302) states that the purpose of data editing is to impose some minimum quality requirements on data. According to Churchill and Brown (2007:427), editing involves the inspection and if necessary the correction of the questionnaire. Bradley (2007:329) purports that editing ensures that answers are complete, accurate and suitable for further processing. The researcher conducted both field and central office edits.

### 6.7.3 Coding

This involves identifying, classifying and assigning numeric or character symbols to data. According to Churchill and Brown (2007:429), this is a process of transforming raw data into symbols. Wilson (2003:201) states that coding involves the assigning of numerical codes to responses so that they can be recognised by a computer for storage in fields and interpreted at the hand of statistical analysis. According to Tustin, *et al*. (2005:457), the first stage of coding is to design a coding manual. However, in this research, the data was pre-coded because questions were mainly close-ended whose codes are easily established for statistical analysis. The following section discusses data analysis.

## 6.8 <u>DATA ANALYSIS</u>

According to Zikmund and Babin (2007:427) data gathered by researchers is useless unless the findings are analysed and results interpreted according to the problem at hand. Data analysis involves the reduction of accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques (Cooper and Schindler 2003:87). According to Malhotra (2004:414), when selecting a data analysis strategy, research elements such as the research problem, objectives, characteristics of data and underlying properties of the statistical techniques, should be considered.

The statistics department of the University of Fort Hare conducted the data analysis. The statistical software package Statistical Package for Social Science (SPSS) was used for analysis of the gathered data. Statistical Package for Social Science (SPSS) software was used to perform inferential analysis and descriptive analysis. The following section discusses descriptive analysis.

### 6.8.1 <u>Descriptive Analysis</u>

According to Tustin, *et al*. (2005:103), descriptive analysis provides a summary and the basic overview of findings. Descriptive analysis was used to transform raw data into a form that would describe a set of measureable factors that are easy to understand. Descriptive statistics have been obtained for the independent variables and dependent variable.

### 6.8.2 <u>Inferential Analysis</u>

This analysis intends to test specific hypotheses. According to Sekaran (2008:418), inferential analysis helps to establish cause-effect relationships among variables and draws conclusions. In this research, inferential analysis was used to investigate the cause-effect relationship between independent variables on the dependent variable. Cronbach's alpha was used to measure reliability; correlation analysis to investigate relationships between variables; chi-square for measuring association between variables and paired sample tests to measure a factor on different occasions using only one group of respondents. Cronbach's alpha calculations, Pearson correlation coefficient calculations, regression analysis, Paired sample tests and Chi-square tests were conducted for the inferential analysis.

## 6.9 <u>RELIABILTY AND VALIDITY OF THE QUESTIONNAIRE</u>

This section focuses on the procedures to be followed in order to enhance the reliability and validity of the developed measurement instrument. Therefore, an effective measurement instrument meets the essential criteria for validity and reliability.

### 6.9.1 <u>Reliability of the Measurement Instrument</u>

According to Wang (2004:52), reliability refers to the stability of replicated measurements. According to Shammout (2007:135), Cronbach's (1951) method of calculating the coefficient alpha, has been prominently regarded as a technique for estimating the internal consistency of individual constructs. The acceptable value for Cronbach's alpha is any value above 0.6 (MaIhotra 2004:268) and this was considered the acceptable value for this research. Therefore, reliability is the extent to which measures are free from random error. Terreblanche and Durrheim (2002:117) argue that subject error and subject bias are the major detriments of data reliability.

### 6.9.2 <u>Validity of the Measurement</u>

According to Aaker and Kumar (1995:8277), a measure has validity if it measures what it is supposed to measure. The validity of a scale reveals the extent to which differences in observed scale scores reflect true differences between objects on the characteristics being measured, rather than systematic or random errors (Cant, *et al.,* 2005:235). External validity refers to the generalisation of the research to the target population whereas internal validity refers to the relationship among variables whether it is genuine. In this study content validity and construct validity have been used.

**Table 6.2: Types of Validity**

| Type of Validity | Definition | Assessment Strategy |
|---|---|---|
| **Content Validity** | The degree to which the instrument investigates the intended concept (Cooper and Schindler, 2003:211). | Pilot testing of questionnaire, definition of topic, literature review and feedback from experts. |
| **Construct Validity** | The extent to which the constructs hypothetically relate to one another to measure a concept based on theories underlying a research (Malhotra, 2004:269) | Multiple indicators in questionnaire; pre-testing of question-naire amongst subject experts. |

## 6.10 ETHICAL CONSIDERATIONS

Generally, carrying out a research study that focuses on customers has several ethical implications. Ethics within a society refer to commonly accepted standards of right and wrong behaviour (Cant, *et al.*, 2005:11). Individuals have a right to privacy, which means the researcher accommodated those customers that refused to take part in the research. The researcher also ensured that embarrassing and prying questions were avoided so as to ensure the comfort of respondents. Therefore, the research addresses all those ethical issues that occurred during data collection and data analysis.

The researcher requested respondents for informed consent, thus, respondents were informed about the aims and nature of the research and how the findings should be disseminated. During the data collection stage, objectivity and confidentiality were maintained by the researcher and fieldworkers', thus making sure that the data was collected accurately and completely. This has been achieved through the following steps adopted from (Shammout, 2007:140):

- the names of the respondents have not been disclosed anywhere in the questionnaire,

- the anonymity of respondents was preserved,
- personal information has not been presented individually but as sample summaries,
- raw data was used for research purposes, and
- the completed questionnaires were destroyed once the data was transcribed and backed up.

The maintenance of the researcher's objectivity has been ensured during the data analysis stage in order to avoid misrepresentation of the collected data and to ensure statistical accuracy. Careful consideration of ethical issues was therefore ensured throughout the research project in terms of the impact of the study on the respondents.

## 6.11 CONCLUSION

The chapter focused on research methodology that was utilised for the study. Furthermore, it discussed the rationale of using a quantitative research design in the study. The discussion focused on the motivation behind using the sample size and the data collection method selected for the study. The reliability and validity of the research instrument as well as its measurement were discussed. In addition, the chapter also focused on the ethical considerations adhered to in conducting the research.

The next chapter focuses on data analysis and the presentation of findings.

# CHAPTER SEVEN

# DATA ANALYSIS

## 7.1 INTRODUCTION

The objective of the chapter is to present the research findings of the research survey conducted. The chapter generally discusses the statistical procedures used for analysing the gathered data in order to address the study hypotheses and hence the research problem. The data analysis was conducted at the hand of descriptive and inferential statistics. This chapter focuses on the reliability and validity of the questionnaire, descriptive analysis and the testing of the hypotheses. The first section presents an overview of the biographical information. Then follows a discussion of the research findings and finally, the chapter concludes with the application of inferential statistics that are based on the general Linear Model using regression, correlation and paired sample tests. The next section discusses the biographical information.

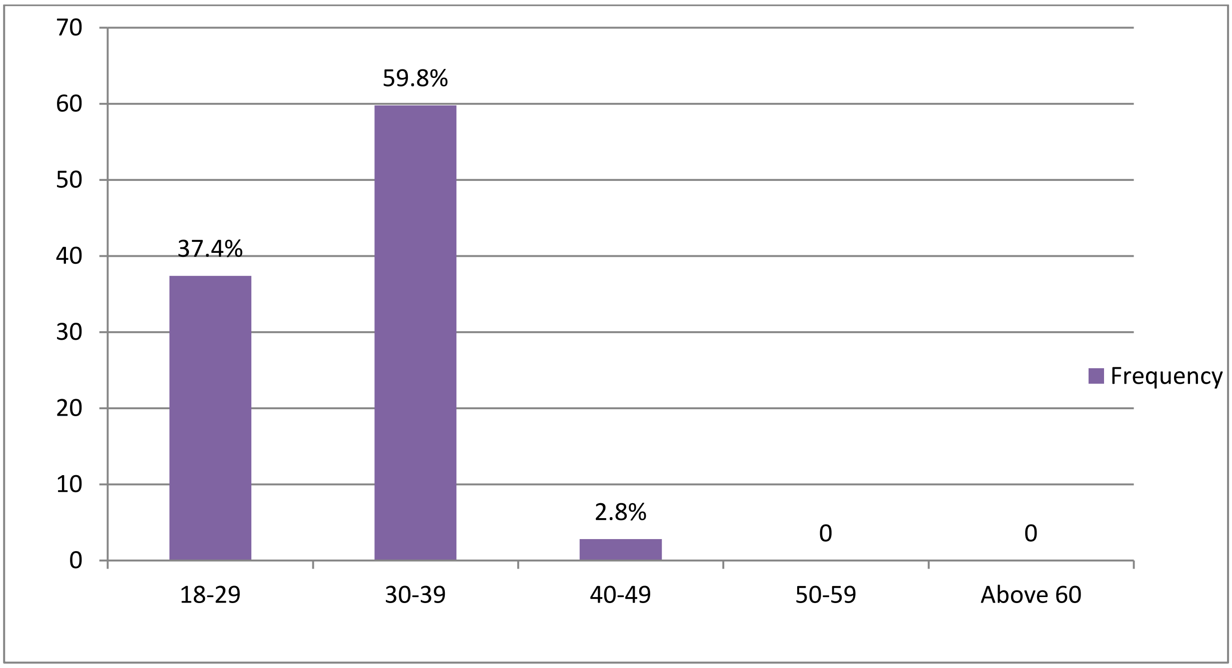
## 7.2 BIOGRAPHICAL INFORMATION

This section reflects the findings pertaining to section A of the questionnaire that focused on the collection of demographic information on factors such as age, patronisation patterns, monthly expenditure, ownership of mobile phones and preferred choice of communication via mobile phones. For the purposes of this research, age was analysed only as a biographical factor.

### 7.2.1 Demographic Information

The age distribution peaked in the 30-39 age group with 60 percent, followed by 37 percent in the 18- 29 age group and 3 percent in the 40-49 age group. The other age groups had zero response rates. Figure 7.1 below, graphically reflects the age distribution of respondents. Overall, the findings show that the majority of the respondents were below forty years of age.

**<u>Figure 7.1:</u> Respondents' Age Distribution**




The following subsection focuses on behavioural information.

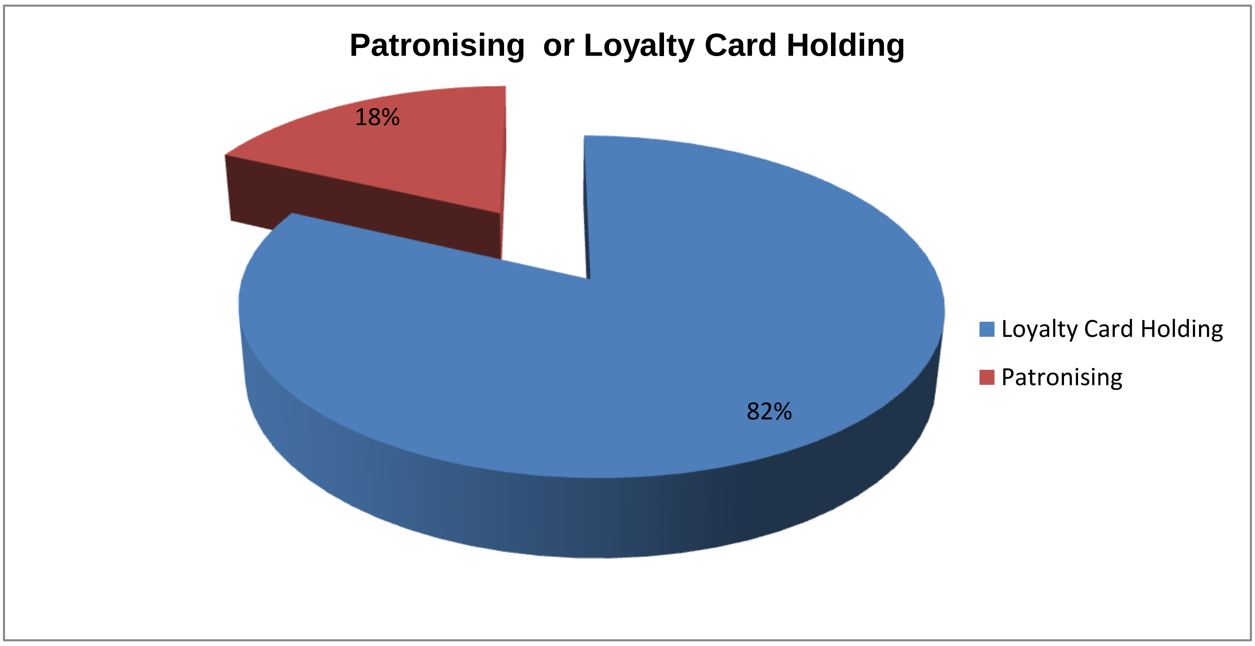
### 7.2.2 Behavioural Information

The information presented in this section illustrates other factors that were used to describe sample elements. The section illustrates patronisation, monthly expenditure at clothing retailers, the usage of mobile phones and the mode of communication via mobile phones. In addition, the section reflects whether the respondents that patronised the clothing retailers were also loyalty card holders or not.

#### 7.2.2.1 Loyalty card holders versus patronising customers

The findings show that the majority of the respondents (82%) were account or loyalty card holders of one or more of the three shops. A minority (18%) of the respondents were neither account nor loyalty card holders. The research findings are illustrated in Figure 7.2 below.

**Figure 7.2: Loyalty Card Holding Versus Patronising**

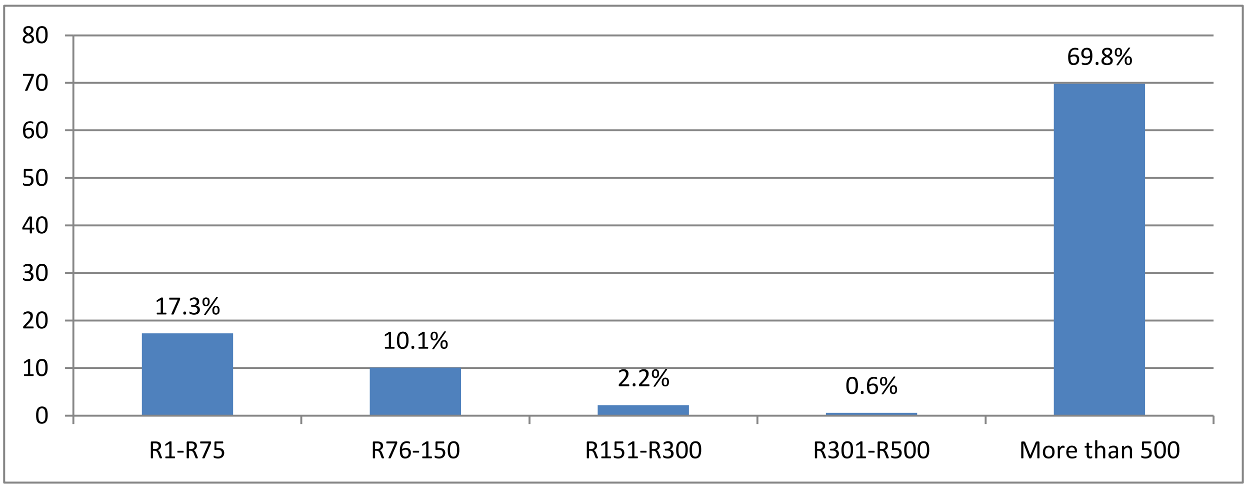



The following subsection reflects the average monthly expenditure by respondents at the three clothing retailers.

#### 7.2.2.2 Monthly expenditure

Figure 7.3 below, graphically reflects the respondents' average monthly expenditure on clothing.

**Figure 7.3: Average Monthly Expenditure on Clothing**




The findings show that the monthly expenditure of respondents at the three clothing retailers is skewed to the right and therein, that the majority of the respondents, 69.8

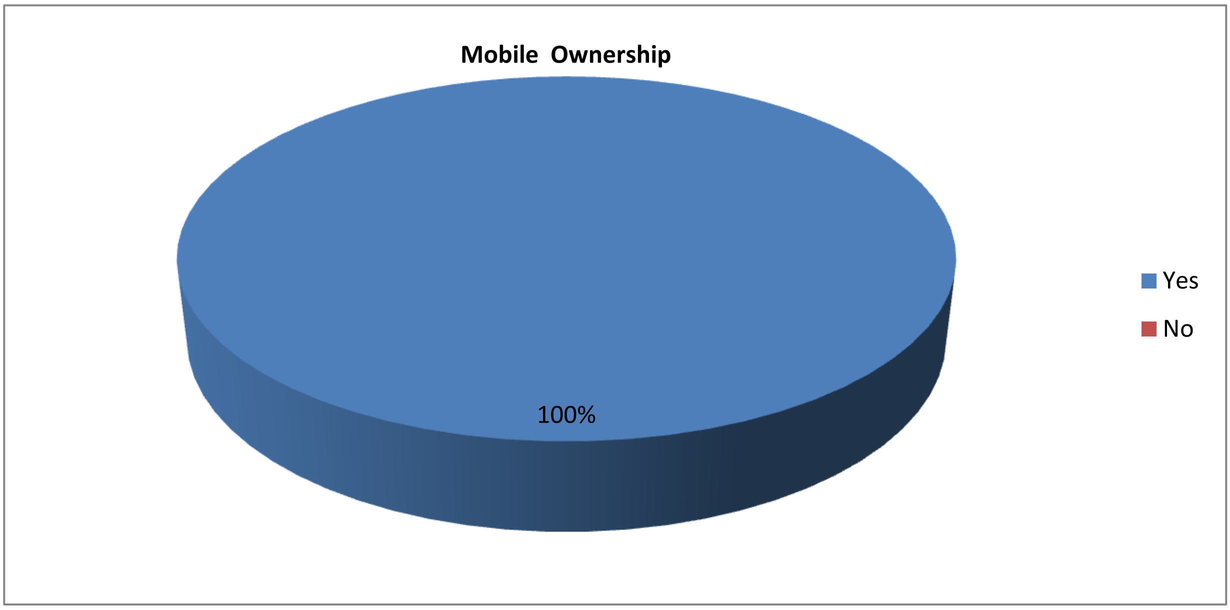
percent, spent more than R500 while 17.3 percent of the respondents spent between R1 to R75 only.

The next section focuses on the ownership of mobile phones.

### 7.2.2.3 Ownership of mobile phones

The findings on mobile phone ownership by respondents are graphically presented in Figure 7.4 below. The figure reflects that all the respondents owned a mobile phone.

**Figure 7.4: Ownership of Mobile Phones**

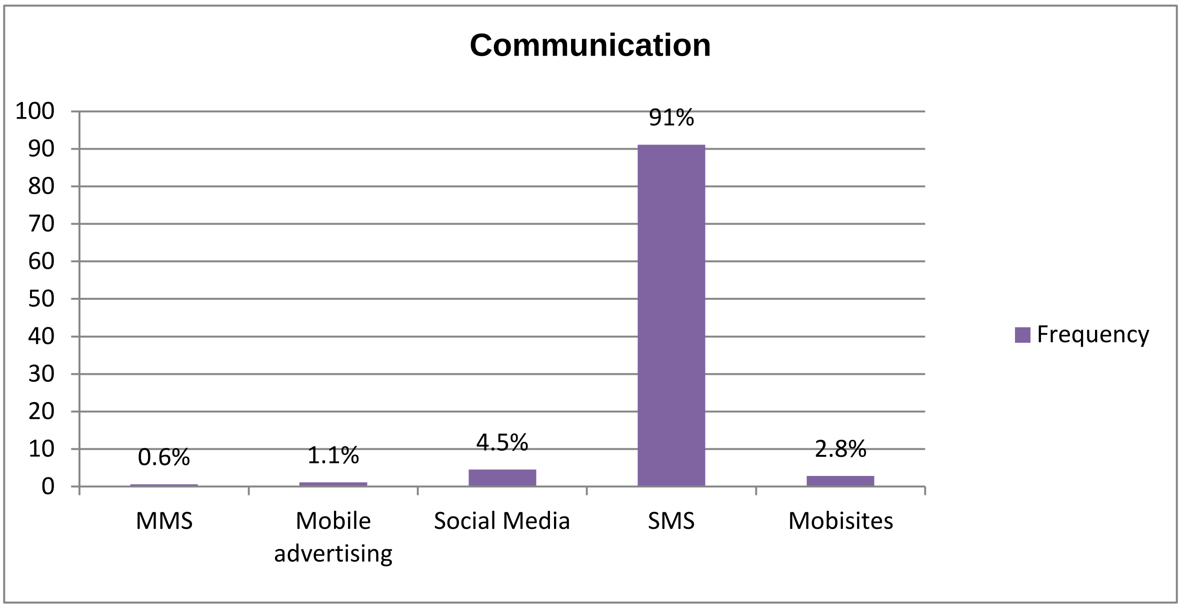



The next section focuses on the employment of mobile phones for a variety of communication purposes by retail clothing outlets.

### 7.2.2.4 Use of mobile phones for marketing communication purposes

The findings on the use of mobile phones for marketing communication purposes show that SMS's has a higher frequency of 91 percent followed by social media (4.5%), mobisites (2.8%), mobile advertising (1.1%) and MMS's only 0.6 percent. It is clear that retail clothing outlets favour SMS's as a marketing communication medium. Figure 7.5 below, reflects the findings on the use of mobile phones for various marketing communication purposes.

**Figure 7.5:** Uses of Mobile Phones for Marketing Communication Purposes




## 7.3 DESCRIPTIVE RESEARCH FINDINGS

The most important research findings of the study are reflected in this section. Hence, the key research constructs of the study guide the structure of the discussion and the presentation of the findings.

### 7.3.1 Influence of Mobile Technology on Customer Loyalty

Table 7.1 below, shows the questionnaire items used to measure the influence of mobile technology on customer loyalty.

**Table 7.1:** Questionnaire Items on Mobile Technology

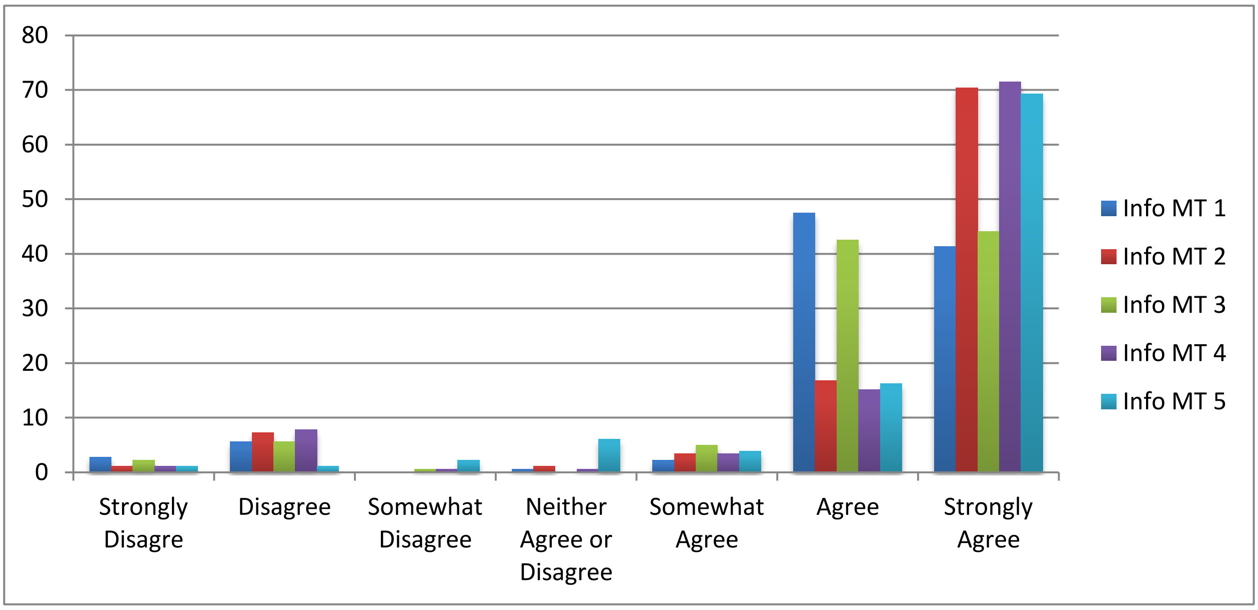
| Questionnaire Item | | Legend in data analysis |
|---|---|---|
| B8.1 | I appreciate the informative mobile communications received from my favourite clothing retailer | Inf MT 1 |
| B8.2 | These mobile communications positively influence my relationship with my favourite clothing retailer | Inf MT 2 |
| B8.3 | These mobile communications enhance my relationship with my favourite clothing retailer | Inf MT 3 |
| B8.4 | The use of mobile communications influences my level of loyalty towards my favourite clothing retailer | Inf MT 4 |
| B8.5 | The informative nature of the mobile messages makes me eager to receive these messages and contribute to the satisfaction derived from their services and products | Inf MT 5 |

The research findings reveal the following:

- That 41.3 percent of the respondents strongly agreed and 47.5 percent agreed that they have appreciation for mobile communications received from clothing retailers.
- That 70.4 percent of the respondents strongly agreed and 16.8 percent agreed that mobile communications positively influence their customer loyalty.
- That 44.1 percent of the respondents strongly agreed and 42.5 percent agreed that these mobile communications enhance the relationship with the retailer.
- That 71.5 percent of the respondents strongly agreed and 15.1 percent agreed that the use of mobile technology influences the level of loyalty towards clothing retailers.
- That 69.3 percent of the respondents strongly agreed and 16.2 agreed that mobile messages enhance the satisfaction derived from the services and products rendered by the retailer.

The influence of mobile technology on customer loyalty is depicted in Fig. 7.6 below.

**<u>Figure 7.6:</u> The Influence of Mobile Technology on Customer Loyalty**

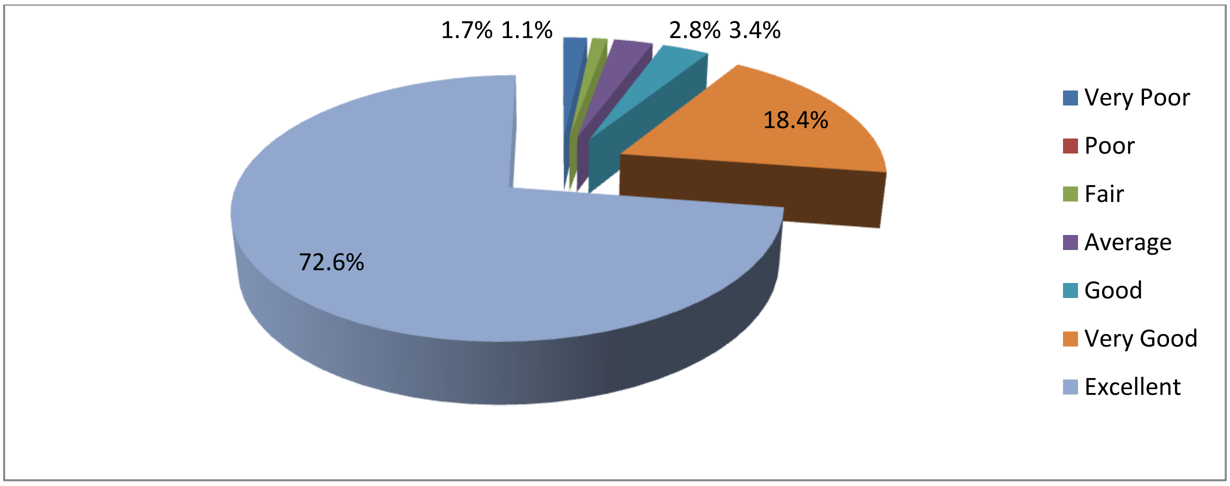



In summary, the findings show that the larger majority of the respondents (85%) were in full agreement that the use of Mobile technology by clothing retailers enhances customer loyalty.

### 7.3.2 <u>Total Experience</u>

The questionnaire item sought to rate the total experience respondents have about their favourite clothing retailer. The research findings show that 72.6 percent of the respondents rated the experience as excellent, 18.4 percent rated it as very good, 3.4 percent as good, 2.8 percent as average, 1.1 percent as fair and 1.7 percent as very poor. These findings are presented in Figure 7.7 below.

**<u>FIGURE 7.7:</u> Respondents' Total Experience of Their Favourite Clothing Retailer**




In summary, the findings are conclusive that the majority of the respondents (94.4%) had a favourable total experience about their favourite clothing retailer**.**

The following subsection focuses on service quality.

### 7.3.3 <u>Service Quality</u>

The construct of service quality was measured at the hand of five questionnaire items provided in Table 7.2 below.

**Table 7.2: Questionnaire Items on Service Quality**

| Questionnaire Item | Legend in data analysis |
|---|---|
| D 12.1 Tangibles (The physical facilities of the retailing outlet are visually appealing) | SQ 1 |
| D 12.2 Reliability (The clothing retailer is reliable and dependable) | SQ 2 |
| D 12.3 Responsiveness (Employees are always willing to help customers and provide prompt attention on arrival) | SQ 3 |
| D 12.4 Assurance (Clothing retailers focus on solving customer complaints and employee behaviour instils confidence in customers) | SQ 4 |
| D 12.5 Empathy (Employees give customers individual attention) | SQ 5 |

The research findings reveal the following:

- That 52 percent of the respondents strongly agreed and 36.3 percent agreed that tangibles are visually appealing.
- That 69.3 percent of the respondents strongly agreed and 18.4 percent agreed that the clothing retailers are reliable.
- That 55.3 percent of the respondents strongly agreed and 30.2 percent agreed that the clothing retailers are responsive.
- That 69.3 percent of the respondents strongly agreed and 19.0 percent agreed there is assurance in the service experience.
- That 76.5 percent of the respondents strongly agreed and 14.5 percent agreed that the retailer's employees show empathy.

The major findings based on the perceptions of the respondents with regard to these statements are depicted in Table 7.3 below.

**Table 7.3: Responses on Service Quality**

| | Tangibility | Reliability | Responsiveness | Assurance | Empathy |
|---|---|---|---|---|---|
| Strongly Disagree | 2.2 | 1.7 | 2.8 | 1.7 | 2.2 |
| Disagree | 0.6 | 1.7 | 0.6 | 0.6 | 0 |
| Somewhat Disagree | 0 | 0 | 1.1 | 4.5 | 0 |
| Neither Agree or Disagree | 1.7 | 2.2 | 5.0 | 2.8 | 1.8 |
| Somewhat Agree | 7.2 | 6.7 | 5.0 | 2.2 | 5.0 |
| Agree | 36.3 | 18.4 | 30.2 | 19.0 | 14.5 |
| Strongly Agree | 52.0 | 69.3 | 55.3 | 69.2 | 76.5 |
| **Total** | **100** | **100** | **100** | **100** | **100** |

In summary, the majority of the respondents (88%) were in agreement with the statements on service quality. The findings show that the five components of service quality were delivered at a high level of service quality.

### 7.3.4 Customer Satisfaction

The construct of customer satisfaction was measured at the hand of four items provided in Table 7.4 below.

**Table 7.4: Questionnaire Items on Customer Satisfaction**

| Questionnaire Item | Legend in data analysis |
|---|---|
| E 13.1 High quality products are provided | Sat 1 |
| E 13.2 Service experiences are normally positive | Sat 2 |
| E 13.3 Complaints are handled on time | Sat 3 |
| E 13.4 The retailer is my preferred outlet of choice | Sat 4 |

The research findings reveal:

- That 56.4 percent of the respondents strongly agreed and 37.4 percent agreed that high quality products are provided.
- That 79.9 percent of the respondents strongly agreed and 7.9 percent agreed that service experiences are normally positive.

- That 55.8 percent of the respondents strongly agreed and 31.8 percent agreed that complaints are handled on time.
- That 79.9 percent of the respondents strongly agreed and 8.5 percent agreed that the retailer is their preferred outlet of choice.

Table 7.5 below reflects the respondents' responses to these statements.

**Table 7.5: Responses to Customer Satisfaction**

| | Sat 1 | Sat 2 | Sat 3 | Sat 4 |
|---|---|---|---|---|
| **Strongly Disagree** | 1.7 | 1.1 | 1.2 | 1.1 |
| **Disagree** | 1.1 | 1.1 | 1.1 | 1.1 |
| **Somewhat Disagree** | 0.6 | 1.1 | 0.6 | 1.1 |
| **Neither Agree or Disagree** | 1.1 | 6.1 | 7.8 | 6.1 |
| **Somewhat Agree** | 1.7 | 2.8 | 1.7 | 2.2 |
| **Agree** | 37.4 | 7.9 | 31.8 | 8.5 |
| **Strongly Agree** | 56.4 | 79.9 | 55.8 | 79.9 |
| **Total** | **100** | **100** | **100** | **100** |

In summary, the findings reveal that the majority of the respondents (89.4%) were satisfied with the products and service delivery of the three clothing retailers.

### 7.3.5 Customer Loyalty

The construct of customer loyalty was measured at the hand of four items provided in Table 7.6 below.

**Table 7.6: Questionnaire Items on Customer Loyalty**

| Questionnaire Item | Legend in data analysis |
|---|---|
| E 14.1 I would recommend the retailer to friends | Loy 1 |
| E 14.2 The clothing retailer is my preferred outlet | Loy 2 |
| E 14.4 I consider myself highly loyal to the clothing retailer | Loy 3 |
| E 14.4 I encourage other people to do business with the clothing retailer | Loy 4 |

The research findings reveal:

- That 53.1 percent of the respondents strongly agreed and 39.7 percent agreed that they would recommend their clothing retailers to friends.
- That 78.2 percent of the respondents strongly agreed and 15.6 percent agreed that the retailer is a preferred outlet of choice.
- That 52.0 percent of the respondents strongly agreed and 42.4 percent agreed that they have a strong commitment to their retailer.
- That 79.4 percent of the respondents strongly agreed and 16.3 agreed that they would encourage other people to patronise the retailer.

Table 7.7 below reflects the responses of the respondents to the loyalty statements.

**Table 7.7: Responses on Customer Loyalty**

| | Loy 1 | Loy 2 | Loy 3 | Loy 4 |
|---|---|---|---|---|
| **Strongly Disagree** | 1.1 | 2.2 | 2.8 | 1.2 |
| **Disagree** | 1.1 | 1.7 | 0 | 0 |
| **Somewhat Disagree** | 1.7 | 0 | 0 | 1.8 |
| **Neither** | 2.2 | 1.7 | 0.6 | 0.6 |
| **Somewhat Agree** | 1.1 | 0.6 | 2.2 | 0.7 |
| **Agree** | 39.7 | 15.6 | 42.4 | 16.3 |
| **Strongly Agree** | 53.1 | 78.2 | 52.0 | 79.4 |
| **Total** | **100** | **100** | **100** | **100** |

In summary, the majority of the respondents (94.2%) had a clear loyalty commitment to their favourite clothing retailers.

The following section discusses the hypotheses of the research study and the research findings that were tested through the application of inferential statistics. The section also discusses the reliability and validity of the research instrument.

## 7.4 INFERENTIAL STATISTICS

According to Sekaran (2008:418), inferential analysis helps to establish cause-effect relationships among variables and to draw conclusions. In this research, inferential analysis was used to investigate the cause-effect relationship between the independent variables on the dependent variable. This section presents the research findings from statistical procedures applied to reach conclusions on the information gathered. Multiple regression, Correlation, a Paired Sample Test and Chi-square were applied. Cronchbach's alpha values were used to make inferences about consistency of the items measuring the constructs. The Cronchbach alpha measures the reliability and consistency of findings generated by an instrument. The aim of correlation analysis is to investigate the relationship between two variables. Specifically, a correlation co-efficient determines the degree to which variation in one variable is related to variation in another variable (Malhotra, 1996:575). Chi-square measures the association of two variables. Paired Sample Tests measure for a factor on two different occasions but using only one group. To statistically measure the relationship between a dependent variable and an independent variable with an intervening variable, multiple regression was used. Pearson's correlation tests were also used to test for the relationships between dependent and independent variables. SPSS was applied for the hypotheses testing.

The following sub-section discusses construct reliability.

### 7.4.1 Construct Reliability

Cronchbach's alpha test was performed on each construct to measure internal consistency for the overall measures. The recommended cut-off score for a reliable measurement scale is 0.60; otherwise, it indicates unsatisfactory internal consistency reliability (Malhotra 2004:268). The Cronchbach alpha co-efficient for all items is 0.974 which is above 0.6, which means the measurement instrument was reliable. Table 7.8 below presents the Cronchbach alpha co-efficients of individual constructs.

**Table 7.8: Cronchbach Alpha of Constructs**

| Variable | Cronchbach Alpha Co-efficients |
|---|---|
| Perceptions on Mobile Technology | 0.925 |
| Information on Mobile technology | 0.977 |
| Expected Service Quality | 0.936 |
| Service Quality Experienced | 0.962 |
| Service Quality | 0.934 |
| Customer Satisfaction | 0.874 |
| Customer Loyalty | 0.892 |

According to Table 7.8 above, the Cronchbach alpha co-efficients of the individual questionnaire items are all above 0.60 which is the benchmark for reliability. Hence, it can be concluded that the questionnaire items were reliable. Although a 0.6, co-efficient was used as benchmark in this study; lower thresholds are sometimes used in literature.

### 7.4.2 Testing of the Primary Hypothesis

The primary hypothesis was tested using multiple regression analysis. For this analysis the mediator variable was mobile technology, the independent variable was customer satisfaction and the dependent variable was customer loyalty. A mediator variable in statistics is a variable that describes how rather than when effects will occur by accounting for the relationship between the independent and dependent variable (MacKinnon 2008).The mediating relationship is one in which the path relating the independent variable to the dependent variable is mediated by an intervening variable. However, moderating variables pinpoint the conditions under which an independent variable exerts its effects on a dependent variable (Mac Kinnon 2008).

R squared is used in regression. R squared measures the proportion or percentage of the prediction in Y explained by the regression model (Gujarati and Porter 2010:72). Beta co-efficient refers to how much a dependent variable will change due to a change in the predictor variable. A t statistic is the ration of the co-efficient to its standard error and it also measures how many standard errors the co-efficient is from zero. Baron and Kenny (1986) proposed a four-step approach to test for mediation in which several regressions are conducted and the significance of co-efficient is examined at each stage:

- Step 1: Conduct a simple regression analysis with X predicting Y,
- Step 2: Conduct a simple regression analysis with X predicting M,
- Step 3: Conduct a simple regression analysis with M predicting Y and
- Step 4: Conduct a multiple regression analysis with X and M predicting Y.

Four regression analyses were conducted and the significance of the co-efficient was examined at each stage. The following primary hypothesis was tested applying this four-step approach.

- $H1_0$: Mobile technology does not play a mediating role in the linkage between customer satisfaction and customer loyalty among customers of clothing retailers in King Williams Town.
- $H1_1$: Mobile technology does play a mediating role in the linkage between customer satisfaction and customer loyalty among customers of clothing retailers in King Williams Town.

#### 7.4.2.1 First step

In the first step a simple regression analysis with X predicting Y was conducted as follows:

$Y = B_0+B_1X+e$……………………………………Equation 1

Where:

$B_0$: constant

$B_1$: co-efficient of the independent variable

X: the independent variable

e: error

**<u>Table 7.9:</u> Regression of Customer Satisfaction on Customer Loyalty**

| Variable | R Squared | Significance | Beta Co-efficient | t-statistic |
|---|---|---|---|---|
| Customer Satisfaction | 0.752 | 0.000 | 0.836 | 23.188 |

Table 7.9 above, represents the regression done on the effect of customer satisfaction on customer loyalty. The findings show that the model is significant because the R

squared is close to 1. Gujarati and Porter (2010:74) purport that an R squared is significant if it is close to 1 and gives a perfect fit. Therefore, the model is significant because the R squared is 0.752. This indicates that the predictor variable which is customer loyalty in the multiple regression analysis is explained by 75.2 percent of the variance in the dependent variable which is customer satisfaction. Therefore, 75.2 percent of the possible change in customer loyalty is caused by customer satisfaction. The beta co-efficient reflects a contribution of 0.836 of customer satisfaction to customer loyalty. This indicates that one unit increase in customer satisfaction will increase customer loyalty by 83.6 percent when considering beta. The t-statistic of 23.188 is greater than 2 and is significant since 2 is the benchmark used in this study. The p-value of 0.000 is less than 0.05 hence the findings show that there exists a significant relationship between customer satisfaction and loyalty.

#### 7.4.2.2 Second step

A simple regression was conducted with X predicting M. Hence, the following equation was used:

$M = B_0+B_1X+e$…………………………………..Equation 2

Where:

$B_0$: constant

$B_1$: co-efficient of the independent variable

X: the independent variable

M: intervening variable

The findings of the second regression analysis are depicted in Table 6.13 below.

**<u>Table 7.10:</u> Regression of Customer Satisfaction on the Intervening Variable**

| **Variable** | **R Squared** | **Significance** | **Beta Co-efficient** | **t-statistic** |
|---|---|---|---|---|
| Customer Satisfaction | 0.532 | 0.000 | 1.001 | 14.194 |

Table 7.10 above, reflects the regression test of customer satisfaction on the intervening variable. The findings show that the model is significant because the R squared of 0.532 is close to 1 and therefore significant. This indicates that 53.2 percent of the variance in the mediator variable which is mobile technology is explained by the independent variable which is customer satisfaction. Therefore, 53.2 percent of the

possible change in Mobile technology is caused by customer satisfaction. The t-statistic of 14.194 is greater than 2 and thus, significant. The beta co-efficient reflects a contribution of 1.001 on the mediating variable. This indicates that one unit increase in customer satisfaction will increase customer satisfaction by 1 percent when considering beta. The p-value of 0.000 is less than 0.05 hence the findings show that there is a significant relationship between customer satisfaction and the intervening variable, mobile technology.

#### 7.4.2.3 Third step

A simple regression was conducted with M predicting Y and the following equation is used.

$Y = B_0+B_1M+e$……………………………………….Equation 3

Where:

$B_0$: constant

$B_2$: co-efficient of the mediator variable

M: mediator variable

e: error `

**Table 7.11: Regression of Mobile Technology on Customer Loyalty**

| Variable | R Squared | Significance | Beta Co-efficient | t-statistic |
|---|---|---|---|---|
| Mobile Technology | 0.348 | 0.000 | 0.415 | 9.726 |

Table 7.11 above, reflects the regression of mobile technology on customer loyalty. The findings show that the model has an R squared value of 0.348. This indicates that the intervening variable which is mobile technology is explained 34.8 percent of the variance in the dependent variable which is customer loyalty. This indicates that 34.8 percent of the variance in customer loyalty is attributed to mobile technology. The t-statistic of 9.726 is greater than 2 hence; showing significance. The beta co-efficient reflects a contribution of 0.415 of the intervening variable on the independent variable. This indicates that one unit increase in mobile technology usage increases customer loyalty by 41.5 percent considering beta. The p-value of 0.000 is less than 0.05 hence the findings show that there is significant relationship between the intervening variable and customer loyalty.

### 7.4.2.4 Fourth step

A multiple regression analysis was conducted with X and M both predicting Y. The equation used was the following

$Y=B_0+B_1X+B_2M+e$……………………………………………………Equation 4

Where

$B_0$: constant

$B_1$: co-efficient of the independent variable

X: independent variable

$B_2$: co-efficient of the mediator variable

M: mediator variable

e: error

Table 7.12 below, reflects a regression of customer satisfaction and mobile technology on customer loyalty.

**Table 7.12: Regression of Customer Satisfaction and Mobile Technology on Customer Loyalty**

| Variables | R Squared | Significance | Beta Co-efficient | t-statistic |
|---|---|---|---|---|
| Customer Satisfaction | 0.756 | 0.000 | 0.900 | 17.162 |
| Mobile technology | 0.756 | 0.005 | 0.064 | 1.676 |

The findings show that the model is significant because the R squared value of 0.756 is close to 1 and significant. This R squared value is the predictive accuracy and it reflects the percentage of variance in the dependent variable explained by the independent variable (Allua and Thompson 2009:170). An R squared value of approximately 0.756 reflects that 75.6 % of the variance emanates from the predictor variables. This indicates that 75.6 percent of the possible change in customer loyalty is caused by mobile technology and customer satisfaction. The beta co-efficient of customer satisfaction contributes 0.900 to the dependent variable while mobile technology with a beta-co-efficient of 0.064, also contributes to customer loyalty. This indicates that one unit increase in customer satisfaction will increase customer loyalty by 0.9 percent. This indicates that one percent increase in mobile technology will increase customer loyalty by 0.06 percent. The p-values of both variables are less than 0.05 hence; the findings show that there is a significant relationship mobile technology and customer loyalty and also between customer satisfaction and customer loyalty. It can be concluded that multiple regression is significant.

#### 7.4.2.5 Interpretation of the hypothesis result

According to Mackinnon, Fairchild and Fritz (2007), the purpose of step 1 to 3 is to test that zero-order relationships among the variables exist. Researchers conclude that if one or more of these relationships are non-significant, mediation is not possible or likely. In this case steps 1 to 3 are significant, hence, mediation exists. The null hypothesis is therefore, rejected and the alternative hypothesis accepted, because the findings are significant in all the steps. However, the findings show that mobile technology only partially mediates the linkage between customer satisfaction and customer loyalty. The p-values of both customer satisfaction and mobile technology are significant and are less than 0.05 hence there is partial mediation. According to Mackinnon, *et. al*. (2007), in the 4-step model, partial mediation is supported if both the independent variable and the mediator variable significantly predict the dependent variable. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

### 7.4.3 Testing Secondary Hypothesis One

The first secondary hypothesis tests the gap between customer expectations and the performance of the clothing retailers.

- $H2_0$: There is negative disconfirmation between customer expectations and performance of the three clothing retailers.
- $H2_1$: There is positive disconfirmation between customer expectations and performance of the three clothing retailers.

To test for this hypothesis, a paired sample test was conducted. This method was applied because the researcher sought to measure the difference between the expectations of the customers and the performance of the clothing retailers. A paired sample test was conducted to evaluate the differences between expectations and performance (gap analysis). The difference in what is expected (mean = 6.457) to performance (mean = 6.542) is positive with performance exceeding customer expectations. Table 7.13 below, graphically reflects the paired sample test findings.

**Table 7.13: Paired Sample Test**

| Mean Expectations | Mean Service Quality Received | Difference | p - value | t - value |
|---|---|---|---|---|
| 6.457 | 6.542 | 0.085 | 0.217 | 1.239 |

The difference of 0.085 reflects positive disconfirmation between customer expectations and performance. Hence, the null hypothesis is rejected and the alternative hypothesis accepted. The p-value was insignificant at $p > 0.05$ while the t-value was also insignificant. Hence, there is no significant statistical difference between the mean of expectations on service quality and the mean of service quality experienced by customers. This indicates that the difference between customer expectations and retailer performance is marginal. Hence, the findings show that there is a positive disconfirmation between customer expectations of service quality and the service performance of the clothing retailers. The research findings agree with the research findings obtained by Hui, Wan and Ho (2007:974) and Wong and Law (2003:405). It can be concluded that positive disconfirmation was obtained in the research.

### 7.4.4 Testing Secondary Hypothesis Two

This secondary hypothesis tested for the influence of service quality on customer loyalty.

- $H3_0$: Service Quality does not have an influence on customer loyalty of customers of clothing retailers in King Williams Town.
- $H3_1$: Service Quality does have an influence on customer loyalty of customers of clothing retailers in King Williams Town.

This hypothesis was tested using Pearson's correlation and the chi-square test to test for the significance of the hypothesis. Table 7.14 below, presents the results obtained**.**

**Table 7.14: Correlation and Chi-Square Results**

| Variable | Correlation co-efficient | Chi-square p-value |
|---|---|---|
| Customer Satisfaction | 0.531 | 0.000 |

The research findings reflect a strong positive correlation of 0.531 and a significant relationship between service quality and customer loyalty with a p-value of 0.000 that is less than 0.05. Therefore, based on these results it can be concluded that service quality does influence customer loyalty and that there is a strong positive correlation between the two variables. Hence, the null hypothesis is rejected and the alternative hypothesis accepted. The research findings are supported by the results of a previous study by Aydin and Ozer (2005).

### 7.4.5 Testing Secondary Hypothesis Three

This secondary hypothesis tested for the relationship between customer satisfaction and customer loyalty.

- $H4_0$: Customer Satisfaction does not have an influence on customer loyalty of customers of clothing retailers in King Williams Town.
- $H4_1$: Customer Satisfaction does have an influence on customer loyalty of customers of clothing retailers in King Williams Town.

This hypothesis was tested using Pearson's correlation and the chi-square test to test for the significance of the hypothesis. Table 7.15 below, presents the results obtained.

**Table 7.15: Correlation and Chi-Square Results**

| Variable | Correlation co-efficient | Chi-square p-value |
|---|---|---|
| Customer Satisfaction | 0.867 | 0.000 |

The research findings reveal a strong positive correlation of 0.867 and a significant relationship between customer satisfaction and customer loyalty with a p-value of 0.000 that is less than 0.05. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. The research findings are supported by findings of previous studies (Kim, 2011:633) and (Ndubisi, *et al*., 2009). In addition, Rowley (2000) also purports that there is a positive association between customer satisfaction and customer loyalty.

## 7.5 CONCLUSION

This chapter presents the research findings of the survey. The chapter describes the research findings both in descriptive terms and at the hand of inferential statistics. The research findings show that mobile technology plays a mediating role in facilitating customer satisfaction that in turn enhances customer loyalty. The role however is, partial which means other factors also mediate the direct relationship between customer satisfaction and customer loyalty. The research findings also support the notion that service quality influences customer loyalty. The relationship between customer satisfaction and customer loyalty is also positive.

The following chapter focuses on the conclusions and recommendations. The chapter also focuses on theoretical and managerial implications of the research.

# CHAPTER EIGHT

# CONCLUSIONS AND RECOMMENDATIONS

## 8.1 INTRODUCTION

It is imperative for researchers to promote knowledge through research findings and to shed light on marketing strategies to be adopted, based on the research findings. Therefore, this chapter focuses on the conclusions and recommendations offered to clothing retailers. This chapter focuses on an in depth assessment of the findings that is crucial to reach realistic conclusions and to offer relevant recommendations. The conclusions and recommendations assist in identifying critical marketing areas that need to be addressed to gain improvements in customer loyalty and service quality. The conclusions are compared with previous research results in order to evaluate research results reported by other researchers. The chapter further focuses on areas for further study. In addition, the chapter will also highlight limitations of the study and theoretical and managerial implications of the study.

## 8.2 CONCLUSIONS

The main aim of the research was to critically investigate the mediating role that the use of mobile technology plays in the linkage between customer satisfaction and loyalty in a semi-urban environment. The research specifically investigated the use of mobile communication to achieve customer loyalty through the mediating role and influence of customer satisfaction. Another hypothesis focused on the influence of service quality on customer loyalty. The research also sought to identify the gap between expectations of customers and service quality delivered by clothing retailers.

### 8.2.1 Conclusion on Patronisation and Loyalty Card Holders

The research findings reported in sub-section 7.2.2.1, provide conclusive evidence that the majority of the clothing retailer customers are loyalty cardholders while a small proportion of consumers are not. Clothing retailers are engaging in loyalty programmes directed at all customers to encourage them to make repeat purchases and to promote the social benefits enjoyed through loyalty programmes. The prevalence of majority loyalty cardholders gives proof of customer satisfaction that is definitely a requirement for building customer loyalty.

It can, thus be concluded that loyalty programmes promote the building of long-term relationships with customers and customer loyalty, boost repeat purchases and customer retention, enhance the recruitment of new customers through word-of-mouth advocacy about the economic and social benefits, and finally, serve as an entry-barrier to competing clothing retailers.

### 8.2.2 Conclusion on Monthly Expenditure

Based on the research findings on monthly expenditure reported in sub-section 7.2.2.2, the following conclusions can be drawn: Firstly, that the majority of the respondents spend more than R500 at the selected clothing retailers; secondly, that these firms engage in strategies that influence customers to make repeat purchases that result in a substantial customer share of wallet; and thirdly, that clients perceive satisfactory service-experiences that result in them committing an increased share of wallet at the specific clothing retailers.

### 8.2.3 Conclusion on Ownership of Mobile Phones

There is conclusive evidence from the research findings, reported in sub-section 7.2.2.3, that consumers generally own and/or have access to mobile phones and therefore, to various forms of communication messages via mobile phones. It can thus, be concluded that firms and customers can efficiently communicate via mobile phones, improving customer satisfaction and loyalty as well as enhancing customer retention in a highly competitive marketing environment.

### 8.2.4 Conclusion on Communication Received or Used via Mobile Phones

Based on the research findings in sub-section 7.2.2.4, it can be concluded that the majority of the consumers access information from clothing retailers via SMS and that firms communicate up to date information to customers and build customer satisfaction through mobile technology. It can further be concluded that firms use SMSs to build customer expectations and for mobile marketing because the message content and language used for these communications are well-understood by customers and easy to apply. Finally, the results provide support for the accelerated use of mobisites and social media as a marketing strategy.

### 8.2.5 Conclusion on Mobile Communication

Based on the research findings reported in sub-section 7.3.1, it can be concluded that mobile technology has a positive influence on customer loyalty and that creative and improved mobile technology strategies currently used by clothing retailers boost customer loyalty and appeal to customers as a mode of communication.

### 8.2.6 Conclusion on Service Quality

It can be concluded from the research findings reported in sub-section 7.3.3, that clothing retailers generally deliver superior service quality to customers; that implies that the five instruments of service quality (tangibility, reliability, responsiveness, empathy and assurance), explored in this study, are being delivered at an advanced level and that clothing firms generally meet or exceed customer expectations on service quality.

### 8.2.7 Conclusion on Customer Satisfaction

It can be concluded from the research findings reported in sub-section 6.3.4, that clothing retailers generally provide an advanced level of customer satisfaction that is further enhanced through the provision of high quality products; that service-experiences are normally positive as a result of excellent internal marketing and employee training and that complaints are handled on time, contributing to those clothing retailers becoming the preferred outlets of choice.

### 8.2.8 Conclusion on Customer Loyalty

It can be concluded from the research findings reported in sub-section 7.3.5, that the customers display a high level of loyalty towards the clothing retailer outlets that have become their preferred outlets of choice; that customers refer potential customers to the clothing retailers through positive word of mouth advocacy, enhancing their customer base; that this enhanced loyalty limit the possibility of customers switching to competitors.

## 8.3 ACHIEVEMENT OF RESEARCH OBJECTIVES

The following were the objectives of the study.

### 8.3.1 The Primary Objective

- to explore the mediating role of mobile technology on the linkage between customer satisfaction and loyalty among account holding customers of clothing retailers in King Williams Town.

### 8.3.2 The Secondary Objectives

- to establish if there is a disconfirmation in customer expectations and the performance of the clothing retailers in King Williams Town.

- to investigate the influence of service quality on customer loyalty of customers of clothing retailers in King Williams Town.
- to investigate the influence of customer satisfaction on customer loyalty of customers of clothing retailers in King Williams Town.

The **first objective** was accomplished and the results show that mobile technology has a mediating effect on the linkage between customer satisfaction and customer loyalty. This was achieved by applying multiple regression analysis.

The **second objective** of the study (that there was a positive disconfirmation in customer expectations and performance of clothing retailers) was also accomplished by applying paired sample tests.

The **third objective** was also accomplished and the results show that service quality positively influences customer loyalty. Correlation and chi-square tests were applied to test for this relationship.

The **fourth objective** was accomplished and the results show that customer satisfaction positively influences customer loyalty. Correlation and chi-square tests were applied to test for this relationship.

## 8.4 CONCLUSIONS WITH REGARD TO HYPOTHESES TESTING

The research used a quantitative approach to test the primary and secondary hypotheses. The first hypothesis was stated as follows:

- $H1_0$: Mobile technology does not play a mediating role in the linkage between customer satisfaction and customer loyalty among customers of clothing retailers in King Williams Town.
- $H1_1$: Mobile technology does play a mediating role in the linkage between customer satisfaction and customer loyalty among customers of clothing retailers in King Williams Town.

The hypothesis was tested at the hand of multiple regression. Based on the research results reported in section 7.4.3, it can be concluded that the use of mobile technology has a mediation effect on customer loyalty via customer satisfaction with acceptable significance even though this effect is only partially and not fully. **Therefore, the null hypothesis is rejected and the alternative hypothesis accepted.** This implies that advancements in and creative use of mobile technology will positively enhance customer satisfaction, which in turn positively influences customer loyalty towards clothing retailers in King Williams Town.

The second hypothesis tested the gap between customer expectations and the performance of the clothing retailers and was stated as follows:

- $H2_0$: There is negative disconfirmation between customer expectations and performance of the three clothing retailers.
- $H2_1$: There is positive disconfirmation between customer expectations and performance of the three clothing retailers.

The hypothesis was tested at the hand of paired sample tests. It can be concluded, based on the research results reported in section 7.4.4, that there is a positive disconfirmation between customer expectations and the performance of the clothing retailers. In other words, service delivery rendered by clothing retailers meets or exceeds customer expectations. **Therefore, the null hypothesis is rejected and the alternative hypothesis accepted.** The research results are supported by the research findings obtained by Hui, Wan and Ho (2007:974) who also established a similar positive disconfirmation in their research study. However, the research results of Rosen, Karwan and Scribner (2003), on the other hand, supported negative disconfirmation between customer expectations and the performance of retailers.

The third hypothesis tested for the influence of service quality on customer loyalty and was stated as follows:

- $H3_0$: Service Quality does not have an influence on customer loyalty of customers of clothing retailers in King Williams Town.
- $H3_1$: Service Quality does have an influence on customer loyalty of customers of clothing retailers in King Williams Town.

This hypothesis was tested using the results obtained at the hand of Pearson's correlation test and the chi square test. Based on the research results reported in section 7.4.5, it can now be concluded that service quality influences customer loyalty and that there is a positive correlation between them, in other words that the service quality rendered by clothing retailers actively promote customer loyalty. **Therefore, the null hypothesis is rejected and the alternative hypothesis accepted.**

These results also indicate that empathy, responsiveness, reliability, assurance and tangibility influence customers' level of loyalty to clothing firms. It can further be deduced that customers that experience a high service quality from clothing retailers do not only have positive repurchase intentions but also positively promote the firm and its services to new potential customers. The research results are supported by the research results obtained by Mokhtar, Maiyaki and Noor (2011) as well as by Aydin and Ozer (2005).

The fourth hypothesis tested for the relationship between customer satisfaction and customer loyalty and was stated as follows:

- $H4_0$: Customer Satisfaction does not have an influence on customer loyalty of customers of clothing retailers in King Williams Town.
- $H4_1$: Customer Satisfaction does have an influence on customer loyalty of customers of clothing retailers in King Williams Town.

This hypothesis was tested using Pearson's Correlation test and the Chi Square test. Based on the research results reported in section 7.4.6, it can now be concluded that there is a positive relationship between customer satisfaction and customer loyalty and that superior customer satisfaction has a positive influence on customer loyalty. Therefore, the meeting or exceeding of customer expectations results in higher customer satisfaction that, in turn, enhances customer loyalty. **Consequently, the null hypothesis is rejected and the alternative hypothesis accepted.**

The attainment of customer loyalty also has several positive implications such as positive word-of-mouth and repeat purchases. Greater customer satisfaction that boosts customer loyalty may result in a higher share of the customer's wallet by the clothing retailer. These results were in agreement with the research results of other researchers like Mokhtar, *et al.* (2011), Kim (2011), Ndubisi, *et al*. (2009) and Rowley (2000).

## 8.5 <u>RECOMMENDATIONS</u>

The following section focuses on the recommendations to the clothing retailers.

### 8.5.1 <u>Recommendation on Patronisation and Loyalty Card Holders</u>

It is recommended that clothing retailers develop and extend their store loyalty programmes through their loyalty cards, since the latter serve as important marketing tools not only to retain customer patronisation, but also to grow sales. Such loyalty cards provide cardholders access to stores countrywide and prevent competing clothing retailers from scavenging or churning clients. In addition, store managers should market and communicate the benefits of loyalty cards via mobile technology to existing cardholders but also to potential customers via the other advertising media. It is recommended further that clothing retailers utilise the information gathered through loyalty programmes for creative marketing strategies to gain a competitive edge through loyalty programme differentiation; to cultivate long-term relationships with customers by increasing economic and social benefits; for promotional communication; and for enhancing the efficient management of their businesses.

#### 8.5.2 Recommendation on Monthly Expenditure

It is recommended that clothing retailers enthuse loyalty cardholders to increase their monthly expenditure through expanding the use of mobile technology as a marketing tool, informing customers of the social and economic benefits (including the loyalty points) they could gain through regular and increased purchases at the clothing store.

#### 8.5.3 Recommendation on Ownership of Mobile Phones

It is recommended that clothing retailers improve and focus their mobile technology marketing strategies on customer needs and expectations to the firm's competitive advantage in a highly competitive marketing environment. Since, the use of mobile technology forms a cutting edge marketing strategy; it is recommended that retailer firms capture customer profile data so that it can be easily accessed to communicate relevant marketing messages successfully to individual customers via mobile technology.

#### 8.5.4 Recommendation on the use of Mobile Phone Communication

Since mobile technology has a partial mediation effect on the linkage between customer satisfaction and customer loyalty, it is recommended that clothing retailers increase their investment in this form of communication to gain enhanced marketing benefits. It is therefore, recommended that clothing retailers, in search of expanding their customer base and in building customer loyalty, expand their use of mobile technology to other forms of communication via mobile phones besides SMSs. Furthermore, these communication messages should be more visually appealing to the customers. This could be done through communicating with customers via social networks such as facebook since it allows customers to follow direct links to the clothing retailers' mobisites where they can view products and promotions visually.

### 8.5.5 Recommendation on Mobile Communication Content and Strategy

With regard to mobile communication content and strategy, it is recommended that clothing retailers communicate with customers on an individual basis and develop personal relationships with their loyalty cardholders. Clothing retailers should further ensure that their mobile communication via mobile phones is tailor-made to be in the preferred language of the customer receiving it or accessing mobisites, especially in communicating with the older generation of customers.

This entails that the language and message content used for these mobile communications should be adapted or modified to meet the interest of each cultural and language group in South Africa. These clothing retailers should also utilise mobile technology to gather information about customer preferences to enhance personal relationships with them and achieving a competitive advantage over competitors through the building of stronger relationships with customers. This could be accomplished by keeping track of customer's birthdays and sending them birthday well wishes with special discount vouchers to be used with their future purchases.

### 8.5.6 Recommendation on Service Quality

It is recommended that clothing retailers ensure that the tangibility of their customer service is high and that the other four service constructs are of high standard through internal marketing and employee training to enhance customer satisfaction and hence, customer loyalty. To enhance assurance, responsiveness and empathy, on-going employee training should focus on the provision and rendering of supreme customer care. Internal marketing should firstly target front-line employees, the first level of contact to enhance customer care. The results of such efforts will be manifested in developing improved empathy, responsiveness and assurance in such employees.

### 8.5.7 Recommendation on Customer Satisfaction

It is recommended that clothing retailers invest in customer satisfaction operational strategies that do not only keep and retain customers but also contribute to positive word-of-mouth advocacy and the acquisition of new customers. It is also recommended that clothing retailers be realistic in the expectations they create in the minds of customers to avoid negative disconfirmation and hence customer dissatisfaction. This is imperative in the light that customer satisfaction is a predictor of customer loyalty and hence customer retention. The persistent improvement in customer satisfaction could be achieved through ongoing marketing research to meet but also exceed customer expectations.

### 8.5.8 Recommendation on Customer Loyalty

It is recommended that clothing retailers ensure that they continuously build realistic expectations that they are able to meet or exceed to accomplish improved customer satisfaction which form the basis for customer loyalty and hence customer retention. Long-term satisfaction is obtained through on-going superior service quality and service delivery which culminates in customer loyalty and retention. The latter, in turn, is augmented through the implementation of improved loyalty programmes that utilise several loyalty strategies to retain customers. The successful accomplishment of all these outcomes, result in increased sales, efficiency and higher profitability.

### 8.5.9 Recommendation on Mobile Technology as a Mediating Variable

It is recommended that clothing retailers persistently identify (through customer surveys), develop and enhance mobile technology communication strategies that facilitate the linkage between customer satisfaction and customer loyalty. Technologies that could be used to develop and strengthen deeper and stronger relationships with customers, include social networks, SMSs, mobile advertising and mobisites.

### 8.5.10 Recommendation on Disconfirmation

It is recommended that clothing retailers adopt the concept of customer-centricity in the delivery of their service quality that renders a service-experience that is customer focused in all five aspects of service quality. As service quality variables are difficult to evaluate and sometimes evaluated differently by customers, it is recommended that clothing retailers relentlessly explore customer-centricity in their service quality strategies to achieve superior customer satisfaction, the key to sustainable competitive advantage in the new millennium.

### 8.5.11 Recommendation on Influence of Service Quality on Customer Loyalty

It is recommended that clothing retailers improve the tangible aspects of the retail experience of their customers by making the physical facilities more visually appealing to enhance the service-experience and elevates it to a greater level of excellence. Clothing retailers should also improve reliability and dependability to ensure that products advertised via mobile communication are accessible to their customers. It is also recommended that service quality endeavours be given meticulous attention in the formulation of customer loyalty strategies to enhance customer repurchases intentions and actions.

### 8.5.12 Recommendation on Influence of Customer Satisfaction on Customer Loyalty

The importance of this relationship between customer satisfaction and customer loyalty cannot be emphasised enough, therefore, it is recommended that clothing retailers should not only focus on satisfying customers but in offering exceptional services that delight customers greatly. This implies, exceeding customer expectations to prevent customer defection and migration to rivalry firms, but in turn, rendering satisfied and loyal customers that spread positive word-of-mouth about the firm and that engage in repeat purchases.

## 8.6 THEORETICAL IMPLICATIONS

As only a limited number of studies have been done in South Africa focusing on the clothing retail industry, this research has a strong theoretical background. This research was done in a South African context (a developing economy) compared to most other studies that focused on developed economies. The clothing retail sector in South Africa has had limited research exposure. Therefore, the significant relationships found between service quality and customer loyalty as well as customer satisfaction and customer loyalty, make a major contribution to the literature in the context of clothing retailing in developing and underdeveloped economies. The positive disconfirmation obtained on expectations and performance also contributes to the literature in South Africa. The partial mediation of mobile technology on the customer satisfaction and customer loyalty also contributes significantly literature on the clothing retail industry in South Africa.

The continuous advances in mobile technology make this an important research focus area and the results important to marketing and customer relationship literature. It is in view of this phenomenon that the study investigated the mediating role mobile technology has on the linkage between customer satisfaction and loyalty. The model developed to demonstrate this mediating role, contributes to marketing literature in South Africa. The conclusion reached on the basis of the research results, is that mobile technology plays a partial mediating role on the linkage between customer satisfaction and customer loyalty. This outcome requires that the language and message content used by clothing retailers for mobile communications, should be adapted or modified to meet the interest of each cultural and language group in South Africa.

## 8.7 MANAGERIAL IMPLICATIONS

Clothing retailers should develop and implement customer relationship management strategies that incorporate mobile technology mediums such as mobile phones. Clothing retailers should also utilise this mobile customer relationship management strategy to build long-term B2C relationships through the application of mobile phones. Marketing managers should ensure that messages sent to customers create positive perceptions among customers. As customers become more educated and technologically empowered, they have more choices of communicating with firms. Therefore, mobile technology is a major opportunity for clothing retailers to enhance customer satisfaction, to augment customer loyalty and to increase customer retention though the implementation of SMSs and MMSs between customers' mobile phones and the marketing information systems of the clothing retailers.

Firms could also use the SMS channel to send information on loyalty programmes, promotions and special offers. Mobile technology can also be used to collect valuable data on the communication with customers to be stored and analysed for the development of future marketing strategies. It is also imperative that marketing managers of clothing retail outlets stimulate customer's interest and willingness to use the mobile medium to communicate with the firm.

Mobile marketing to current and prospective customers could also be used as a mobile technology strategy by clothing retailers; this is because mobile phones are time and location flexible that ensure easy contact with a customer. Clothing retailers could further develop a feedback system whereby customers can rate service-experiences via

SMS or via mobisites or for conducting short customer surveys. Customers, on the other hand can lodge complaints about a service-experience through this medium.

Clothing retailers should be reminded that mobile technology brings the possibility of new transactions and relationship building but it also has some challenges. Clothing retailers should have access to the necessary technology infrastructure that shares certain information and sends and receives information instantly. Mobile technology could assist clothing retailers in developing successful marketing strategies by promoting an understanding of customer needs and by improving the service-process through feedback from satisfied customers. Customer satisfaction is also promoted through mobile technology, firstly, by building customer expectations through the mobile medium and, secondly, meeting or exceeding these expectations. However, clothing retailers may have to target specific customers through mobile technology in order to build profitable relationships.

In the light of intense competition in the clothing retail market, only satisfying customers may be insufficient, therefore, clothing retailers have to focus relentlessly on improving customer satisfaction as well as on improving customer perceptions about service quality. Marketing managers should set quality standards that guarantee the quality of services and continuously monitor and improve the service-processes to guarantee service quality and excellent service-experiences. Employees should be subjected to creative internal marketing practices as well as on-going training by the firm.

Finally, to maintain long-term customer relationships, clothing retailers should engage in loyalty programmes from which customers derive economic and social benefits. Customer loyalty could be enhanced through the use of mobile technology. A mobile newsletter, accessible via mobile phones, sharing important news about the clothing retailer, could be launched as part of this loyalty drive. Mobile communication strategies could also be adapted to allow for customer need differentiation and for strengthening particular relationships and loyalty over time. Overall, the focus of the mobile communication strategies should be to emphasise a striking mobisite design and SMS interface to provide visually appealing messages using attractive colours.

## 8.8 AREAS FOR FURTHER RESEARCH AND LIMITATIONS

As with similar research studies, this research study is also subjected to certain limitations. The research limitations and areas for future research are as follows.

The use of convenience sampling, a non-probability sampling method, is a limitation because there is no randomness and the likelihood of bias is high. This could limit the generalisation of the findings to the whole Eastern Cape population. However, this method was appropriate for this study due to several factors mentioned in chapter 5.

The research focused on clothing retailers in the Eastern Cape hence, this is a limitation to the study, since research findings could differ from province to province. The study targeted three clothing retailers in King Williams Town, based on the assumption that the town is a fair representation of the Eastern Cape and the South African clothing retail environment in general. This limitation should be observed when the results are generalised for South Africa. The research results could be enhanced by a follow-up study conducted in other provinces of South Africa.

The research only focused on female clothing retailers, which is a limitation hence, the research population, excluded exclusive male retail clothing stores. Also, the research only focused on clothing retailers that predominantly target middle to high-income earners hence, the research population excluded retail clothing stores that focus largely on low income earners. In addition, the research was conducted from the customer's viewpoint hence the research could also be conducted from the clothing retailer's viewpoint.

The study used cross-sectional data because customer loyalty and customer retention basically involves long-term measurements. Hence, it may be difficult for clothing retailers to gauge the effectiveness of these strategies in the short-term. Hence, they could alternatively, use panel data. This research could be repeated in other industries as well as in other underdeveloped and developing African countries. This is imperative since most of literature used for the study was from studies conducted in developed countries.

Extending the research to overcome several of these limitations could definitely enhance the research findings, especially on the mediating role of mobile technology in the linkage between customer satisfaction and customer loyalty. The researcher is of opinion that with the growth of research experience, future researches will be able to stimulate new thoughts and address these limitations so that a rich understanding of mobile technology strategies and customer loyalty strategies will be well grounded.

## 8.9 SUMMARY

This chapter shed light on the research results based on the findings reported in chapter seven. Furthermore, the chapter has drawn some major conclusions based on the research results, discussed the accomplishment of the objectives and highlighted the outcomes of the hypotheses. Recommendations based on the research results were provided and finally, limitations of the study and areas for further research were outlined.

Irrespective of the limitations described, the research results have established and confirmed the mediating role that mobile technology plays in the linkage between customer satisfaction and customer loyalty.

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## Annexure 1

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University of Fort Hare
*Together in Excellence*

# TO WHOM IT MAY CONCERN

**MS RUMBIDZAI CHIHOMBORI, STUDENT NUMBER: 200604663**

is enrolled for a Masters Degree in Business Management at the University of Fort Hare. The Title of her dissertation is:

**THE MEDIATING ROLE OF MOBILE TECHNOLOGY IN THE LINKAGE BETWEEN CUSTOMER SATISFACTION AND CUSTOMER LOYALTY.**

She has to conduct a survey amongst clients of the three Retail Clothing Stores in King Williams Town to gather data pertaining to her research topic and research problem at hand. It will, therefore, be greatly appreciated if she could be assisted, wherever possible, with references and support in this data collection process to enable her to successfully complete the survey.

The Department of Business Management would like to express its appreciation for all assistance and support in this regard.

Please feel free to contact the undersigned to obtain any additional clarity on the request.

Yours sincerely

BDJordaan

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**"The aim of education is the knowledge not of f act, but of values". Dean William R Inge.**

**11 August 2011.**

## Annexure 2

University of Fort Hare
*Together in Excellence*

Rumbidzai Chihombori, a registered Masters of Commerce student in the Department of Business Management at the University of Fort Hare, is conducting a research survey that explores how the application of mobile technology by clothing retailers enhances customer satisfaction, loyalty and customer retention of three clothing retailers in King Williams Town specialising in apparel for women. You have been selected to be part of the research sample and you are kindly asked to respond to the questions in the questionnaire. Please be assured that the information you provide will be used for the purpose of the research only and anonymity as well as confidentiality will be maintained at all times.

R.A CHIHOMBORI

**PART A**

1. Indicate whether you are supporting one or more of the following clothing outlets, also if you are an account and loyalty cardholder of these outlets.

| PATRONISING OR ACCOUNT HOLDER | NAME OF CLOTHING STORE | | | | | |
|---|---|---|---|---|---|---|
| | EDGARS | | FOSCHINI | | TRUWORTHS | |
| | No | Yes | No | Yes | No | Yes |
| **Patronising** | | | | | | |
| **Account / Loyalty Card Holder** | | | | | | |

2. To which age group do you belong?

| 18-29 | 30-39 | 40-49 | 50-59 | 60 and above |
|---|---|---|---|---|

3. Kindly rank the three clothing retailers in order of your preference (1 = most preferred and 3 least preferred).

| EDGARS | | FOSCHINI | | TRUWORTHS | |
|---|---|---|---|---|---|

4. Indicate your average monthly expenditure on clothing at each of the preferred clothing retail stores.

| AVERAGE MONTHLY EXPENDITURE | NAME OF CLOTHING STORE | | |
|---|---|---|---|
| | EDGARS | FOSCHINI | TRUWORTHS |
| R0 | | | |
| R1 – R75 | | | |
| R76 – R150 | | | |
| R151 – R300 | | | |
| R301 – R500 | | | |
| More than R500 | | | |

## PART B

5. Do you own a mobile phone?

| YES | | NO | |
|---|---|---|---|

6. Indicate the type of communication you receive from your favourite clothing retailer you have access to by mobile phone?

| MMS | Mobile advertising | Social Media | SMS | Mobisites |
|---|---|---|---|---|
| | | | | |

7. The following statements test your opinion about mobile technology. Please rate them on a 7-point scale from 1 (strongly disagree); to 7 (strongly agree).

| STATEMENT | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| The mobile communication text messages meet with my expectations | | | | | | | |
| The timing of most mobile communication text messages is convenient | | | | | | | |
| The text and graphics are attractive | | | | | | | |
| These mobile communication text messages are clear and easily understood | | | | | | | |
| I share these mobile communication text messages with my friends and relatives | | | | | | | |

8. The following statements refer to the influence mobile technology has on customer loyalty. Please rate them on a 7-point scale from 1 (strongly disagree) to 7 (strongly agree).

| STATEMENT | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| I appreciate the informative mobile communications received from my favourite clothing retailer | | | | | | | |
| These mobile communications positively influence my relationship with my favourite clothing retailer | | | | | | | |
| These mobile communications enhance my relationship with my favourite clothing retailer | | | | | | | |
| The use of mobile technology influences my level of loyalty towards my favourite clothing retailer | | | | | | | |
| The informative nature of mobile messages makes me eager to receive these messages and contribute to the satisfaction derived from their services and products | | | | | | | |

**PART C**

9. The following statements refer to expectations on the service quality. Please rate each feature on a 7-point scale from 1 (low expectation) to 7 (high expectation).

| SERVICE QUALITY FEATURE | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| Tangibility (Physical facilities and attractiveness of the store) | | | | | | | |
| Reliability (Dependability and reliability) | | | | | | | |
| Responsiveness (Willingness of employees to help) | | | | | | | |
| Assurance (Instilling confidence in customers) | | | | | | | |
| Empathy (Individual attention given by employees) | | | | | | | |

10. The following statements are related to the quality of experience received when visiting the clothing retailer. Please rate each on a 7-point scale from 1 (strongly disagree) to 7 (strongly agree).

| SERVICE EXPERIENCE | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| Tangibility (Physical facilities and visual attractiveness) | | | | | | | |
| Reliability (Dependability and reliability) | | | | | | | |
| Responsiveness (Willingness of employees to help) | | | | | | | |
| Assurance (Instilling of confidence in customers) | | | | | | | |
| Empathy (Individual attention given by employees) | | | | | | | |

11. How do you rate your Total Experience about retail clothing expectations on a 7-point scale from 1 (poor) to 7 (excellent).

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| | | | | | | |

**PART D**

12. The following statements refer to perceptions of the actual experience of service. Please indicate your opinion about agree to the following statements. Please rate each on a 7-point scale from 1 (strongly disagree) to 7 (strongly agree).

| EXPERIENCE | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| Tangibles (The physical facilities of the retailer are visually appealing) | | | | | | | |
| Reliability (The clothing retailer is reliable and dependable) | | | | | | | |
| Responsiveness (Employees are always willing to help customers and customers receive prompt attention on arrival) | | | | | | | |
| Assurance (The clothing retailers focus on solving customer complaints and the behaviour of employees instils confidence in customers) | | | | | | | |
| Empathy (Employees give customers individual attention) | | | | | | | |

## PART E

The statements in part E explore your perceptions relating to your satisfaction with the products and service quality, current relationship and loyalty as well as future long-term patronising of the clothing retailers. Express your opinion on a 7-point scale from 1 (strongly disagree) to 7 (strongly agree).

13. Customer Satisfaction

| SATISFACTION ASPECTS | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| High quality products are provided | | | | | | | |
| Service experiences are normally positive | | | | | | | |
| Complaints are handled on time | | | | | | | |
| The retailer is my preferred outlet of choice | | | | | | | |

14. Customer Loyalty

| LOYALTY ASPECTS | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| I would recommend the retailer to friends | | | | | | | |
| The clothing retailer is my preferred outlet | | | | | | | |
| I consider myself highly loyal to the clothing retailer | | | | | | | |
| I encourage other people to do business with the clothing retailers | | | | | | | |

**Thank you for your time and co-operation in completing this questionnaire**.

## Annexure 3

**TO WHOM IT MAY CONCERN**

**LETTER OF ATTESTATION**

**I, Dr. K. E. Monyai, hereby certify and attest that I received and edited the language for the Masters Dissertation of**

**RUMBIDZAI CHIHOMBORI**

**Director/ Editor/ Educator**

**Dr. K. E. Monyai (Ph D)**

***PARLONS LA LANGUE – LET US SPEAK THE LANGUAGE cc***

Diplôme d'études de la langue française (Ministère de l'Education Nationale, Paris)

Post Graduate Diploma RE (Corpus Christi College, London)

B Th (Urbaniana, Rome), B Phil (University of Hull, England), M Th (UNISA)

P.O. Fort Beaufort, 5720

Email: drkemonyai@gmail.com Cell: 0733064512 Fax: 0866282812

Singed:.............................................................................................................

11 March 2013
Fort Beaufort

# Annexure 4

**Regression Report**

| | Mean | Std. Deviation | N |
|---|---|---|---|
| MeanLOY | 6.4609 | .95098 | 179 |
| MeanSAT | 6.4120 | .98636 | 179 |

**Variables Entered/Removed[b]**

| Model | Variables Entered | Variables Removed | Method |
|---|---|---|---|
| 1 | MeanSAT[a] | . | Enter |

a. All requested variables entered.

b. Dependent Variable: MeanLOY

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .867[a] | .752 | .751 | .47459 |

a. Predictors: (Constant), MeanSAT

b. Dependent Variable: MeanLOY

**ANOVA[b]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 121.109 | 1 | 121.109 | 537.695 | .000[a] |
| | Residual | 39.867 | 177 | .225 | | |
| | Total | 160.976 | 178 | | | |

a. Predictors: (Constant), MeanSAT

b. Dependent Variable: MeanLOY

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 1.099 | .234 | | 4.697 | .000 |
| | MeanSAT | .836 | .036 | .867 | 23.188 | .000 |

a. Dependent Variable: MeanLOY

**Variables Entered/Removed[b]**

| Model | Variables Entered | Variables Removed | Method |
|---|---|---|---|
| 1 | MeanSAT[a] | . | Enter |

a. All requested variables entered.

b. Dependent Variable: Mean infMT

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .730[a] | .532 | .530 | .9281567 |

a. Predictors: (Constant), MeanSAT

b. Dependent Variable: Mean infMT

**ANOVA[b]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 173.559 | 1 | 173.559 | 201.467 | .000[a] |
| | Residual | 152.481 | 177 | .861 | | |
| | Total | 326.040 | 178 | | | |

a. Predictors: (Constant), MeanSAT

b. Dependent Variable: Mean infMT

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | .218 | .458 | | -.476 | .634 |
| | MeanSAT | 1.001 | .071 | .730 | 14.194 | .000 |

a. Dependent Variable: Mean infMT

**Variables Entered/Removed[b]**

| Model | Variables Entered | Variables Removed | Method |
|---|---|---|---|
| 1 | Mean infMT[a] | . | Enter |

a. All requested variables entered.

b. Dependent Variable: MeanLOY

**Model Summary**[b]

| Model | R | R Square | Adjusted R | Std. Error of the |
|---|---|---|---|---|
| 1 | .590[a] | .348 | .345 | .76986 |

a. Predictors: (Constant), Mean infMT

b. Dependent Variable: MeanLOY

**ANOVA**[b]

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 56.070 | 1 | 56.070 | 94.603 | .000[a] |
| | Residual | 104.906 | 177 | .593 | | |
| | Total | 160.976 | 178 | | | |

a. Predictors: (Constant), Mean infMT

b. Dependent Variable: MeanLOY

**Coefficients**[a]

| | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| Model | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 3.889 | .271 | | 14.374 | .000 |
| | Mean infMT | .415 | .043 | .590 | 9.726 | .000 |

a. Dependent Variable: MeanLOY

**Model Summary**[b]

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| 1 | .870[a] | .756 | .753 | .47218 |

a. Predictors: (Constant), MeanSAT, Mean infMT

b. Dependent Variable: MeanLOY

**ANOVA[b]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 121.736 | 2 | 60.868 | 273.001 | .000[a] |
| | Residual | 39.241 | 176 | .223 | | |
| | Total | 160.976 | 178 | | | |

a. Predictors: (Constant), MeanSAT, Mean infMT

b. Dependent Variable: MeanLOY

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| | (Constant) | 1.085 | .233 | | 4.658 | .000 |
| | Mean infMT | -.064 | .038 | -.091 | -1.676 | .005 |
| | MeanSAT | .900 | .052 | .934 | 17.162 | .000 |

a. Dependent Variable: MeanLOY

**Coefficients[a]**

| Model | | Unstandardised Coefficients | | Standardised Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 3.889 | .271 | | 14.374 | .000 |
| | Mean infMT | .415 | .043 | .590 | 9.726 | .000 |

a. Dependent Variable: MeanLOY

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .870[a] | .756 | .753 | .47218 |

a. Predictors: (Constant), MeanSAT, Mean infMT

b. Dependent Variable: MeanLOY

**ANOVA[b]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 121.736 | 2 | 60.868 | 273.001 | .000[a] |
| | Residual | 39.241 | 176 | .223 | | |
| | Total | 160.976 | 178 | | | |

a. Predictors: (Constant), MeanSAT, Mean infMT

b. Dependent Variable: MeanLOY

**Coefficients[a]**

| Model | Unstandardised Coefficients | | Standardised Coefficients | | |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | t | Sig. |
| (Constant) | 1.085 | .233 | | 4.658 | .000 |
| Mean infMT | -.064 | .038 | -.091 | -1.676 | .005 |
| MeanSAT | .900 | .052 | .934 | 17.162 | .000 |

a. Dependent Variable: MeanLOY

# Annexure 5

**Paired Sample Statistics**

| | | Mean | N | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| Pair 1 | MeanExpRec | 6.542 | 179 | .9746 | .0728 |
| | MeanExp | 6.457 | 179 | .9299 | .0695 |

**Paired Samples Correlations**

| | | N | Correlation | Sig. |
|---|---|---|---|---|
| Pair 1 | MeanExpRec & MeanExp | 179 | .531 | .000 |

**Paired Samples Test**

| | | Paired Differences | | |
|---|---|---|---|---|
| | | Mean | Std. Deviation | Std. Error Mean |
| Pair 1 | MeanExpRec - MeanExp | .0854749 | .9231792 | .0690016 |

**Paired Samples Test**

| | | Paired Differences | |
|---|---|---|---|
| | | 95% Confidence Interval of the Difference | |
| | | Lower | Upper |
| Pair 1 | MeanExpRec - MeanExp | -.2216414 | .0506917 |

**Paired Samples Test**

| | | Paired Differences | | |
|---|---|---|---|---|
| | | t | df | Sig. (2-tailed) |
| Pair 1 | MeanExpRec - MeanExp | 1.239 | 179 | .217 |

# Annexure 6

**Correlations**

| | | Mean LOY | SQ |
|---|---|---|---|
| Mean LOY | Pearson Correlation | 1 | .531** |
| | Sig. (2-tailed) | | .000 |
| | N | 179 | 179 |
| SQ | Pearson Correlation | .531** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 179 | 179 |

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

**Correlations**

| | | MeanLOY | MeanSAT |
|---|---|---|---|
| MeanLOY | Pearson Correlation | 1 | .867** |
| | Sig. (2-tailed) | | .000 |
| | N | 179 | 179 |
| MeanSAT | Pearson Correlation | .867** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 179 | 179 |

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

# Annexure 7

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 813.790[a] | 182 | .000 |
| Likelihood Ratio | 294.691 | 182 | .000 |
| Linear-by-Linear Association | 18.790 | 1 | .000 |
| N of Valid Cases | 179 | | |

a. 202 cells (96.2%) have an expected count of less than 5. The minimum expected count is .01.

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 1072.567[a] | 143 | .000 |
| Likelihood Ratio | 376.292 | 143 | .000 |
| Linear-by-Linear Association | 133.917 | 1 | .000 |
| N of Valid Cases | 179 | | |

a. 162 cells (96.4%) have an expected count of less than 5. The minimum expected count is .01.

# Annexure 8

## Reliability

## Scale: ALL VARIABLES

**Case Processing Summary**

| | | N | % |
|---|---|---|---|
| Cases | Valid | 179 | 100.0 |
| | Excluded[a] | 0 | 0 |
| | Total | 179 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .974 | 36 |

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .977 | 5 |

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .936 | 5 |

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .962 | 5 |

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .934 | 5 |

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .874 | 4 |

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .892 | 4 |

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .839 | 4 |

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .925 | 5 |

# Annexure 9

## Frequency Table

**MT 1**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 3 | 1.7 | 1.7 | 1.7 |
| | 2 | 13 | 7.3 | 7.3 | 8.9 |
| | 3 | 1 | .6 | .6 | 9.5 |
| | 4 | 7 | 3.9 | 3.9 | 13.4 |
| | 5 | 9 | 5.0 | 5.0 | 18.4 |
| | 6 | 90 | 50.3 | 50.3 | 68.7 |
| | 7 | 56 | 31.3 | 31.3 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**MT 2**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 4 | 2.2 | 2.2 | 2.2 |
| | 4 | 7 | 3.9 | 3.9 | 6.1 |
| | 5 | 14 | 7.8 | 7.8 | 14.0 |
| | 6 | 35 | 19.6 | 19.6 | 33.5 |
| | 7 | 119 | 66.5 | 66.5 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**MT3**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 3 | 1.7 | 1.7 | 1.7 |
| | 2 | 11 | 6.1 | 6.1 | 7.8 |
| | 3 | 4 | 2.2 | 2.2 | 10.1 |
| | 4 | 1 | .6 | .6 | 10.6 |
| | 5 | 5 | 2.8 | 2.8 | 13.4 |
| | 6 | 84 | 46.9 | 46.9 | 60.3 |
| | 7 | 71 | 39.7 | 39.7 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**MT4**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 1 | .6 | .6 | .6 |
| | 2 | 11 | 6.1 | 6.1 | 6.7 |
| | 3 | 5 | 2.8 | 2.8 | 9.5 |
| | 4 | 3 | 1.7 | 1.7 | 11.2 |
| | 5 | 1 | .6 | .6 | 11.7 |
| | 6 | 36 | 20.1 | 20.1 | 31.8 |
| | 7 | 122 | 68.2 | 68.2 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**MT5**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 3 | 1.7 | 1.7 | 1.7 |
| | 2 | 1 | .6 | .6 | 2.2 |
| | 3 | 3 | 1.7 | 1.7 | 3.9 |
| | 4 | 5 | 2.8 | 2.8 | 6.7 |
| | 5 | 10 | 5.6 | 5.6 | 12.3 |
| | 6 | 34 | 19.0 | 19.0 | 31.3 |
| | 7 | 123 | 68.7 | 68.7 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Inf MT 1**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 5 | 2.8 | 2.8 | 2.8 |
| | 2 | 10 | 5.6 | 5.6 | 8.4 |
| | 4 | 1 | .6 | .6 | 8.9 |
| | 5 | 4 | 2.2 | 2.2 | 11.2 |
| | 6 | 85 | 47.5 | 47.5 | 58.7 |
| | 7 | 74 | 41.3 | 41.3 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Inf MT2**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 2 | 13 | 7.3 | 7.3 | 8.4 |
| | 4 | 2 | 1.1 | 1.1 | 9.5 |
| | 5 | 6 | 3.4 | 3.4 | 12.8 |
| | 6 | 30 | 16.8 | 16.8 | 29.6 |
| | 7 | 126 | 70.4 | 70.4 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Inf MT 3**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 4 | 2.2 | 2.2 | 2.2 |
| | 2 | 10 | 5.6 | 5.6 | 7.8 |
| | 3 | 1 | .6 | .6 | 8.4 |
| | 5 | 9 | 5.0 | 5.0 | 13.4 |
| | 6 | 76 | 42.5 | 42.5 | 55.9 |
| | 7 | 79 | 44.1 | 44.1 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Inf MT 4**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 2 | 14 | 7.8 | 7.8 | 8.9 |
| | 3 | 1 | .6 | .6 | 9.5 |
| | 4 | 1 | .6 | .6 | 10.1 |
| | 5 | 6 | 3.4 | 3.4 | 13.4 |
| | 6 | 27 | 15.1 | 15.1 | 28.5 |
| | 7 | 128 | 71.5 | 71.5 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Inf MT5**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 2 | 2 | 1.1 | 1.1 | 2.2 |
| | 3 | 4 | 2.2 | 2.2 | 4.5 |
| | 4 | 11 | 6.1 | 6.1 | 10.6 |
| | 5 | 7 | 3.9 | 3.9 | 14.5 |
| | 6 | 29 | 16.2 | 16.2 | 30.7 |
| | 7 | 124 | 69.3 | 69.3 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Expe 1**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 4 | 2.2 | 2.2 | 2.2 |
| | 2 | 1 | .6 | .6 | 2.8 |
| | 3 | 3 | 1.7 | 1.7 | 4.5 |
| | 4 | 1 | .6 | .6 | 5.0 |
| | 5 | 4 | 2.2 | 2.2 | 7.3 |
| | 6 | 66 | 36.9 | 36.9 | 44.1 |
| | 7 | 100 | 55.9 | 55.9 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Expe 2**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 1 | .6 | .6 | .6 |
| | 2 | 4 | 2.2 | 2.2 | 2.8 |
| | 3 | 1 | .6 | .6 | 3.4 |
| | 4 | 4 | 2.2 | 2.2 | 5.6 |
| | 5 | 7 | 3.9 | 3.9 | 9.5 |
| | 6 | 14 | 7.8 | 7.8 | 17.3 |
| | 7 | 148 | 82.7 | 82.7 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Expe 3**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 2 | 2 | 1.1 | 1.1 | 2.2 |
| | 3 | 3 | 1.7 | 1.7 | 3.9 |
| | 4 | 2 | 1.1 | 1.1 | 5.0 |
| | 5 | 3 | 1.7 | 1.7 | 6.7 |
| | 6 | 63 | 35.2 | 35.2 | 41.9 |
| | 7 | 104 | 58.1 | 58.1 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Expe 4**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 2 | 2 | 1.1 | 1.1 | 2.2 |
| | 3 | 1 | .6 | .6 | 2.8 |
| | 4 | 1 | .6 | .6 | 3.4 |
| | 5 | 4 | 2.2 | 2.2 | 5.6 |
| | 6 | 17 | 9.5 | 9.5 | 15.1 |
| | 7 | 152 | 84.9 | 84.9 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Expe 5**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 3 | 1.7 | 1.7 | 1.7 |
| | 2 | 1 | .6 | .6 | 2.2 |
| | 4 | 3 | 1.7 | 1.7 | 3.9 |
| | 5 | 4 | 2.2 | 2.2 | 6.2 |
| | 6 | 18 | 10.1 | 10.1 | 16.3 |
| | 7 | 149 | 83.2 | 83.7 | 100.0 |
| | Total | 178 | 99.4 | 100.0 | |
| Missing | System | 1 | .6 | | |
| | Total | 179 | 100.0 | | |

**Exp Rec 1**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 2 | 2 | 1.1 | 1.1 | 2.2 |
| | 3 | 3 | 1.7 | 1.7 | 3.9 |
| | 4 | 3 | 1.7 | 1.7 | 5.6 |
| | 5 | 5 | 2.8 | 2.8 | 8.4 |
| | 6 | 71 | 39.7 | 39.7 | 48.0 |
| | 7 | 93 | 52.0 | 52.0 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Exp Rec 2**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 3 | 4 | 2.2 | 2.2 | 3.4 |
| | 4 | 2 | 1.1 | 1.1 | 4.5 |
| | 5 | 8 | 4.5 | 4.5 | 8.9 |
| | 6 | 24 | 13.4 | 13.4 | 22.3 |
| | 7 | 139 | 77.7 | 77.7 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Exp Rec 3**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 3 | 4 | 2.2 | 2.2 | 3.4 |
| | 4 | 4 | 2.2 | 2.2 | 5.6 |
| | 5 | 6 | 3.4 | 3.4 | 8.9 |
| | 6 | 65 | 36.3 | 36.3 | 45.3 |
| | 7 | 98 | 54.7 | 54.7 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Exp Rec 4**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 2 | 1 | .6 | .6 | 1.7 |
| | 3 | 3 | 1.7 | 1.7 | 3.4 |
| | 4 | 2 | 1.1 | 1.1 | 4.5 |
| | 5 | 9 | 5.0 | 5.0 | 9.5 |
| | 6 | 23 | 12.8 | 12.8 | 22.3 |
| | 7 | 139 | 77.7 | 77.7 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Exp Rec 5**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 3 | 1.7 | 1.7 | 1.7 |
| | 3 | 3 | 1.7 | 1.7 | 3.4 |
| | 4 | 5 | 2.8 | 2.8 | 6.1 |
| | 5 | 9 | 5.0 | 5.0 | 11.2 |
| | 6 | 32 | 17.9 | 17.9 | 29.1 |
| | 7 | 127 | 70.9 | 70.9 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Total Ex**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 3 | 1.7 | 1.7 | 1.7 |
| | 3 | 2 | 1.1 | 1.1 | 2.8 |
| | 4 | 5 | 2.8 | 2.8 | 5.6 |
| | 5 | 6 | 3.4 | 3.4 | 8.9 |
| | 6 | 33 | 18.4 | 18.4 | 27.4 |
| | 7 | 130 | 72.6 | 72.6 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**SQ 1**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 4 | 2.2 | 2.2 | 2.2 |
| | 2 | 1 | .6 | .6 | 2.8 |
| | 4 | 3 | 1.7 | 1.7 | 4.5 |
| | 5 | 13 | 7.2 | 7.2 | 11.7 |
| | 6 | 65 | 36.3 | 36.3 | 48.0 |
| | 7 | 93 | 52.0 | 52.0 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**SQ 2**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 3 | 1.7 | 1.7 | 1.7 |
| | 2 | 3 | 1.7 | 1.7 | 3.4 |
| | 4 | 4 | 2.2 | 2.2 | 5.6 |
| | 5 | 12 | 6.7 | 6.7 | 12.3 |
| | 6 | 33 | 18.4 | 18.4 | 30.7 |
| | 7 | 124 | 69.3 | 69.3 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**SQ 3**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 5 | 2.8 | 2.8 | 2.8 |
| | 2 | 1 | .6 | .6 | 3.4 |
| | 3 | 2 | 1.1 | 1.1 | 4.5 |
| | 4 | 9 | 5.0 | 5.0 | 9.5 |
| | 5 | 9 | 5.0 | 5.0 | 14.5 |
| | 6 | 54 | 30.2 | 30.2 | 44.7 |
| | 7 | 99 | 55.3 | 55.3 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**SQ 4**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 3 | 1.7 | 1.7 | 1.7 |
| | 2 | 1 | .6 | .6 | 2.2 |
| | 3 | 8 | 4.5 | 4.5 | 6.7 |
| | 4 | 5 | 2.8 | 2.8 | 9.5 |
| | 5 | 4 | 2.2 | 2.2 | 11.7 |
| | 6 | 34 | 19.0 | 19.0 | 30.7 |
| | 7 | 124 | 69.2 | 69.2 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**SQ5**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 4 | 2.2 | 2.2 | 2.2 |
| | 4 | 3 | 1.8 | 1.8 | 3.9 |
| | 5 | 9 | 5.0 | 5.0 | 8.9 |
| | 6 | 26 | 14.5 | 14.5 | 23.5 |
| | 7 | 137 | 76.5 | 76.5 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Sat 1**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 3 | 1.7 | 1.7 | 1.7 |
| | 2 | 2 | 1.1 | 1.1 | 2.8 |
| | 3 | 1 | .6 | .6 | 3.4 |
| | 4 | 2 | 1.1 | 1.1 | 4.5 |
| | 5 | 3 | 1.7 | 1.7 | 6.1 |
| | 6 | 67 | 37.4 | 37.4 | 43.6 |
| | 7 | 101 | 56.4 | 56.4 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Sat 2**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 2 | 2 | 1.1 | 1.1 | 2.2 |
| | 3 | 2 | 1.1 | 1.1 | 3.4 |
| | 4 | 11 | 6.1 | 6.1 | 9.5 |
| | 5 | 5 | 2.8 | 2.8 | 12.3 |
| | 6 | 14 | 7.9 | 7.9 | 20.1 |
| | 7 | 143 | 79.9 | 79.9 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Sat 3**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 3 | 1.7 | 1.7 | 1.7 |
| | 2 | 2 | 1.1 | 1.1 | 2.8 |
| | 3 | 1 | .6 | .6 | 3.4 |
| | 4 | 14 | 7.8 | 7.8 | 11.2 |
| | 5 | 3 | 1.7 | 1.7 | 12.8 |
| | 6 | 57 | 31.8 | 31.8 | 44.7 |
| | 7 | 99 | 55.8 | 55.8 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Sat 4**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 2 | 2 | 1.1 | 1.1 | 2.2 |
| | 3 | 2 | 1.1 | 1.1 | 3.4 |
| | 4 | 11 | 6.1 | 6.1 | 9.5 |
| | 5 | 4 | 2.2 | 2.2 | 11.7 |
| | 6 | 15 | 8.5 | 8.5 | 20.1 |
| | 7 | 143 | 79.9 | 79.9 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Loy 1**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 2 | 2 | 1.1 | 1.1 | 2.2 |
| | 3 | 3 | 1.7 | 1.7 | 3.9 |
| | 4 | 4 | 2.2 | 2.2 | 6.1 |
| | 5 | 2 | 1.1 | 1.1 | 7.3 |
| | 6 | 71 | 39.7 | 39.7 | 46.9 |
| | 7 | 95 | 53.1 | 53.1 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Loy 2**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 4 | 2.2 | 2.2 | 2.2 |
| | 2 | 3 | 1.7 | 1.7 | 3.9 |
| | 4 | 3 | 1.7 | 1.7 | 5.6 |
| | 5 | 1 | .6 | .6 | 6.1 |
| | 6 | 28 | 15.6 | 15.6 | 21.8 |
| | 7 | 140 | 78.2 | 78.2 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Loy 3**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 5 | 2.8 | 2.8 | 2.8 |
| | 3 | 1 | .6 | .6 | 3.4 |
| | 4 | 4 | 2.2 | 2.2 | 5.6 |
| | 6 | 76 | 42.4 | 42.4 | 48.0 |
| | 7 | 93 | 52.0 | 52.0 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Loy 4**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.2 | 1.2 | 1.1 |
| | 2 | 3 | 1.8 | 1.8 | 2.8 |
| | 3 | 1 | .6 | .6 | 3.4 |
| | 4 | 1 | .7 | .7 | 3.9 |
| | 5 | 1 | .6 | .6 | 4.5 |
| | 6 | 29 | 16.3 | 16.3 | 20.7 |
| | 7 | 142 | 79.4 | 79.4 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Ret 1**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 2 | 1.1 | 1.1 | 1.1 |
| | 2 | 1 | .6 | .6 | 1.7 |
| | 3 | 5 | 2.7 | 2.7 | 4.5 |
| | 4 | 1 | .6 | .6 | 5.0 |
| | 6 | 77 | 43.0 | 43.0 | 48.0 |
| | 7 | 93 | 52.0 | 52.0 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Ret 2**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 3 | 1.7 | 1.7 | 1.7 |
| | 2 | 3 | 1.7 | 1.7 | 3.4 |
| | 3 | 2 | 1.1 | 1.1 | 4.5 |
| | 5 | 1 | .6 | .6 | 5.0 |
| | 6 | 31 | 17.3 | 17.3 | 22.3 |
| | 7 | 139 | 77.6 | 77.6 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Ret 3**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 1 | .6 | .6 | .6 |
| | 2 | 2 | 1.1 | 1.1 | 1.7 |
| | 3 | 3 | 1.7 | 1.7 | 3.4 |
| | 4 | 11 | 6.1 | 6.1 | 9.5 |
| | 5 | 2 | 1.1 | 1.1 | 10.6 |
| | 6 | 58 | 32.4 | 32.4 | 43.0 |
| | 7 | 102 | 57.0 | 57.0 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Ret 4**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 4 | 2.2 | 2.2 | 2.2 |
| | 3 | 3 | 1.7 | 1.7 | 3.9 |
| | 4 | 4 | 2.2 | 2.2 | 6.1 |
| | 5 | 4 | 2.2 | 2.2 | 8.4 |
| | 6 | 16 | 8.9 | 8.9 | 17.3 |
| | 7 | 148 | 82.8 | 82.8 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Comm**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 1 | .6 | .6 | .6 |
| | 2 | 2 | 1.1 | 1.1 | 1.7 |
| | 3 | 8 | 4.5 | 4.5 | 6.1 |
| | 4 | 163 | 91 | 91 | 97.2 |
| | 5 | 5 | 2.8 | 2.8 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Mob**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 179 | 100.0 | 100.0 | 100.0 |

**Mon Ex 1**

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| 1 | 31 | 17.3 | 17.3 | 36.3 |
| 2 | 18 | 10.1 | 10.1 | 46.4 |
| 3 | 4 | 2.2 | 2.2 | 48.6 |
| 4 | 1 | .6 | .6 | 49.2 |
| 5 | 124 | 69.8 | 69.8 | 100.0 |
| Total | 179 | 100.0 | 100.0 | |

**Age**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 67 | 37 | 37 | 37 |
| | 2 | 107 | 60 | 60 | 97 |
| | 3 | 5 | 3 | 3 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |

**Pat and Acc holder**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 147 | 82.0 | 82.0 | 82.0 |
| | 2 | 32 | 18.0 | 18.0 | 100.0 |
| | Total | 179 | 100.0 | 100.0 | |