

Determining generation Y's customer satisfaction, brand loyalty and relationship intention towards smart phone brands

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ABSTRACT

Competition in the smart phone market is fierce and despite the high market growth, smart phone manufacturers find it difficult to maintain their market share. Generation Y consumers generally have a good command of technology and engage in technology-related behaviour such as texting, tweeting and web-surfing. Therefore, when it comes to the adoption of smart phones applications, Generation Y is leading the way. For this reason, it is important to consider Generation Y consumers' attitudes and perceptions towards smart phone manufacturers and their brands. It has thus become critical for smart phone manufacturers to achieve customer satisfaction, generate loyalty, and build meaningful long-term relationships with Generation Y consumers.

The primary objective of this study was to investigate customer satisfaction, brand loyalty and relationship intention amongst Generation Y consumers towards smart phone brands. The questionnaire was distributed by means of non-probability, convenience and quota sampling among 18 and 26 year old respondents living in Gauteng who owned or used a smart phone. In total, 395 respondents participated in the study.

Based upon the literature review, a theoretical model was proposed that hypothesised the relationship between customer satisfaction, brand loyalty and relationship intention amongst Generation Y consumers with respect to their current smart phones. From the data analysis, it was evident that respondents exhibit a strong level of customer satisfaction, a mediocre level of brand loyalty, and a strong relationship intention towards their current smart phone brand. The results confirm that the measurement scales used to measure customer satisfaction, brand loyalty and the five dimensions of relationship intention all exhibit construct validity and internal consistency reliability. The study also uncovered significant differences between groups of Generation Y consumers in terms of gender, home language, education, employment status and time period of smart phone brand usage.

The results of the structural equation modelling (SEM) technique used to test the theoretical model found that customer satisfaction exhibits a significant and large positive influence on brand loyalty, and a significant and medium positive influence on relationship intention. Furthermore, brand loyalty exhibits a significant medium positive influence on relationship intention. Finally, the dimensions of relationship intention exhibit significant medium to large effects on relationship intention.

It is recommended that smart phone manufacturers should provide customers with a customer service application to measure customers' satisfaction in terms of their needs met. Smart

phone manufacturers should also introduce new ways to communicate with Generation Y consumers to generate brand loyalty. Innovating ideas should be considered for smart phone manufacturers to retain Generation Y consumers. Brand loyalty can be improved by adding more applications according to Generation Y consumers' needs. The more a smart phone manufacturer focuses on customer satisfaction and brand loyalty, the more consumers will want to build long-term relationships with their smart phone brands.

Recommendations for future research include the possibility to investigate each construct separately to ensure a more detailed investigation. Different cultures and age groups, as well as geographical areas can be studied to broaden results on how different consumers of different generations exhibit customer satisfaction, brand loyalty and relationship intention towards their smart phones. Specific smart phone manufacturers could be investigated to obtain specific information on customer satisfaction, brand loyalty and relationship intention so as to formulate appropriate strategies on improving the constructs measured.

OPSOMMING

Kompetisie in die slimfoonmark is straf en ten spyte van die hoë markgroei, vind bemarkers van slimfone dit moeilik om hulle markaandeel te handhaaf. Generasie Y verbruikers het goeie tegnologiese vaardighede en is betrokke by tegnologie-verwante aktiwiteite soos selfoonboodskappe, 'Twitter' en webwerfgebruik. Hulle is dus voorlopers in die aanwending van slimfone en tablette. Dit is derhalwe belangrik om die Generasie Y verbruikers se houding en persepsies aangaande slimfone en hulle bemarkers in gedagte te hou. Dit het dus krities geword vir die bemarkers van slimfone om klante tevrede te hou, lojaliteit tot stand te bring, en 'n sinvolle langtermynverbintenis met die Generasie Y verbruikers op te bou.

Die hoofdoel van die studie was om klanttevredenheid, handelsmerklojaliteit en die voorneme om 'n verbintenis te vestig onder die Generasie Y verbruikers met hulle slimfoon handelsname te ondersoek. Die vraelys is versprei onder respondente wat in Gauteng woon, 'n slimfoon besit of gebruik, en tussen die ouderdomme van 18 en 26 is. Die 395 respondente wat aan die studie deelgeneem het, is geselekteer deur middel van 'n nie-waarskynlikheid, gerieflikheid en kwotastreekproef.

Gebaseer op die literatuurstudie is 'n teoretiese model voorgestel wat die verband tussen klanttevredenheid, handelsmerklojaliteit en die voorneme om in 'n verbintenis te tree te hipoteseer onder Generasie Y verbruikers in verband met hulle huidige slimfone. Uit die data-analise het dit duidelik geblyk dat die respondente 'n hoë vlak van klanttevredenheid, 'n matige vlak van handelsmerklojaliteit en sterk voorneme tot 'n verbintenis met hulle huidige slimfone getoon het. Die resultate bevestig dat die metingskale wat gebruik is om klanttevredenheid, handelsmerklojaliteit en die vyf dimensies van die voorneme om in 'n verbintenis te tree, almal konstruktiewe en interne betroubaarheid ten opsigte van konsekwentheid toon. Die studie het ook merkbare verskille tussen groepe van Generasie Y verbruikers in terme van geslag, huistaal, opvoeding, werkstatus en die tydperk waartydens die spesifieke slimfoon gebruik is, bekend gemaak.

Die resultate van die strukturele vergelykingsmodel-(SEM) tegniek wat gebruik is om die teoretiese model te toets, het bevind dat klanttevredenheid 'n beduidende en matig-positiewe invloed op die oorweging van 'n verbintenis gehad het. Verder toon handelsmerklojaliteit 'n merkbare medium-positiewe invloed op die oorweging van 'n verbintenis.

Dit is aan te beveel dat die vervaardigers van slimfone klante moet voorsien van 'n klantdiensvorm om die klant se tevredenheid ten opsigte van sy behoeftes te bepaal. Slimfoonvervaardigers moet nuwe maniere aanwend om met die Generasie Y verbruikers te

kommunikeer om handelsmerklojaliteit te bewerkstellig. Innoverende idees moet oorweeg word deur slimfoonbemarkers om hulle Generasie Y verbruikers te behou. Handelsmerklojaliteit kan verbeter word deur meer toepassings beskikbaar te maak wat aan die behoeftes van die Generasie Y verbruiker sal voldoen. Hoe meer die slimfoonvervaardiger fokus op klanttevredenheid en handelsmerklojaliteit, hoe meer ywerig sal verbruikers wees om 'n langtermynverbintenis met hulle slimfoonhandelsname te bou.

Aanbevelings vir toekomstige navorsing sluit die moontlikheid om elke konstruk apart te ondersoek in om sodoende 'n meer volledige ondersoek te verseker. Verskillende kulture en ouderdomsgroepe, sowel as geografiese areas kan bestudeer word om die resultate uit te brei oor hoe verskillende verbruikers van verskillende generasies klanttevredenheid, handelsmerklojaliteit en die voorneme om 'n verbintenis aan te gaan met hulle slimfone, ten toon te stel. Spesifieke selffoonbemarkers kan ondersoek word om sodoende inligting in te win oor klanttevredenheid, handelsmerklojaliteit en die voorneme om 'n verbintenis aan te gaan. Met hierdie inligting kan toepaslike strategieë geformuleer word om die konstrunkte wat gemeet is, te verbeter.

LIST OF KEY TERMS AND DEFINITIONS

For the purpose of clarification and consistency, the key terms used in the study are listed and defined:

Customer satisfaction can be defined as the post-consumption evaluation of customers, which determines the difference between the expectations of customers of a specific product or service and the definite performance of the respective product or service (Bister-Füsser, 2011:6; Kaden, Linda & Levinson, 2009:253).

Brand loyalty can be defined as the psychological and behavioural factors which determine the customer's dedication to a specific brand in terms of future repurchases, therefore it can be considered as the customer's favourable attitude towards a specific brand (Pride & Ferrell, 2012:400; MacDowell, Batten & National Association of Broadcasters, 2005:28).

Relationship intention can be defined as the customer's specific intention of constructing a long-term relationship with the involved organisation, whilst purchasing a product or service (Kumar, Bohling & Ladda, 2003:668,669).

Generation Y, also known as Echo Boomers or Millennials, can be defined as individuals born in the 1980s and the early 1990s. This generation expresses good use in technology behaviours, for example texting, tweeting and web-surfing (Rhynes & Students, 2011:24).

Smart phones can be defined as a combination of cellular phones and traditional Personal Digital Assistants (PDAs). With the common features of a hand-held computer or PDA, and with the capabilities of a mobile phone, the smart phone allows consumers to store information, e-mail, install programmes and use a mobile phone in one device. No standard definition for smart phones exists; therefore, any mobile device that exceeds the basic cell phone capabilities such as Short Messaging Service (SMS) or Multi-Messaging Service (MMS) and calls can be filed under the smart phone category of devices (Beal, 2010).

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CHAPTER 1

INTRODUCTION AND OVERVIEW

1.1 INTRODUCTION

This chapter provides a contextual background to this study. The problem statement is formulated on which the study is based by providing the rationale for undertaking the research. The main constructs are introduced, namely customer satisfaction, brand loyalty and relationship intention. The chapter also provides more insight into Generation Y, the generational cohort on which this study focuses, as well as the smart phone industry. The primary and secondary objectives as well as the hypotheses of this study are subsequently presented, together with an overview of the research methodology used in the study. This chapter concludes with the classification of chapters, briefly describing the content of each chapter.

1.2 BACKGROUND TO THE STUDY

The smart phone industry is highly competitive. Smart phone technology is changing rapidly (Mahadoo, 2010) and the industry has become dynamic in terms of new product development including new applications to be downloaded, website browsing, new software, download of digital tunes, and for viewing, editing and create documents (Hong, 2012; Mahadoo, 2010). Lower production costs, enhanced handset design, improved functionalities, the intensifying competition among smart phone manufacturers, as well as standardisation in the industry and operating system upgrades are the major reasons for high growth of smart phones in the industry. Although the smart phone market seems to be expanding, smart phone manufacturers find it difficult to maintain market share (Markets & Markets, 2011).

Originally used for business purposes, smart phones have evolved into social and lifestyle devices that keep Generation Y consumers in touch with everything that matters to them (Abdullah, 2011). Generation Y consumers are the leading purchasers of technological products and constitute a great purchase power, which drives South Africa's economy (Meek, 2011).

In order to retain Generation Y consumers, it is critical for organisations to achieve customer satisfaction, generate loyalty and build meaningful long-term relationships with them. Customer relationships have therefore become a major focus of manufacturers, as the loss of a potential lifetime customer can result in lower profits (Pride, Hughes & Kapoor, 2011:337). The purpose of building long-term relationships is therefore to retain customers. When customers are

retained, loyalty is created, and loyalty, in turn, results in greater long-term financial performance (Berndt & Brink, 2004:32). The level of customer satisfaction can affect customer loyalty, as well as the possibility of repeat purchases and product usage. Brand switching and discontinued use of the product can result from customer satisfaction as well (Longenecker, Petty, Palich & Moore, 2009:380). Customer satisfaction will be discussed subsequently because it serves as foundational construct in the study, followed by a discussion on brand loyalty and relationship intention.

1.2.1 Customer satisfaction

According to Hoffman, Bateson, Wood and Kenyon (2009:369), customer satisfaction can be defined as customers' comparison of their expectations with perceptions regarding the authentic service encounter. Customer expectations influence customer satisfaction. Customers' desires or wants, as well as what they feel organisations should offer, define customer expectations (Berndt & Brink, 2004:52; Gilmore, 2003:23).

When an organisation succeeds in achieving or exceeding customer expectations, the customer is likely to be satisfied. Customer satisfaction is beneficial for every organisation as it leads to positive word-of-mouth as well as repurchases in the short term, while in the long-term, brand image and market share increase (Purohit, 2004:2). If the organisation fails to meet customers' expectations, customers will be dissatisfied (Lantos, 2011:151). Customer dissatisfaction, in turn, could lead to negative word-of-mouth and/or customer defection to a competitor (Hoffman & Bateson, 2010:289) as dissatisfied customers often seek alternative organisations or products (Pride & Ferrell, 2012:9).

According to Purohit (2004:2), customer satisfaction leads to brand loyalty. The author opines that the possibility is greater that a satisfied customer will purchase a brand repeatedly, than the possibility of a dissatisfied customer purchasing the same brand again (Purohit, 2004:2). Sunarto (2007:211) furthermore states that a higher level of customer satisfaction leads to greater loyalty, which in turn leads to a higher retention rate and higher sales. Customers' intentions to leave a relationship are reduced by a high level of customer satisfaction and this leads to a reduced customer switching rate (Sunarto, 2007:211).

1.2.2 Brand loyalty

According to Hofmeyr and Rice (2003:85), customer satisfaction with a specific brand is the most common reason for brand loyalty. Customer satisfaction is essential to brand loyalty as without customer satisfaction there will be no brand loyalty (Levine, 2003:204,206). A brand-loyal customer was initially defined as any individual in a market who purchases a specific brand

all of the time (Hofmeyr & Rice, 2003:85). However, more recently Liu, Li, Mizerski and Soh (2012:924) have defined brand loyalty as the degree of customers' attachment to the brand and is closely linked to usage experience of that specific brand.

When examining the theory on brand loyalty, it is evident that two kinds of consumers exist – those who are loyal and those who are switchers (Hofmeyr & Rice, 2003:85). Brand loyalty concerns customers' propensity to purchase a brand repeatedly because they favour it over other brands. Customers have to desire the product before manufacturers can consider these customers to be loyal (Hofmeyr & Rice, 2003:86). Therefore, brand loyalty is the long-term relationship that customers have with a specific brand or organisation (Liu, 2008:47). Brand loyalty creates an important economic effect related to pricing flexibility and profits, as brand-loyal customers are usually less sensitive to price increases and this flexibility enables organisations to maintain higher profits as well as to increase profits (O'Guinn, Allen & Semenik, 2011:31).

1.2.3 Relationship intention

Kumar *et al.*, (2003:669) define relationship intention as the customer's intention to relationship building with the organisation while purchasing a product or service attributed to an organisation, a brand and a channel. Customers are regarded as having a relationship intention when a relationship approach is considered in which factors such as loyalty, trust and commitment are preferred by these customers (Steyn, Mostert & de Jager, 2008:144). It is critical for smart phone manufactures to achieve customer satisfaction, generate loyalty and build meaningful long-term relationships with Generation Y, as the purpose of building relationships with customers is to retain customers (Berndt & Brink, 2004:32). Organisations need to focus their marketing activities on relationship marketing rather than traditional marketing (Kitchen & De Pelsmacker, 2004:125). Organisations should identify customers with whom to build relationships by considering the customers' relationship intentions (Delport, Steyn & Mostert, 2011:278). It is also easier for the organisation to build a relationship with customers if their relationship intentions are high, as it is more profitable in the long run (Kumar *et al.*, 2003:668,670).

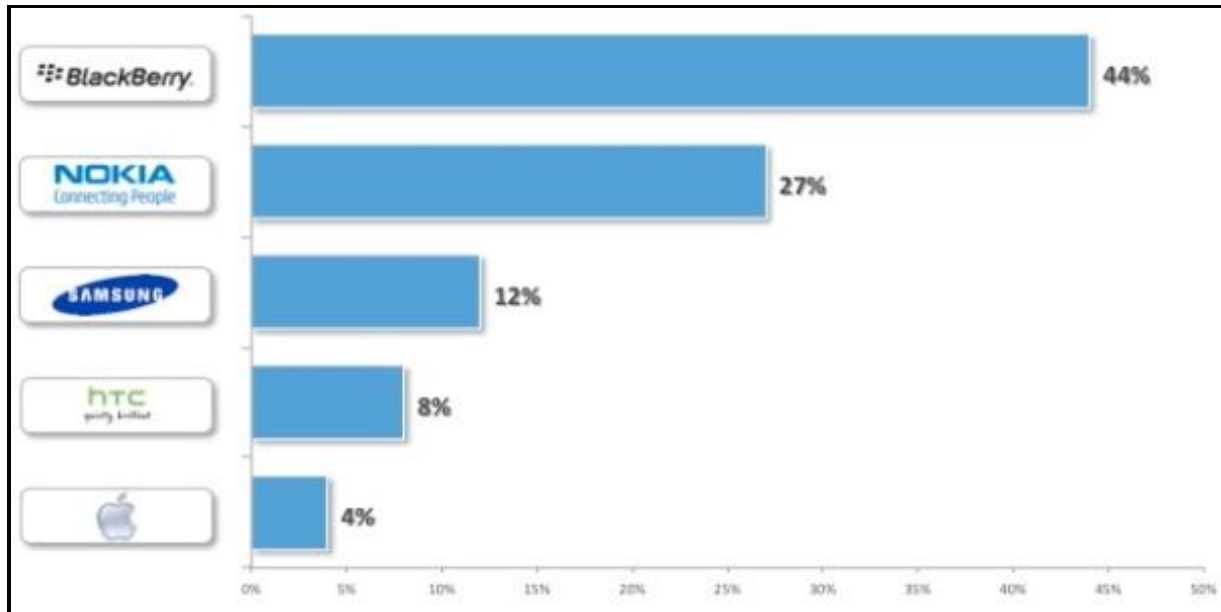
1.3 OVERVIEW OF THE SMART PHONE MARKET

The dynamic smart phone market is characterised by continuous new product development of not only handsets, but also of new operating platforms (Evans, 2011). In addition to supplying handsets, smart phone manufacturers constantly augment their products with attributes and features that result in products with benefits such as applications that can be downloaded, the ability to browse websites, and software to view, create and edit documents (Hong, 2012; Mahadoo, 2010).

The technology used in smart phones is continually changing (Mahadoo, 2010). Smart phone manufacturers keep on innovating their products to keep abreast of consumer needs and wants. High growth in the smart phone market is also witnessed due to lower production costs, enhanced handset design, improved functionalities, the intensifying competition among mobile organisations, as well as standardisation in the industry and operating system upgrades. Despite this growth, smart phone manufacturers find it difficult to maintain market share, as competition in the smart phone market is fierce (Markets & Markets, 2011).

From a South African perspective, Goldstuck (2013) claims that Blackberry, the country's smart phone market leader, has approximately 5.5 million smart phone users, of which it is estimated that half are youths. The author adds that Nokia has approximately 4.2 million smart phone users while Samsung is establishing a market presence with sales in excess of 2 million Galaxy S4 handheld devices. Sony and HTC, in contrast, have only reached half of Blackberry's user base in South Africa, while Apple iPhone is only now reaching the million user mark, the author augments. The author is also of the opinion that if Apple iPhone introduce a more affordable smart phone version, it will challenge Samsung and Android devices such as Blackberry for market share. Figure 1-1 presents the top five smart phone brands in South Africa, each with their market share.

Figure 1-1: Top five smart phone brands in South Africa



Source: Vermeulen (2011)

At the end of 2011, there were 8.5 million Internet users in South Africa, and it was projected at the time that it would grow to more than 10 million at the end of 2012, translating to a 20% penetration of the market (South African Government Information, 2013). By 2015 South African Internet users are estimated to reach 22.8 million due to the increase in smart phone usage.

According to Isis Nyong'o, vice president and managing director for Africa at InMobi, opportunities for mobile phones appear to continue their upward spiral in emerging markets as the smartphone market continues to grow, and the developer community begins to enhance into consumer needs and developing trends (quoted by Digital Media & Marketing Association, 2012).

1.3.1 Generational theory

According to Beckendorff, Moscardo and Pendergast (2010:1), to understand and characterise cohorts of people based on their belonging to a generation refers to the generational theory. A generation, according to Hawkins, Mothersbaugh and Mookerjee (2010:143), can be defined as a group of individuals who have experienced a mutual social, political, historical and economic environment. These individuals very often have the same characteristics due to shared experiences (Kaser, 2012:79). Four main generational categories have been identified and include (Osoba, 2013; Lamb, Hair & McDaniel, 2011:63):

- Millennials or Generation Y (born between 1977 and 1994);
- Generation X (born between 1965 and 1978);
- Baby Boomers (born between 1946 and 1964); and
- Matures (born between 1909 and 1945).

The study focuses in particular on Millennials or Generation Y consumers because they are the exclusive consumers when it comes to their familiarity with respect to technology (Nazareth, 2007:82). These consumers generally have a good command of technology and engage in technology-related behaviour such as texting, tweeting and web-surfing (Rhynes & Students, 2011:24). Generation Y consumers comprise the first generation to come of age in the new millennium (Van den Bergh & Behrer, 2013:7). Therefore, they are also known as the Millennial Generation (Savage, Collins-Mayo, Mayo & Cray, 2006:7). In South Africa, Generation Y consumers use digital platforms to communicate and they typically favour social media networks such as Facebook and communication services such as Blackberry Messenger (BBM) over other more conventional communication tools (Saunders, 2011).

Generation Y consumers seek diverse communities both online and offline, they are idealistic and sociable, and they crave authenticity. They are at the forefront in determining how people communicate, entertain and innovate (Lyon, 2010). The Generation Y population is estimated at 2 billion worldwide (Hamid, 2011). Therefore, when it comes to the adoption of smart phones and PC tablet applications, Generation Y is leading the way (Lesonsky, 2013).

According to Schroer (2004), Generation Y consumers are typically less brand loyal. The author furthermore professes that the speed of the Internet has led to the cohort being similarly flexible in their consumer behaviour, especially with regard to fashion, style and how they are being communicated to. The author is also of opinion that in essence, this generation is technologically savvy and not very brand loyal. The following section highlights the problem statement formulated for this study.

1.4 PROBLEM STATEMENT

The following issues have been identified in the preceding section to support the formulation of the problem statement of the study:

- The mobile industry is becoming increasingly competitive with particular intense competition experienced between smart phones (Evans, 2011).

- Market leaders often change and the smart phone market are dynamic in terms of new product development of not only handsets, but also in terms of the constant development of new platforms (Evans, 2011).
- Originally used for business purposes, smart phones have evolved into social and lifestyle devices that keep Generation Y consumers in touch with everything that matters to them (Abdullah, 2011).
- Generation Y consumers are not only growing up, but will also in future represent a major share of the smart phone market (Meek, 2011).
- Generation Y representatives are the exclusive consumers when it comes to their familiarity with respect to technology (Nazareth, 2007:82).
- Generation Y consumers are the leading purchasers of technological products and possess a great purchase power (Meek, 2011).
- It is critical for smart phone manufactures to achieve customer satisfaction, generate loyalty and build meaningful long-term relationships with Generation Y, as the purpose of building relationships with customers is to retain customers (Berndt & Brink, 2004:32).
- The outcome of customer satisfaction is achieving a position of competitive advantage (Pitt & Boshoff, 2010:4). Customer satisfaction is beneficial for every organisation as it leads to positive word-of-mouth as well as repurchases in the short term, while in the long-term, a brand image and market share increase (Purohit, 2004:2).
- Brand loyalty creates an important economic effect related to pricing flexibility and profits. Brand-loyal customers are usually less sensitive to price increases and this flexibility enables organisations to maintain higher profits as well as to increase profits (O'Guinn *et al.*, 2011:31).
- It is easier for the organisation to build a relationship with customers with high relationship intentions (Kumar *et al.*, 2003:668,670).
- Customers are regarded as having a relationship intention, when a relationship approach is considered in which factors such as loyalty, trust and commitment are preferred by these customers (Steyn *et al.*, 2008:144).

The following problem statement is formulated for this study:

Originally used for business purposes, smart phones have evolved into social and lifestyle devices that keep Generation Y consumers in touch with everything that matters to them (Abdullah, 2011). Generation Y consumers are experts regarding technology due to surfing the Web, visiting blogs, and connecting on social networking sites. This characteristic has given Generation Y consumers the respect and power in markets that previous generations of young people did not have (Johnson & Johnson, 2010:114). Generation Y consumers' attitudes and perceptions toward products and brands are therefore important to manufacturers as it will change the way strong, profitable relationships are built with these customers (Gorun, 2011). This is of particular importance as, according to Schroer (2004), Generation Y consumers are typically less brand loyal. Competition in the smart phone market is fierce and despite the high market growth, smart phone manufacturers find it difficult to maintain market share (Markets & Markets, 2011).

It is said that the success of manufacturers, including smart phone manufacturers, depends on customer satisfaction (Hoffman & Bateson, 2010:92). A result of customer satisfaction can be to gain a competitive advantage (Pitt & Boshoff, 2010:4). According to Hofmeyr and Rice (2003:85), customer satisfaction with a specific brand is the most common cause leading to brand loyalty. Brand loyalty concerns customers' propensity to purchase a brand repeatedly because they favour it over other brands. Customers have to desire the product before manufacturers can consider these customers to be loyal (Hofmeyr & Rice, 2003:86). Therefore, brand loyalty is the long-term relationship that customers have with a specific brand or organisation (Liu, 2008:47). Customers are regarded as having a relationship intention when a relationship approach is considered, in which factors such as loyalty, trust and commitment are preferred by these customers (Steyn *et al.*, 2008:144). It is easier for organisations to build relationships with customers if their relationship intentions are high, as it is more profitable in the long run (Kumar *et al.*, 2003:668,670). Sunarto (2007:211) furthermore states that a higher level of customer satisfaction leads to greater loyalty, which in turn leads to a higher retention rate and higher sales. Considering this overview, the purpose of this study is to determine Generation Y customers' satisfaction, brand loyalty and relationship intention towards their smart phone brands. Therefore, the extent of the influence of customer satisfaction, brand loyalty and relationship intention of Generation Y towards smart phone brands is unknown.

1.5 OBJECTIVES OF THIS STUDY

1.5.1 Primary objective

The primary objective of this study is to investigate customer satisfaction, brand loyalty and relationship intention amongst Generation Y consumers towards smart phone brands.

1.5.2 Secondary objectives

- To uncover Generation Y consumers' smart phone usage patterns.
- To determine the level of customer satisfaction, brand loyalty and relationship intention Generation Y consumers experience with, and towards, their smart phone brands.
- To determine whether significant differences exist between different demographic groups of Generation Y consumers' satisfaction, brand loyalty and relationship intention with, and towards, their smart phone brands.
- To determine the nature of the relationships that exist between Generation Y consumers' satisfaction with smart phone brands, their loyalty towards smart phone brands, and their relationship intention towards smart phone brands.

Based upon the secondary objectives, the following hypotheses are formulated for the study:

H1_a: There is a direct positive relationship between customer satisfaction and brand loyalty among Generation Y consumers towards smart phones.

H2_a: There is a direct positive relationship between brand loyalty and relationship intention among Generation Y consumers towards smart phones.

H3_a: There is a direct positive relationship between customer satisfaction and relationship intention among Generation Y consumers towards smart phones.

H4_a: Males and females of Generation Y consumers differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.

H5_a: Generation Y consumers speaking European and African home languages differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.

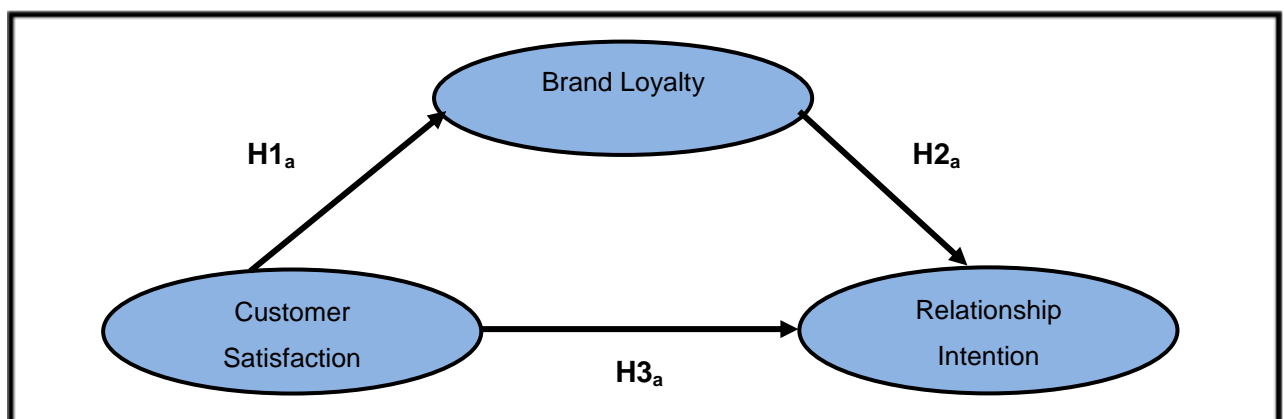
H6_a: Generation Y consumers with different levels of education differ statistically and practically significantly in terms of their level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.

H7_a: Generation Y consumers with full-time employment and those with other employment differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.

H8_a: Generation Y consumers who have been using smart phones for different periods of time differ statistically and practically significantly in terms of their level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand cannot be supported.

Figure 1-2 provides an illustration of the theoretical model proposed for the study, indicating the hypothesised relationships between the constructs.

Figure 1-2: The theoretical model



1.6 RESEARCH METHODOLOGY

1.6.1 Literature study

Relevant theories related to relationship marketing, customer satisfaction, brand loyalty and relationship intention were investigated. Literature was obtained from scientific journals, articles, books and research documents. The following databases were considered:

- SACat: Catalogue of books available on South African research;
- Internet: Google Scholar and Internet articles;
- SAMEDIA: Newspaper articles;
- International journals: Academic Search Premier and Emerald;
- SA ePublications: South African journals;
- EBSCOhost: International journals on Academic Search Premier;
- ProQuest: International dissertations in full text.

1.6.2 Empirical investigation

The execution of the empirical investigation is discussed in terms of the research design and method of data collection, the sample plan, questionnaire and data analysis.

1.6.2.1 Research design and method of data collection

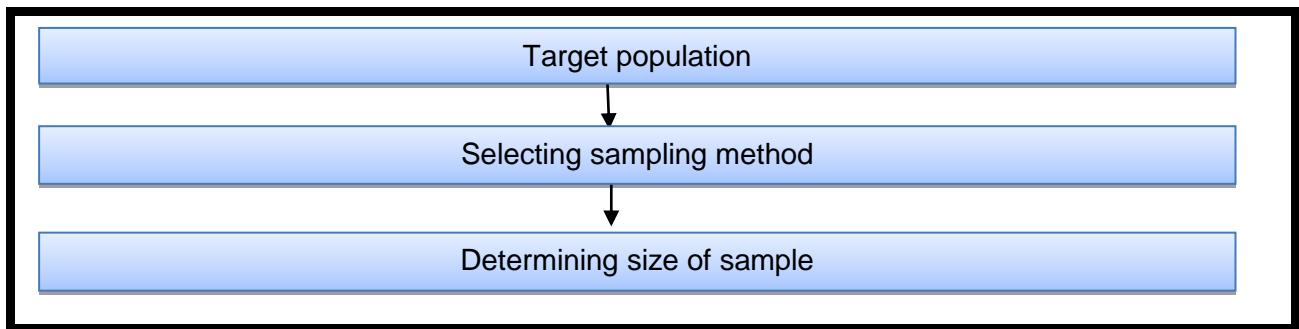
A descriptive research design has been selected for this study, as it describes specific phenomena, their characteristics or functions (see section 5.4.2). Descriptive research focuses on one or more variables and often builds on previous exploratory research (Mooi & Sarstedt, 2011:15).

This study is furthermore quantitative in nature and a number of variables are measured.

1.6.2.2 Development of sample plan

Figure 1-3 illustrates the sample plan that was followed.

Figure 1-3: Steps in developing the sample plan



1.6.2.2.1 Target population

The target population of this study includes Generation Y consumers residing in Gauteng aged 18 to 26, who own and use smart phones (see section 5.4.4.1).

1.6.2.2.2 Sampling method

A non-probability sampling technique was used in the study as it is faster, easier and less expensive to carry out (Hill & Alexander, 2002:92). The non-probability methods selected for this study include convenience sampling and quota sampling (see section 5.4.4.2). Respondents were chosen by fieldworkers on the basis of their availability and willingness to be studied (Creswell, 2008:153). Fieldworkers were required to approach prospective respondents based upon convenience (as described). Respondents were selected to meet race and gender quotas to ensure representativeness of the target population in the sample.

1.6.2.2.3 Size of the sample

A sample size of 400 respondents was decided upon as this proved to be most appropriate taking time and cost constraints into account (Berri, 2008:192). A quota of 200 females and 200 males was set, which included 100 black, 100 coloured, 100 Indian and 100 white respondents (see section 5.4.4.2 and 5.4.5).

1.6.2.2.4 Development of questionnaire

The research instrument selected for this study is a self-administered structured questionnaire with a well-defined sequence and standardised response categories (Churchill & Iacobucci, 2010:202) (see section 5.4.3.3).

The questionnaire commences with a preamble explaining the research, respondents' rights and completion instructions to the prospective respondents. This is followed by two screening questions in order to determine whether the prospective respondent owns and uses a smart

phone and whether the respondent is aged between 18 and 26 years old. The questionnaire is furthermore divided into three sections.

Section A addresses the demographic profile of the respondents, while section B determines their smart phone usage patterns. Section C measures the key constructs of this study, namely customer satisfaction, brand loyalty and relationship intention on a multi-item, five-point, Likert-type scale. Respondents had to indicate their level of agreement with the items measuring each of the three key constructs on a scale, where 1 represents 'disagree' and 5 represents 'agree'. When constructing the questionnaire, existing scales were adapted to measure the key constructs of the study.

1.6.2.2.5 Pretesting the questionnaire

The pretesting of the questionnaire was directed to 30 respondents who reflected the characteristics of the target population of the study (see section 5.4.3.3.2). Based upon the pretest, changes and adaptations were effected to the questionnaire. This process assisted the researcher in ensuring face and content validity of the measurement scales used in the questionnaire.

1.6.2.2.6 Fielding of the questionnaire

Trained fieldworkers asked prospective respondents two screening questions in order to determine their eligibility to participate in the study. Only respondents who own and use a smart phone were asked to complete the questionnaire (see section 5.4.4.2).

1.6.2.2.7 Data analysis

The Statistical Package for Social Sciences or SPSS (2011) was used to capture, clean and analyse the data (see section 5.4.6). In addition, structural equation modelling (SEM) was performed with the aid of AMOS, a complementary software program to SPSS.

Descriptive statistics were calculated to describe the typical respondent in terms of his or her demographic characteristics. Descriptive statistics were also used to analyse respondents' smart phone usage patterns.

With regard to the three key constructs measured in the study, the researcher investigated the distribution of data for each item included in the multi-item scales in order to determine whether the data is normally distributed, since this is one of a number of assumptions to consider when deciding whether parametric or non-parametric tests are most suitable to test the hypotheses formulated for this study.

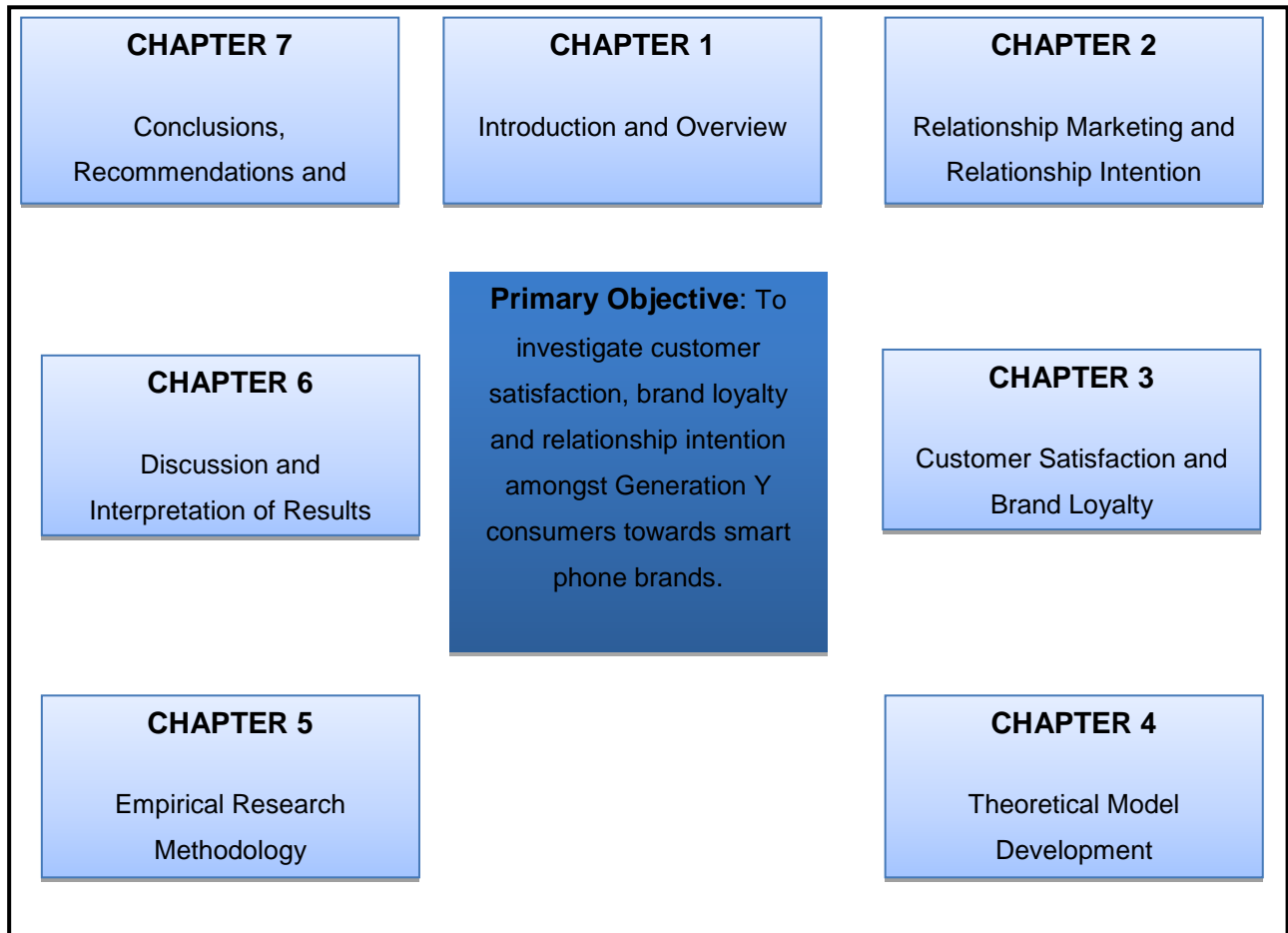
The data collected for the purposes of this study was analysed by undertaking the following activities:

- Determining the validity of the measurement scales included in the questionnaire through Confirmatory Factor Analyses (CFAs).
- Determining the reliability of the measurement scales included in the questionnaire by calculating Cronbach's alpha values.
- Calculating frequencies and descriptive statistics for the appropriate variables.
- Performing independent sample t-tests to determine whether statistically significant differences exist between the means of two groups.
- Performing analysis of variance to determine whether statistically significant differences exist between the means of more than two groups.
- Calculating Cohen's d-values to determine whether practically significant differences exist between the means for different groups.
- Using structural equation modelling (SEM) to determine the fit of the measurement model assessed through four indices namely, the relative chi-square ratio (χ^2/df), the root mean square error approximation (RMSEA), Tucker-Lewis index (TLI) and the comparative fit index (CFI).

1.7 CLASSIFICATION OF CHAPTERS

This study comprises of seven chapters. A brief outline of each chapter is provided with a schematic illustration of the chapter classification in Figure 1-4.

Figure 1-4: Chapter classification



Chapter 1 serves as an introduction and overview of the problem directing this study. Background information is provided, followed by an overview of the smart phone market. The problem statement is formulated with research objectives, hypotheses and a theoretical model. This chapter concludes with a brief discussion of the research methodology used in the study.

Chapter 2 investigates the concept of relationship marketing by defining it and comparing relationship marketing and traditional marketing. The discussion of relationship marketing's development, advantages and disadvantages, levels of relationship building as well as its drivers are included in the chapter. This chapter also investigates the concept of relationship intention as part of relationship marketing. The five dimensions of relationship intention are also discussed.

Chapter 3 presents a discussion of the constructs customer satisfaction and brand loyalty. Customer expectations are discussed as foundation for customer satisfaction which includes predicted service expectations, desired service expectations and adequate service expectations together with the zone of tolerance. Customer satisfaction is examined by focussing on the disconfirmation paradigm and the importance as well as the benefits, and the measurements of

customer satisfaction. Brand loyalty is highlighted through a discussion of brand equity and, the degrees of brand loyalty, followed by the importance and benefits of brand loyalty.

Chapter 4 presents a brief contextualisation of the proposed theoretical model drawn from Chapters 2 and 3. The three main constructs of this study are contextualised and reviewed, followed by a short literature review to uncover the relationships between these constructs. Hypotheses are formulated based on this literature and illustrated in a theoretical model.

Chapter 5 is devoted to the research methodology used in this study and is based upon the steps of the marketing research process. This chapter focuses on the research design, questionnaire design, sampling, data collection, and the data analysis applied in this study.

Chapter 6 presents the empirical results of this study. This chapter commences with the sample realisation rate followed by the demographic profile of respondents. The rest of this chapter proceeds according to the sequence of the questionnaire questions. The results for the hypotheses formulated for the study are presented and reported within this chapter. Throughout the chapter, main findings based on the results are formulated.

Chapter 7 presents the conclusions relating to each secondary objective formulated for the study. A number of recommendations are furthermore made and this chapter concluded with a discussion of limitations of this study as well as a discussion of the future research possibilities the study presents.

1.8 CONCLUSION

This chapter served as an introduction and overview of the research problem of this study. It explained how the problem is addressed throughout the study. Background information was provided followed by an overview of the smart phone industry. The problem statement was formulated together with the research objectives and hypotheses. A theoretical model was furthermore presented. This chapter concluded with a brief discussion of the research methodology followed in this study and provided an indication of the chapter structure in the study.

The following two chapters provide detailed literature regarding the main constructs of this study. Chapter 2 provides an overview of relationship marketing and relationship intention, covering aspects such as development, advantages and disadvantages, levels and drivers. A discussion on the five constructs of relationship intention, namely involvement, fear of relationship loss, feedback, forgiveness and expectation are included in Chapter 2.

CHAPTER 2

RELATIONSHIP MARKETING AND RELATIONSHIP INTENTION

2.1 INTRODUCTION

In this chapter relationship marketing is defined followed by the comparison between relationship marketing and traditional marketing. The development of relationship marketing is furthermore discussed followed by an overview of the advantages and disadvantages of relationship marketing to both the organisation and customer. The levels of relationship building are also discussed, followed by the drivers of relationship marketing. This chapter also explains how relationship intention forms part of relationship marketing. Customers' perception of relationship marketing is discussed as the focus on relationship intention. The constructs of relationship intention concludes this chapter.

2.2 RELATIONSHIP MARKETING DEFINED

Table 2-1 provides an exposition of different definitions of relationship marketing.

Table 2-1: Definitions of relationship marketing

Author	Definition
Berry (1983:25)	"Relationship marketing is attracting, maintaining and – in multi service organisations – enhancing customer relationships."
Grönroos (1990:138)	"The purpose of marketing is to establish, maintain, enhance and commercialise customer relationships so that the objectives of the parties involved are met. This is done by the mutual exchange and fulfilment of promises."
Berry & Parasuraman (1991:133)	"Relationship marketing concerns attracting, developing, and retaining customer relationships."
Morgan & Hunt (1994:22)	"Relationship marketing refers to all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges."
Bateson (1995:457)	"Relationship marketing is the union of customer service, quality and marketing. Relationship marketing emphasises the importance of customer retention, product benefits, establishing long-term relationships with customers, customer service, increased commitment to the customer, increased levels of customer contact, and the concern for quality that transcends departmental boundaries and is the responsibility of everyone throughout the organisation."
Zikmund & d'Amico (2001:8)	"Marketing activities aimed at building long-term relationships with the people (especially customers) and organisations that contribute to a company's success."

Author	Definition
Christopher & Peck (2003:25)	"Relationship marketing, at the heart of which lies the proposition that the fundamental purpose of marketing is the creation and development of long-term profitable relationships with customers."
Palmer (2008:279)	"An approach to marketing in which emphasis is placed on building longer-term relationships with customers rather than on individual transactions. It involves understanding the customer's needs as they go through their life cycle and providing a range of products or services to existing customers as they need them."

Based upon the definitions provided, relationship marketing is defined as an approach of activities in order to attract, maintain and enhance long-term customer relationships in order to meet organisational objectives and increase profitability.

The subsequent section compares relationship marketing with traditional marketing. A clear distinction between these concepts is important in order to fully understand the significant paradigm shift from transactional to relationship marketing. Accordingly, the possible opportunities that relationship marketing presents are also highlighted.

2.3 RELATIONSHIP MARKETING VERSUS TRADITIONAL MARKETING

Barker and Angelopulo (2007:180) propound that scholars contemplate whether relationship marketing will replace traditional marketing and whether new theories will be needed to study relationship marketing. The authors indicate that both the need for integrating the different perspectives as well as expanding beyond the singular view of marketing to a multiple perspective has become evident. A shift from transactional marketing towards interactive marketing is represented with the focus of relationship marketing. Relationship marketing focuses on communication *with* customers rather than *to* customers. This highlights the importance of feedback as well as two-way communication (Barker & Angelopulo, 2007:180).

Traditional marketing, compared to the traditional orientation of the classical marketing paradigm, is an approach founded on product, price, promotion and place – based on the concept of the marketing mix (Iglesias, Sauquet & Montaña, 2011:632; Zineldin & Philipson, 2007:240). The main goal of traditional marketing is to prioritise current sales and obtaining more immediate results (Zineldin & Philipson, 2007:240). The performance of traditional marketing is measured by sales or responses to an offer, hits on a web site, or store traffic. Levinson, Levinson and Levinson (2007:6) add that with traditional marketing all the effort is put in on making the sale, with the notion that marketing ends once the sale is completed.

Relationship marketing emphasises the importance of establishing and maintaining customer relationships (Iglesias *et al.*, 2011:632). When an organisation makes the strategic decision to

adopt a relationship rather than a transactional focus, a real change from traditional marketing thinking and behaviour takes place. Therefore, previously ignored areas in the organisation require more attention with the implementation of a relationship marketing approach (Steyn *et al.*, 2008:140).

Traditional marketing serves as a promotional tool, whereas relationship marketing is more strategic as it extensively facilitates the building of long-term customer relationships (Legarreta & Miguel, 2004:279). To establish and maintain a committed, loyal relationship between the customer and the organisation, serve as the main goal of relationship marketing as it may prove to be a powerful force to enhance customer brand loyalty (Remenyi, 2007:331). Profits can be increased by growing the profitability of existing customers and extending the duration of established customer relationships (Pride & Ferrell, 2012:14). Relationship marketing is also seen in more mature markets whereas traditional marketing is found in traditional mass markets (Palmer, Lindgreen & Vanhamme, 2005:324). The major differences between relationship marketing and transactional marketing are highlighted in Figure 2.1.

Figure 2-1: Difference between transactional marketing and relationship marketing

Transactional Marketing	Relationship Marketing
<ul style="list-style-type: none"> ▪ Focus on making single sale ▪ Orientation on product features ▪ Short-term relationship focus ▪ Little emphasis on customer service ▪ Customer commitment is low ▪ Moderate customer contact ▪ Quality is primarily a concern of production ▪ Customer satisfaction 	<ul style="list-style-type: none"> ▪ Focus on making a customer loyal ▪ Orientation on product benefits ▪ Long-term relationship focus ▪ High customer service emphasis ▪ Customer commitment is high ▪ High customer contact ▪ Quality is the concern of all ▪ Customer retention

Source: Adapted from Rao (2009:257) and Botha, Strydom & Brink (2007:13)

The following section explains the development of relationship marketing.

2.4 DEVELOPMENT OF RELATIONSHIP MARKETING

According to Zineldin and Philipson (2007:229) and Molina, Martín-Consuegra and Esteban (2007:254), the importance of relationship marketing has been emphasised as it has emerged within the field of services marketing and industrial marketing in the last years of the twentieth century. In the marketing literature, relationship marketing has been one of the major paradigms over the past decade, but is generally agreed to be a recent phenomenon (Sargeant & Wymer, 2008:30; Brookes & Palmer, 2004:50). Relationship marketing has shown to be applicable to all marketing sectors including consumer goods, services and business-to-business settings (Murphy, Laczniak & Wood, 2007:39,40). The relationship marketing construct is unique for analysing the marketing process due to relationship marketing's inclusiveness and long-term orientation (Murphy *et al.*, 2007:39). At the core of its philosophy, relationship marketing outlines the way researchers view the organisation's relationships with internal and external constituencies (Tzokas & Saren, 2004:126).

The creation of values and relationship development became highly integrated because the opportunities for value creation are enhanced through relationship developments (Payne, Ballantyne & Christopher, 2005:864). Relationship marketing aims to increase customer profitability together with providing better customer services (Leverin & Liljander, 2006:233). This enables the interaction to become a solid relationship that allows for cooperation and mutual dependency (Pride & Ferrell, 2012:14).

Due to changes in the competitive climate, relationship marketing augmented interest in mass consumer markets in the latter part of the 1980s and early 1990s. In this way, the platform for relationship marketing was born (Baker, 2003:37). According to Ford (2002:xiii), relationship marketing has two main origins. Firstly, the realisation that consumer marketing is about repeat purchases. Secondly, in the direct marketing literature, direct-marketing practitioners have emphasised the difference between once-off customers and repurchase customers. Consumer manufacturers know more about the attitudes, purchase behaviour and overall lifestyles of potential customers due to improved customer information (Ford, 2002:xiv). To be in constant dialogue with customers is a principal key of relationship marketing and ensures that customers' needs are met and database information is updated (Shajahan, 2004:55). The author also supposes that by using information and databases on individual customer interactions, helps to fulfil the customer's unique needs of each mass-market customer in an individual manner. From this section it is clear that relationship marketing provides advantages to both the organisation and the customer. These advantages together with the disadvantages of relationship marketing to both the organisation and the customer, are discussed in the following section.

2.5 ADVANTAGES AND DISADVANTAGES OF RELATIONSHIP MARKETING

Mutual advantages or satisfaction for both the organisation and its customers need to be reflected by the establishment of good business relationships (Pride & Ferrell, 2012:9; Dagger, David & Ng, 2011:273). This section presents the advantages and disadvantages of relationship marketing for the organisation as well as for customers.

2.5.1 Advantages of relationship marketing for the organisation

According to Zeithaml, Bitner and Gremler (2006:185), the advantages of maintaining and developing a loyal customer base are numerous. The authors add that economic advantages, customer behaviour advantages and human resource management advantages are also often received. These three types of advantages are addressed in the following discussion.

Lendrum (2011:34) describes customer relationships as long-term, strategic relationships that develop synergies between the organisation and its customers. Successful relationship marketing enables the parties to enhance mutual trust, knowledge about one another in terms of interest and needs, along with more interest in helping each other (Lancaster & Massingham, 2011:316). Therefore, the main goal of developing relationships is to add value and reduce total costs.

Better managed customers and their needs can protect the organisation as it will be less vulnerable to competitive attack, and this strategic advantage can result in enhanced customer life-time value (Gamble, Stone, Woodcock & Foss, 2006:180), thereby reducing the attrition rate (the rate of customer loss) (Gamble *et al.*, 2006:180). The lifetime value of a customer is the net present value of the total revenues that a customer generates for an organisation, minus all costs associated with getting and attending to the customer, thus it represents the customer's worth to an organisation during one's lifetime (Pride, Hughes & Kapoor, 2012b:337; Havaladar, 2010:67).

Customer involvement emphasises new ideas and potential problems and helps avoid expensive rework. Customer requirements, views, experiences and wishes are highlighted clearly when they work closely with the organisation (Stark, 2011:438). According to Tzokas and Saren (2004:130), information technologies can enable an organisation to approach customers with appropriate messages based on the information gained regarding customers' behaviour.

New knowledge and insights into stakeholder conditions, opportunities and constraints are found in the developing and implementing of relationships (Payne *et al.*, 2005:867). Lendrum (2011:34) proposes that relevant information is shared between the parties to diminish conflict

areas and promote innovation and high cooperation levels. Opportunities such as geographic and product line growth, along with greater support and cooperation for special channel activities are encouraged by excellent relationships (McCleave & Gale, 2003:69).

The availability of deep and detailed information about customers enables the organisation to customise its products and gain quality marketing intelligent sources for better planning of marketing strategy (Becerra-Fernandez & Sabherwal, 2010:47; Ndubisi, 2007:98). Product customisation benefits customers by giving them more choices, as well as organisations by increasing customer satisfaction that leads to greater customer loyalty (Benko & Weisberg, 2007:81).

According to Lamb, Hair, McDaniel, Faria and Wellington (2012b:10), Boone and Kurtz (2012:311) and Gitman and McDaniel (2009:291), following a relationship marketing approach / philosophy leads to improved products and services due to increased sales and lower marketing costs. It is therefore believed that it is less expensive to retain existing customers than to attract new customers or to repair damaged relationships.

Long-term customers cost less to serve because of increased familiarity with the organisation and its activities (Boone & Kurtz, 2012:330; Evans, O'Malley & Patterson, 2004:287). When organisations anticipate high switching costs, the relationship will continue and probably generate commitment between the organisation and customers (Vasudevan, Gaur & Shinde, 2006:343). Hoffman and Bateson (2011:385) assert that it is clear in previous studies that as much as 95 per cent of profits are generated by long-term customers through profits derived from sales, referrals, as well as reduced operating costs.

Loyal customers are more profitable than satisfied customers, because additional products are bought, often without comparing prices, whereas satisfied customers will merely refer the organisation to others (Szwarc, 2005:12). Wreden (2007:47) proposes that loyal customers are less amenable to competitors and forgive mistakes more easily.

Customer retention also contributes to the overall advantages of relationship marketing to the organisation by increased profits from repeat sales, customers' willingness to spend more, their more receptive behaviour towards the organisation's offerings and positive word-of-mouth (Hoffman & Bateson, 2011:385). The experience and knowledge loyal customers gain from the organisation, contribute to the production of service by assisting in service delivery, meaning that experienced customers eases the employees' jobs. Employees interacting with loyal customers can receive similar social advantages as the customers (as explained under the advantages of relationship marketing for customers, section 2.5.3). Satisfied customers enable

organisations to appoint employees quickly as they are more eager to work with happy and loyal customers (Zeithaml *et al.*, 2006:187).

2.5.2 Disadvantages of relationship marketing for the organisation

The following disadvantages of relationship marketing for the organisation are identified in literature and appear in the following discussion. Not all customers want to engage in a long-term relationship, sufficient strategies are important when adopting a relationship marketing approach, necessary skills are required, and there exists no standard cost exists for adopting a relationship marketing approach.

Relationship marketing is apparent in various service contexts as well as in various customer markets, but not in all (Zolkiewski, 2004:26). Zolkiewski (2004:27) debates that passive customers who are subservient to the organisation, are more unlikely to be involved in real marketing relationships. The author adds that the literature needs to be refined and need to move away from the premise of one-size-fits-all about customer relationships. A customer may want to engage in a relationship in one situation and not in another situation, therefore, the characteristics of customers and markets need to be understood (Grönroos, 2004:110; Zolkiewski, 2004:27).

A number of old structures and attitudes need to change when adopting the relationship marketing approach (Grönroos, 2004:110). Relationship marketing entails many efforts such as a relationship marketing strategy to create more value for the customer than the value of mere transactions of goods and services in single episodes. Strategies based on relationship marketing require significant time and effort to implement. Organisations must devote generous amounts of resources (training and/or money), to be successful in these strategies (Hunt, Arnette & Madhavaram, 2006:77). It is of utmost importance that the customer has to perceive and appreciate this value that is created in the long-term relationship, otherwise relationship marketing will be meaningless (Grönroos, 2004:108).

For organisations to build customer relationships knowledge, strategies for relationships at different stages of the relationship life cycle are required. Unique requirements for skills and opportunities exist in different relationship stages. A knowledge strategy for one stage may not be appropriate for another (Tzokas & Saren, 2004:132). The creation of unique and difficult-to-imitate knowledge enables the utility of relationship marketing and can only increase when organisations have the ability to maintain continuous customer relationships (Marzo-Navarro, Pedraja-Iglesias & Rivera-Torres, 2004:433).

According to Evans *et al.* (2004:287), no standard costs exist associated with the maintaining of customer relationships because the costs of relationship marketing vary from industry to industry as well as from organisation to organisation. The cost of facilitating a transaction (information technology, infrastructure and investment in resources) together with communication through telephone and mailings, contribute to the costs of relationship marketing (Evans *et al.*, 2004:287; Zikmund, Mcleod & Gilbert, 2003:8).

2.5.3 Advantages of relationship marketing for customers

To facilitate satisfying relationships between the buyer and seller is the main purpose of marketing (Pride & Ferrell, 2013:339). Gwinner, Gremler and Bitner (1998:109) include confidence advantages, social advantages and special treatment advantages as the three types of relational advantages for customers who engage in a long-term relationship. According to Little and Marandi (2003:34), these three types of advantages are applicable in all types of service relationships as they are experienced in addition to the core service advantages, while Ng, David and Dagger (2011:134) add that these advantages enhance the perceptions of customers regarding relationship quality.

According to Vinzi, Chin, Henseler and Wang (2010:541), customer feelings of trust together with anxiety reduction are referred to as the confidence advantages; social advantages are the friendship, recognition and familiarity that may arise between the customer and the organisation; and special treatment advantages according to Stricker (2008:13) are the price reductions, faster or individual services that customers obtain. These relational advantages are represented in the following discussed.

A comprehensive combination of psychological advantages in relation to trust in the marketer, reduction in perceived operation risks and reduction in anxiety as well as increased expectations for the service encounter, define confidence advantages (Molina *et al.*, 2007:256; Yen & Gwinner, 2003:485). The confidence advantages and trust are related as an expression of confidence between the customer and the organisation in exchange for the other's actions not to be harmed or put at risk, is seen as trust (Brink & Berndt, 2008:38). Thus, when having assurance in an exchange partner's reliability and integrity, relationship trust is generated (Harris & McDonald, 2004:86). According to Brink and Berndt (2008:39), commitment is connected to the notion of trust, as trust forms a major determinant of relationship commitment. If commitment within an organisation is rare, a probability exists that loyalty is also short in supply (Brink & Berndt, 2008:32). A high level of commitment by the customers can create a loyal customer relationship (Kracklauer, Mills & Seifert, 2004:117). When customers trust an organisation, they also have confidence in the organisation and without trust, loyalty can't be built, and without loyalty, growth will also be absent (Rosen, 2010:49). According to Ng *et al.*

(2011:145), confidence advantages play a critical role in driving perceptions of service and relationship quality.

Advantages received from actual relationships with service organisations are referred to as social advantages and exist by individualising and personalising customer relationships (Dagger *et al.*, 2011:274; Havaladar, 2010:70). Social advantages reflect the organisation-customer interpersonal relationships (Ng *et al.*, 2011:137). From a service encounter, customers can satisfy their social needs of esteem, respect, belonging, recognition and friendship. Within the exchange relationship, customers seek social support, feelings of familiarity and community. When employees of an organisation recognise the customer as an individual, the customer feels content when employees remember his/her name and preferences. Organisations should be able to relate with customers, care for them, respect them and, above all, treat them as individuals (Verma, 2012:582).

Biswas (2011:204) asserts that social bonding between the customer and the organisation is an instrument to add value to the relationship by addressing the customer needs for a close personal relationship. According to Dagger *et al.* (2011:274) the customer's experience gains more value when accompanied by association, friendship and personal recognition. They add that this provides motivation to the customer to maintain the relationship and remain committed to the organisation. An important antecedent to trust in a service encounter is social bonding (Biswas, 2011:204). The relationship itself is represented by social advantages, and more pleasant interactions between the customer and the organisation lead to higher customer loyalty (Bock, 2008:5).

Special treatment serves as a cohesive bond to cement the relationship between the customer and the organisation, as customers become aware of the special recognition and treatment that result from their input in customising products and services (Al-Hakim & Memmola, 2009:100). According to Peppers and Rogers (2004:152), when an organisation has the ability to understand customer needs and act thereon, the customer relationship will grow. Dialogue with customers to help identify their needs and to determine what the organisation can offer to satisfy those needs and to create the satisfying product, is known as collaborative customisation (Falk, Dierking & Foutz, 2007:82). A distinct advantage over competitors is gained by using needs-based differentiation: building, understanding, and using customer knowledge individually to enhance customer loyalty and profitability. The organisation will be able to enhance one customer at a time (Peppers & Rogers, 2004:152). When customers experience highly perceived special treatment advantages from an organisation, they experience increased emotional and/or cognitive switching barriers and are usually more committed to the organisation (Dagger *et al.*, 2011:274). According to Gwinner (quoted by Stricker, 2008:13), in

comparison with social and confidence advantages, special treatment advantages are considered overall as less important to customers. The most highly prized type of advantages from relationship marketing to customers is confidence advantages, followed by social advantages and then special treatment advantages (Nwankwo & Gbadamosi, 2011:234).

2.5.4 Disadvantage of relationship marketing for customers

Within the following discussion the disadvantage of relationship marketing for customers is explained which includes the costs for customers to engage in long-term relationships with organisations.

When a customer engages in a long-term relationship with an organisation it results in a price and additional sacrifice for the customer. This additional sacrifice is called relationship costs. Relationship costs may increase when, for example, customers have to keep larger inventories than necessary due to the delivery policy of the organisation or when they suffer from high standstill costs due to delayed and maintenance service. Relationship costs can also be psychological costs due to the customer's feeling that control is lost over the situation or the customer cannot trust the organisation (Grönroos, 2004:108).

According to Pride and Ferrell (2012:15), monetary and non-monetary costs can be distinguished when it comes to the costs incurred by customers in a long-term relationship with an organisation. The price of the product represents the monetary cost, while the non-monetary costs include the time, effort and risk customers spend to find and purchase desired products. The authors advocate that non-monetary and monetary costs can be equally important in a customer's estimation of value.

The cost aspect of a relationship has been addressed as termination or switching costs (Dimitriadis, 2011:296). Yen (2010:211) defines switching costs as the additional costs needed to dismiss the on-going relationship and secure an alternative. Thus, the costs that deter customers from purchasing rival organisations' products can be seen as switching costs (Yen, 2010:210).

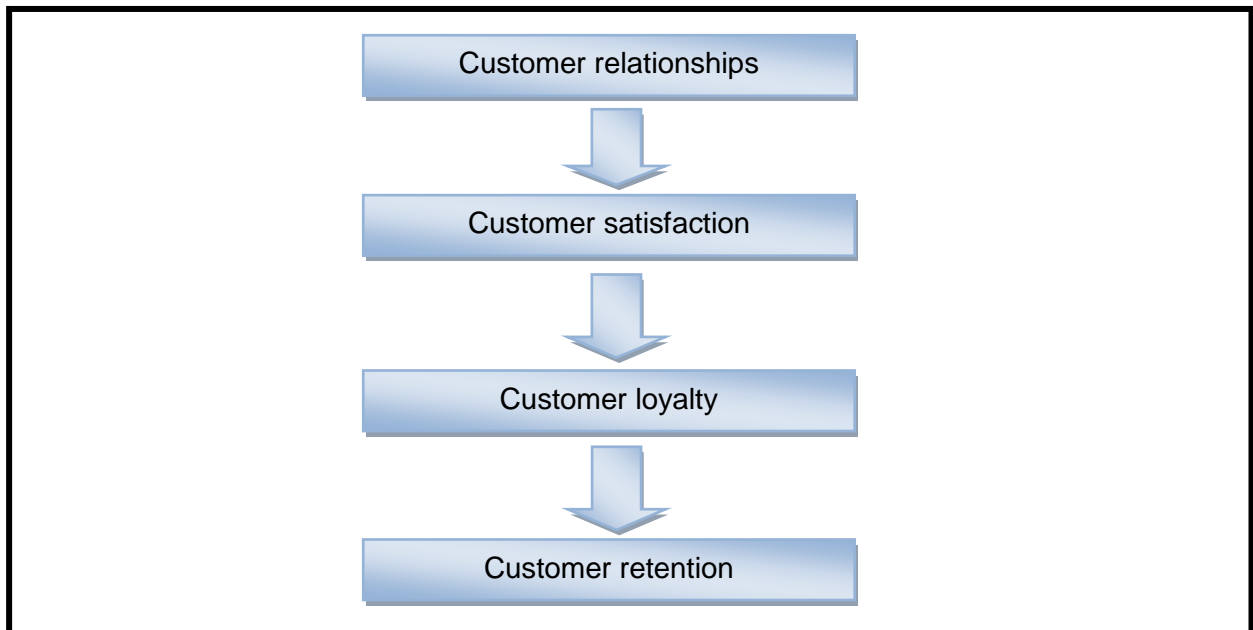
In the following section the constructs associated with relationship marketing are discussed. These constructs include customer relationships, customer loyalty, as well as customer retention.

2.6 CONSTRUCTS ASSOCIATED WITH RELATIONSHIP MARKETING

Customer relationships, customer satisfaction, customer loyalty and customer retention, the major constructs associated with relationship marketing, together with their relationships with

one another, are discussed in this section. These four constructs, illustrated in Figure 2-2, contribute to the establishing, maintaining and enhancing of customer relationships.

Figure 2-2: Relationship marketing constructs



2.6.1 Customer relationships

Both marketing academics and practitioners acknowledge the existence and desirability of customer relationships (Szmigin, Canning & Reppel, 2005:481). The service type with which a customer interacts usually determines the level and type of relationship formed with the specific service provider (Kinard & Capella, 2006:360). Attempts to understand the nature and content of customer relationships have necessitated the development of relationship marketing (Mitussis, O'Malley & Patterson, 2006:574).

According to Lilien and Grewal (2012:293), relationships become increasingly important to secure the relationship parties and protect them from risks. Relationship marketing therefore seems especially well suited in high-risk cases where the unforeseen future is continuously defined and redefined by the combined efforts of the parties involved in the relationship (Tzokas & Saren, 2004:131). Customers also engage in long-term relationships with organisations in their desire to reduce choices in terms of providers, and in the end this leads to more efficient decision-making and higher levels of customer satisfaction (Boone & Kurtz, 2012:318). The customer's decision to maintain the existing relationship depends on the bond levels (the sum of costs and benefits) and the anticipated profit level due to moving to an alternative relationship (Nguyen, Trawiński & Jung, 2011:351).

More emotional relationships are the ones that are solid and that last (Peppers & Rogers, 2004:55). According to Shajahan (2004:182), the strength of the relationship, the continuity of

the relationship, and the numerous dimensions involved in the relationship, characterise the relationship between the customer and the organisation. The relationship duration is associated with relationship strength because the longer the relationship between the customer and the organisation lasts, the stronger it seems to be.

However, some customers seek more distant contact because they prefer to purchase offerings in terms of price and quality competition rather than long-term relationships (Zineldin & Philipson, 2007:233). When customers terminate existing relationships with organisations, termination costs are present which refer to expected losses from dissolution. Relationship termination costs are also known as switching costs. High switching costs deter customers from ending a relationship and strengthen the perceived value of committing to the relationship. Therefore, termination costs have a positive correlation with relationship commitment (Epstein & Lee, 2004:177).

According to Pride, Hughes and Kapoor (2009:367), customer relationships form the life blood of all organisations. The organisation therefore has to understand customers, their individual preferences, expectations and changing needs in order to develop successful customer relationships (Mitussis *et al.*, 2006:575).

The second construct related to relationship marketing namely customer satisfaction, is discussed next, commencing with a definition of the concept, and elaborating on its influence on customer loyalty and relationship marketing.

2.6.2 Customer satisfaction

The concept of customer satisfaction is included in the discussion of relationship marketing as it serves as foundation for customer loyalty and accordingly, long-term relationships (Goldstein, 2009:xi). Helgesen (2007:280) defines customer satisfaction as a summarised psychological state or subjective summarised judgement based on the experiences of customers with a product compared to their expectations.

Baran, Galka and Strunk (2008:111) identified two types of satisfaction: overall or cumulative satisfaction and transaction-specific satisfaction. Overall satisfaction refers to the overall experiences with an organisation or product, and transaction-specific satisfaction refers to the feelings about a single recent transaction. The product performance evaluation in comparison with customers' pre-purchase expectation can result in satisfaction with their purchases to a greater or lesser extent (Blythe, 2008:320).

According to Lee, Johnson and Gahring (2008:146), the expectancy disconfirmation model has been the most influential among theoretical frameworks that have been proposed to explain

customer satisfaction. Three predictors of satisfaction are included in the expectancy disconfirmation model namely, expectation, disconfirmation and perceived performance (Olivier, 2010:124; Lee *et al.*, 2008:146). Disconfirmation is the result of a discrepancy between customer expectations and perceived performance (Bloemer & Dekker, 2007:278). Thomas, Lewison, Hauser and Foley (2007:144) further explain that a customer is satisfied to some degree when performance meets or exceeds a customer's expectations. Shah and D'Souza (2009:172) add that customers are satisfied when performance meets customer expectations; customers are delighted when performance exceeds customer expectations and if performance is below customer expectations, the customers will be disappointed.

A strong link exists between quality and customer retention in the service sector due to the fact that service quality is an antecedent to customer satisfaction and customer satisfaction, in turn, an antecedent from purchase intentions (Rao, 2011:374). Hill and Alexander (2006:242) add that customers' quality assessment is frequently based on subjective perception rather than objective measures.

According to Rao (2011:114), it is important to study customers' post-purchase evaluation to determine their satisfaction levels. When their satisfaction levels are positive they will possibly become brand loyal, but brand switching may occur with negative satisfaction levels. Lancaster and Massingham (2011:53) add that manufacturers' consciousness of the importance of post-purchase feelings needs to ensure that customers feel satisfied in terms of their purchase decisions.

Merchant and Chen (2010:9) indicate that organisations have to focus intensively on customer satisfaction, as satisfaction is a leading indicator of future financial performance. Grünewälder (2008:2) adds that satisfied customers are more likely to offer benefits to the organisation through repeat purchase, recommendation and their willingness to accept higher prices. Organisations implement strategies differently from their rivals due to different levels of customer satisfaction and their reputation (Lamb, Hair & McDaniel, 2012a:9). Chandrasekar (2010:152) explains that customer satisfaction leads to customer loyalty.

Customer satisfaction is vital for customer loyalty because loyal customers would recommend their regular organisation to other customers (Sage & Rouse, 2009:335; Molina *et al.*, 2007:257). Carver (2005:260) indicates that high customer satisfaction results directly in customer loyalty and satisfied customers are repeat customers. However, customer satisfaction is not a sufficient condition for customer loyalty, even though it is a necessary condition (Grönfeldt & Strother, 2006:234; Kincaid, 2003:35). Concentrating on customer satisfaction only is not enough, as in comparison to loyal customers, a high potential to switch to competitive organisations occurs (Stricker, 2008:12). The loyalty behaviours are examined in the following

section regarding to two types of customer loyalty. Customer commitment is discussed as well as the importance thereof. The outcomes for the customer and the relationship marketing organisation are furthermore emphasised.

2.6.3 Customer loyalty

Lamb *et al.* (2012b:10) propose that customer satisfaction is a result of good customer experience which can lead to customer loyalty. Gable, Fiorito and Topol (2008:38) add that customer loyalty is a result of customer satisfaction. The authors add that loyal customers purchase again due to rational and emotional ties to the product or service, whereas satisfied customers purchase due to satisfied needs and met expectations. Loyalty can be seen as a behavioural concept due to the fact that it entails actual purchase behaviour (Baron, Conway & Warnaby, 2010:46). Ha, Janda and Park (2009:214) found that an incomplete picture of loyalty formation may be formed when only focusing on customer satisfaction.

Customer loyalty is viewed as the relationship strength between a customer's relative attitude and repeat patronage (Lin, 2010:7). Loyalty can therefore be divided into attitudinal loyalty and behavioural loyalty (Hellberg, 2003:29):

- Attitudinal loyalty refers to a customer's favourable, potentially covert beliefs and attitudes about the brand or organisation and can be measured by asking customers if they like and trust the organisation, whether they feel committed to it and whether they are willing to recommend it to others (Payne & Frow, 2013:54; Rai, 2013:148; Zentes, Morchett & Schramm-Klein, 2011:301; Krafft & Mantrala, 2010:417; Neely, 2007:49).
- Behavioural loyalty refers to the motivated repeated purchases and is measured in terms of repeat patronage, percentage of budget allocation, amount of switching, or purchase likelihood (Rai, 2013:149; Zentes *et al.*, 2011:301; Newlands & Hooper, 2009:313; Neely, 2007:49; Palmer, Cockton & Cooper, 2007:10).

Attitudinal loyalty entails the customers' feelings, psychological attachment, commitment and trust towards the organisation (Hellberg, 2003:46). It also includes favourable, potentially covert beliefs and attitudes of the customer towards the organisation or brand (Krafft & Mantrala, 2010:417). The attrition rate is the key measure of behavioural loyalty (Gamble *et al.*, 2006:181).

When repeat purchase (behavioural loyalty) is high, but the customer's relative attitude (attitudinal loyalty) is low, spurious loyalty occurs. In this situation, behavioural loyalty is displayed due to promotions, deals or special offers such as loyalty points (Baron *et al.*, 2010:47). Lantos (2011:95) refers to spurious loyalty as being not genuine loyalty due to true

brand preference and regular purchasing. This author also adds that factors such as indifference, convenience, low price, or the unavailability of the preferred brand (versus brand preference) contribute to this type of loyalty.

Mechanisms for commitment and trust have to exist before customer loyalty can be created (Little & Marandi, 2003:43); satisfaction should be coupled with commitment and trust to generate the added value which constructs customer loyalty (Little & Marandi, 2003:49). Matzler, Grabner-Kräutner and Bidmon (2008:159) add that academics and practitioners consider trust as the essence of the value a strong brand provides to customers, and acknowledge the importance of brand trust in order to enhance customer loyalty.

Loyal customers are likely to purchase additional products without searching for the best price; therefore they are more profitable (Szwarc, 2005:12). According to Baron *et al.* (2010:30), the longer the duration of the relationship, the more profitable the relationship becomes; the more intense the relationship between the organisation and its customers, the more benefits the customer receives as a result of loyalty (Kitchen & De Pelsmacker, 2004:135).

Loyal customers become ambassadors for the organisation as they spread positive word-of-mouth to friends and family about the organisation's product or service (Barnes, 2006:121). Another behavioural intention of loyal customers is that they return over and over again to purchase from the organisation (Biswas, 2011:193) – loyal customers return to an organisation that provides them with greater value than competitors (Gulati, Sawhney & Paoni, 2003:225). The role customer retention plays in relationship marketing is a vital concern for organisations and is therefore described subsequently.

2.6.4 Customer retention

Customer retention can be defined as the customer's future propensity to stay with the current service provider (Ranaweera & Prabhu, 2003:381). According to Sashi (2012:262), either overall customer satisfaction or highly positive customer emotions can result in customer retention. Murphy *et al.* (2007:41) assert that relationship marketing emphasises customer retention and loyalty rather than customer acquisition. Within most literature on relationship marketing, the development of long-term customer retention is the main focus (Zineldin & Philipson, 2007:231). Long-term customers are more profitable due to the less cost to service (Sarshar, Sertyesilisik & Parry, 2010:65).

Within various markets, competition is becoming ever fiercer, as customers have the opportunity to select from a large range of products and services; therefore customer retention is becoming increasingly significant (Raab, Ajami, Gargeya & Goddard, 2008:79). It is believed that

customer satisfaction and customer loyalty directly influence customer retention (Allen & Wilburn, 2002:14; Hoffman & Bateson, 2011:378). The determinants for customer retention are switching costs, customer satisfaction and future considerations.

To retain customers, trust and commitment are important as they serve as key elements to customer retention (Cant, Strydom & Du Plessis, 2007:312). According to Buttle (2004:315) and Venetis and Ghauri (2004:1580), creating customer commitment is viewed as the crucial variable to determine customer retention, because customer satisfaction is not sufficient to ensure the longevity of customers. According to Brink and Berndt (2008:38), by gaining trust and commitment customer relationships exist; with the presence of both trust and commitment the outcomes they produce promote efficiency, productivity as well as effectiveness. For successful, long-term relationships, commitment is an important ingredient and commitment enables cooperation between parties to preserve relationship investments (Buttle, 2004:15).

The notion of customer relationship is at the core of relationship marketing, because out of trust, long-term relationships develop through mutual exchange and fulfilment of promises (Mathur, 2006:124, 125). When customers experience better service because they are retained by organisations, their expectations increase. In turn, the organisations' reputation, within and across marketplaces increase as well (Cook, 2008:7). According to Cheverton, Hughes, Foss and Stone (2005:82), the longer customers are retained the more profitable they become for the following reasons:

- Business volume increases over time.
- As the organisation becomes more experienced in serving customers, the operating costs are reduced.
- Better efficiencies in terms of providing customer support are brought about by better forecasts.
- Better level of understanding between the organisation and the customer exists due to better relationships.
- Learning from a customer enables the organisation to benefit from dealing with other customers.
- Referrals generate new business.
- High levels of commission are often paid upfront in intermediary markets.
- Products become profitable over time.

The best marketing strategy aimed at survival is by retaining customers, since it is more profitable to keep and satisfy an existing customer base (Nagamalai, Renault & Dhanuskodi, 2011:571).

Hoffman and Bateson (2011:394) propose that reducing customer defections is another strategy for increasing the customer retention rate. Verma (2012:559) suggests that organisations should develop retention strategies and programmes to bring customer defection rates down to the lowest possible levels. When organisations understand the reasons for customer retention and defection, the organisation can act accordingly (Capon & Hulbert, 2007:50).

A key business strategy and primary concern to virtually all organisations is keeping current customers and building a strong and committed relationship with them (Grönfeldt & Strother, 2006:165). Therefore, the following section describes the levels of relationship building.

2.7 LEVELS OF RELATIONSHIP BUILDING

Organisations seek relationships with customers rather than merely satisfying customer needs (Hess & Story, 2005:313). Good customer relationships are crucial for organisations' success due to the increased potential of customer retention rates (Ali & Ndubisi, 2011:136). According to Boone and Kurtz (2012:177), different strategies are required for newly acquired customers than for existing customers. An essential principle of successful customer retention strategies is to treat different customers differently to capture their individuality and the uniqueness of their needs (Arussy, 2005:45).

Relationship building can be reflected by the different levels of relationship development. Considerable investments are present in the customer development process, namely resources, time, money and people. These investments enhance the relationship building and are conducive to loyalty (Gamble *et al.*, 2006: 67). Five levels of relationship building can be identified (Gamble *et al.*, 2006:67):

- Basic: The product or service is simply sold to the customer by sales personnel.
- Reactive: Feedback by the customer concerning satisfaction and needs is encouraged after the sale.
- Account management: Refers to increased feedback search. Improvements and enhancements are also requested when the customer is contacted to gain information on the service satisfactory level. Orders and deliveries receive additional attention at this level.

- Proactive: Time is spent to determine how the new product or service received by the customer is used. Organisations are searching for ways to add value according to what the customer does.
- Partnering: in order to perform better regarding customer expectations and needs, the organisation and the customer work together and during communication the organisation refers to “we”. Some integration of forward planning and strategic positioning takes place and to enhance the performance product features are added.

Seeking and creating long-term alliances or partnerships with customers are concluded in relationship marketing (Lamb, Hair & McDaniel, 2011:373). Eriksson, Atkin and Nilsson (2009:609) propose that the implementation of partnering with customers is difficult, but possible.

Evans *et al.* (2004:211), Lace (2005:102) and Caceres and Paparoidamis (2007:846) further state that the foremost aim of relationship marketing is not to be concerned with a one-time sale, but to realise customers’ lifetime value through building long-term relationships with them. The relationship between the customer and the organisation, in other words, the connections between these two parties based on mutuality, are characterised by trust, commitment, respect, loyalty, affection, communication and sharing, which result in the mutual realisation of goals. The following section elaborates on the drivers of relationship marketing, focusing especially on trust and commitment.

2.8 DRIVERS OF RELATIONSHIP MARKETING

According to Ward and Dagger (2007:283), the developing, maintaining and strengthening of a relationship depend on the customer’s perception regarding the importance of bonding, empathy, reciprocity, trust, friendship, recognition, thoughtfulness, understanding, time to listen, commitment, loyalty and shared value. The presence of trust and commitment provides a bond between the organisation and its customers, which leads to extraordinary effort (Murphy *et al.*, 2007:48). Therefore, trust and commitment are discussed, accordingly, as trust and commitment lie at the heart of relationship marketing (Barker & Angelopulo, 2007:182).

2.8.1 Trust

Trust requires a concerted effort and is widely regarded as being essential for exchanges when moving from a transaction-base to a relationship-base (Murphy *et al.*, 2007:45; Peppers & Rogers, 2004:45). According to Chattananon and Trimetsoontorn (2009:257), trust can be defined as one party’s belief or conviction about the intentions of the other party within the relationship. According to Brink and Berndt (2008:38), trust is the willingness of a party on an

exchange party in whom one has confidence. They also propose that an expression of confidence between a customer and an organisation in the exchange, anticipating that it will not be harmed or put at risk by either party's actions, describes trust.

According to Shaw and Ivens (2002:52), trust is built over a period of time when both parties keep their promises. Trust serves as the fertile soil in which loyalty grows (Shearer, 2005:171). According to Poole (2008:73), without trust, true loyalty cannot exist. He also adds that customers are more likely to trust the organisation when they are loyal to the brand or product and with a lack of trust there will be a lack of loyalty.

Trust cannot exist outside the relationship as it is the way one party positions itself to another party (Weber & Carter, 2003:47). The customer's trust within the organisation is deepened by relationship marketing, and as the customer's confidence grows, so does the understanding of customer needs (Pride & Ferrell, 2013:15).

Trusted parties reduce the risks associated with relational exchange because trust reflects a party's reliability, integrity and competence (Hunt *et al.*, 2006:75). Where trust is experienced in long-term relationships and parties know what to expect from one another, cooperation within the relationship exists (L'Etang & Pieczka, 2006:71).

Interaction frequency has a greater impact on trust than other measures such as customer satisfaction or the desire to maintain a relationship. Interaction between the customer and the organisation provides customers with more information, reduces the uncertainty regarding future behaviour, and it improves trust (Shankar & Carpenter, 2012:236). With each successful and positive interaction between the customer and the organisation, the level of trust grows (Gross, McCarthy & Shelmon, 2005:538).

Trust is considered as the behavioural intention that reflects the reliance on the other party and involves ambiguity and vulnerability on the part of the organisation (Shajahan, 2004:30). Customers engage in trusting relationships with organisations as it helps them deal with the uncertainty of a rapidly changing world as trust also reduces stress (Todor, 2006:139).

According to Gross *et al.* (2005:538), trust can become a competitive advantage for the organisation – when customers trust an organisation more than they trust its competitors, they are more likely to select the trustworthy organisation over its competitors. Only when each party has demonstrated their commitment to the relationship through sacrificing their interdependence, is a relationship present between the customer and the organisation. A relationship does not exist through repeat transactions alone (Steyn *et al.*, 2008:141).

2.8.2 Commitment

Commitment can be referred to as the ultimate relationship nature, surrounding beliefs, attitudes and behaviours towards the organisation and customers' relationship with that organisation. A combination of personal and functional characteristics of developing customer-organisation relationships is believed to derive commitment (Hess & Story, 2005:314). The likelihood of an organisation to continuing a long-term relationship with its customers increases along with the intensity of commitment (Boone & Kurtz, 2011:375).

The antecedents of commitment need to be understood in order to generate customer loyalty (Dagger *et al.*, 2011:273). According to Brink and Berndt (2004:30), commitment implies loyalty, reliability and stability from both parties in the relationship with each other. Thus, when a partner believes the relationship is important enough to authorise maximum efforts at maintaining the relationship in the long-term, commitment exists (Caceres & Paparoidamis, 2007:844).

Adaptation, communication, bonds, degree of satisfaction, relationship length, as well as relationship quality are all factors that generate commitment (Kong, 2006:46). Thus, collaborative actions between two parties in a relationship are central to achieve a higher commitment level (Kong, 2006:47). The extent of customer-and-organisation mutual goals, behaviours and policies affects commitment to the relationship and indicates that shared values influence relationship commitment (Egan, 2004:100). Waddock and Rasche (2012:151) second that shared values and timely communication and the potential switching costs are factors that result in trust and commitment. To increase customer commitment, organisations must show that they are investing in their customers, openly communicating with their customers, and making an effort to manage customer relationships (Dagger *et al.*, 2011:274).

The organisation's market share, share of all customers' purchases and customer loyalty are three of the main measures of commitment (Davidson, 2004:240). According to Evans *et al.* (2004:214-215) customers' degree of commitment displayed can be measured by the organisation's marketing efforts.

Relationship commitment holds three advantages for the organisation, namely customer commitment serving as motivation to enter business transactions with organisations and demonstrates a long-term approach by resisting attractive short-term alternatives presented by competitors. Commitment prompts customers to make short-time sacrifices as customers expect long-term benefits from the organisation, and profitability increases because committed customers purchase repeatedly and they also enable cross-selling (Steyn *et al.*, 2008:142-143). When an organisation provides customers with high levels of benefits and/or the switching costs

are considered high, the level of customer commitment as well as the level of customer retention is higher (Strydom, 2011:9).

Trust is a major determinant of commitment and trust will lead to greater commitment in the relationship (Biswas, 2011:204; Kong, 2006:40). A collaborative relationship between the customer and the organisation is based on trust and commitment to deliver superior value and having a long-term mutually beneficial relationship (Havaladar, 2010:506). Interactions between the customer and the organisation that lack trust and commitment do not result in a relationship and when both these aspects are present, the relationship is much more efficient, productive and effective (Brink & Berndt, 2008:38).

The remainder of this chapter discusses relationship intention, the five constructs used to measure relationship intention as well as relationship length.

2.9 RELATIONSHIP INTENTION

Globally, marketing is changing at a rapid rate with customers becoming more sophisticated and demanding with the various choices available to them (Pritchett, 2007:212). Customers need to be listened to, focused on, and their needs must be investigated and identified so that the organisation will constantly seek better ways to satisfy those customer needs (Hill & Jones, 2013:146). In order to survive in the marketplace, organisations should constantly adapt their strategies according to changing customer wants and needs (Procter, 2010:34; Katcher & Snyder, 2007:80). Thompson, Stone and Foss (2002:195) therefore suggest that the organisation should direct its efforts to examine itself from a customer's perspective.

Baron *et al.* (2010:3) recognise the increasing importance of expanding relationship marketing ideas in the era where the customer's perspective is also increasing. Boone and Kurtz (2012:12) assert that organisations build customer orientation on the new marketing era by focusing on establishing and maintaining customer relationships. Customers' lifetime value needs to be calculated to determine whether or not the organisation should invest in a long-term relationship with the customers (Ranchhod & Marandi, 2006:51). These authors furthermore recommend that organisations should not engage in relationship marketing with all customers. Different desire levels and propensity exist among customers in engaging in long-term relationships with organisations. Tuominen (2007:182) concurs by suggesting that when an organisation applies relationship marketing strategies to customers that don't desire a long-term relationship, valuable resources go to waste.

Boone and Kurtz (2011:377) argue that some customers are more profitable than others. With regard to relationship marketing, not all customers are equally profitable (Hougaard & Bjerre,

2003:130). It therefore stands to reason that organisations should identify those customers who want to build long-term relationships with them, that is, customers with relationship intentions.

Kumar *et al.* (2003:669) define relationship intention as the customer's intention to build a relationship with the organisation while purchasing a product or service attributed to an organisation, a brand and a channel. Kumar *et al.* (2003:669) suggest that relationship marketing efforts should be focused on customers with a relationship intention, as many organisations have low-value customers who do not want long-term relationships with organisations (Doyle, 2008:12). According to Kumar *et al.* (2003:670), it makes sense to invest in relationship building if the relationship intention of the customer is high. A transactional marketing approach will be much more appropriate when the customer's relationship intentions are low, as it is not worth investing in building a relationship over the long run. Steyn *et al.* (2008:144) propose that the emotional attachment of a customer reflects the customer's relationship intention together with the value the customer attaches to the relationship, loyalty, trust and commitment shared by the customer and the organisation. Building relationships with these customers is much more profitable due to the fact that the relationship marketing approach will be best suited with customers showing relationship intention towards the organisation (Kumar *et al.*, 2003:670). These customers are not opportunistic and their attitudes are long-term due to the fact that they are willing to pay more in continuing the relationship with the organisation (Kumar *et al.*, 2003:668, 669). Organisations should therefore nurture relationships with customers with high relationship intentions after they have succeeded in identifying these customers (Kumar *et al.*, 2003:675).

According to Kumar *et al.* (2003:669), customers with a high degree of relationship intention are willing to build a long-term relationship with an organisation. Convenience or price or any other short-term instability does not affect these customers and they will make all possible efforts to purchase from a specific organisation. These customers are not opportunistic and possess a high affinity (emotionally attachment) to the organisation, the brand, the intermediaries or any combination of these.

Kumar *et al.* (2003:670) suggest five dimensions underlying a customer's relationship intention namely, the customer's involvement with the product or service, the customer's expectations of the product or service, the customer's willingness to forgive the organisation's service failures, whether the customer provides the organisation with effective feedback, and whether the customer fears the relationship loss with the employees of the organisation or the organisation itself. These dimensions are discussed accordingly.

2.9.1 Involvement

According to Pride, Ferrell, Lukas, Schembri and Niininen (2012a:115), the level of customer involvement can be defined as the customer's degree of interest in the product or service and the importance of the product or service for the customer. Accordingly, Boyer and Verma (2010:104) state that customer involvement also refers to the degree to which the customer is involved in shaping the perceived product or service. The reason for a customer to care about a specific product, organisation or brand explains the concept of involvement sufficiently (Peter & Olsen, 2008: 85). Kumar *et al.* (2003:670) also indicate that the degree to which a customer is willing to engage in a long-term relationship with an organisation without any intimidation or obligation, is referred to as involvement.

Product categories, a customer's loyalty to a specific brand, the customer's interest in a specific advertisement, or a medium or even certain decisions and behaviours are attached to customer involvement (Pride *et al.*, 2012a:115). Differing levels of involvement vary relative to the amount of effort customers are willing to expend looking for alternative organisations. Highly involved customers are more satisfied or perceive the service quality to be greater than the value attributed to alternative organisations. These customers are also more interested in maintaining long-term relationships with service organisations (Baker, Cronin Jr. & Hopkins, 2009:116, 117).

When purchasing from the organisation, great satisfaction, great sense of identification with the organisation as well as emotional involvement with the organisation regarding the product or service, are outcomes of customer involvement (Kumar *et al.*, 2003:670). Therefore, Seiders, Voss, Grewal and Godfrey (2005:39) assert that customer involvement serves as an instrument in developing customer relationships and organisations need to identify highly involved customers in order to construct long-term relationships with them. A feeling of guilt and discomfort is experienced by highly involved customers when they tend to switch to competitors (Kumar *et al.*, 2003:670).

2.9.2 Expectations

Coye (2004:55) defines customer expectations as an individual's subjective probabilities about the current or future existence of a specific state of affairs. A customer's desires and wants reflect the customer's expectations (Brink & Berndt, 2004:52). Solomon, Bamossy, Askegaard and Hogg (2006:329) state that customers form beliefs towards a product or an organisation grounded in the experiences they had in the past with the specific product or organisation.

Customer expectations need to be met in order for an organisation to deliver an appropriate service (Hurwitz, Bloor, Kaufman & Halper, 2009:26). Previous product and service encounters

are related to customer expectations (Mills & Law, 2004:82), while customers' satisfaction or dissatisfaction based on their expectations will also influence the customers' future behaviour (Cant, 2010a:120). Kumar *et al.* (2003:670) therefore propose that organisations' service quality can be enhanced by customers with high expectations when involved in service delivery.

When customers exhibit a greater level of customer expectations they are more likely to develop a greater customer relationship intention. High relationship intentions are reflected by the customer's high expectations as well as the customer's concern regarding the organisation. Thus, loyal customers compared to non-loyal customers indicate a better relationship with the organisation (Kumar *et al.*, 2003:670).

2.9.3 Forgiveness

When an organisation's service performance does not meet the customer's expectations in such a way that it leads to customer dissatisfaction, service failure has occurred (Bidgoli, 2010:403). Steyn *et al.* (2008:145) state that when overlooking a negative outcome, loyal customers are more willing to forgive the organisation for service failures. Therefore, the forgiveness in organisation-customer relationships can be defined as the customer's willingness to move beyond the service failure of an organisation (Robbins & Miller, 2004:97). Kumar *et al.* (2003:670) posit that although customers generate expectations, they are more likely to forgive an organisation when they want to build a relationship. Even if the organisation does not fulfil customers' expectations, customers are willing to forgive because they consider the relationship with the organisation much more important. Thus, a higher customer relationship intention is indicated by a higher level of customer forgiveness (Kumar *et al.*, 2003:670).

Customer dissatisfaction may lead to difficult customer manageability, customer frustration and angry customers. Customers also often feel betrayed by the organisation when dissatisfaction occurs (Gibson-Odgers, 2008:75). Customers who are highly committed to an organisation are more willing to forgive an organisation for occasional product or service failure (Hawkins *et al.*, 2010:720). Blazey (2009:141) confirms that when repeat service failures are experienced by customers, they become less forgiving and relationship engagement and customer loyalty will be threatened, which can result in customer switching behaviour. However, according to Davis (quoted by Yeshin, 2006:95), when customers perceive consistent positive experience with the brand, they are more likely to forgive the organisation when mistakes occur. According to Kumar *et al.* (2003:670), customers expressing higher forgiveness for service failures will also express a higher intention to form a relationship with an organisation.

2.9.4 Feedback

Customer feedback is defined as a customer's opinion on the organisation's service performance (Hoyle, 2003:42). According to Lovelock and Wirtz (2007:410, 412) and Klopper, Berndt, Chipp, Ismail, Roberts-Lombard, Subramani and Wakeham (2006:12), customer complaints, suggestions, compliments/praise and inquiries are entailed in customer feedback. Klopper *et al.* (2006:12) also add that feedback can help the organisation to build relationships with customers and keep in touch with them.

Customers with high relationship intention will communicate their positive and negative expectations to the organisation in the form of a feedback with no expected reward in return. On the other hand, customers providing negative feedback and expecting a reward, are considered as customers with no relationship intention (Kumar *et al.*, 2003:670).

Loyal customers are more likely to take time in providing the organisation with feedback regarding products and services (Saleh & Shukairy, 2011:71). Kaplan and Norton (2004:117) also explain that committed customers are more likely to provide the organisation with feedback regarding problems and opportunities enhancement rather than to defect to competitors when they are dissatisfied.

Often, dissatisfied customers tell their friends about their negative experience and those friends further spreads the word to other friends (Humphrey, 2011:125). Dunne, Lusch and Carver (2011:107) add that many dissatisfied customers do not report their dissatisfaction to the organisation, while Balachandran (2004:91) indicates that 75% of dissatisfied customers would rather stop using the organisation's service or just defect to competitors. Satisfied customers are likely to tell their friends about positive experiences, and therefore it is important for the organisation to promptly correct a service failure in order to transform dissatisfied customers to satisfied customers (Humphrey, 2011:125).

Humphrey (2011:125) also adds that the organisation gains an opportunity to exceed a customer's expectations and increase customer loyalty with every customer complaint. With the necessary feedback provided, the organisation can provide customers with service recovery via the feedback information (Lovelock & Wirtz, 2007:392-395). Customers providing organisations with feedback possess a high quantity of relationship intention (Kumar *et al.*, 2003:670).

2.9.5 Fear of relationship loss

Caruana (2002:256) defines fear of relationship loss as switching cost, which discourages customers from using a competitor's product or service instead of the current organisation's product or service. Relational costs are referred to as the emotional and psychological

consequences of switching from one organisation or brand to another (Babin & Harris, 2011:272).

According to Kumar *et al.* (2003:670), a customer with a high intention towards relationship building is concerned about the consequences of relationship loss and it can either be with the employees in contact to purchase the product, or the service or the organisation self. Steyn *et al.* (2008:140) propound that the transactions between the customers and the organisation are seen as social encounters and customers will take switching barriers, non-monetary costs and risks associated into consideration when terminating the relationship with the organisation. The emotional attachment with the organisation serves as a relational cost, and customers with high involvement fear the loss of the relationship, thus show high intention of relationship intention with the organisation (Kumar *et al.*, 2003:670).

2.10 RELATIONSHIP LENGTH

Relationship length is a critical necessity of customer loyalty (Wang & Wu, 2012:68). As customers stay longer, an emotional bond can be created with the organisation and then the customers are likely to recommend the organisation to friends and family. These customers can also remain loyal for some considerable time and loyalty equals profitability (Faulkner, 2003:3).

As the duration of the relationship between the customer and the organisation increases, the more profitable the relationship becomes (Little & Marandi, 2003:152). The longer and more beneficial customer-organisation relationship may lead to increased concentration of purchases from one organisation, and the share of customer increases (Gummesson, 2002:232). Therefore, Brink and Berndt (2008:42) propose that the more durable the relationship the more money the organisation tends to make.

Kumar *et al.* (2003:71) also state that the customers' intentions on emerging a relationship with the organisation do not generally depend on the durability of the relationship with the organisation. Accordingly, not all customers are profitable as the relationship strengthens.

2.11 CONCLUSION

This chapter defined relationship marketing followed by the comparison between relationship marketing and traditional marketing. The development of relationship marketing was furthermore discussed, followed by an overview of the advantages and disadvantages of relationship marketing to both the organisation and customer. The levels of relationship building were discussed, followed by the drivers of relationship marketing. This chapter also explained how relationship intention forms part of relationship marketing. The five dimensions of relationship intention and a discussion on relationship length concluded the chapter.

CHAPTER 3

CUSTOMER SATISFACTION AND BRAND LOYALTY

3.1 INTRODUCTION

Chapter 2 discussed customer satisfaction and brand loyalty briefly from a relationship marketing perspective to emphasise how they relate to relationship marketing and to one another. This chapter provides insight into these two constructs, namely customer satisfaction and brand loyalty. The chapter focuses on customer satisfaction in terms of defining customer satisfaction, followed by a discussion on customer expectations which elaborate on the different types of customer expectations. Next, customer satisfaction and the disconfirmation paradigm are discussed, followed by a review of the importance and benefits of customer satisfaction as well as the measurement of customer satisfaction. This chapter furthermore discusses brand loyalty as an asset of brand equity and defines the concept brand loyalty, distinguishes between the three degrees of brand loyalty. The chapter concludes by deliberating the importance and benefits of brand loyalty.

3.2 CUSTOMER SATISFACTION AND BRAND LOYALTY IN PERSPECTIVE

Even though customer satisfaction and brand loyalty are strongly and unidirectional related constructs, they are significantly different (Torres-Moraga, Vásques-Paraga & Zamora-González, 2008:303). Customer satisfaction is a major determinant of repeat purchasing and future purchasing behaviour and serves as a precondition for brand loyalty (Shimp, 2010:64; Egner, 2008:20; Kaplan & Norton, 2006:20; Kloppe *et al.*, 2006:7). High brand loyalty can be created by total customer satisfaction and delight, but merely satisfied customers are unlikely to be committed to the organisation, although they purchase products repeatedly (Verma, 2008:357). Brand loyal customers are always satisfied, but not the converse (Story & Hess, 2006:407). Moreover, it appears that customer satisfaction is not always necessary for repeat brand loyalty as some customers express altitudinal loyalty (Bennett & Rundle-Thiele, 2004:514). Customer satisfaction and loyalty affect customer retention (Allen & Wilburn, 2002:14). Even successful pursuits of customer satisfaction do not guarantee continued brand loyalty (Story & Hess, 2006:412). High customer satisfaction and brand loyalty propose that fewer customers will defect, and the long-term effects on organisational performance can be significant (Wang, Po Lo, Chi & Yang, 2004:173). Relationships between customers and brands also perform to a greater extent as predictors of brand loyal behaviours over time, than customer satisfaction alone (Story & Hess, 2006:407). Therefore, with no positive relationship

between satisfaction and brand loyalty, customers will not be inclined to prefer their present service provider continuously (Hellier, Geursen, Carr & Rickard, 2003:1785).

3.3 CUSTOMER SATISFACTION

Within this section customer satisfaction is defined through various authors in published literature, followed by an integrated definition of customer satisfaction for the purpose of this study. Customer expectations are subsequently discussed as a foundation for customer satisfaction.

3.3.1 DEFINING CUSTOMER SATISFACTION

Table 3.1 contains several definitions of customer satisfaction.

Table 3-1: Definitions of customer satisfaction

Author	Definition
Hunt (1977:459)	"A kind of stepping away from an experience and evaluating it...the evaluation rendered that the experience was at least as good as it was supposed to be."
Churchill & Surprenant (1982:493)	"Customer satisfaction is, conceptually, an outcome of purchase and use resulting from the buyer's comparison of the rewards and costs of the purchase relative to anticipated consequences. Operationally, similar to attitude in that it can be assessed as a summation of satisfactions with various attributes."
Westbrook & Reilly (1983:256)	"An emotional response to the experiences provided by and associated with particular products or services purchased, retail outlets, or even molar patterns of behaviour such as shopping and buyer behaviour, as well as the overall marketplace."
Day (1984:496)	"Customer satisfaction is the evaluative response to the current consumption event...the consumer's response in a particular consumption experience to the evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product perceived after its acquisition."
Cadotte, Woodruff & Jenkins (1987:305)	"Conceptualized as a feeling developed from an evaluation of the use experience."
Tse & Wilton (1988:204)	"The consumer's response to the evaluation of the perceived discrepancy between prior expectations (or some norm of performance) and the actual performance of the product as perceived after its consumption."
Oliver (1997:13)	"Satisfaction is the consumer fulfilment response. It is a judgement that a product or service feature, or product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under-or over fulfilment."

Author	Definition
Zikmund <i>et al.</i> (2003:72)	"Customer satisfaction is a post-purchase or post-choice evaluation that results from a comparison between those pre-purchase expectations and actual performance."
Hoffman <i>et al.</i> (2009:369)	"Comparison of expectations and perceptions of customers regarding the definite service encounter."
Harris (2010:2)	"Customer satisfaction is the customer's overall feeling of contentment with a customer interaction."

From these definitions it can be deduced that customer satisfaction is an emotional response resulting from a post-purchase or post-choice evaluation between prior expectations and the actual performance regarding the definite service encounter.

Customer expectations have a strong influence on customer satisfaction (Keiningham, Cooil, Aksoy, Andreassen & Weiner, 2007:363). Customers have a set of expectations regarding how they believe they should be treated within the service encounter (Bhandari, Tsarenko & Polonsky, 2007:174). The degree to which the service encounter meets customers' collection of expectations in relation to "acceptable" service encounters, translates to their overall evaluation of the service encounter (Bhandari *et al.*, 2007:175,176). Therefore, customer expectations serve as efficient predictors of customer satisfaction (Coye, 2004:56).

3.3.2 CUSTOMER EXPECTATIONS

From the definition of customer satisfaction, it can be seen that customer expectations play a prominent role when studying customer satisfaction. Coye (2004:55) defines customer expectations as an individual's subjective probabilities about the current or future existence of a specific state of affairs. Brink and Berndt (2004:52) and Barnes (2006:18) add that customer expectations can be referred to as the customer's desires or wants and are based on prior experiences in similar situations, on what advertising and other forms of communications of an organisation have promised or implied, on what the customer feels ought to ensue. Rafinejad (2007:111) maintains that customer expectations are shaped by, among others, the following factors: the organisation's promises during the selling process, in the process of building and developing customer relationships, and through communicating the value proposition and branding. Customers' expectations from branding are based upon attributes that the customers anticipate because of brand promises, reputation, past experience or price. These expectations might be about quality, service level or value (Heffernan & LaValle, 2007:39).

The value customers seek generates increasingly higher customer expectations in many industries due to the fact that customer expectations are dynamic and constantly shifting (Brennan, Canning & McDowell, 2011:305; Monczka, Handfield, Giunipero & Patterson, 2009:274; Baker, 2006:133). Therefore, organisations need to understand that different

customers have different expectations and different service needs (McKnight, 2009:79; Rai, 2008:111). In understanding customers' needs and expectations, organisations uncover the key to success (Heffernan & LaValle, 2007:38). The customer's expectations need to be clear in every single engagement to enable organisations to manage those expectations and better control the outcome. If organisations cannot satisfy customer expectations, they will fail to deliver value to customers and customers will be dissatisfied (Baker, 2011:39; Gruber, Reppel, Szmigin & Voss, 2008:403). Organisations can benefit from customer expectations which serve as a benchmark for customer satisfaction (Rai, 2008:111). Harker (2004:668) asserts that organisations providing an outstanding quality service and a consistent history of meeting customer expectations, enjoy a powerful tool to aid in maintaining and developing long-term customer relationships. Barnes (2006:18) adds that customers serve as a reference point against which the actual experience of dealing with the organisation is compared, leading to the customer being relatively satisfied or dissatisfied.

According to Wu and Wang (2012:41) and Brink and Berndt (2008:62), three different types of customer service expectations can be distinguished, namely predicted service expectations, desired service expectations and adequate service expectations. These three types of customer service expectations are briefly discussed next.

3.3.2.1 Predicted service expectations

It is generally agreed that comparing predicted service to perceived service received develops customer satisfaction evaluations (Brink & Berndt, 2008:62). Coye (2004:55) asserts that predicted service expectations are consistent with the notion of expectations as subjective probabilities of the occurrence of future events. When the customer believes that the level of service quality is likely to occur, a probability expectation exists. This expectation is based on the opinion of customers of what will happen most likely when dealing with a service encounter (Chandrasekar, 2010:354).

3.3.2.2 Desired service expectations

Puga-Leal and Pereira (2007:800) indicate that organisations compare service performance against a single expectation standard known as the desired expectation. Desired service expectation is the ideal and it reflects what customers actually want from their service provider (Brink & Berndt, 2008:62). According to Verma (2012:267), this level of service is moderated by the reality of life and is the hoped-for or the wanted service level. Thus, desired service expectations are a customer's expectations of what a perfect service encounter would be (Chandrasekar, 2010:354). Puga-Leal and Pereira (2007:801) and Wu (2011:311) add that it is

the customer's hopes to receive a desired service performance. They add that the desired service expectations are a blend of what customers believe "can be" and "should be".

3.3.2.3 Adequate service expectations

Customer experiences or norms that develop over time determine adequate service (Brink & Berndt, 2008:62). The customer's assessment of the possibility of an event emerging, can be described as predicted service (Coye, 2004:56). Predicted service is a factor that influences adequate service (Brink & Berndt, 2008:62). Wu (2011:311) and Verma (2012:267) add that this level implies a minimum acceptable level of service without causing dissatisfaction. On occasions, customers understand that the desired level of service cannot always be received. Therefore they expect a threshold level of service quality, namely adequate service expectations (Nargundkar, 2010:61). Customers are more demanding than ever and most of them are searching for the basics in performance and therefore, organisations should strive to exceed adequate expectations (Ferrell & Hartline, 2011:374).

Based on circumstances surrounding the service delivery process, adequate service fluctuates. When adequate service fluctuates the zone of tolerance changes accordingly (Hoffman & Bateson, 2011:308).

- **Zone of tolerance**

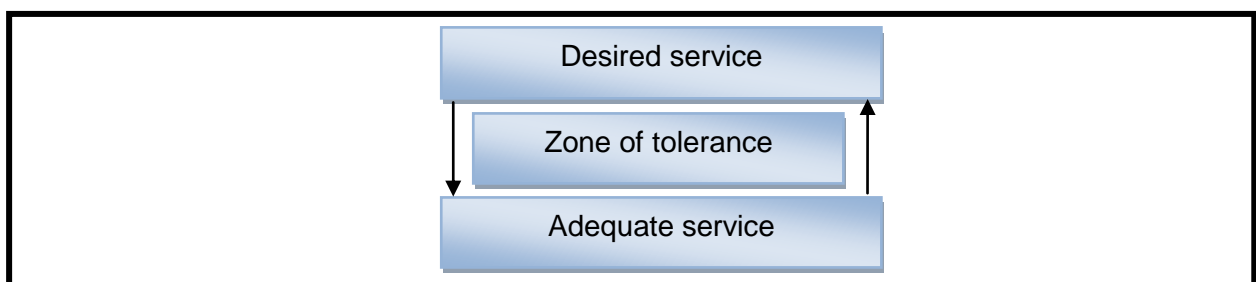
When customers accept the variation in service delivery from one location to another and even from the same service provider from one day to another, it is known as the zone of tolerance (Brink & Berndt, 2008:63). Customers' zone of tolerance is the realm between desired and adequate service (Bhandari *et al.*, 2007:176). The zone of tolerance is influenced by factors such as predicted service, service promises, recommendations, prior experiences, service alternatives as well as personal needs (Fisk, Grove & John, 2008:160).

When the service performance is outside the tolerance zone, the service attracts the customer's attention in either a positive or a negative manner (Rao, 2011:105). If the performance of the desired service level is below the adequate service level, customers become highly dissatisfied and frustrated or even angry. This can be very memorable for customers (Ferrell & Hartline, 2011:372; Rao, 2011:105). If the performance of the desired service level is above the adequate service level, customers are more likely to be delighted (Rao, 2011:105). Due to a wider adequate performance level in the zone of tolerance, poor service performance will not dissatisfy customers (Wu, 2011: 322). Poor performance is very infrequent and quite surprising when it occurs. Customers remember this poor performance. Customers do not particularly

notice the service performance when the service falls within the tolerance zone and this indicates that the customer is satisfied (Ferrell & Hartline, 2011:372; Rao, 2011:105).

The zone of tolerance varies with individual customer perceptions as well as from one service encounter to another (Bhandari *et al.*, 2007:176). The tolerance zone differs from customer to customer based on what factors they consider as important and not important. In the case of important factors, the tolerance zone is low and in the case of unimportant factors, the tolerance zone is high (Rao, 2011:105). Figure 3.1 displays the zone of tolerance between desired service and adequate service expectations.

Figure 3-1: Zone of tolerance between desired service and adequate service expectations



Source: Brink and Berndt (2004:52)

3.4 CUSTOMER SATISFACTION AND THE DISCONFIRMATION PARADIGM

Service quality is a disconfirmation approach as it can be thought of as the overall goodness or badness of a provided service. It is often discussed as the difference between customer expectations of different product or service aspects and the actual perceived product or service (Babin & Harris, 2011:255). To determine a service organisation's survival and deficiencies in order for improvements, measuring service quality and customer satisfaction seems as the ideal route (Durvasula & Lysonski, 2011:33; Chung-Herrera, Goldschmidt & Hoffman, 2004:241). Thus, service quality becomes a key driver of customer satisfaction or dissatisfaction (Babin & Harris, 2011:255). According to Yazdanparast, Manuj and Swartz (2010: 392) and Jiang and Rosenbloom (2005:153), customer satisfaction is the general attitude and feelings customers experience in response to evaluations of one or more perceived service experience with the provider. According to Tronvoll (2011:114), based on the disconfirmation theory, customer dissatisfaction can be described as a customer experience that falls below the level of the perceived expectation.

The expectancy disconfirmation model reflects the customer expectations compared with their perceptions (Hoffman & Bateson, 2011:289). Babin and Harris (2011:253) propose that customers enter into a consumption experience with predetermined cognitive expectations of

the performance of a product or service. They add that in explaining customer satisfaction, disconfirmation becomes a central aspect.

When customers have sufficient information and experience to decisively select a product or service from the consideration set expected to best satisfy their needs and wants, the expectancy disconfirmation framework works best (Wells & Foxall, 2012:166). According to Boshoff and Du Plessis (2009:94), two types of disconfirmation exist, namely negative and positive disconfirmation. Positive disconfirmation occurs when performance perceptions exceed customer expectations and can lead to customer satisfaction and strengthening the customer's attitudes towards the product or service (Babin & Harris, 2011:253; Al-Eisa & Alhemoud, 2009:297). Bigné, Mattila and Andreu (2008:308) found that positive disconfirmation has an influence on customers' emotional responses, customer satisfaction and their behavioural intentions. Negative disconfirmation occurs when the performance perceptions do not meet customer expectations and can lead to dissatisfaction and weakening the customer's relationship with the service provider (Babin & Harris, 2011:253; Al-Eisa & Alhemoud, 2009:297; Chung-Herrera *et al.*, 2004:245).

As mentioned within this section, it is important that organisations understand the perceptions and expectations of customers with regard to their offerings. In this way, organisations can increase their performance and benefit from customer satisfaction.

3.5 THE IMPORTANCE AND ADVANTAGES OF CUSTOMER SATISFACTION

Marketing managers in the new millennium are more influenced by customer expectation and it is important for them to meet the demand for customer satisfaction in the competitive business environment (Cengiz, 2010:78). Without customers, an organisation cannot exist; therefore the importance of customer satisfaction cannot be overstated (Hoffman & Bateson, 2011:288). In previous research, the positive relationship between customer satisfaction and financial performance is demonstrated and therefore organisations have to focus intensively on customer satisfaction measures as customer satisfaction serves as a reliable leading indicator of future financial performance (Merchant & Chen, 2010:7,8). According to Blythe (2008:320), customer satisfaction is, from a marketing viewpoint, the most important factor when developing an organisation and achieving its corporate goals. Within published literature, the following benefits of customer satisfaction could be identified:

3.5.1 Repeat purchase

Customer satisfaction is important as it influences future purchases and should be considered as the focal point of marketing activities. Repeat purchase intentions and higher spending are positive results of customer satisfaction (Kardes, Cronley & Cline, 2011:209). Repurchase intention can be referred to as an individual's judgment about repurchasing a designated service from the same organisation including his/her current situation and likely circumstances (Hellier *et al.*, 2003:1764). Satisfied customers are more likely to return and repeat purchasing and they are more likely to upsurge the quantity purchased as well as generate positive word-of-mouth (Blythe, 2008:320; Weitz & Wensley, 2003:343). According to Bennett and Rundle-Thiele (2004:520), customers who experience high satisfaction levels are likely to be predisposed attitudinally to the service brand and intend to repurchase.

3.5.2 Positive word-of-mouth

It is generally accepted that word-of-mouth communication is dependent on customer satisfaction because customer satisfaction is an antecedent of word-of-mouth communication (Carpenter & Fairhurst, 2005:258, 264). According to Boshoff and Du Plessis (2009:15), customer satisfaction should result in repeat purchases and positive word-of-mouth to other customers. A satisfied customer may recommend the product or service to friends, relatives, neighbours or colleagues (Purohit, 2004:2). Customer expectations are shaped by the word-of-mouth communications of other customers (Mühlbacher, Leihs & Dahringer, 2006:487; Pride & Ferrell, 2006:378). Rao (2011:422) adds that the customer satisfaction level depends mostly on customer expectations. With regard to services providers, it is better to use positive word-of-mouth through committed customers in attracting new customers than using advertising in attracting new customers. Positive word-of-mouth can also help an organisation in two ways, namely the probability of the positive word-of-mouth receiver in becoming a customer is greater, and the recipient may further share recommendations with others (Verma, 2012:558). Lang (2011:583, 584) asserts that one of the main reasons why word-of-mouth may be of such value is because it allows organisations to do more with less, referring to reaching vast numbers of customers through word-of-mouth for a fraction of the cost of traditional marketing. He adds that word-of-mouth has a long-lasting influence on financial indicators such as sales, customer life-time value and share prices as well as their volatility (Lang, 2011:584, 585). Lang (2011:592) also found that high customer satisfaction levels lead to greater word-of-mouth.

3.5.3 Customer satisfaction alleviates competitive pressures

Customer satisfaction is essential for an organisation to compete with other organisations, but it is not sufficient to ensure the organisation's survival (Verma, 2008:348). According to Van

Hamersveld and De Bont (2007:349), competitive pressures have accelerated the adoption of customer satisfaction programmes. Gilbert and Veloutsou (2006:304) state that service organisations which depend highly on customer satisfaction need to establish standards from which their own performance regarding customer satisfaction can be compared and improved on a continual basis. Srinivasan (2005:111) adds that an organisation's ability to satisfy customers enables it to isolate itself from competitive pressures such as price competition. Rather than to benchmark themselves against the best practices in their own industries, these organisations need to transcend their own market niches and identify best practices among industries outside of their own competitive areas (Gilbert & Veloutsou, 2006:304).

From the discussion one can determine that customer satisfaction serves as an essential factor in the success of organisations. The measuring of customer satisfaction is furthermore discussed.

3.6 MEASURING CUSTOMER SATISFACTION

Customer satisfaction needs to be measured and managed in a holistic way with a clear understanding of the customer experience (Szwarc, 2005:12). Because customers are the sole judges of service performance quality, organisations should interview their key customers first to determine the critical quality attributes. Key customers include customers who frequently complain, those who have formed long-term relationships with the organisation, and those with whom the organisation has a large number of transactions (Yang, 2003:312).

An organisation can improve its service performance quality according to the attributes measured on customer surveys. As service performance quality improves, customer satisfaction will improve as well (Howell, 2006:161).

Over time, the measurement of customer satisfaction has changed dramatically. Organisations have adopted more robust means of tracking customer satisfaction based on actual customer behaviour (Ferrell & Hartline, 2011:379). According to Hoffman and Bateson (2011:293), both direct and indirect measures are used to derive measures of customer satisfaction. Ferrell and Hartline (2011:378) are of the opinion that the direct measurement of customer satisfaction is the simplest method as simple rating scales are used to measure performance across various factors. They add that this method is not diagnostic in the sense that it authorises the organisation to determine how customer satisfaction varies from time to time. Direct measures of customer satisfaction are obtained through customer satisfaction surveys regarding topics such as organisational image, customer perception, or product or service customer satisfaction (Hoffman & Bateson, 2011:293; Sarlak, 2011:212).

Sarlak (2011:212) asserts that customers are not directly involved in the analysis process when using the indirect method. Indirect measures of customer satisfaction are obtained through tracking and monitoring sales records such as market share and customer retention, profits and customer complaints (Hoffman & Bateson, 2011:293; Barnes, 2008:402). The scale of 100 approach, the very dissatisfied/ very satisfied approach as well as the combined approach as measures of customer satisfaction, are briefly described next. The following section provides an overview of how customer satisfaction can be measured in three ways, namely: the scale of 100 approach, the very dissatisfied/very satisfied approach, as well as a combined approach.

3.6.1 The scale of 100 approach

According to the scale of 100 approach, customers are requested to rate the organisation's performance on a scale of 100. Thus, the organisation requests the customers to grade the organisation. Problems with this approach are apparent as a number on a scale of 100 is allocated to the organisation, but it provides no specific suggestions for improvements that could lead to an increased customer satisfaction rating (Hoffman & Bateson, 2011:294).

3.6.2 The very dissatisfied/ very satisfied approach

The very dissatisfied/very satisfied approach entails using a 5-point Likert scale, which is generally labelled as follows (Hoffman & Bateson, 2011:294):

Very dissatisfied	Somewhat dissatisfied	Neutral	Somewhat satisfied	Very satisfied
1	2	3	4	5

This approach itself also lacks the diagnostic power to indicate specific areas of improvement, even though it provides more meaning to the satisfaction rating itself. Thus, the interpretive value of the information remains restricted by its quantitative nature. In order to highlight specific areas of improvement, organisations should also collect qualitative information when truly seeking to improve their customer satisfaction (Hoffman & Bateson, 2011:294).

3.6.3 The combined approach

The quantitative scores from the Likert approach together with a qualitative analysis obtained through feedback from customers, are called the combined approach (Srinivasan, 2005:112). Feedback can be requested from customers to indicate the organisational areas of performance improvement (Hoffman *et al.*, 2009:375). Organisations can use the quantitative scores in future benchmarking and the qualitative scores can be used to compare the organisations' performance against competition (Srinivasan, 2005:112). The combined approach is more

valuable according to Hoffman and Bateson (2006:309) as its purpose is to increase the organisation's overall performance which in turn leads to increased customer satisfaction.

In the following section brand equity is described, followed by brand loyalty, the second construct addressed in this chapter.

3.7 BRAND EQUITY

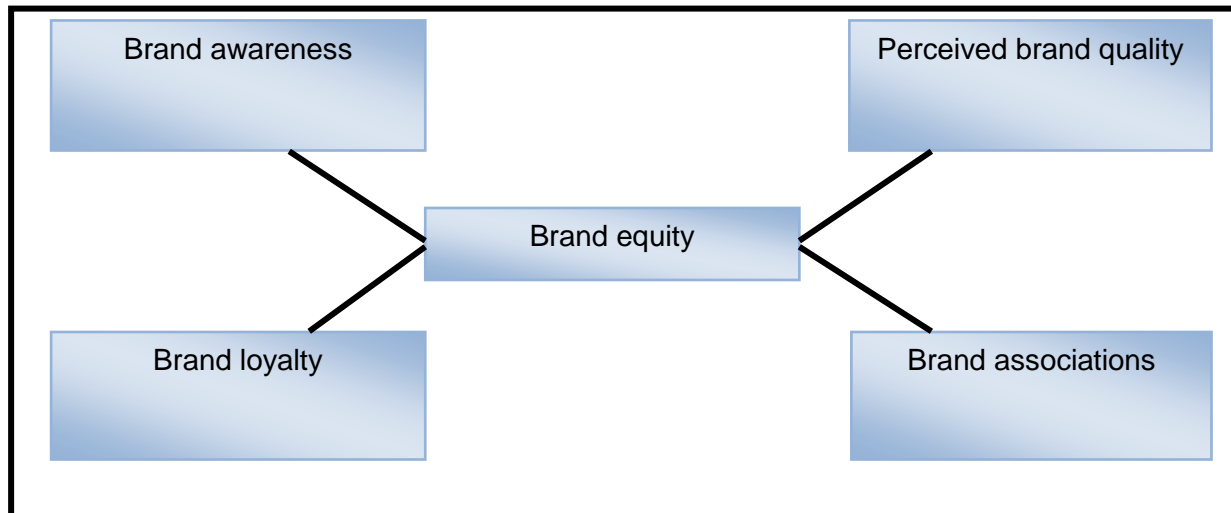
Brand equity can be defined as customers' favourable response to an organisation's marketing activities compared to their response to a competitor organisation (Ailawadi & Keller, 2004:332). A brand can be an asset to the organisation when it is well-managed and this value is often called brand equity (Pride & Ferrell, 2011:401). Marketing communication has an essential effect in creating positive brand equity and building strong brand loyalty (Shimp, 2010:46). In fact, Bruhn, Schoenmueller and Schäfer's (2012:781) study has shown that more brand engagement through social media communications offers valuable insights into the relative influence of this media on brand equity. They add that it results in significant implications for the brand communication activities.

Brand equity is discussed next in terms of brand equity assets.

3.7.1 Brand equity assets

Brand awareness, brand loyalty, brand associations and perceived brand quality are considered brand equity assets (Pride & Ferrell, 2011:401; Aaker & McLoughlin, 2010:176). The two assets namely brand loyalty and brand value associations have a direct influence on brand equity. On the other hand, brand trust associations and brand awareness indirectly contribute to brand equity through their influence on brand loyalty. Due to brand loyalty's direct influence and mediating role in creating brand equity, it is the most important source of brand equity (Rios & Riquelme, 2008:735). Pride *et al.* (2011:326) add that brand loyalty is a valued element of brand equity. It reduces brand vulnerability to competitors and also provides brand visibility. It also encourages retailers to carry the brand. Therefore, Lee, Lee and Wu (2011:1092) indicate that the greater brand loyalty, the higher brand equity will be. Hence, it becomes essential for organisations to have access to valid and reliable brand equity instruments (Pappu, Quester & Cooksey, 2005:143). Figure 3-2 illustrates the brand equity assets.

Figure 3-2: Brand equity assets



Source: Aaker and McLoughlin (2010:176); Pride and Ferrell (2011:401).

Although brand loyalty contributes to brand equity, only the three remaining assets are consequently discussed namely, brand awareness, perceived brand quality and brand associations. As brand loyalty is one of the main constructs of the study, it has already been discussed above in detail. This section contributes to the discussion of brand loyalty from a brand equity perspective.

- **Brand awareness** is the basic asset of brand equity and the initial challenge for new brands. The challenge for existing brands is to maintain high levels of brand awareness. No equity exists unless customers are at least aware of the brand (Shimp, 2010:38). Therefore, brand awareness can be defined as the strength of the brand in memory, and can be reflected by the customer's ability to identify various elements of the brand such as the brand name, logo, symbol, character, packaging and slogan, under various conditions (Grover & Vriens, 2006:551). Organisations can influence customers through using traditional media such as television and print campaigns to manage brand awareness, as traditional media wield a stronger impact on brand awareness compared to social media communications (Bruhn *et al.*, 2012:781, 783). When customers' brand associations and perceived quality of a brand are high, the customers' brand awareness is likely to be high and vice versa (Pappu *et al.*, 2005:146).
- **Perceived brand quality** comprises that a particular brand is associated with a specific level of quality (Pride & Ferrell, 2011:401). Brand quality is perceived as the result of customers' perception involved in the decision-making process (Yasin, Noor & Mohamad, 2007:40). A substitute for the adjustment of quality is the brand name. In many cases customers rely on the brand as quality indicator when they can't judge the quality of the product for themselves (Pride & Ferrell, 2011:401). Perceived quality may also refer to the

subjective belief of a customer in the product's superiority (Delassus & Descotes, 2012:124). Perceived brand quality can thus be defined as the customer's evaluation of a brand in terms of quality, and serves as a benchmark for different brand evaluations (Saxena, 2009:301). Perceived quality provides customers with a reason to purchase by differentiating the brand from contrabands due to high perceived quality (Yasin *et al.*, 2007:40; Pappu *et al.*, 2005:145). A high quality brand encourages a customer to buy it and high perceived quality results in higher returns on investment (Saxena, 2009:301). Roy and Chau (2011:281) assert that the fact that brand awareness leads to brand loyalty is fully mediated by perceived quality.

- **Brand associations** are strongly linked with customer perception as a customer attaches a meaning to a brand based on brand communication. Two aspects are included within the challenge of creating and sustaining the brand value through the essential offering of the brand, namely creating a brand image or association that would support the original association, as well as creating an association that would reflect the changes with regard to the brand value (Kumar, 2009:39). Brand associations are the intangible qualities that customers associate with the brand (Yasin *et al.*, 2007:40). These associations are important in nurturing the proposition or emotional association among customers. To nurture brand association, benefits or attributes can be used. Long-term implications are concluded with brand association as they can reflect consistent meaning of what they stand for over a period of time. Once associations are developed, it is also an established practice to nurture a strong brand (Kumar, 2007:58). Therefore, brand association can be defined as any direct or indirect link in the customer's with a specific brand (Aaker & McLoughlin, 2010:179). When customers have a strong association with a brand the customers' perception of quality of the brand is likely to be strong and vice versa (Pappu *et al.*, 2005:146).

As mentioned, a brand is considered an asset for the organisation when well-managed. Brand loyalty influences brand equity and provides great advantages when a higher degree of brand loyalty is achieved. The importance and benefits of brand loyalty are subsequently discussed.

3.8 BRAND LOYALTY

Within the remaining sections of this chapter brand loyalty is defined and the three degrees of brand loyalty are discussed. Thereafter, the importance and benefits of brand loyalty will be discussed.

3.8.1 DEFINING BRAND LOYALTY

Table 3-2 presents a table containing several definitions of brand loyalty.

Table 3-2: Definitions of brand loyalty

Author	Definition
Cunningham (1956:118)	"Single-brand loyalty is the proportion of total purchases represented by the largest single brand use. Dual-brand loyalty is the proportion of total purchases represented by the two largest single brands used."
Keuhn (1962:12)	"Brand loyalty can be viewed as, at least in part, a function of the frequency and regularity with which a brand has been selected in the past."
Tucker (1964:32)	"Brand loyalty is a biased choice behaviour with respect to branded merchandise."
McConnell (1968:14)	"Brand loyalty exists when a customer selects the same brand for at least four successive trials."
Sheth & Park (1974)	"We define brand loyalty as a positively biased emotive, evaluative and/ or behavioral response tendency toward a branded, labelled or graded alternative or choice by an individual in his capacity as the user, the choice maker, and/or the purchasing agent."
Jacoby & Chestnut (1978:80)	"The (a) biased, (b) behavioural response, (c) expressed over time, (d) by some decision-making unit, (e) with respect to one or more alternative brands out of a set of such a brands, and (f) is a function of psychological (decision-making) process."
Aaker (1991:65)	"Brand loyalty is the attachment that a customer has to a brand."
Assael (1992:87)	"Loyalty implies a commitment to a brand that may not be reflected by just measuring continuous behaviour."
Oliver (1997:392)	"Brand loyalty is a deeply held commitment to rebuy or repatronize a preferred brand consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour."
Wankel (2009:181)	"Brand loyalty is defined as a consumer behaviour whereby the consumer prefers to continually purchase the same product over time rather than purchasing competing products."

The concept of brand loyalty has motivated interest among academics and practitioners within the field of marketing and customer behaviour, since brand loyalty represents one of the most important factors believed to explain customer brand choices (Jensen & Hansen, 2006:442). A brand enables an organisation to compete in product markets and services and it represents the value proposition of the business strategy as well (Aaker & McLoughlin, 2010:175).

When the brand fits the personality or self-image of the customer or when rewarding and unique benefits are offered by the brand that the customer seeks, brand loyalty develops (Quester & Lim, 2003:26). The success of any branding strategy depends on the amount of loyalty it

develops among customers. Customers are needed who purchase a brand repeatedly and will not switch to other brands or get tempted by them (Anandan, 2009:159). Therefore, Van den Brink, Odekerken-Schröder and Pauwels (2006:17) consider brand loyalty as a potential way to express the positive responses of customers.

For the purpose of this study, brand loyalty refers to the biased choice behaviour when a customer selects the same brand continually due to commitment to that brand rather than purchasing brands.

The three degrees of brand loyalty are discussed in the next section as an indication of progress in relationship building between an organisation and its customers.

3.8.2 THE THREE DEGREES OF BRAND LOYALTY

According to Pride and Ferrell (2011:400) and Pride *et al.* (2011:202), the degree of brand loyalty a customer exhibits towards a product varies from one product category to another as well as from one country to another. Pride and Ferrell (2011:400) also add that repeat purchasing of a specific brand may not be a result of brand loyalty. The authors add that the brand will be considered as a potentially viable choice in a variety of brands being considered for purchase. The degree of brand loyalty increases as the customer's evaluation becomes stronger over time (Hoyer & MacInnis, 2010:258). Three degrees of brand loyalty can be identified, namely brand recognition, brand preference and brand insistence (Ferrell & Hartline, 2011:204; Pride & Ferrell, 2011:400; Cant, Strydom, Jooste & Du Plessis, 2007:215).

3.8.2.1 Brand recognition

Brand recognition takes place when a customer knows about a specific brand and includes the brand as one of several alternatives in the evoked set (Ferrell & Hartline, 2011:204). Thus, brand recognition serves as an alternative when the preferred brand is unavailable or when other available brands are considered unfamiliar (Pride & Ferrell, 2011:400). Brand recognition customers fall at the bottom of the loyalty scale (Cant *et al.*, 2007:215). The term *loyalty* is very loosely used here, as brand recognition is the mildest form of brand loyalty (Pride *et al.*, 2012a:202). Therefore, the reason for fostering brand recognition is not just to create sales directly, but rather to create brand preference (Alamro & Rowley, 2011:477). Improving brand recognition can strengthen the brand's market position and refocus marketing communications (Delassus & Descotes, 2012:124).

3.8.2.2 Brand preference

Brand preference occurs when one specific brand is preferred by the customer over competitive brands, and when the brand is available the customer will probably purchase it (Ferrell & Hartline, 2011:204). Compared with brand recognition, brand preference is a stronger degree of brand loyalty (Pride & Ferrell, 2011:400). Alamro and Rowley (2011:476) indicate that brand preference is an antecedent of brand loyalty. Paswan, Spears and Ganesh (2007:77) argue that customers are likely to have higher levels of brand loyalty as well as a more positive attitude towards service augmentation elements of the preferred brand. Rather than expending additional effort in finding and purchasing the preferred brand, the customer will accept a substitute brand when the preferred brand is unavailable (Pride *et al.*, 2012a:202). When a number of customers have developed brand preference for a specific brand, a marketer is likely to compete effectively within a market (Pride & Ferrell, 2011:400). The best that organisations can hope to achieve is to incessantly promote and re-vitalise brand preference due to its potential importance, particularly in dynamic markets in which brand loyalty is subtle (Alamro & Rowley, 2011:475).

3.8.2.3 Brand insistence

Brand insistence can be viewed as the situation when customers will possibly do anything in order to find and purchase a specific brand. Such customers will not accept any substitutes (Ferrell & Hartline, 2011:204). Brand insistence is an organisation's dream as it is the strongest degree of brand loyalty (Pride & Ferrell, 2011:400). Customers may literally never change their minds in the course of a lifetime once brand insistence has been established.

From the mentioned above, it is clear that brand insistence among customers is longed for by organisations. The importance of brand loyalty will be discussed next.

3.9 THE IMPORTANCE AND ADVANTAGES OF BRAND LOYALTY

In general, brand loyalty seems to be declining because of organisations' increased reliance on short-term promotions and due to the large range of similar new products customers can choose from. Therefore, many organisations face the challenge of building brand loyalty (Pride & Ferrell, 2011:400-401). To develop brand loyalty for some products is challenging, as customers can judge the product quality and do not need to refer to a brand as an indicator of quality (Pride *et al.*, 2012a:202). To identify characteristics of brand loyal customers is difficult due to the fact that no general profile of brand loyal customers exists to all product categories (Hoyer & MacInnis, 2010:259). To develop a unified customer base that would provide protection against competitors, it is important to develop strong brand loyalty for possible and

easier brand extension which can lead to brand equity (Sharma, Singh, Deepak & Agrawal, 2010:239). The organisation's ability to achieve a sustainable competitive advantage increases with the creation of brand loyalty (Pride & Ferrell, 2011:401).

Within published literature the following advantages of brand loyalty could be identified:

3.9.1 Decreased costs

Organisations with brand loyal customers are able to dedicate less resources and effort to marketing to brand loyal customers as customers seek the brand by themselves when making a purchase. Brand loyal customers are also not easily convinced to change to competitive brands. A higher sales volume is also generated by brand loyal customers due to higher retention of existing customers. Therefore, brand loyalty decreases the cost of goods sold (Wankel, 2009:181).

3.9.2 Brand visibility and reassurance

Brand visibility and reassurance to potential new customers are provided by brand loyal customers (Pride & Ferrell, 2011:216). Brand loyalty reduces the customer's risk and shortens the time spent in purchasing the brand (Pride & Ferrell, 2011:400). Therefore, Nguyen, Barrett and Miller (2011:225) view brand awareness as an antecedent of brand loyalty. Hoyer and MacInnis (2010:258) assert that brand loyal customers don't need to process information when making a purchase decision, but simply purchase the same brand consistently. They also state that brand loyal customers have a relatively high level of involvement with a certain brand. Brand loyalty is considered equivalent to repeat purchasing as it is conceptualised more like an attitude or intention to purchase (Jensen & Hansen, 2006:442). Jensen and Hansen (2006:443) also add that organisations need to understand the role of relative attitude to brand loyalty in order to enhance and maintain customers' repeat purchasing of their brand. Elliott and Percy (2007:94) declare that strong brand loyalty leads to better leverage with the trade because with strong brand loyalty distributors, and retailers know that there exists a strong demand exists for the brand and it would move out of their warehouses and off their shelves.

3.9.3 Lack of price sensitivity

Premium pricing is another benefit to organisations when developing brand loyalty, as brand loyal customers are more likely to accept a higher price when they receive a higher quality product, and they are less discriminating in terms of different costs (Wankel, 2009:182). When a brand is supported by loyal Generation Y customers, positive outcomes can result. According to Cant *et al.* (2007:216), building defensible brand loyalty to the point where trust for the brand overcomes any enduring price sensitivity, allowing reasonable measurement of premium pricing

and prevention of brand switching are the key interests of the organisation. A barrier to new brands entering a category can be formed with strong brand loyalty. The stronger an organisation's brand equity, the stronger the brand loyalty would be and this makes it difficult for competitors to convince customers to switch brands (Elliott & Percy, 2007:94).

3.9.4 Customer recommendations

Brand loyal customers are beneficial to organisations because these customers recommend their favourite brand and its advantages to other customers. This is a desirable effect of brand loyalty because personal recommendations of brand loyal customers generate sales volumes (Wankel, 2009:182). Therefore, if a customer is brand loyal the customer is regarded as a true asset for the organisation and becomes more attached to the brand over time (Shugan, 2005:187).

3.10 CONCLUSION

This chapter described various aspects regarding customer satisfaction and brand loyalty and defined these two constructs from various published literature. Customer expectations were discussed together with customer satisfaction and the disconfirmation paradigm. Customer satisfaction was explained in terms of benefits, importance and measurement. How customer satisfaction contributes to brand loyalty was briefly discussed. Brand equity was described focusing on brand loyalty, followed by the three degrees of brand loyalty. The importance and benefits of brand loyalty were also concluded within this chapter.

CHAPTER 4

THEORETICAL MODEL DEVELOPMENT

4.1 INTRODUCTION

In Chapter 2, relationship marketing and relationship intention were discussed and in Chapter 3, customer satisfaction and brand loyalty were reviewed. In addition to these constructs, relationship marketing is also studied in terms of three relational perspectives. The three relational perspectives involve the relationship between customer satisfaction and brand loyalty, the relationship between brand loyalty and relationship intention and the relationship between customer satisfaction and relationship intention.

The purpose of this chapter is to draw on the discussion and theories in Chapters 2 and 3 in order to develop a theoretical model presenting the relationships between customer satisfaction, brand loyalty and relationship intention in a relationship marketing context. In order to achieve this goal, these constructs are reviewed and contextualised, followed by a review of literature in order to uncover the relationships between these constructs. Thereafter, the hypotheses resulting from the theoretical model are presented.

4.2 THE DEVELOPMENT OF THE THEORETICAL MODEL

As Generation Y consumers form part of the hypotheses in this study, the generational theory is discussed accordingly. The theoretical model with the discussion of each of the three constructs, namely, customer satisfaction, brand loyalty and relationship intention is discussed thereafter, followed by the hypotheses formulated.

4.2.1 Generational theory

According to Beckendorff *et al.* (2010:1), in order to understand and characterise cohorts of people based on their membership of generation, refers to the generational theory. A generation, according to Hawkins *et al.* (2010:143), can be defined as a group of individuals who have experienced a mutual social, political, historical and economic environment. These individuals very often have the same characteristics due to shared experiences (Kaser, 2012:79). Four main generational categories have been identified and include (Osoba, 2013; Lamb *et al.*, 2011:63):

- Millennials or Generation Y (born after 1979 and 1994)
- Generation X (born between 1965 and 1978)
- Baby Boomers (born between 1946 and 1964)
- Matures (born between 1909 and 1945).

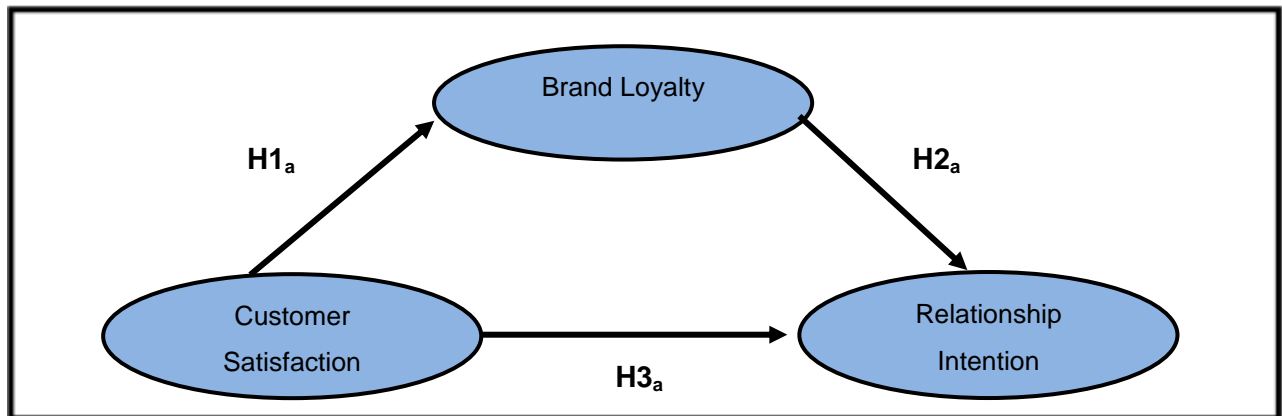
The study focuses in particular on Millennials or Generation Y consumers because they are at the top of the list when it comes to their familiarity with and respect for technology (Nazareth, 2007:82). These consumers generally have a good command of technology and engage in technology-related behaviour such as texting, tweeting and web-surfing (Rhynes & Students, 2011:24). Generation Y consumers are the first generation to come of age in the new millennium (Van den Bergh & Behrer, 2013:7). Therefore, they are also known as the Millennial Generation (Savage *et al.*, 2006:7). In South Africa, Generation Y consumers use digital platforms to communicate and they typically favour social media networks such as Facebook and communication services such as Blackberry Messenger (BBM) over other more conventional communication tools (Saunders, 2011).

Generation Y consumers seek diverse communities both online and offline, they are idealistic and sociable, and they crave authenticity. They are at the forefront in determining how people communicate, entertain and innovate (Lyon, 2010). The Generation Y population is estimated at 2 billion worldwide (Hamid, 2011). Therefore, when it comes to the adoption of smart phone and tablet applications, generation Y is leading the way (Lesonsky, 2013).

Generation Y consumers are typically less brand loyal. The author furthermore professes that the speed of the Internet has led to the cohort being similarly flexible in their consumer behaviour, especially with regard to fashion, style and how they are being communicated to. In essence, this generation is technologically savvy and not very brand loyal (Schroer, 2004).

In Figure 4-1 the theoretical model of relationships between the constructs of this study is presented. In this section each of the constructs illustrated in Figure 4.1 is highlighted, a justification for the inclusion of each construct in the theoretical model is furthermore provided, and the hypothesised relationship(s) between these constructs are presented.

Figure 4-1: The theoretical model of relationships between customer satisfaction, brand loyalty and relationship intention



4.2.2 Customer satisfaction and brand loyalty

Customer satisfaction is a major determinant of repeat purchasing and future purchasing behaviour, and it serves as a precondition for brand loyalty and it also creates profitable growth (Shimp, 2010:64; Egner, 2008:20; Kaplan & Norton, 2006:20; Kloppe *et al.*, 2006:7). According to Hofmeyr and Rice (2003:85), customer satisfaction with a specific brand is the most common reason for brand loyalty. Customer satisfaction is essential to brand loyalty as without customer satisfaction there will be no brand loyalty (Levine, 2003:204,206).

Chandrasekar (2010:152) and Purohit (2004:2) concur by arguing that customer satisfaction leads to brand loyalty. Purohit (2004:2) opines that the possibility is greater that a satisfied customer will purchase a brand repeatedly, than the possibility of a dissatisfied customer purchasing the same brand again. Therefore, with no positive relationship between customer satisfaction and brand loyalty, brand loyal customers will not be able to prefer their present service provider (Hellier *et al.*, 2003:1785). According to Rao (2011:114) it is important to study customers' post-purchase evaluation to determine their satisfaction levels. When their satisfaction levels are positive, they will possibly become brand loyal, but brand switching may occur with negative satisfaction levels.

Brand loyal customers are always satisfied, but not the converse (Story & Hess, 2006:407). Customer retention is affected by the combination of customer satisfaction and brand loyalty (Allen & Wilburn, 2002:14).

Considering the literature reviewed on the relationship between customer satisfaction and brand loyalty, the following alternative hypothesis is proposed:

H1_a: There is a significant and positive influence of customer satisfaction on brand loyalty amongst Generation Y consumers towards smart phone brands.

4.2.3 Brand loyalty and relationship intention

Murphy *et al.* (2007:41) assert that customer marketing emphasises customer retention and loyalty rather than customer acquisition. Zineldin and Philipson, (2007:231) add that within most literature on relationship marketing, the development of long-term customer retention is the main focus. Customer loyalty leads to customer retention together with the associated benefits (Hoffman & Bateson, 2011:382). The purpose of building long-term relationships is therefore to retain customers. When customers are retained, loyalty is created, and loyalty, in turn, results in greater long-term financial performance (Berndt & Brink, 2004:32).

Brand loyalty enables customers to enjoy the benefits of long-term relationships with organisations (Babin & Harris, 2011:219). It is easier for the organisation to build a relationship with customers if the relationship intention is high, as it is more profitable in the long run (Kumar *et al.*, 2003:668,670). Customers are regarded as having a relationship intention, when a relationship approach is considered, in which factors such as loyalty, trust and commitment are preferred by these customers (Steyn *et al.*, 2008:144). Organisations should identify customers with whom to build relationships with by considering the customers' relationship intentions (Delport *et al.*, 2011:278).

Considering the literature reviewed on the relationship between brand loyalty and relationship intention, the following alternative hypothesis is proposed:

H2_a: There is a significant and positive influence of brand loyalty on relationship intention amongst Generation Y consumers towards smart phone brands.

4.2.4 Customer satisfaction and relationship intention

Within various markets competition is becoming ever fiercer, as customers have the opportunity to select from a large range of products and services. Therefore customer retention is becoming increasingly significant with regard to customer satisfaction (Raab *et al.*, 2008:79). The best marketing strategy to survive in an industry is retaining customers, and it is also profitable to keep and satisfy an existing customer base (Nagamalai *et al.*, 2011:571). Keeping existing customers is far less costly than to gain new potential customers and, for many organisations, customer satisfaction will itself be the measure of success (Hill & Alexander, 2006:1).

According to Hoffman and Bateson (2011:378), customer satisfaction leads to customer loyalty, this in turn leads to customer retention. It is critical for smart phone manufactures to achieve customer satisfaction, generate loyalty and build meaningful long-term relationships with Generation Y, as the purpose of building relationships with customers is to retain customers

(Berndt & Brink, 2004:32). The determinants for customer retention are switching costs, customer satisfaction and future considerations. These determinants can be used to maximise customer retention (Villanueva & Hanssens, 2007:42,46). A higher level of customer satisfaction leads to greater loyalty, which in turn leads to a higher retention rate and higher sales. The intention to leave a relationship is reduced by a high level of customer satisfaction and this leads to a reduced customer switching rate. Therefore, customer satisfaction increases the customer's relationship intention (Sunarto, 2007:211).

Considering the literature reviewed on the relationship between customer satisfaction and relationship intention, the following alternative hypothesis is proposed:

H3_a: There is a significant and positive influence of customer satisfaction on relationship intention amongst Generation Y consumers towards smart phone brands.

Table 4-1 presents the literature supporting the relationship(s) between customer satisfaction, brand loyalty and relationship intention.

Table 4-1: Literature supporting the relationship(s) between customer satisfaction, brand loyalty and relationship intention

Relationship	Literature
Customer satisfaction → Brand loyalty	Shimp (2010:64); Klopper <i>et al.</i> (2006:7); Kaplan & Norton (2006:20); Egner, 2008:20; Hofmeyr & Rice (2003:85); Levine (2003:204,206); Purohit (2004:2); Chandrasekar (2010:152).
Brand loyalty → Relationship intention	Zineldin & Philipson (2007:231); Berndt & Brink (2004:32); Kumar <i>et al.</i> (2003:668,670); Steyn <i>et al.</i> (2008:144).
Customer satisfaction → Relationship intention	Raab <i>et al.</i> (2008:79); Hoffman & Bateson (2011:378); Villanueva & Hanssens (2007:42,46); Sunarto (2007:211).

4.3 CONCLUSION

In this Chapter, a theoretical model for the study was proposed. Four alternative hypotheses have subsequently been formulated to propose the relationships between the constructs in the model. The hypotheses proposed significant and positive influences of customer satisfaction on brand loyalty, brand loyalty on relationship intention, and customer satisfaction on relationship intention.

In the next Chapter the research method that was used in this study to collect data and to test the theoretical model empirically is discussed.

CHAPTER 5

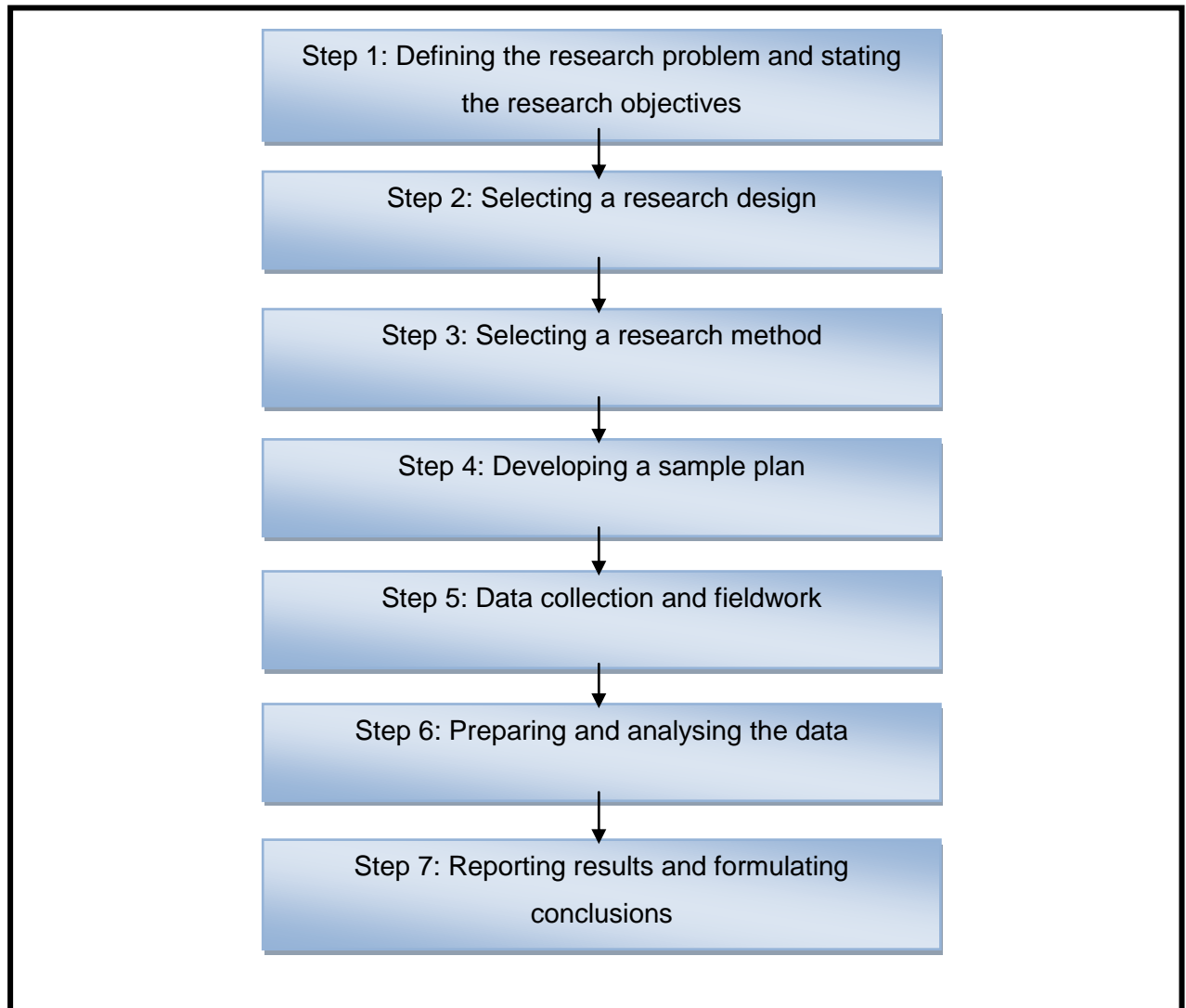
EMPIRICAL RESEARCH METHODOLOGY

5.1 INTRODUCTION

This chapter focuses on the marketing research process and the research methodology followed in this study. The structure of this chapter is guided by the steps of the marketing research process which are briefly discussed in the introduction as it serves as the chapter outline.

Marketing research is central to effective customer satisfaction and customer relationship programmes and a marketer who wants to make appropriate decisions within a given set of circumstances or parameters, can gain information through marketing research (Kurtz, 2011:240; Richardson & Gosnay, 2011:39). According to Wiid and Diggines (2009:27), marketing research specifies the required information, selects the data collection method, implements and manages the data-collection process, analyses the results, and communicates the findings as well as their implications to marketing management in order to solve problems meaningfully. For the purpose of this study, the marketing research process consists of seven steps which are illustrated in Figure 5-1.

Figure 5-1: The marketing research process



5.2 MARKETING RESEARCH DEFINED

Table 5-1 provides an exposition of a number of different definitions of marketing research.

Table 5-1: Definitions of marketing research

Author	Definition
Brown & Beik (1969:15)	"Marketing research is the systematic combination of logic and data to define and solve important problems in the field of marketing."
Green & Tull (1970:3)	"Marketing research is the systematic and objective search for and analysis of information relevant to the identification and solution of any problem in the field of marketing."
Procter & Stone (1978:1)	"Marketing research is a formalised means of obtaining information to be used in marketing decisions."
Breen & Blankenship (1982:4)	"Marketing research is any planned and organised effort to gather new facts and new knowledge to help make better market decisions."
American Marketing Association (quoted by Luck, Wales, Taylor & Rubin, 1982:5)	"The systematic gathering, recording, and analysing of data about problems relating to the marketing of goods and services."
Kinnear & Taylor (1987:18)	"Marketing research is the systematic and objective approach to the development and provision of information for the marketing management decision-making process."
Kent (1999:2)	"Marketing research is concerned with the collection, analysis and interpretation of data both on the organisation and their environments, so that information can be provided to assist management in diagnosing, deciding and delivering marketing strategies and tactics."
Burns & Bush (2006:7)	"Marketing research is the process of designing, gathering, analysing and reporting information that may be used to solve a specific marketing problem."

Based upon these definitions and for the purpose of this study, marketing research is defined as the systematic combination of logic and data being gathered, analysed and interpreted in order for marketing management to diagnose, decide and deliver better strategies and tactics in the field of marketing.

5.3 MARKETING RESEARCH

The main purpose of marketing research is to diminish any uncertainty and eliminate error in decision-making (Stevens, Wrenn, Sherwood & Ruddick, 2006:2). The roles of marketing research are identified: decision makers receive data from marketing research regarding the effectiveness of the current marketing mix and insight into necessary changes is offered, and marketing research serves as the primary tool for exploring new opportunities in the marketplace (McDaniel & Gates, 2010:6). Marketing research plays a descriptive, a diagnostic and a predictive role (McDaniel & Gates, 2010:7). These three functional roles are described in Table 5.2.

Table 5-2: Three functional roles of marketing research

Functional role	Description
Descriptive	Depicts a current situation. Providing the marketer with historical and current data regarding the customer, industry and environment as well as the impact or relevance of this data to the marketer in question, emphasises the focus of descriptive research (Wiid & Diggines, 2009:3).
Diagnostic	Diagnostic information indicates what is purchased or what market trends occur (Housden, 2007:291). Through diagnostic research the cause and effect of new strategies or the impact of price changes on sales can be identified (Wiid & Diggines, 2009:3).
Predictive	With predictive research “what if” questions can be addressed (Lamb <i>et al.</i> , 2012a:292). According to McDaniel and Gates (2010:7) the predictive function is to predict the results of an intended marketing decision through the condition of how to use descriptive and diagnostic research.

Marketing research fulfils a descriptive role in this particular study as a current situation is studied and described.

5.4 THE MARKETING RESEARCH PROCESS

Research projects, in terms of successive steps, characterise value through providing an overview of the whole process (Burns & Bush, 2010:50). Unique marketing research problems exist and require custom adaptation for its own special emphasis because no standard set of marketing research steps are suitable for all problems (Churchill & Iacobucci, 2010:39; Burnett, 2007:77). The seven steps of the marketing research process highlighted in Figure 5-1 are subsequently discussed.

5.4.1 Step 1: Defining the research problem and stating the research objectives

According to Malhotra (2010:68), problem definition refers to the general problem in terms of a broad statement as well as the identification of the certain components concluded in the marketing research problem. The first step in marketing research is to identify and formulate the research problem or opportunity and to define marketing research objectives (Havaladar, 2010:94; Beri, 2008:498). In this section, the problem is defined in the context of the study and the formulated research objectives are stated.

5.4.1.1 Defining the research problem

Defining the research problem is the most important step in marketing research, because it largely determines how useful the research results will be (Mühlbacher *et al.*, 2006:274). Marketing research can be designed to provide the needed information only when the research problem has precisely been defined (Brown & Suter, 2012:8). A formulated research problem also enables the researcher to formulate appropriate research objectives (Wiid & Diggines,

2009:50). Considering the importance of defining the problem, the research problem of this study is subsequently presented (see Chapter 1, p.7):

Originally used for business purposes, smart phones have evolved into social, and lifestyle devices that keep Generation Y consumers in touch with everything that matters to them (Abdullah, 2011). Generation Y consumers are experts regarding technology due to surfing the Web, visiting blogs, and connecting on social networking sites. This characteristic has given Generation Y consumers the respect and power in markets that previous generations of young people did not have (Johnson & Johnson, 2010:114). Generation Y consumers' attitudes and perceptions toward products and brands are therefore important to manufacturers, as this will change the way strong, profitable relationships are built with these customers (Gorun, 2011). This is of particular importance as, according to Schroer (2004), Generation Y consumers are typically less brand loyal. Competition in the smart phone market is fierce and despite the high market growth, smart phone manufacturers find it difficult to maintain market share (Markets & Markets, 2011).

It is said that the success of manufacturers, including smart phone manufacturers, depends on customer satisfaction (Hoffman & Bateson, 2010:92). A result of customer satisfaction can be to gain a competitive advantage (Pitt & Boshoff, 2010:4). According to Hofmeyr and Rice (2003:85), customer satisfaction with a specific brand is the most common cause leading to brand loyalty. Brand loyalty concerns customers' propensity to purchase a brand repeatedly because they favour it over other brands. Customers have to desire the product before manufacturers can consider these customers to be loyal (Hofmeyr & Rice, 2003:86). Therefore, brand loyalty is the long-term relationship that customers have with a specific brand or organisation (Liu, 2008:47). Customers are regarded as having a relationship intention, when a relationship approach is considered in which factors such as loyalty, trust and commitment are preferred by these customers (Steyn *et al.*, 2008:144). It is easier for organisations to build relationships with customers if their relationship intentions are high, as it is more profitable in the long run (Kumar *et al.*, 2003:668,670). Sunarto (2007:211) furthermore states that a higher level of customer satisfaction leads to greater loyalty, which in turn leads to a higher retention rate and higher sales. Considering this overview, the purpose of this study is to determine Generation Y customers' satisfaction, brand loyalty and relationship intention towards their smart phone brands.

5.4.1.2 Defining the research objectives

According to Aaker, Kumar and Day (2007:55), a precise terminological statement of what information is needed expresses the research objective. The type of decision situation faced by manufacturers determines the research objectives. Until a clear understanding of the decision

situation exists, objectives cannot be listed (Zikmund & Babin, 2010:51). According to Nargundkar (2008:21), in most cases four or five objectives are adequate for useful marketing research. In order to address the research problem formulated for the study, specific objectives are formulated. This includes the setting of a primary objective as well as secondary objectives to support the primary objective.

5.4.1.3 Primary objective

The primary objective of this study is to investigate customer satisfaction, brand loyalty and relationship intention amongst Generation Y consumers towards smart phone brands.

5.4.1.4 Secondary objectives

To support the primary objective, the following secondary objectives were set, namely:

- To uncover Generation Y consumers' smart phone usage patterns.
- To determine the level of customer satisfaction, brand loyalty and relationship intention Generation Y consumers experience with, and towards, their smart phone brands.
- To determine whether significant differences exist between different demographic groups of Generation Y consumers' satisfaction, brand loyalty and relationship intention with, and towards, their smart phone brands.
- To determine the nature of the relationships that exist between Generation Y consumers' satisfaction with smart phone brands, their loyalty towards smart phone brands, and their relationship intention towards smart phone brands.

5.4.2 Step 2: Selecting a research design

An appropriate research design needs to be chosen after the research problem has been formulated and the research objectives have been determined (Mooi & Sarstedt, 2011:13; Parasuraman, Grewal & Krishnan, 2007:35). According to Shukla (2010a:26), the term research design can be described as a master plan, blueprint or a sequence of research tasks and activities. The purpose of the research design is to address and answer the marketing research objectives (McDaniel & Gates, 2010:76). In the following section the various types of research designs are described, followed by the information sources on which these designs are based.

5.4.2.1 Types of research design

Various research designs can be used to study research problems, but researchers generally choose from among the three classifications depending on their research objectives. The three research design classifications include: (1) exploratory, (2) descriptive, or (3) causal research designs (Hair *et al.*, 2011:147; Polonsky & Waller, 2011:94; McNabb, 2010:96).

5.4.2.1.1 Exploratory research design

Malhotra (2010:102) defines exploratory research as the one type of research design confronting the researcher with its primary objective, comprising the prerequisite of insights into and comprehension of the problem situation. Generally, when relatively little is known about a phenomenon exploratory research is conducted (Salkind, 2010:1254). To gain new insights and ideas forms the general objective of exploratory research (Churchill & Iacobucci, 2010:60). When research questions deals with retrieving information regarding customer attitudes, opinions and beliefs, manufacturers should use exploratory research (Kolb, 2008a:26).

5.4.2.1.2 Descriptive research design

Descriptive research focuses on providing an accurate description of a phenomenon and is used to elucidate, monitor and test hypotheses. Predictions and a discovery can also be formed (Sharma, 2009:43). Descriptive research is conducted with the purpose to generate data describing units of interest. Researchers are also enabled to identify associations among variables and factors of interest (Parasuraman *et al.*, 2007:76). Opportunities and threats can be described and answers to who, what, when and where questions can be provided by means of descriptive research (Wiid & Diggines, 2009:55). According to Jupp (2006:167), this research design is quantitative in nature as well. The use of surveys or observations is usually applied to profile customers, assemble data on a product's price and availability in stores, or monitor the experience of customers to a promotional campaign.

5.4.2.1.3 Causal research design

The objective of causal research is to determine whether one variable has an effect on another variable (Weiers, 2011:103). The variable manipulated by the researcher (called the independent variable) to affect another variable (called the dependent variable) forms an experiment (Sharma, 2009:44). Experimentation is the best-known causal design (Cant, 2010b:68). It produces specific results because causal research is highly structured and controlled (Zikmund & Babin, 2013:55; Sharma, 2009:44).

Table 5-3 illustrates the characteristics of the different research designs.

Table 5-3: Characteristics of the different research designs

	Exploratory Research	Descriptive Research	Casual Research
Amount of uncertainty characterising decision situation	Highly ambiguous.	Partially defined.	Clearly defined.
Key search statement	Research question.	Research question.	Research question.
When conducted?	Early stage of decision-making.	Later stages of decision-making.	Highly structured.
Usual research approach	Unstructured.	Structured.	Highly structured.
Nature of results	Discovery orientated, productive, but still speculative. Often in need of further research.	Can be confirmatory although more research is sometimes still needed. Results can be managerially actionable.	Confirmatory orientated. Fairly conclusive with managerially actionable results often obtained.

Source: Adapted from Zikmund & Babin (2010:49)

This study followed a descriptive research design. This approach was chosen because the study aims to determine Generation Y customers' satisfaction, brand loyalty and relationship intention towards their smart phone brands. Data is generated in this study regarding Generation Y consumers and their customer satisfaction, brand loyalty and relationship intention. Hypotheses are furthermore formulated and tested in this study.

5.4.3 Step 3: Selecting a research method

The third step in the marketing research process involves data collection and refers to the execution of the research design (Rao, 2011:145). The use of the data collection method depends on the type of information required for a specific study, thus a distinction between primary and secondary data should be made (Mooi & Starstedt, 2011:29; Stokes & Lomax, 2008:148).

5.4.3.1 Primary and secondary data

Secondary data is defined as data that already exists due to the gathering for a preceding study or purpose (Churchill & Iacobucci, 2010:142). Printed or published reports, news items, the industry or trade statistics are examples of secondary data (Saxena, 2009:138). To gain background, direction and control over the research process researchers should exploit secondary data first because it is cheaper and easier to gather (Stevens *et al.*, 2006:99). Depending on the research problem and objectives, the researcher has to analyse the secondary data in terms of relevance, accuracy, reliability and appropriateness. Only thereafter, the researcher can decide whether a formal marketing research investigation is necessary (Wiid & Diggins, 2009:34). To investigate and to become familiar with the research problem, secondary data is used in this study for the literature review through the use of textbooks and reliable academic and research articles.

Onkvisit and Shaw (2009:254) define primary data as information initially collected to answer specific, current research questions. Primary data is more expensive than secondary data and is gathered for a specific purpose such as closing gaps between data required in order for decision-making and already available data from secondary research (Capon & Hulbert, 2007:154). In this study, primary data is gathered to fully address the research problem and objectives formulated for the study.

5.4.3.2 Qualitative and quantitative data

According to Mooi and Sarstedt (2011:52), primary data can either be quantitative or qualitative. Qualitative research involves face-to-face interviews with individuals or small groups because opinions are difficult to quantify or reduce to simple questions (Stokes & Lomax, 2008:148). The underpinning of customer attitudes, customer perceptions and the beliefs, psychological and sociological influences on customer behaviour are captured in qualitative research (Lancaster & Massingham, 2011:384). Qualitative research is dependent on the researcher as the data gathered is interpreted to attract its meaning and converts it to valuable information (Zikmund & Babin, 2013:97).

Quantitative research entails less interpretation and is usually conducted when a research objective involves a managerial action standard (Zikmund & Babin, 2013:99). Quantitative research methods provide precise data that can be generalised (Tybout & Calder, 2010:69). Quantitative research is highly structured and a greater number of respondents can be included in the sample, which makes it easier to measure and analyse the responses (Wiid & Diggines, 2009:86). An advantage about quantitative research is that the results can be legitimately discussed and published because a comprehensive answer is reached (Singh, 2010:140). Table 5-4 illustrates the difference between qualitative and quantitative research in order to provide a comprehensive distinction.

Table 5-4: Difference between qualitative and quantitative research

Research Aspect	Qualitative Research	Quantitative Research
Common purpose	Discover ideas. Used in exploratory research with general research objectives.	Test hypotheses or specific research questions.
Approach	Observe and interpret.	Measure and test.
Data collection approach	Unstructured. Free-form.	Structured response. Categories provided.
Researcher independence	Researcher is intimately involved. Results are subjective.	Researcher uninvolved. Observer. Results are involved.
Samples	Small samples- often in natural settings.	Large samples to produce generalisable results that apply to other situations.
Most often used	Exploratory research designs.	Descriptive and causal research designs.

Source: Zikmund & Babin (2013:99).

This study uses quantitative research due to the fact that hypotheses are tested to contribute to achieving the objectives in this study. A large sample is also used to collect the data from.

5.4.3.3 Data collection method

Once the marketer has decided on the type of necessary information for the study, a decision needs to be made about how to collect the data (Churchill & Iacobucci, 2010:205). The four primary data collection methods are surveys, interviews, observations and experiments (Dlabay & Scott, 2011:442). For the purpose of this study, the survey data collection method with regard to the questionnaire will be discussed subsequently.

A survey using a questionnaire is the most common quantitative research method (Kolb, 2008b:193). Neelankavil (2007:160) refers to a questionnaire as the process when respondents provide answers to a specific set of questions based on a subject and research objectives. A survey obtains facts, opinions and attitudes from respondents through a structured questionnaire (Shukla, 2010a:45; Gitman & McDaniel, 2009:302). Advantages of a survey include that it presents quick, often low-cost, efficient and accurate means of accessing information about a population (Zikmund & Babin, 2013:185).

Blythe (2009:32) asserts that questionnaires can either be self-administered or they can be conducted by the marketer. Self-administered questionnaires can be defined as structured questionnaires filled out by respondents in the absence of the fieldworker (Mitchell & Jolley, 2010:263). Self-administered questionnaires hold various advantages. These advantages include that it is cheaper and quicker to administer, marketer effects are absent, no marketer variability exists, it is easily distributed to a large number of respondents, and it is more convenient for respondents as they can fill out the questionnaires in their own time and speed and remain anonymous (Mitchell & Jolley, 2010:263; Bryman & Bell, 2007:241-242). According

to Bach (2007:29), problems can occur when respondents misunderstand the questions or when a lack of expertise by designing the measurement scale exists, and this may result in inaccurate value of expressiveness. A survey method in the form of a self-administered questionnaire was chosen to collect the required data from specified respondents because it is easy to gather data from a larger sample due to time and cost restraints.

5.4.3.3.1 Types of questions and response formats

Designing a questionnaire is critical as the questions should contribute to the research problem as well as ensure that the data collected is accurate and appropriate (Wegner, 2007:31; Zikmund & Babin, 2007:353). Therefore, it is important that the researcher understands the types of questions available as it will determine the information elicited (Brace, 2008:45). When deciding upon the types of questions for the questionnaire, the researcher should consider respondents' expected reactions or answers (Wiid & Diggines, 2009:176). The types of questions asked can be closed-ended or open-ended questions, or both (Teddle & Tashakkori, 2009:229).

Closed-ended questions refer to only a selection of answers provided by the researcher which provides a greater uniformity and easy processing, whereas open-ended questions refer to questions where respondents provide their own answers. Open-ended questions are generally used in qualitative interviewing (Babbie, 2013:255). Table 5-5 displays the different types of questions that can be used with possible response formats.

Table 5-5: Types of questions and possible response formats

Name	Description
CLOSED-ENDED QUESTIONS	
Dichotomous	A question with only two possible answers.
Multiple choice	A question which has more than two options.
Likert scale	A statement with which the respondent shows his/her degree of agreement or disagreement.
Importance scale	A scale that rates importance of a factor.
Intention to buy scale	A scale that rates consumer's intention to buy a product.
Rating scale	A scale that rates some attribute from poor to excellent.
Semantic differential scale	A scale connecting two bipolar words. The respondent selects the point that reflects his/her opinion.
OPEN-ENDED QUESTIONS	
Completely unstructured	A question that a respondent can answer in any way s/he feels like.
Word association	Words are presented to the respondent one at a time and s/he responds to each word on what comes to mind.
Sentence completion	A sentence is given to the respondent and s/he is asked to complete the question.
Story completion	A short story is given to the respondent and s/he is asked to complete the story.
Picture interpretation	A picture of two characteristics is given in which one is making a statement and the response box for the other is free. The respondent is asked to identify with the other and complete the response box.
Thematic appreciation tests	A picture is presented and respondents are asked to make up a story about what they think is happening or may happen in the story.

Source: Adapted from Panda (2007:119)

For the purposes of this study, the measurement scale included closed-ended questions as presented in subsequent Tables.

5.4.3.3.2 Measurement scales

Measurement refers to the assignment of numbers to objects, characteristics or even events in the empirical system according to a set of specific rules in the abstract system (Arora & Mahankale, 2013:94; Beri, 2008:121). According to Zikmund and Babin (2013:249), the importance of the level of scale measurement indicates the ability to which it determines the mathematical evaluations that are allowable. To understand the measurement scales is essential, as it will affect the type of statistical analysis used in the study (Kolb, 2008a:247). Nominal, ordinal, interval and ratio scales are the four main scales of measurement (Monette, Sullivan & DeJong, 2008:107).

In this study the questionnaire mainly consists of closed-ended questions in the form of dichotomous, multiple choice and Likert scale questions. One closed-ended question was included where respondents had to fill in their monthly smart phone expenditure.

The questionnaire used in this study consists of three sections, which are discussed subsequently.

- **Section A – Demographics**

The main objective of this section is to gather demographic information regarding respondents in terms of their gender, home language, highest level of education and employment status. Table 5-6 indicates the questions asked in this section of the questionnaire, the response formats, scale of measurement and origin or source of the question.

Table 5-6: Demographic questions

Question	Response Format	Scale
What is your gender?	Dichotomous	Nominal
What is your home language?	Multiple choice and open-end option	Nominal
What is your highest level of education?	Multiple choice	Ordinal
What is your employment status?	Multiple choice and open-end option	Nominal

- **Section B – Smart phone usage patterns**

The main objective of this section is to gather information regarding respondents' smart phone usage patterns in terms of their network service provider, kind of customer to their network service provider, current smart phone brand, total monthly smart phone expenditure, and period using their current smart phone brand. Table 5-7 indicates the questions and statements asked in this section of the measurement scale, the response formats, scale of measurement, and origin or source of the question. In this section, the researcher generated all the questions provided in the questionnaire.

Table 5-7: Questions regarding smart phone usage patterns

Question or statement	Response Format	Scale
Which ONE of the following network service providers do you use most often?	Multiple choice	Nominal
What kind of customer are you for the network service provider you are currently using?	Dichotomous	Nominal
Which ONE of the following smart phone brands are you currently using?	Multiple choice with open-ended option	Nominal
What is your total monthly smart phone expenditure?	Open-ended question	Ratio
How long have you had the smart phone brand you are currently using?	Multiple choice	Ordinal
I make use of my current smart phone to make and receive calls	Likert	Interval

Question or statement	Response Format	Scale
I make use of my current smart phone to take photos	Likert	Interval
I make use of my current smart phone to visit Websites	Likert	Interval
I make use of my current smart phone to send and receive SMSs	Likert	Interval
I make use of my current smart phone to listen to music	Likert	Interval
I make use of my current smart phone to use Whatsapp	Likert	Interval
I make use of my current smart phone to use Facebook	Likert	Interval
I make use of my current smart phone to use messenger services	Likert	Interval
I make use of my current smart phone to send and receive emails	Likert	Interval
I make use of my current smart phone to download applications	Likert	Interval
I make use of my current smart phone to download music	Likert	Interval
I make use of my current smart phone to view documents	Likert	Interval
I make use of my current smart phone as a GPS device	Likert	Interval
I make use of my current smart phone to record verbal communications	Likert	Interval
I make use of my current smart phone to play games	Likert	Interval
I make use of my current smart phone to edit documents	Likert	Interval
I make use of my current smart phone to create documents	Likert	Interval
I make use of my current smart phone to use Mxit	Likert	Interval
I make use of my current smart phone to use LiveProfile	Likert	Interval

- **Section C – Customer satisfaction, brand loyalty and relationship intention**

The main objective in this section of the questionnaire is to determine respondents' level of customer satisfaction, brand loyalty and relationship intention towards their smart phone brand. All statements are measured on an unlabelled Likert scale where 1 represents 'strongly disagree' and 5 'strongly agree'.

Table 5.8 indicates the statements used to measure customer satisfaction, the response formats, scale of measurement, and origin or source of the statement. In this section of the questionnaire, all the questions were adapted from Dagger and Sweeney (2007).

Table 5-8: Customer satisfaction

Statements	Response Format	Scale
I experienced a feeling of satisfaction when I purchased my current smart phone	Likert	Interval
My feelings toward my current smart phone are very positive	Likert	Interval
I believe that my current smart phone can enhance their services provided	Likert	Interval
I believe that my current smart phone can enhance their products provided	Likert	Interval
I am satisfied with the products I currently receive from my current smart phone	Likert	Interval
I am satisfied with the service I currently receive from my current smart phone	Likert	Interval
The products provided by my current smart phone is of a high standard	Likert	Interval
I feel satisfied that the results from using my current smart phone is the best that can be achieved	Likert	Interval
The extent to which using my current smart phone has produced the best possible outcome is satisfying	Likert	Interval
The service provided by my current smart phone is of a high standard	Likert	Interval
I believe my current smart phone offers products that are superior in every way	Likert	Interval
I believe my current smart phone offers services that are superior in every way	Likert	Interval

Table 5-9 indicates the statements used to measure brand loyalty, the response formats, scale of measurement and origin or source of the statement.

Table 5-9: Brand loyalty

Statement	Response Format	Scale
I consider myself loyal to my current smart phone brand	Likert	Interval
I will buy my current smart phone brand in the future again	Likert	Interval
My current smart phone brand is the one smart phone brand I would prefer to use	Likert	Interval
My current smart phone brand is the one smart phone brand I would prefer to buy	Likert	Interval
I would go out of my way to buy my current smart phone brand	Likert	Interval
I feel my current smart phone brand is the only smart phone brand I need	Likert	Interval
I buy everything that has to do with my smart phone brand such as a branded cover or second skin	Likert	Interval
If my current smart phone brand was unavailable, it would be difficult if I had to use another smart phone brand	Likert	Interval

Table 5-10 indicates the statements used to measure the five dimensions of relationship intention, namely involvement, fear of relationship loss, forgiveness, feedback and expectations, the response formats, and scale of measurement. These statements were adapted from Kruger (2010:245).

Table 5-10: Five dimensions of relationship intention

Statement	Response format	Scale
I experienced a feeling of satisfaction when I bought my current smart phone brand	Likert	Interval
I am proud to be a customer of my current smart phone brand	Likert	Interval
I have recommended my current smart phone brand to my friends or family	Likert	Interval
I am proud when I see my current smart phone brand's name or advertising materials	Likert	Interval
I care about the image of my current smart phone brand	Likert	Interval
I am afraid that I might lose special privileges of my current smart phone brand by switching to another smart phone brand	Likert	Interval
I am afraid to lose the services of my current smart phone brand by switching to another smart phone brand	Likert	Interval
I am afraid to lose my identification with my current smart phone brand by switching to another smart phone brand	Likert	Interval
I am afraid to lose my relationship with my current smart phone brand by switching to another smart phone brand	Likert	Interval
I will experience emotional stress by switching to another smart phone brand	Likert	Interval
I will forgive my current smart phone brand if the brand is more expensive than the other smart phone brands	Likert	Interval
I forgive my current smart phone brand if the quality of their products and/or service is sometimes below the standard I expect from them	Likert	Interval
I forgive my current smart phone brand if the quality of their products and/or service is below the standard of other smart phone brands	Likert	Interval
I forgive my current smart phone brand if I experience bad products and/or service from them	Likert	Interval
I forgive my current smart phone brand for bad products to the point that I keep on supporting them even if I have experienced bad products from them	Likert	Interval
I forgive my current smart phone brand for bad service to the point that I keep on supporting them even if I have experienced bad service from them	Likert	Interval
I will tell my current smart phone brand when their products and/or service is poor	Likert	Interval
I will tell my current smart phone brand if their products and/or service meet my expectations	Likert	Interval
I will tell my current smart phone brand if their products and/or service are better than I expect	Likert	Interval
I will take time to tell my current smart phone brand about their products and/or service so that their products and/or service will improve	Likert	Interval
I will try to tell my current smart phone brand about their products and/or service even though they restrict my attempt	Likert	Interval
I expect my current smart phone brand to offer me value for my money	Likert	Interval
I expect my current smart phone brand to offer me more value for my money than other smart phone brands	Likert	Interval
I expect my current smart phone brand to bring me the latest cellular technology	Likert	Interval
I have high expectations of my current smart phone brand's products and/or service	Likert	Interval

Statement	Response format	Scale
I expect my current smart phone brand's products and/or service to be better than the other smart phone brands' products and/or service	Likert	Interval
I expect my current smart phone brand to offer me low prices	Likert	Interval

5.4.3.3.3 Questionnaire pretesting

Pretesting can be defined as the tentative, small-scale study done in order to pre-test and amend the study design and procedures if necessary (McBurney & White, 2010:236). Pretesting the questionnaire enables the researcher to identify any problems with the questionnaire design that can be corrected before the actual study proceeds (Hall, 2008:79). The questionnaire for this study was pretested to ensure that respondents had a clear understanding of the questions and how the questionnaire should be completed within each section. The researcher distributed 30 questionnaires to willing and available respondents from the study population. The respondents who took part in the pretesting phase were between the ages of 18 to 26 years old, owned and used smart phones and resided in the North West province of South Africa. Initial data analysis was carried out and no changes were made to the questionnaire after the pretesting was complete.

5.4.4 Step 4: Developing a sample plan

According to Silver, Stevens, Wrenn and Loudon (2013:152), sampling can be defined as obtaining information from a portion of a population. Sampling is appropriate when the population size is large and the cost and time associated with obtaining information are extraordinary. Sampling also allows for quick decisions when the population is large (Aaker, Kumar, Day & Leone, 2011:335). The first step in planning a sample is to determine the population.

5.4.4.1 Defining the population

Population can be defined as the number of subjects or the sample size of the study, used in relation to respondents in a survey or to a specific survey question (Dahlberg & McCaig, 2010:242). The population can therefore be seen as the units about which information is desired. Units can include individuals, households, organisations, institutions and government bodies, (Dommermuth, 2011:8). The population for this study included Generation Y consumers residing in Gauteng aged 18 to 26 who own and use a smart phone.

5.4.4.2 Sampling framework and sampling techniques

Determining the sampling frame is the second step in the marketing research process (Silver *et al.*, 2013:155). According to Dommermuth (2011:11), the sampling frame consists of a physical listing of the units in the population and includes each unit only once. Dahlberg and McCaig (2010:175) state that two methods are available for sampling, namely probability and non-probability sampling. Probability sampling can be defined as the situation where every element has a chance to be chosen as part of the sample (Silver *et al.*, 2013:155). According to Aaker *et al.* (2011:682), non-probability sampling includes any sampling method where the elements' chances of inclusion are unknown. Table 5-11 illustrates the types of probability and non-probability sampling techniques available to the researchers.

Table 5-11: Types of probability and non-probability sampling techniques

Probability sampling techniques	Description
Simple random sampling	Each element of the population has an equal and known chance of being selected as part of the sample
Stratified random sampling	The population is divided into subgroups of mutual characteristics and a simple random sample is chosen from each sub-group
Cluster sampling	The population is divided into subgroups of mutual characteristics and a simple random sample is chosen from subgroups. Often associated with area sampling
Systematic sampling	Random selection of a digit (n) and then selection of sample element at every n^{th} interval depending on population size and the required sample size
Non-probability sampling techniques	Description
Convenience sampling	Any process when researcher selects sample elements quick and easy
Judgement sampling	The sample depends on the experience, skill, knowledge and insight from one choosing the sample to provide accurate information
Quota sampling	The population is divided and assigned appropriate quotas based on prior knowledge and understanding of characteristics. Quota categories usually involve age, gender and occupation.

Source: Adapted from Silver *et al.* (2013:155)

In this study, a sampling frame was not available and therefore a non-probability sampling technique was used. A two-stage sampling method including a convenience and quota sampling technique was chosen. Generation Y consumers in Gauteng aged 18 to 26 who have and used a smart phone brand before were targeted. The reason for this decision is, the respondents are chosen by the researcher on the basis of their availability and willingness to be studied (Creswell, 2008:153). Fieldworkers were asked to target equal numbers of respondents from different race groups, namely blacks, coloureds, Indians and whites. They were also asked to include equal numbers of male and female respondents. The respondents were targeted by the fieldworkers in the Gauteng area based upon age, race and gender and whether they use or own a smart phone. Table 5-12 presents the desired number of respondents based upon race and gender for this study.

Table 5-12: Desired numbers of respondents based on race and gender

Race		Gender	
Black	100	Male	200
Coloured	100		
Indian	100	Female	200
White	100		
Total	400	Total	400

5.4.5 Step 5: Data collection and fieldwork

The respondents for the study needed to be contacted through a fieldworker, once the sampling procedure had been finalised (Paul & Kapoor, 2008:84). Fieldwork can be performed to collect data with the aid of the questionnaire, in this instance a self-administered questionnaire (Du Toit, 2011:79).

Questionnaires were distributed from 7 August to 21 August 2012 by 39 fieldworkers to Generation Y consumers in Gauteng aged 18 to 26 who own or use a smart phone brand. The fieldworkers were instructed to target respondents based on the prerequisites. The respondents were targeted by the fieldworkers in Gauteng filling quotas based upon age, race and gender and whether they used or owned a smart phone. A target of 400 respondents was set as it was believed that a sample of 400 respondents would be considered appropriate for statistical analysis (Mooi & Sarstedt, 2011:42; Kaden, *et al.*, 2009:264; Russel & Purcell, 2009:177).

5.4.6 Step 6: Preparing and analysing the data

Once the data has been collected the next step in the marketing research process is to analyse the data (Reddy & Acharyulu, 2008:32). The data analysis process takes time and questionnaires should be validated to ensure accurate completion (Kolb, 2008b:37). Data cannot immediately be analysed without following steps to prepare data for analysis. These steps involve data editing and coding, data entry and data cleaning (Shukla, 2010b:39). These steps are essential to prevent incorrect analysis and improper conclusions (Shukla, 2010b:39).

For the purpose of this study, the researcher captured data using the SPSS statistical program (SPSS, 2011). Statistical analysis in terms of reliability and validity, descriptive analysis, hypotheses testing and structural equation modelling in terms of inferential statistics were conducted through the statistical consultation services of the North-West University (Potchefstroom Campus), as shown in Appendix A.

5.4.6.1 Reliability and validity

Two fundamental concerns in quantitative research are reliability and validity of measuring scales used in the study, because it serves as assistance in understanding the extent to which data obtained from the study signifies reality and the truth (Baines, Fill & Page, 2013:113; Klenke, 2008:37). According to Cavusgil, Knight, Riesenberger and Yaprak (2009:76) reliability refers to the comparison of results provided by independent yet comparable measures of the same object or characteristic. Validity refers to the success of a measuring scale what it is set to measure between individuals' score differences can be taken as representing true differences in the characteristics being studied (Reddy & Acharyulu, 2008:113).

Three main types of reliability are subsequently identified namely, test-retest reliability, alternative form and internal consistency (Silver *et al.*, 2013:103):

- **Test-retest reliability:** Responses are provoked through administering the same measurement scale to the same respondents in two different periods (Bajpai, 2011:50). Thus, something is measured twice for similar expected outcomes (Mooi & Sarstedt, 2011:36).
- **Alternative form:** Researchers can administer two equivalent measurement scales (one at a specific time and the alternative one at a later stage) and correlate the results to gain a measure of the reliability of the measurement scales (Silver *et al.*, 2013:104).
- **Internal consistency:** Determination of various items related to a specific subject area measuring the elements of the same subject (Stevens *et al.*, 2006:83).

Cronbach's alpha is the most popular measure of reliability assessment in terms of internal consistency (Cavusgil *et al.*, 2009:98), and was used in this study to determine the reliability of a measuring scales. Cronbach's alpha is usually used when an instrument (measurement scale) is only administered once (Olagbemi, 2011:60). Data reliability is acceptable when the Cronbach's alpha exceeds 0.7 (Tan, 2011:74). Pallant (2005:90) states that good reliability is presented by Cronbach's alpha values higher than 0.7 and values below 0.6 represent poor reliability.

In marketing research reliability is necessary, but not an adequate condition for validity (Arora & Mahankale, 2013:98). Three types of validity are identified namely, content, predictive and construct (Silver *et al.*, 2013:104).

- **Content (and face) validity:** When the argument is made that the measure reflects the various aspects of a phenomenon that there can be little disagreement with it, it refers to content validity (Aaker *et al.*, 2011:678).
- **Predictive validity:** The researcher's ability to deduct the future performance based on his knowledge of the attitude score. Firstly, it measures the attitude and then predicts the future behaviour (Reddy & Acharyulu, 2008:113).
- **Construct structure validity:** The extent to which an operationalisation measures the concept which it is formulated to measure, refers to construct validity (Malhotra, 2011:27).

In this study content and face validity are assessed through the input from experienced researchers, peers and literature. Confirmatory factor analyses were also conducted to assess

structure validity of measuring scales. According to Harrington (2009:5), confirmatory factor analysis (CFA) can be used to determine construct validity and when measures are rigid across groups, populations or even time. A confirmatory factor analysis (CFA) tests the hypothesised dimensions of a specific construct (Hastings, Angus & Bryant, 2011:233). Either correlation or covariance matrices are used as input to test prior-specific relationships (Craig & Douglas, 2005:400).

5.4.6.2 Data analysis strategy

In this study, statistical analysis is performed which refers to the mathematics that deals with the collection, analysis, interpretation and presentation of masses of numerical data (Gravetter, 2011:60). The data analysis techniques used in the study are highlighted next.

5.4.6.2.1 Descriptive statistics

Descriptive analysis offers the researcher a better understanding of data before more complex statistical evaluations are done (Polonsky & Waller, 2011:174). Descriptive statistics can be defined as the procedures implemented to summarise and describe the characteristics of a set of measurements (Mendenhall, Beaver & Beaver, 2013:4). Within this study, a mean score below 3.00 presents a poor level, a mean score equal to 3.00 or between 3.00 and 3.50 presents a mediocre level, and a mean score above 3.50 presents a strong level. More specifically, the following descriptive statistics were calculated in this study:

- **Frequency and percentage:** Frequency refers to the number of times the event occurred in the study and is usually presented in histograms (Gravetter, 2011:144; Polonsky & Waller, 2011:173). A variable's frequency distribution represents the actual total responses to the category and the percentage distribution is the total percentage in each category (Zikmund, Babin, Carr & Griffin, 2013:486).
- **Standard deviation (SD):** Standard deviation measures the distribution of the scores around the mean (Sarantakos, 2007:43). The responses are more dispersed in the dataset when the deviation is high (Kolb, 2008a:256).
- **Means:** According to Huizingh (2007:18), the mean presents the sum of all the cases, divided by the total cases and is usually used for interval variables as well as ratio variables.

5.4.6.3 Inferential statistical analyses

Statistical inferential tests can either be parametric or non-parametric in nature (Pagano, 2009:451). Data values used directly in the calculations for various test statistics refer to

parametric tests (Currell & Dowman, 2009:299). When applying parametric tests, a normal distribution is defined by the mean and the standard deviation. Data can be drawn from the sample and generalised to the whole population. (Hill, Roche & Allen, 2007:111). Non-parametric data is either counted where a nominal measurement scale is applied, or ranked where an ordinal measurement scale is applied (Arora & Mahankale, 2013:149). Non-parametric tests cannot be analysed with the use of numbers (such as parametric tests), but rather using counts and frequency distributions and tests, such as chi-square (Hill *et al.*, 2007:111). Non-parametric tests are easy and quick, but involve a greater risk of accepting false hypotheses (Beri, 2008:280). In order to test the hypotheses formulated for the study the independent sample t-test was used.

Independent sample t-tests: According to Zikmund and Babin (2007:551), this t-test tests the difference between the two means from independent samples (Heiman, 2011:262). In this study, alternative hypotheses were formulated and the t-test were used to test the formulated hypotheses based on the assumption that the population is normally distributed and the data is suitable (interval/ratio) for such analysis (Pallant, 2007:201; Sarantakos, 2007:155). For the purposes of analyses, male and female respondents were used and the following response categories were collapsed into two groups each:

- **Language:** Afrikaans and English were grouped together as European languages, and Nguni (Zulu, Xhosa, Swati, Ndebele), Sotho (Sepedi, SeSotho, Tswana) and Venda/Tsonga were grouped together as African languages.
- **Education:** No education, some primary education, primary completed, some high education and matric were grouped together as matric or lower, and technical diploma/degree, university degree and postgraduate degree were grouped as tertiary education.
- **Employment status:** Full-time employment was one group and part-time employed, self-employed, student, housewife/househusband and unemployed were grouped as other employment.
- **Time with current smart phone brand:** Less than 6 months and 6 months or longer but less than 1 year were grouped as less than one year, while 1 year or longer but less than 3 years, 3 years or longer but less than 5 years, and 5 years or longer but less than 10 years, were grouped as 1 year or longer.

5.4.6.4 Interpreting the results of hypothesis testing

It is important to discuss the manner in which the result of hypothesis testing is interpreted in this study:

- **Statistical significance:** Statistical significance refers to a decision rule to determine whether or not the result of a test, such as a hypothesis, is rejected. Rubin (2013:131) defines the probability of a study's findings attributed to sampling error as p-value. The data is statistically significant at level α and the null hypothesis is rejected if the p-value is smaller than α (Moore, 2010:376). This study used a significance level of 0.05 (5%) (Schlotzhauer, 2007:166).
- **Practical significance:** Practical significance hinges on the magnitude of the coefficient which represents the average impact of a statistical result (Grover & Vriens, 2006:260). According to Ellis (2010:13), Cohen's d-value refers to the uncorrected standardised mean difference between two groups based on the standard mutual deviation. Ellis (2010:41) and Gravetter and Forzano (2012:465) state that a Cohen's d-value around 0.50 indicates a medium effect size, whereas a d-value around and or exceeding 0.80 indicates a large effect. In this study, when the results for a particular test realised a level of significance (p-value) of less than 0.05 (statistically significant) together with a moderate (0.50) or large effect of 0.80 (practically significant), the corresponding hypothesis was supported (Gravetter & Wallnau, 2011:233).

5.4.6.5 Structural equation modelling

In order to test the relationships between customer satisfaction, brand loyalty and relationship intention as proposed in the theoretical model (see section 4.2) of the study, structural equation modelling was used. As a relatively new and sophisticated technique, structural equation modelling (SEM) enables the researcher to test various models in terms of interrelationships among a set of variables. It allows evaluating the importance of each independent variable in the model to test the overall fit of the model to the data (Pallant, 2007:103). To use and report multiple fit indices to evaluate a good model fit is a good practice (Bowen & Guo, 2012:145) and the Chi-square, comparative fit index (CFI), Tucker Lewis Index (TLI), and root mean square error approximation (RMSEA) are used as model fit indices in this study. These are subsequently discussed.

- **Chi-square:** The chi-square test's purpose in goodness for fit is to explore the proportion of cases that fall into the various categories of one variable, and compares these with hypothesised values (Pallant, 2007:212). Values as large as up to 5 seem to be an adequate fit (Dattalo, 2013:137; Sarantakos, 2007:70).
- **Comparative Fit Index (CFI):** Comparative Fit Index is a popular index to assess model fit and a good model fit between 0.90 and 0.95 indicates acceptable fit, whereas a CFI value exceeding 0.95 indicates a good fit (Bowen & Guo, 2012:191). Using the comparative fit approach, it places the estimated model along the continuum, where an awful fit is indicated by 0.00 and a perfect fit is indicated by 1.00 (Hardy & Bryman, 2009:445). A cut-off point of 1 for a CFI value indicates a very good fit.
- **Tucker Lewis Index (TLI):** The Tucker Lewis Index refers to a comparative index between null proposed and null models adjusted for degrees of freedom and is a highly recommended fit index of choice (Cullinane, 2011:484). In this study, a Tucker Lewis Index value above 0.95 indicates a good fit (Bowen & Guo, 2012:200). According to Schumacker and Lomax (2010:76), a TLI value close to 0.90 and 0.95 reflects a good model fit. The cut-off point for the TLI is equal or larger than 0.95.
- **Root Mean Square Error Approximation:** A population based index which is relatively insensitive to sample size explains the root mean square error approximation (RMSEA) (Loehlin, 2009:61). RMSEA can be used to provide some statistical test of model fit due to its confidence interval (Little, 2013:109). Various authors in literature point out that an RMSEA value less than 0.50 indicates a close fit, and values up to 0.80 indicate a reasonable fit (O'Rourke & Hatcher, 2013:215; Whitley & Kite, 2013:145; Baier, 2008:145).

In this study, the structural equation modelling was executed through the use of AMOS (2011). Table 5-13 summarises the cut-off points for each index used in the structural equation modelling.

Table 5-13: Fit indices and cut-off points

Fit indices	Recommended cut-off points
Chi-square/degrees of freedom (relative chi-square ration)	≤ 5.00
CFI	≥ 1.00
TLI	≥ 0.95
RMSEA	≤ 0.05 or ≤ 0.08

Regression weights of the structural model were also included to indicate whether the relationships between customer satisfaction, brand loyalty and the dimensions of relationship intention are significant at a 0.001 level (Cohen, 1988:413).

5.4.7 Step 7: Reporting results and formulating conclusions

The final step in the marketing research process involves reporting the results and formulating conclusions for decision-making purposes (Cant & Van Heerden, 2010:143). The reporting of results and conclusions formulated are subsequently discussed in the two remaining Chapters.

5.5 CONCLUSION

This Chapter described the marketing research process followed in this study. In this Chapter the seven steps of the marketing research process were discussed and the research methods used in this study were identified and explained. The seven steps discussed were (1) defining the research problem and stating the research objectives, (2) selecting the research design, (3) selecting the research design, (4) developing a sample plan, (5) data collection and fieldwork, (6) preparing and analysing the data, and (7) reporting results and formulating questions. In the following Chapter the results of this study are reported.

CHAPTER 6

DISCUSSION AND INTERPRETATION OF RESULTS

6.1 INTRODUCTION

This chapter presents the results obtained from the empirical investigation. Firstly, the demographic profile of respondents is presented, followed by the respondents' smart phone usage patterns. The descriptive results for the constructs measured in this study are furthermore presented. More specifically, this chapter provides the results obtained for the different constructs namely customer satisfaction, brand loyalty and relationship intention. The validity and reliability of the results are assessed, followed by the results of the hypotheses testing and structural equation modelling. The results are furthermore presented according to the layout of the questionnaire. Main findings are presented in each section and a summary of the study's main findings concludes the chapter.

6.2 SAMPLE REALISATION RATE

In Chapter 5 (see section 5.4.5), it is clear that the researcher endeavoured to collect data from various race and gender groups. As seen in Table 5.13, the researcher aimed to collect data from 400 respondents which included 200 male and 200 female respondents, of whom 100 respondents are white, 100 respondents are black, 100 respondents are Indian and 100 respondents are coloured. Out of 400 respondents, 395 respondents returned completed questionnaires that could be used for further analysis. Analysis was done using SPSS (2011).

6.3 DEMOGRAPHIC PROFILE OF RESPONDENTS

The demographic profile was determined in terms of the gender, home language, level of education and employment status of respondents who took part in the study. Table 6-1 provides the demographic profile of the 395 respondents who took part in the study. The population group consists of Generation Y consumers in the Gauteng region between the ages of 18 and 24 and who own or use a smart phone brand.

Table 6-1: Demographic profile of respondents

Gender	Frequency	Percentage
Male	197	49.9
Female	198	50.1
Home language	Frequency	Percentage
Afrikaans	71	18.0
English	153	38.7
Nguni (Zulu, Xhosa, Swati, Ndebele)	58	14.7
Sotho (Sepedi, SeSotho, Tswana)	66	16.7
Venda/Tsonga	22	5.6
Other	25	6.3
Highest level of education	Frequency	Percentage
Some primary	1	0.3
Primary completed	1	0.3
Some high	14	3.5
Matric	189	47.8
Tech diploma/degree	65	16.5
University degree	110	27.8
Post-graduate degree	15	3.8
Employment status	Frequency	Percentage
Full-time employed	128	32.4
Part time employed	52	13.2
Self-employed	15	3.8
Student	171	43.3
Housewife or househusband	1	0.3
Unemployed	27	6.8
Other	1	0.3

It is evident from Table 6-1 that the respondents who took part in the research study were more or less equally balanced. The majority of respondents speak English as home language (38.7%), 47.8% have completed matric and 43.3% are students.

6.4 RESPONDENTS' CELL PHONE AND NETWORK-RELATED SERVICE PROVIDER USAGE HABITS

In this section respondents' network service provider and the contract type the respondents have with the network service provider are provided. The results are presented for respondents' current or mostly used smart phone brands, and for how long they have been using the current smart phone brand. The estimated average smart phone expenditure of respondents is also presented. Table 6-2 presents the results for the respondents' network service provider, the contract type, the smart phone brands, and the period using the smart phone brand. Table 6-3 presents the monthly estimated average smart phone expenditure.

Table 6-2: Respondents' network service provider, kind of customer, smart phone brand and period using their smart phone brand

Network service provider	Frequency	Percentage
Vodacom	176	44.6
MTN	144	36.5
Cell C	55	13.9
Virgin Mobile	11	2.8
8ta	9	2.3
Contract type	Frequency	Percentage
Contract customer	161	40.8
Prepaid customer	234	59.2
Smart phone brands	Frequency	Percentage
Blackberry	223	56.5
iPhone	34	8.6
HTC	19	4.8
Motorola	2	0.5
Nokia	59	14.9
Samsung	46	11.6
Sony Ericsson	9	2.3
Other	3	0.8
Period using smart phone brand	Frequency	Percentage
Less than 6 months	78	19.7
6 months or longer but less than 1 year	125	31.6
1 year or longer but less than 3 years	156	39.5
3 years or longer but less than 5 years	27	6.8
5 years or longer but less than 10 years	6	1.5
Longer than 10 years	3	0.9

Concerning respondents' smart phone usage, the majority of respondents use Vodacom as network service provider (44.6%) and are prepaid customers of the network service provider (59.2%). The majority of respondents currently use Blackberry smart phones (56.5%), and have use their current smart phone brand for 1 year or longer but less than 3 years (39.5%).

Table 6-3 represents respondents' monthly estimated average smart phone expenditure. SD is used as an abbreviation for standard deviation.

Table 6-3: Respondents' monthly estimated average smart phone expenditure

Respondents' estimated average smart phone expenditure	
Mean (SD = 561.02)	R 326.70

It is clear from Table 6-3 that respondents' monthly estimated average smart phone expenditure is R 326.70. The main categories of expenditure may include making phone calls, visiting Websites, and sending SMSs as indicated in the following section regarding the respondents' smart phone usage patterns.

Main finding 1: The majority of respondents use Vodacom as cell phone network provider and are mostly prepaid customers. The majority of respondents use Blackberry smart phones, have been using it for 1 year or longer, but less than three years. Overall, the monthly estimated average smart phone expenditure was R326.70.

6.5 RESPONDENTS' SMART PHONE USAGE PATTERNS

Table 6-4 reflects the results for the individual statements measuring respondents' smart phone usage patterns in terms of standard deviations and means. The smart phone usage patterns were measured on a five-point scale where 1 = never and 5 = all the time.

Table 6-4: Respondents' smart phone usage patterns

Statement	Standard Deviation	Mean
I make use of my current smart phone to make and receive calls	0.822	4.63
I make use of my current smart phone to take photos	0.804	4.53
I make use of my current smart phone to visit Websites	0.832	4.52
I make use of my current smart phone to send and receive SMSs	0.907	4.46
I make use of my current smart phone to listen to music	0.959	4.43
I make use of my current smart phone to use Whatsapp	1.189	4.29
I make use of my current smart phone to use Facebook	1.21	4.25
I make use of my current smart phone to use messenger services	1.19	4.23
I make use of my current smart phone to send and receive emails	1.233	4.12
I make use of my current smart phone to download applications	1.179	4.08
I make use of my current smart phone to download music	1.273	4.04
I make use of my current smart phone to view documents	1.469	3.18
I make use of my current smart phone as a GPS device	1.541	3.17
I make use of my current smart phone to record verbal communications	1.433	2.90
I make use of my current smart phone to play games	1.531	2.82
I make use of my current smart phone to edit documents	1.449	2.49
I make use of my current smart phone to create documents	1.458	2.41
I make use of my current smart phone to use Mxit	1.624	2.39
I make use of my current smart phone to use LiveProfile	1.442	2.10

Respondents indicate a more frequent usage on 'I make use of my current smart phone to make and receive calls' (mean = 4.63) and 'I make use of my current smart phone to take photos' (mean = 4.53). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00) which indicates a positive frequent usage. Respondents indicated the least frequent use on the statements 'I make use of my current smart phone to use LiveProfile' (mean = 2.10) and 'I make use of my current smart phone to use Mxit' (mean = 2.39). Both the mean values for these two statements are below the mid-value of the Likert scale (3.00) which indicates a negative frequent usage.

Main finding 2: On average, respondents use their smart phone brands to make and receive calls, take photos and to visit websites most of the time. On average, the respondents use their smart phone brands less for LiveProfile and Mxit.

6.6 ASSESSING VALIDITY

As indicated (see Section 5.4.6.1), in this study face and content validity as well as construct validity have been assessed to determine whether the measurement scales in the questionnaire really measure customer satisfaction, brand loyalty and relationship intention. The results are subsequently presented.

6.6.1 Face and content validity

In this study, the researcher assessed face and content validity by obtaining the input from experienced researchers, peers and literature. They found the measurement scales to measure what they intend to measure.

6.6.2 Construct validity

The results of the confirmatory factor analyses performed to determine the construct validity of each of the measurement scales are reported in Table 6-5.

Table 6-5: Results of the factor analyses for each measurement scale

Measurement set	Factors Extracted	Cumulative percentage of variance explained	p-value for Bartlett's Test of Sphericity	Determinant	KMO
Customer satisfaction (13 statements)	1	53.98%	0.00001	0.0000719	0.9
Brand loyalty (8 statements)	1	66.76%	0.00001	0.003	0.9
Relationship intention					
Involvement (5 statements)	1	56.34%	0.00001	0.181	0.8
Fear of relationship loss (5 statements)	1	66.20%	0.00001	0.059	0.8
Forgiveness (6 statements)	1	68.94%	0.00001	0.013	0.9
Feedback (5 statements)	1	62.45%	0.00001	0.110	0.8
Expectations (6 statements)	1	61.28%	0.00001	0.054	0.9

CFA was performed using principle axis factoring with direct oblimin rotation. The KMO (Kaiser-Meyer-Olkin) - which is a measure of sample size adequacy, is acceptable if the value is greater than 0.7. The determinant which tests for multicollinearity between questions is acceptable

when the value is greater than 0.00001. Bartlett's Test of Sphericity should be significant at a 5% level, thus ensuring sufficient correlation between questions to make factor analyses appropriate. Factors were extracted based on the rule of thumb that at least 50% of the variance must be explained by the extracted factors.

The results of the confirmatory factor analyses presented in Table 6-5 are reported as follow:

Customer satisfaction - the results of the confirmatory factor analysis indicate that the thirteen statements measuring customer satisfaction can be reduced to one factor explaining new value (53.98%) of the variance.

Brand loyalty - the results of the confirmatory factor analysis indicate that the eight statements measuring customer satisfaction can be reduced to one factor explaining 66.76% of the variance.

Involvement - the results of the confirmatory factor analysis indicate that the five statements measuring customer satisfaction can be reduced to one factor explaining 56.34% of the variance.

Fear of relationship loss - the results of the confirmatory factor analysis indicate that the five statements measuring customer satisfaction can be reduced to one factor explaining 66.20% of the variance.

Forgiveness - the results of the confirmatory factor analysis indicate that the six statements measuring customer satisfaction can be reduced to one factor explaining 68.94% of the variance.

Feedback - the results of the confirmatory factor analysis indicate that the five statements measuring customer satisfaction can be reduced to one factor explaining 62.45% of the variance.

Expectations - the results of the confirmatory factor analysis indicate that the six statements measuring customer satisfaction can be reduced to one factor explaining 61.28% of the variance.

Main finding 3: Each of the seven measurement scales used in this study were found to possess construct validity.

6.7 ASSESSING RELIABILITY

From Table 6-6 it is clear that customer satisfaction, brand loyalty and the dimensions measuring relationship intention indicate a high level of reliability due to the fact that the Cronbach's alpha values exceed 0.7 (Kline, quoted by Field, 2009:675).

Table 6-6: Cronbach's alpha values

Measurement set	Cronbach's alpha values
Customer satisfaction (13 statements)	0.9
Brand loyalty (8 statements)	0.9
Relationship intention	
Involvement (5 statements)	0.7
Fear of relationship loss (5 statements)	0.9
Forgiveness (6 statements)	0.9
Feedback (5 statements)	0.8
Expectations (6 statements)	0.9

Main finding 4: Customer satisfaction, brand loyalty and the dimensions of relationship intention indicate reliability with Cronbach's alpha values exceeding 0.7.

Given that the construct validity as well as reliability was established, these statements were grouped into their respective constructs.

6.8 RESPONDENTS' LEVEL OF SATISFACTION TOWARDS THEIR CURRENT SMART PHONE BRAND

Table 6-7 reflects the results for the individual statements measuring respondents' customer satisfaction with the overall SD and mean calculated for the construct. The construct was measured on a five-point scale where 1 = strongly disagree and 5 = strongly agree.

Table 6-7: Respondents' level of customer satisfaction towards their smart phone brand

Statement	Standard Deviation	Mean
I experienced a feeling of satisfaction when I purchased my current smart phone	0.842	4.30
I believe that my current smart phone can enhance their services provided	0.936	4.24
My feelings towards my current smart phone are very positive	0.921	4.21
I believe that my current smart phone can enhance their services provided	0.935	4.16
I believe that my current smart phone can enhance their products provided	0.941	4.14
I am satisfied with the products I currently receive from my current smart phone	0.947	4.06
I am satisfied with the service I currently receive from my current smart phone	0.937	4.01
The products provided by my current smart phone are of a high standard	0.997	3.92
I feel satisfied that the results from using my current smart phone are the best that can be achieved	1.046	3.83
The extent to which using my current smart phone has produced the best possible outcome is satisfying	1.037	3.83
The service provided by my current smart phone is of a high standard	1.002	3.82
I believe my current smart phone offers products that are superior in every way	1.085	3.58
I believe my current smart phone offers services that are superior in every way	1.088	3.58
Overall SD and mean	0.978	3.98

It is evident from Table 6-7 that respondents indicated the strongest level of agreement on 'I experienced a feeling of satisfaction when I purchased my current smart phone' (mean = 4.30) and 'my feelings towards my current smart phone are very positive' (mean = 4.21). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00), which indicates a positive level of agreement. Respondents agreed the least on the statements 'I believe my current smart phone offers products that are superior in every way' (mean = 3.58) and 'I believe my current smart phone offers services that are superior in every way' (mean = 3.58). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00), which indicates a positive level of agreement, but remains the least agreed on the statements. An overall mean of 3.98 (SD = 0.978) was realised for this construct, thus indicating a score for customer satisfaction well above the mid-point (3.00) of the scale (given the construct was measured on a five-point scale) indicating that respondents on average exhibit a strong level of customer satisfaction towards their smart phone brands.

Main finding 5: Overall, respondents exhibit a strong level of customer satisfaction with their current smart phone brand.

6.9 RESPONDENTS' LEVEL OF BRAND LOYALTY TOWARDS THEIR SMART PHONE BRAND

Table 6-8 reflects the results for the individual statements measuring brand loyalty as well as the overall standard deviations and mean calculated for the construct. The construct was measured on a five-point scale where 1 = strongly disagree and 5 = strongly agree.

Table 6-8: Respondents' level of brand loyalty towards their smart phone brand

Statement	Standard Deviation	Mean
I consider myself loyal to my current smart phone brand	1.163	3.92
I will buy my current smart phone brand in the future again	1.277	3.82
My current smart phone brand is the one smart phone brand I would prefer to use	1.244	3.61
My current smart phone brand is the one smart phone brand I would prefer to buy	1.253	3.53
I would go out of my way to buy my current smart phone brand	1.352	3.34
I feel my current smart phone brand is the only smart phone brand I need	1.343	3.30
I buy everything that has to do with my smart phone brand such as a branded cover or second skin	1.385	3.07
If my current smart phone brand was unavailable, it would be difficult if I had to use another smart phone brand	1.413	3.02
Overall SD and mean	1.304	3.45

Respondents indicated the strongest level of agreement on 'I consider myself loyal to my current smart phone brand' (mean = 3.92) and 'I will buy my current smart phone brand in the future again' (mean = 3.82). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00), which indicates a positive level of agreement. Respondents agreed least on the statements 'If my current smart phone brand was unavailable, it would be difficult if I had to use another smart phone brand' (mean = 3.02) and 'I buy everything that has to do with my smart phone brand such as branded cover or second skin' (mean = 3.07). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00) which indicates a positive level of agreement, but remains the least agreed on statements. An overall mean score of 3.45 (SD = 1.304) was realised, thus indicating a score for brand loyalty over the mid-point (3.00) of the scale (given the construct was measured on a five-point scale), indicating that respondents on average exhibit a mediocre level of brand loyalty towards their smart phone brands.

Main finding 6: Overall, respondents exhibit a mediocre level of brand loyalty toward their smart phone brands.

6.10 RESPONDENTS' RELATIONSHIP INTENTION TOWARDS THEIR CURRENT SMART PHONE BRAND

This section represents the results for each of the dimensions underlying relationship intention, namely involvement, fear of relationship loss, forgiveness, feedback and expectations. The construct was measured on a five-point scale where 1 = strongly disagree and 5 = strongly agree. Table 6-9 reflects the results for the individual statements for involvement as well as the overall SD and mean calculated.

Table 6-9: Respondents' involvement with their smart phone brand

Involvement		
Statement	Standard Deviation	Mean
I experienced a feeling of satisfaction when I bought my current smart phone brand	1.097	4.04
I am proud to be a customer of my current smart phone brand	1.145	3.93
I have recommended my current smart phone brand to my friends or family	2.845	3.90
I am proud when I see my current smart phone brand's name or advertising materials	1.151	3.81
I care about the image of my current smart phone brand	1.163	3.76
Overall SD and mean	1.480	3.89

Respondents indicated the strongest level of agreement on 'I experienced a feeling of satisfaction when I bought my current smart phone brand' (mean = 4.04) and 'I am proud to be a customer of my current smart phone brand' (mean = 3.93). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00), which indicates a positive level of agreement. Respondents agreed least on the statements 'I care about the image of my current smart phone brand' (mean = 3.76) and 'I am proud when I see my current smart phone brand's name or advertising materials' (mean = 3.81). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00), which indicates a positive level agreement, but remains the least agreed on statements. An overall mean score of 3.89 (SD = 1.480) was realised. The overall mean score is above the mid-point (3.00) of the scale (given the construct was measured on a five-point scale), indicating that respondents on average exhibit a strong level of involvement in terms of relationship towards their smart phone brands.

Main finding 7: Overall, respondents exhibit a strong level of involvement towards their smart phone brands.

Table 6-10 reflects the results for the individual statements for fear of relationship loss as well as the overall SD and mean calculated. The construct was measured on a five-point scale where 1 = strongly disagree and 5 = strongly agree.

Table 6-10: Respondents' fear of relationship loss towards their smart phone brand

Fear of relationship loss		
Statement	Standard Deviation	Mean
I am afraid that I might lose special privileges of my current smart phone brand by switching to another smart phone brand	1.319	3.45
I am afraid to lose the services of my current smart phone brand by switching to another smart phone brand	1.312	3.45
I am afraid to lose my identification with my current smart phone brand by switching to another smart phone brand	1.285	3.06
I am afraid to lose my relationship with my current smart phone brand by switching to another smart phone brand	1.327	3.04
I will experience emotional stress by switching to another smart phone brand	1.389	2.60
Overall SD and mean	1.326	3.12

Respondents indicated the strongest level of agreement on 'I am afraid that I might lose special privileges of my current smart phone brand by switching to another smart phone brand' (mean = 3.45) and 'I am afraid to lose the services of my current smart phone brand by switching to another smart phone brand' (mean = 3.45). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00), which indicates a positive level of agreement. Respondents agreed least on the statements 'I will experience emotional stress by switching to another smart phone brand' (mean = 2.60) and 'I am afraid to lose my relationship with my current smart phone brand by switching to another smart phone brand' (mean = 3.04). One mean value of these two statements is above the mid-value of the Likert scale (3.00) and one mean value is below the mid-point level of the Likert scale (3.00), which indicates a mediocre level agreement, but remains the least agreed on statements. An overall mean score of 3.12 (SD = 1.326) was realised. The overall mean score is above the mid-point (3.00) of the scale (given the construct was measured on a five-point scale), indicating that on average, respondents exhibit a mediocre level of fear of relationship loss in terms of relationship intention towards their smart phone brands.

Main finding 8: Overall, respondents exhibit a mediocre fear of relationship loss towards their smart phone brand.

Table 6-11 reflects the results for the individual statements for forgiveness measuring relationship intention as well as the overall SD and mean calculated for the construct. The construct was measured on a five-point scale where 1 = strongly disagree and 5 = strongly agree.

Table 6-11: Respondents' forgiveness towards their smart phone brands

Forgiveness		
Statement	Standard Deviation	Mean
I will forgive my current smart phone brand if the brand is more expensive than the other smart phone brands	1.251	2.95
I forgive my current smart phone brand if the quality of their products and/or service is sometimes below the standard I expect from them	1.206	2.93
I forgive my current smart phone brand if the quality of their products and/or service is below the standard of other smart phone brands	1.188	2.85
I forgive my current smart phone brand if I experience bad products and/or service from them	1.156	2.73
I forgive my current smart phone brand for bad products to the point that I keep on supporting them even if I have experienced bad products from them	1.246	2.64
I forgive my current smart phone brand for bad service to the point that I keep on supporting them even if I have experienced bad service from them	1.241	2.64
Overall SD and mean	1.215	2.79

Respondents indicated the strongest level of agreement on 'I will forgive my current smart phone brand if the brand is more expensive than the other smart phone brands' (mean = 2.95) and 'I forgive my current smart phone brand if the quality of their products and/or service is sometimes below the standard I expect from them' (mean = 2.93). Both the mean values of these two statements are below the mid-value of the Likert scale (3.00), which indicates a negative level of agreement, but remains the most agreed on. Respondents agreed least on the statements 'I forgive my current smart phone brand for bad products to the point that I keep on supporting them even if I have experienced bad products from them' (mean = 2.64) and 'I forgive my current smart phone brand for bad service to the point that I keep on supporting them even if I have experienced bad service from them' (mean = 2.64). Both the mean values of these two statements are below the mid-value of the Likert scale (3.00), which indicates a negative level agreement. An overall mean score of 2.79 (SD = 1.215) was realised. The overall mean score is below the mid-point (3.00) of the scale (given the construct was measured on a five-point scale), indicating that on average respondents exhibit a poor level of forgiveness in terms of relationship intention towards their smart phone brands.

Main finding 9: Overall, respondents do not exhibit a strong level of forgiveness towards their smart phone brand.

Table 6-12 reflects the results for the individual statements for feedback as well as the overall SD and mean calculated. The construct was measured on a five-point scale where 1 = strongly disagree and 5 = strongly agree.

Table 6-12: Respondents' level of feedback towards their smart phone brand

Feedback		
Statement	Standard Deviation	Mean
I will tell my current smart phone brand when their products and/or service is poor	1.284	3.44
I will tell my current smart phone brand if their products and/or service meets my expectations	1.219	3.38
I will tell my current smart phone brand if their products and/or service is better than I expect	1.258	3.37
I will take time to tell my current smart phone brand about their products and/or service so that their products and/or service will improve	1.244	3.13
I will try to tell my current smart phone brand about their products and/or service even though they restrict my attempt	1.281	3.08
Overall SD and mean	1.257	3.28

Respondents indicated the strongest level of agreement on 'I will tell my current smart phone brand when their products and/or service is poor' (mean = 3.44) and 'I will tell my current smart phone brand if their products and/or service meets my expectations' (mean = 3.38). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00), which indicates a positive level of agreement. Respondents agreed least on the statements 'I will try to tell my current smart phone brand about their products and/or service even though they restrict my attempt' (mean = 3.08) and 'I will take time to tell my current smart phone brand about their products and/or service so that their products and/or service will improve' (mean = 3.13). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00), which indicates a positive level agreement, but remains the least agreed statements. An overall mean score of 3.28 (SD = 1.257) was realised. The overall mean score is above the mid-point (3.00) of the scale (given the construct was measured on a five-point scale), indicating that on average respondents exhibit a mediocre level of feedback in terms of relationship intention towards their smart phone brands.

Main finding 10: Overall, respondents exhibit a mediocre level of feedback towards their smart phone brands.

Table 6-13 reflects the results for the individual statements for expectations (means and standard deviations), as well as the overall SD and mean calculated. The construct was measured on a five-point scale where 1 = strongly disagree and 5 = strongly agree.

Table 6-13: Respondents' expectations towards their smart phone brand

Expectations		
Statement	Standard Deviation	Mean
I expect my current smart phone brand to offer me value for my money	1.094	4.18
I expect my current smart phone brand to offer me more value for my money than other smart phone brands	1.042	4.12
I expect my current smart phone brand to bring me the latest cellular technology	1.179	4.11
I have high expectations of my current smart phone brand's products and/or service	1.120	3.96
I expect my current smart phone brand's products and/or service to be better than the other smart phone brands' products and/or service	1.146	3.87
I expect my current smart phone brand to offer me low prices	1.166	3.85
Overall SD and mean	1.125	4.02

Respondents indicated the strongest level of agreement on 'I expect my current smart phone brand to offer me value for my money' (mean = 4.18) and 'I expect my current smart phone brand to offer me more value for my money than other smart phone brands' (mean = 4.12). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00), which indicates a positive level of agreement. Respondents agreed least on the statements 'I expect my current smart phone brand to offer me low prices' (mean = 3.85) and 'I expect my current smart phone brand's products and/or service to be better than the other smart phone brands' products and/or service' (mean = 3.87). Both the mean values of these two statements are above the mid-value of the Likert scale (3.00), which indicates a positive level agreement, but remains the least agreed statements. An overall mean score of 4.02 (SD = 1.125) was realised. The overall mean score is far above the mid-point (3.00) of the scale (given the construct was measured on a five-point scale), indicating that on average respondents exhibit a strong level of expectation in terms of relationship intention towards their smart phone brands.

Main finding 11: Overall, respondents exhibit a strong expectation towards their smart phone brand.

Table 6-14 reflects the results for the five dimensions measuring relationship intention as well as the overall mean score calculated for relationship intention. The construct was measured on a five-point scale where 1 = strongly disagree and 5 = strongly agree.

Table 6-14: Respondents' relationship intention towards their smart phone brand

Relationship intention	Standard Deviation	Mean
Involvement	1.066	3.89
Fear of relationship loss	1.077	3.12
Forgiveness	1.003	2.79
Feedback	0.989	3.28
Expectations	0.874	4.02
Overall SD and mean of relationship intention	1.001	3.42

In terms of the relationship intention construct, respondents indicated the strongest level of agreement on average with 'expectations' (mean = 4.02; SD = 0.874) and 'involvement' (mean = 3.89; SD = 1.066). On average, respondents agreed least with 'forgiveness' (mean = 2.79; SD = 1.003) and 'fear of relationship loss' (mean = 3.12; 1.077). Only one dimension of relationship intention (forgiveness) is below the mid-point scale. An overall mean score for relationship intention of 3.42 (SD = 1.001) was realised. The overall mean score is above the mid-point (3.00) of the scale (given the construct was measured on a five-point scale), indicating that on average respondents exhibit a strong relationship towards their smart phone brands.

Main finding 12: Respondents exhibit a strong relationship intention towards their smart phone brand.

Table 6-15 reflects the results for the individual statement for long-term relationship intention (frequency and percentage) indicated by the respondents.

Table 6-15: Respondents' long-term relationship intention towards their smart phone brand

Do you want to build a long-term relationship with your current smart phone brand?		
Response	Frequency	Percentage
Yes	282	71.4
No	113	28.6

From Table 6-15 it can be derived that 71.4% of respondents indicated that they would like to build a long-term relationship with their current smart phone brand. Only 28.6% of respondents indicated that they do not want to build a long-term relationship with their current smart phone brand.

Main finding 13: The majority of respondents would like to build a long-term relationship with their current smart phone brand.

Table 6-16 reflects the results for the individual statement for respondents' intention to stay with their current smart phone brand in the future (frequency and percentage) indicated by the respondents.

Table 6-16: Respondents' intention to stay with their current smart phone brand in the future

Do you think you will stay with your current smart phone brand in the future?		
Response	Frequency	Percentage
Yes	279	70.6
No	116	29.4

Most respondents agreed that they will stay with their current smart phone brand in the future (70.6%). Only 29.4% of respondents disagreed that they will stay with their current smart phone brands in the future.

Main finding 14: The majority of respondents indicated that they will stay with their current smart phone brand in the future.

Table 6-17 reflects the results for the individual statement if respondents would change their cell phone network provider if the smart phone brand they really want is unavailable (frequency and percentage).

Table 6-17: Respondents' intention to change their cell phone network provider if they do not offer the smart phone brand they really want

Would you change your cell phone network provider if they do not offer the smart phone brand you really want?		
Response	Frequency	Percentage
Yes	248	62.8
No	147	37.2

Most respondents indicated that they would change their cell phone network provider if they do not offer the smart phone brand they really want (62.8%). Only 37.2% of respondents indicated that they would not change their cell phone network provider if they do not offer the smart phone brand they really want.

Main finding 15: The majority of respondents indicated that they will change their cell phone network provider if the provider does not offer the smart phone brand they really want.

6.11 HYPOTHESIS TESTING

As discussed in Section 5.4.6.3, the alternative hypotheses formulated for this study were tested using a parametric test, namely the independent sample t-test. According to Gravetter and Wallnau (2011:233), when the results for a particular test realises a level of significance (p-value) of 0.05 (statistically significant) together with a moderate (0.50) and a large effect size of 0.80 (practically significant), the corresponding hypothesis is supported (see section 5.6.4.2). The results for each hypothesis are discussed in the following sections. Differences between

mean groups were obtained from the independent sample t-test (equal variances not assumed). Normality was assumed based on the Central Limit Theorem as there were more than 30 respondents in a group. The results for each hypothesis are discussed in the following sections.

6.11.1 Hypothesis 1

H1_a: Males and females of Generation Y consumers differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.

Table 6-18 provides the results obtained from the independent samples t-test which was used to uncover whether significant differences exist between the means realised for males and females among Generation Y consumers in terms of customer satisfaction, brand loyalty and the five dimensions of relationship intention. The means, p-values and Cohen's d-values (effect size) (Ellis & Steyn, 2003) are subsequently reported.

Table 6-18: Significant differences between groups based upon gender

Measurement set	Gender	Mean	p-value	d-value
Customer satisfaction	Male	3.99 (SD = 0.675)	0.224	0.120
	Female	3.91 (SD = 0.706)		
Brand loyalty	Male	3.48 (SD = 1.016)	0.544	0.059
	Female	3.42 (SD = 1.104)		
Relationship intention				
Involvement	Male	3.89 (SD = 0.893)	0.914	0.010
	Female	3.88 (SD = 1.215)		
Fear of relationship loss	Male	3.14 (SD = 1.051)	0.754	0.030
	Female	3.10 (SD = 1.104)		
Forgiveness	Male	2.73 (SD = 1.014)	0.269	0.110
	Female	2.84 (SD = 0.992)		
Feedback	Male	3.34 (SD = 0.991)	0.249	0.116
	Female	3.22 (SD = 0.987)		
Expectations	Male	4.09 (SD = 0.828)	0.122	0.149
	Female	3.95 (SD = 0.913)		

* Statistically significant difference between the two means if the p-value ≤ 0.05

Φ Practically significant difference between the two means if the d-value ≥ 0.5

It is evident from the Table 6-18 that:

- Generation Y males (mean = 3.99; SD = 0.675) and Generation Y females (mean = 3.91; SD = 0.706; p-value = 0.224) do not differ statistically significantly in terms of their average level of customer satisfaction with their smart phone brand. A d-value of 0.120 is furthermore indicative of the two groups not being practically significantly different from one another.

- Generation Y males (mean = 3.48; SD = 1.016) and Generation Y females (mean = 3.42; SD = 1.104; p-value = 0.544) do not differ statistically significantly in terms of their average level of brand loyalty with their smart phone brand. A d-value of 0.059 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y males (mean = 3.89; SD = 0.893) and Generation Y females (mean = 3.88; SD = 1.215; p-value = 0.914) do not differ statistically significantly in terms of their level of involvement with their smart phone brand. A d-value of 0.010 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y males (mean = 3.14; SD = 1.051) and Generation Y females (mean = 3.10; SD = 1.104; p-value = 0.754) do not differ statistically significantly in terms of their fear of relationship loss with their smart phone brand. A d-value of 0.030 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y males (mean = 2.73; SD = 1.014) and Generation Y females (mean = 2.84; SD = 0.992; p-value = 0.269) do not differ statistically significantly in terms of their level of forgiveness towards their smart phone brand. A d-value of 0.110 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y males (mean = 3.34; SD = 0.991) and Generation Y females (mean = 3.22; SD = 0.987; p-value = 0.249) do not differ statistically significantly in terms of their level of feedback to their smart phone brand. A d-value of 0.116 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y males (mean = 4.09; SD = 0.828) and Generation Y females (mean = 3.95; SD = 0.913; p-value = 0.122) do not differ statistically significantly in terms of their level of expectations from their smart phone brand. A d-value of 0.149 is furthermore indicative of the two groups not being practically significantly different from one another.

H1_a that Generation Y males and females differ statistically or practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brands cannot be supported.

Main finding 16: Generation Y males and females do not differ statistically or practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brands.

6.11.2 Hypothesis 2:

The numbers of participants within each language group are not comparable as such, as English (n=153) and Afrikaans (n=71) were grouped as European languages (n=224), and Nguni (n=58), Sotho (n=66) and Venda/Tsonga (n=22) and other (n=25) were grouped as African languages (n=171).

H2_a: Generation Y consumers speaking European and African home languages differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.

Table 6-19 provides the results obtained from the independent sample t-test which was used to uncover whether significant differences exist between the means of Generation Y consumers who speak European and African languages in terms of customer satisfaction, brand loyalty and the five dimensions measuring relationship intention. The means, p-values and d-values are subsequently reported.

Table 6-19: Significant differences between language groups based upon home language

Measurement set	Language	Mean	p-value	d-value
Customer satisfaction	European	3.92 (SD = 0.684)	0.221	0.123
	African	4.00 (SD = 0.699)		
Brand loyalty	European	3.41 (SD = 1.073)	0.421	0.081
	African	3.50 (SD = 1.045)		
Relationship intention				
Involvement	European	3.84 (SD = 1.167)	0.325	0.089
	African	3.95 (SD = 0.915)		
Fear of relationship loss	European	3.11 (SD = 1.072)	0.801	0.025
	African	3.14 (SD = 1.084)		
Forgiveness	European	2.80 (SD = 0.958)	0.880	0.015
	African	2.78 (SD = 1.061)		
Feedback	European	3.25 (SD = 1.005)	0.446	0.076
	African	3.32 (SD = 0.969)		
Expectations	European	3.96 (SD = 0.901)	0.146	0.142
	African	4.09 (SD = 0.833)		

* Statistically significant difference between the two means if the p-value ≤ 0.05

Φ Practically significant difference between the two means if the d-value ≥ 0.5

It is evident from Table 6-19 that:

- Generation Y consumers speaking European languages (mean = 3.92; SD = 0.684) do not differ statistically significantly from Generation Y consumers speaking African languages (mean = 4.00; SD = 0.699; p-value = 0.221) in terms of their level of customer satisfaction

with their smart phone brand. A d-value of 0.123 is furthermore indicative of the two groups not being practically significantly different from one another.

- Generation Y consumers speaking European languages (mean = 3.41; SD = 1.073) do not differ statistically from Generation Y consumers speaking African languages (mean = 3.50; SD = 1.045; p-value = 0.421) in terms of their level of brand loyalty with their smart phone brand. A d-value of 0.081 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers speaking European languages (mean = 3.84; SD = 1.167) do not differ statistically significantly from Generation Y consumers speaking African languages (mean = 3.95; SD = 0.915; p-value = 0.325) in terms of their level of involvement with their smart phone brand. A d-value of 0.089 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers speaking European languages (mean = 3.11; SD = 1.073) do not differ statistically significantly from Generation Y consumers speaking African languages (mean = 3.14; SD = 1.084; p-value = 0.801) in terms of their fear of relationship loss with their smart phone brand. A d-value of 0.025 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers speaking European languages (mean = 2.80; SD = 0.958) do not differ statistically significantly from Generation Y consumers speaking African languages (mean = 2.78; SD = 1.061; p-value = 0.880) in terms of their level of forgiveness towards their smart phone brand. A d-value of 0.015 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers speaking European languages (mean = 3.25; SD = 1.005) do not differ statistically significantly from Generation Y consumers speaking African languages (mean = 3.32; SD = 0.969; p-value = 0.446) in terms of their level of feedback to their smart phone brand. A d-value of 0.076 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers speaking European languages (mean = 3.96; SD = 0.9001) do not differ statistically significantly from Generation Y consumers speaking African languages (mean = 4.09; SD = 0.833; p-value = 0.146) in terms of their level of expectations from their smart phone brand. A d-value of 0.142 is furthermore indicative of the two groups not being practically significantly different from one another.

H2_a that Generation Y consumers speaking European and African languages differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brands cannot be supported.

Main finding 17: Generation Y consumers speaking European and African languages do not differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brands.

6.11.3 Hypothesis 3:

The numbers of participants within each level of education group are not comparable as such, as some primary (n=1), primary completed (n=1), some high (n=14) and matric (n=189) were grouped as matric and lower (n=205), and tech/diploma degree (n=65), university degree (n=110) and postgraduate degree (n=15) were grouped as tertiary education (n=190).

H3_a: Generation Y consumers with different levels of education differ statistically and practically significantly in terms of their level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.

Table 6-20 provides the results obtained from the independent sample t-test which was used to uncover whether significant differences exist between the means of Generation Y consumers with matric and lower education and Generation Y consumers with tertiary education in terms of customer satisfaction, brand loyalty and the five dimensions measuring relationship intention. The means, p-values and d-values are subsequently reported.

Table 6-20: Significant differences between groups based upon education

Measurement set	Education	Mean	p-value	d-value
Customer satisfaction	Matric or lower	3.94 (SD = 0.674)	0.661	0.043
	Tertiary	3.97 (SD = 0.711)		
Brand loyalty	Matric or lower	3.35 (SD = 1.057)	0.048*	0.200
	Tertiary	3.56 (SD = 1.056)		
Relationship intention				
Involvement	Matric or lower	3.85 (SD = 1.157)	0.496	0.063
	Tertiary	3.93 (SD = 0.958)		
Fear of relationship loss	Matric or lower	3.04 (SD = 1.066)	0.121	0.155
	Tertiary	3.21 (SD = 1.083)		
Forgiveness	Matric or lower	2.82 (SD = 0.946)	0.525	0.060
	Tertiary	2.76 (SD = 1.063)		
Feedback	Matric or lower	3.21 (SD = 0.992)	0.157	0.142
	Tertiary	3.35 (SD = 0.984)		
Expectations	Matric or lower	3.94 (SD = 0.951)	0.083	0.160
	Tertiary	4.10 (SD = 0.776)		

* Statistically significant difference between the two means if the p-value ≤ 0.05

Φ Practically significant difference between the two means if the d-value ≥ 0.5

It is evident from Table 6-20 that:

- Generation Y consumers with matric or lower education (mean = 3.94; SD = 0.674) and Generation Y consumers with tertiary education (mean = 3.97; SD = 0.711; p-value = 0.661) do not differ statistically significantly in terms of their level of customer satisfaction with their smart phone brand. A d-value of 0.043 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers with matric or lower education (mean = 3.35; SD = 1.057) and Generation Y consumers with tertiary education (mean = 3.56; SD = 1.056; p-value = 0.048) differ statistically significantly in terms of their level of brand loyalty with their smart phone brand. A small effect size (d-value = 0.200) is, however, indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers with matric or lower education (mean = 3.85; SD = 1.157) and Generation Y consumers with tertiary education (mean = 3.93; SD = 0.958; p-value = 0.496) do not differ statistically significantly in terms of their level of involvement with their smart phone brand. A d-value of 0.063 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers with matric or lower education (mean = 3.04; SD = 1.066) and Generation Y consumers with tertiary education (mean = 3.21; SD = 1.083; p-value = 0.121) do not differ statistically significantly in terms of their fear of relationship loss with their smart

phone brand. A d-value of 0.155 is furthermore indicative of the two groups not being practically significantly different from one another.

- Generation Y consumers with matric or lower education (mean = 2.82; SD = 0.946) and Generation Y consumers with tertiary education (mean = 2.76; SD = 1.063; p-value = 0.525) do not differ statistically significantly in terms of their level of forgiveness towards their smart phone brand. A d-value of 0.060 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers with matric or lower education (mean = 3.21; SD = 0.992) and Generation Y consumers with tertiary education (mean = 3.35; SD = 0.984; p-value = 0.157) do not differ statistically significantly in terms of their level of feedback to their smart phone brand. A d-value of 0.142 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers with matric or lower education (mean = 3.94; SD = 0.951) and Generation Y consumers with tertiary education (mean = 4.10; SD = 0.776; p-value = 0.083) do not differ statistically significantly in terms of their level of expectations from their smart phone brand. A d-value of 0.160 is furthermore indicative of the two groups not being practically significantly different from one another.

Even though there is a statistically significant difference for brand loyalty, the differences are not practically significant. Therefore, H3_a that Generation Y consumers with different levels of education differ statistically and practically significantly in terms of their level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand cannot be supported.

Main finding 18: Generation Y consumers with different levels of education do not differ statistically or practically significantly in terms of their level of customer satisfaction and the five dimensions of relationship intention towards their smart phone brand.

Main finding 19: Generation Y consumers with different levels of education differ statistically, but not practically significantly, in terms of their level of brand loyalty towards their smart phone brand.

6.11.4 Hypothesis 4:

The numbers of participants within each level of employment group are not comparable as such, as full-time employment (n=128) represented one group and part-time employment (n=52), self-employed (n=15), student (n=171), housewife or househusband (n=1) and unemployed (n=27) were grouped as other employment (n=267).

H4_a: Generation Y consumers with full-time employment and those with other employment differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.

Table 6-21 provides the results obtained from the independent sample t-test which was used to uncover whether significant differences exist between the means of full-time employees and others in terms of customer satisfaction, brand loyalty and the five dimensions measuring relationship intention. The means, p-values and d-values are subsequently reported.

Table 6-21: Significant differences between groups based upon employment status

Measurement set	Employment	Mean	p-value	d-value
Customer satisfaction	Full-time	4.07 (SD = 0.678)	0.016*	0.258
	Other	3.89 (SD = 0.691)		
Brand loyalty	Full-time	3.64 (SD = 1.086)	0.017*	0.256
	Other	3.36 (SD = 1.038)		
Relationship intention				
Involvement	Full-time	4.07 (SD = 1.284)	0.036*	0.209
	Other	3.80 (SD = 0.934)		
Fear of relationship loss	Full-time	3.17 (SD = 1.129)	0.557	0.062
	Other	3.10 (SD = 1.052)		
Forgiveness	Full-time	2.78 (SD = 1.061)	0.881	0.016
	Other	2.79 (SD = 0.976)		
Feedback	Full-time	3.42 (SD = 0.929)	0.041*	0.208
	Other	3.21 (SD = 1.012)		
Expectations	Full-time	4.14 (SD = 0.876)	0.061	0.202
	Other	3.96 (SD = 0.868)		

* Statistically significant difference between the two means if the p-value ≤ 0.05

Φ Practically significant difference between the two means if the d-value ≥ 0.5

It is evident from Table 6-21 that:

- Generation Y consumers who are full-time employees (mean = 4.07; SD = 0.678) and Generation Y consumers with other employment (mean = 3.89; SD = 0.691; p-value = 0.016) differ statistically significantly in terms of their level of customer satisfaction with their smart phone brand. A small effect size (d-value = 0.258) is, however, indicative of the two groups not being practically significantly different from one another.

- Generation Y consumers who are full-time employees (mean = 3.64; SD = 1.086) and Generation Y consumers with other employment (mean = 3.36; SD = 1.038; p-value = 0.017) differ statistically significantly in terms of their level of brand loyalty with their smart phone brand. A small effect size (d-value = 0.256) is, however, indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers who are full-time employees (mean = 4.07; SD = 1.284) and Generation Y consumers with other employment (mean = 3.80; SD = 0.934; p-value = 0.036) differ statistically significantly in terms of their level of involvement with their smart phone brand. A small effect size (d-value = 0.209) is, however, indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers who are full-time employees (mean = 3.17; SD = 1.129) and Generation Y consumers with other employment (mean = 3.10; SD = 1.052; p-value = 0.557) do not differ statistically significantly in terms of their fear of relationship loss with their smart phone brand. A d-value of 0.062 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers who are full-time employees (mean = 2.78; SD = 1.061) and Generation Y consumers with other employment (mean = 2.79; SD = 0.976; p-value = 0.881) do not differ statistically significantly in terms of their level of forgiveness towards their smart phone brand. A d-value of 0.016 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers who are full-time employees (mean = 3.42; SD = 0.929) and Generation Y consumers with other employment (mean = 3.21; SD = 1.012; p-value = 0.041) differ statistically significantly in terms of their level of feedback to their smart phone brand. A small effect size (d-value = 0.208) is, however, indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers who are full-time employees (mean = 4.14; SD = 0.876) and Generation Y consumers with other employment (mean = 3.96; SD = 0.868; p-value = 0.061) do not differ statistically significantly in terms of their level of expectations from their smart phone brand. A small effect size (d-value = 0.202) is furthermore indicative of the two groups not being practically significantly different.

Even though groups differed statistically significantly on most constructs (except the levels of fear of relationship loss and forgiveness), none of the differences were practically significant. Therefore, H4_a that Generation Y consumers with full-time employment and those with other

employment differ mostly statistically and not practically significantly in terms of their average level of customer satisfaction, brand loyalty and the three of the five dimensions of relationship intention towards their smart phone brand, can be supported.

Main finding 20: Generation Y consumers with full-time employment and those with other employment differ statistically significantly in terms of their level of customer satisfaction, brand loyalty and two of the five dimensions of relationship intention towards their smart phone brands. However, no practical significance was found for any of the constructs.

6.11.5 Hypothesis 5:

The numbers of participants within each level of education group are not comparable as such, as some used their smart phone brands for less than 6 months (n=78) and 6 months or longer, but less than 1 year (n=125) were grouped as less than 1 year (n=203) and 1 year or longer, but less than 3 years (n=156), 3 years or longer, but less than 3 years (n=27), 5 years or longer, but less than 10 years (n=6), and longer than 10 years (n=3) were grouped as 1 year or longer (n=192).

H5_a: Generation Y consumers who have been using smart phones for different periods of time differ statistically and practically significantly in terms of their level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand cannot be supported.

Table 6-22 provides the results obtained from the independent sample t-test which was have used to uncover whether significant differences exist between Generation Y consumers who use their smart phone brand less than one year and 1 year or longer in terms of customer satisfaction, brand loyalty and the five dimensions measuring relationship intention. The mean, p-values and d-values are subsequently reported.

Table 6-22: Significant differences between groups based upon time period of smart phone brand usage

Measurement set	Usage period	Mean	p-value	d-value
Customer satisfaction	Less than 1 year	4.09 (SD = 0.635)	0.000001*	0.396
	1 year or longer	3.81 (SD = 0.719)		
Brand loyalty	Less than 1 year	3.58 (SD = 1.000)	0.011*	0.245
	1 year or longer	3.31 (SD = 1.107)		
Relationship intention				
Involvement	Less than 1 year	4.03 (SD = 1.148)	0.005*	0.258
	1 year or longer	3.74 (SD = 0.950)		
Fear of relationship loss	Less than 1 year	3.16 (SD = 1.107)	0.408	0.081
	1 year or longer	3.07 (SD = 1.044)		
Forgiveness	Less than 1 year	2.80 (SD = 1.044)	0.874	0.015
	1 year or longer	2.78 (SD = 0.961)		
Feedback	Less than 1 year	3.46 (SD = 0.959)	0.000001*	0.381
	1 year or longer	3.09 (SD = 0.987)		
Expectations	Less than 1 year	4.14 (SD = 0.813)	0.002*	0.293
	1 year or longer	3.88 (SD = 0.915)		

* Statistically significant difference between the two means if the p-value ≤ 0.05

Φ Practically significant difference between the two means if the d-value ≥ 0.5

It is evident from the Table 6-22 that:

- Generation Y consumers with a smart phone brand usage period of less than 1 year (mean = 4.09; SD = 0.635) and those with a smart phone brand usage of 1 year or longer (mean = 3.81; SD = 0.719; p-value < 0.005) differ statistically significantly in terms of their level of customer satisfaction with their smart phone brand. A small effect size (d-value = 0.396) is, however, indicative that the two groups are not practically significantly different from one another.
- Generation Y consumers with a smart phone brand usage period of less than 1 year (mean = 3.58; SD = 1.000) and Generation Y consumers with a smart phone brand usage of 1 year or longer (mean = 3.31; SD = 1.107; p-value = 0.011) differ statistically significantly in terms of their level of brand loyalty with their smart phone brand. A small effect size (d-value = 0.245) is, however, indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers with a smart phone brand usage period of less than 1 year (mean = 4.03; SD = 1.148) and Generation Y consumers with a smart phone brand usage of 1 year or longer (mean = 3.74; SD = 0.950; p-value = 0.005) differ statistically significantly in terms of their level of involvement with their smart phone brand. A small effect size (d-value = 0.258) is, however, indicative of the two groups not being practically significantly different from one another.

- Generation Y consumers with a smart phone brand usage period of less than 1 year (mean = 3.16; SD = 1.107) and Generation Y consumers with a smart phone brand usage of 1 year or longer (mean = 3.07; SD = 1.044; p-value = 0.408) do not differ statistically significantly in terms of their fear of relationship loss with their smart phone brand. A d-value of 0.081 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers with a smart phone brand usage period of less than 1 year (mean = 2.80; SD = 1.044) and Generation Y consumers with a smart phone brand usage of 1 year or longer (mean = 2.78; SD = 0.961; p-value = 0.874) do not differ statistically significantly in terms of their level of forgiveness towards their smart phone brand. A d-value of 0.015 is furthermore indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers with a smart phone brand usage period of less than 1 year (mean = 3.46; SD = 0.959) and Generation Y consumers with a smart phone brand usage of 1 year or longer (mean = 3.09; SD = 0.987; p-value < 0.005) differ statistically significantly in terms of their level of feedback to their smart phone brand. A small effect size (d-value = 0.381) is, however, indicative of the two groups not being practically significantly different from one another.
- Generation Y consumers with a smart phone brand usage period of less than 1 year (mean = 4.14; SD = 0.813) and Generation Y consumers with a smart phone brand usage of 1 year or longer (mean = 3.88; SD = 0.915; p-value = 0.002) differ statistically significantly in terms of their level of expectations from their smart phone brand. A small effect size (d-value = 0.293) is, however, indicative of the two groups not being practically significantly different.

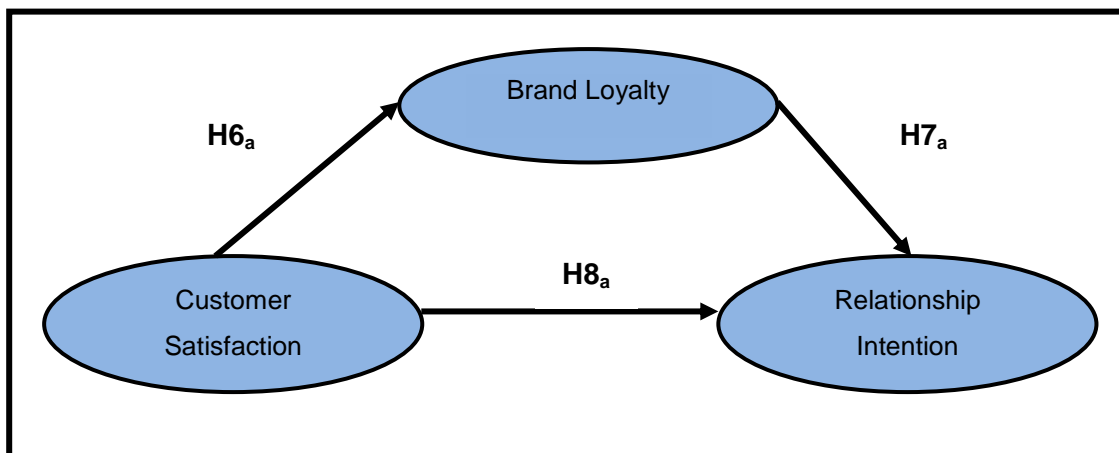
H5_a that Generation Y consumers who have been using smart phones for different periods of time differ statistically and practically significantly in terms of their level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand cannot be supported.

Main finding 21: Generation Y consumers who have been using smart phones for different periods of time do not differ statistically significantly in terms of their level of customer satisfaction, brand loyalty and the three of the five dimensions of relationship intention towards their smart phone brand. However, no practical significance was found for any of the constructs.

6.12 TESTING THE THEORETICAL MODEL

By means of the structural equation modelling (SEM), the theoretical model as proposed in Chapter 5, Section 5.4.6.5 was tested. The structural equation modelling was executed through the use of AMOS (2011). The assessment of measuring invariance was heralded by an assessment of the properties of the measures by means of a confirmatory factor analysis (CFA). An acceptable fit between the measures and the data of the total sample resulted from the CFA. In Figure 6-1, the theoretical model and the related hypotheses H6 to H8 are presented. H6 states that a positive relationship exists between customer satisfaction and brand loyalty. H7 states that a positive relationship exists between brand loyalty and relationship intention. H8 states that a positive relationship exists between customer satisfaction and relationship intention.

Figure 6-1: The theoretical model



6.12.1 The measurement model

Upon initial investigation of the SEM results, two statements measuring customer satisfaction were removed (I believe that my current smart phone provider can enhance their products provided and I believe that my current smart phone provider can enhance their services provided) due to low standardised estimates that were realised for these two statements. Ten statements for the customer satisfaction construct were therefore retained for further analysis, so were all statements measuring brand loyalty and the five dimensions of relationship intention (see Appendix B). Table 6-23 presents the fit indices once the statements were removed as well as the recommended cut-off points for the measurement model. As indicated in Chapter 5, Section 5.4.6.4, the extent of the fit of the measurement model is assessed through four indices namely, the relative chi-square ration (X^2/df), the root mean square error approximation (RMSEA), Tucker-Lewis index (TLI) and the comparative fit index (CFI) (Bryman & Cramer, 2011:147; Kremelberg, 2011:395).

Table 6-23: Fit indices for the measurement model

Fit indices	Recommended cut-off points	Fit indices value
Chi-square/degrees of freedom (relative chi-square ration)	≤ 5.00	$\chi^2/df = 981.564 / 227 = 4.324$
CFI	≥ 1.00	0.880
TLI	≥ 0.95	0.866
RMSEA	≤ 0.05 or ≤ 0.08	0.092

It is evident from Table 6-23 that a chi-square value of 981.564 with degrees of freedom at 227 was obtained, resulting in a χ^2/df value of 4.32. This value indicates a good fit since it is less than the minimum expected count (5.00) (Sarantakos, 2007:70). The CFI value of 0.880 indicates a relatively acceptable fit since a CFI value close to 1 indicates a very good fit (Bartholomew, Knott & Moustaki, 2011:221; Mueller, 1996). A TLI value of 0.866 reflects a good model fit as the value is close to 0.95 (Schumacker & Lomax, 2004:82). A measure that attempts to correct for the propensity of the chi-square statistic to reject any specified model with a sufficiently large sample size describes the RMSEA (Hair, Anderson, Tatham & Black, 1998:656). The RMSEA does not indicate a good model fit (0.092) as a good model fit is indicated with an RMSEA value of 0.05, or less and an adequate model fit if the RMSEA value are less than or equal to 0.08 (Moutinho & Hutcheson, 2011:307). With the exception of the RMSEA value, the other fit indices indicate an acceptable model fit.

6.12.2 Structural model

Table 6-24 presents the regression weights (β) and significance levels estimating the relationships between the different constructs and dimensions in the model.

Table 6-24: Regression weights of the structural model

Relationships	β weight	p-value*
Customer satisfaction → Brand loyalty	0.812	<0.001*
Customer satisfaction → Relationship Intention	0.274	<0.001*
Brand loyalty → Relationship intention	0.249	<0.001*
Relationship intention → Expectation	1.000	<0.001*
Relationship intention → Feedback	1.022	<0.001*
Relationship intention → Forgiveness	0.722	<0.001*
Relationship intention → Fear of relationship loss	1.606	<0.001*
Relationship intention → Involvement	1.873	<0.001*

(β weight: regression weight)

* The relationship is significant at the $p < 0.001$ level (Kremelberg, 2011:386)

Upon examining the regression weights and corresponding significance levels of the structural model as presented in Table 6-24, it is evident that the relationships between customer satisfaction, brand loyalty and relationship intention are significant (p -value <0.001), with β -values ranging from 0.249 to 1.873. The relationships between the dimensions of relationship intention and the relationship intention construct itself are not significant at a 0.001 level, except

for the relationship between forgiveness and relationship intention (p-value < 0.001; β -value = 0.722).

It is furthermore evident from Table 6-25 presenting the standardised regression weights, that all the standardised regression weights for the constructs are positive, ranging between 0.310 and 0.862 with medium to large effect (Cohen, 1988:413).

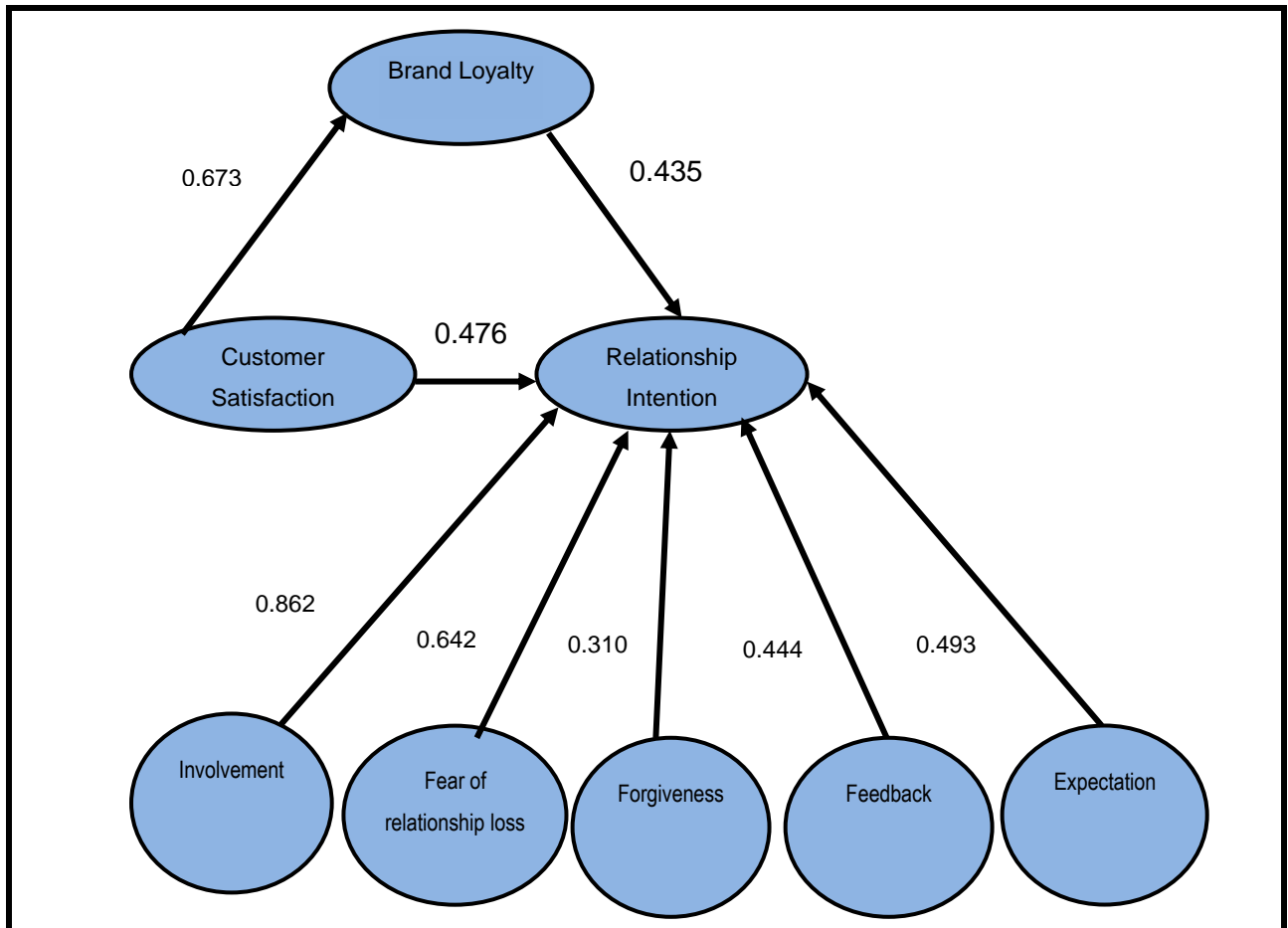
Table 6-25: Standardised regression weights of the structural model

Relationships	β weight	Size of direct affect*
Customer satisfaction → Brand loyalty	0.673	Large
Customer satisfaction → Relationship Intention	0.435	Medium
Brand loyalty → Relationship intention	0.476	Medium
Relationship intention → Expectation	0.493	Medium
Relationship intention → Feedback	0.444	Medium
Relationship intention → Forgiveness	0.310	Medium
Relationship intention → Fear of relationship loss	0.642	Large
Relationship intention → Involvement	0.862	Large

(β weight: Standardised regression weight)

Figure 6-2 graphically depicts the structural model for this study with the three main constructs namely, customer satisfaction, brand loyalty and relationship intention as well as the dimensions of relationship intention.

Figure 6-2: The structural model



The results for each relationship between the constructs are subsequently discussed.

- According to the regression weights presented in Table 6-24, the relationship between customer satisfaction and brand loyalty indicates that the relationship is significant at a 0.001 level. The standardised regression weight of the relationship between customer satisfaction and brand loyalty, presented in Table 6-25 indicates a direct influence ($\beta = 0.673$). H6_a stating that there is a significant and positive influence of customer satisfaction on brand loyalty amongst Generation Y consumers towards smart phone brands can therefore be supported.

Main finding 22: Customer satisfaction exhibits a significant and large positive influence on brand loyalty.

- According to the regression weights presented in Table 6-24, the relationship between customer satisfaction and relationship intention indicates that the relationship is significant at a 0.001 level. The standardised regression weight of the relationship between customer satisfaction and relationship intention, presented in Table 6-25 indicates a direct influence ($\beta = 0.435$). H8_a that there is a significant and positive influence of customer satisfaction on

relationship intention amongst Generation Y consumers towards smart phone brands can therefore be supported.

Main finding 23: Customer satisfaction exhibits a significant and medium positive influence on relationship intention.

- According to the regression weights presented in Table 6-24, the relationship between brand loyalty and relationship intention indicates that the relationship is significant at a 0.001 level. The standardised regression weight of the relationship between brand loyalty and relationship intention, presented in Table 6-25 indicates a direct influence ($\beta = 0.476$). H7a that there is a significant and positive influence of brand loyalty on relationship intention amongst Generation Y consumers towards smart phone brands can therefore be supported

Main finding 24: Brand loyalty exhibits a significant and medium positive influence on relationship intention.

- According to the regression weights presented in Table 6-24, the relationship between relationship intention and expectation indicates that the relationship is significant at a 0.001 level. The standardised regression weight of the relationship between relationship intention and expectation presented in Table 6-25, indicates a medium size of direct influence ($\beta = 0.493$).
- According to the regression weights presented in Table 6-24, the relationship between relationship intention and feedback indicates that the relationship is significant at a 0.001 level. The standardised regression weight of the relationship between relationship intention and feedback presented in Table 6-25, indicates a medium size of direct influence ($\beta = 0.444$).
- According to the regression weights presented in Table 6-24, the relationship between relationship intention and forgiveness indicates that the relationship is significant at a 0.001 level. The standardised regression weight of the relationship between relationship intention and forgiveness presented in Table 6-25, indicates a medium size of direct influence ($\beta = 0.310$).
- According to the regression weights presented in Table 6-24, the relationship between relationship intention and fear of relationship loss indicates that the relationship is significant at a 0.001 level. The standardised regression weight of the relationship between

relationship intention and fear of relationship loss presented in Table 6-25, indicates a large size of direct influence ($\beta = 0.642$).

- According to the regression weights presented in Table 6-24, the relationship between relationship intention and involvement indicates that the relationship is significant at a 0.001 level. The standardised regression weight of the relationship between relationship intention and involvement presented in Table 6-25, indicates a large size of direct influence ($\beta = 0.862$).

Main finding 25: The dimensions of relationship intention exhibit significant medium to large effects on relationship intention.

6.13 SUMMARY OF MAIN FINDINGS

This section provides a summary of all the main findings throughout this Chapter as stated according to the objectives set for this study. The objectives with the main findings are listed next.

6.13.1 Objective 1

To uncover Generation Y consumers' smart phone usage patterns.

Main finding 1	The majority of respondents use Vodacom as cell phone network provider and are mostly prepaid customers. The majority of respondents use Blackberry smart phones, have been using it for 1 year or longer, but less than three years. Overall, the monthly estimated average smart phone expenditure was R326.70.
Main finding 2	On average, respondents use their smart phone brands to make and receive calls, take photos and to visit websites most of the time. On average, the respondents use their smart phone brands less for LiveProfile and Mxit.

6.13.2 Objective 2

To determine the level of customer satisfaction, brand loyalty and relationship intention that Generation Y consumers experience with, and towards their smart phone brands.

The main findings of determining the level of customer satisfaction that Generation Y consumers experience with, and towards their smart phone brands are listed next.

Main finding 5	Overall, respondents exhibit a strong level of customer satisfaction with their current smart phone brand.
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The main findings of determining the level of brand loyalty that Generation Y consumers experience with, and towards their smart phone brands are listed next.

Main finding 6	Overall, respondents exhibit a mediocre level of brand loyalty toward their smart phone brand.
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The main findings of determining the level of involvement that Generation Y consumers experience with, and towards their smart phone brands are listed next.

Main finding 7	Overall, respondents exhibit a strong level of involvement towards their smart phone brand.
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The main findings of determining the level of fear of relationship loss that Generation Y consumers experience with, and towards their smart phone brands are listed next.

Main finding 8	Overall, respondents exhibit a mediocre fear of relationship loss towards their smart phone brand.
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The main findings of determining the level of forgiveness that Generation Y consumers experience with, and towards their smart phone brands are listed next.

Main finding 9	Overall, respondents do not exhibit a strong level of forgiveness towards their smart phone brand.
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The main findings of determining the level of feedback that Generation Y consumers experience with, and towards their smart phone brands are listed next.

Main finding 10	Overall, respondents exhibit a mediocre level of feedback towards their smart phone brands.
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The main findings of determining the level of expectation that Generation Y consumers experience with, and towards their smart phone brands are listed next.

Main finding 11	Overall, respondents exhibit a strong expectation towards their smart phone brand.
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The main findings of determining the level of relationship intention that Generation Y consumers experience with, and towards their smart phone brands are listed next.

Main finding 12	Respondents exhibit a strong relationship intention towards their smart phone brand.
Main finding 13	The majority of respondents would like to build a long-term relationship with their current smart phone brand.
Main finding 14	The majority of respondents indicated that they will stay with their current smart phone brand in the future.
Main finding 15	The majority of respondents indicated that they will change their cell phone network provider if the provider does not offer the smart phone brand they really want.

6.13.3 Objective 3

To determine whether significant differences exist between the demographic groups of Generation Y consumers' satisfaction with smart phone brands, their loyalty towards smart phone brands, and their relationship intention towards smart phone brand.

All the main findings regarding validity and reliability are listed next. Measurement sets indicate customer satisfaction, brand loyalty and the five dimensions of relationship intention namely, involvement, fear of relationship loss, feedback, forgiveness and expectations.

Main finding 3	Each of the seven measurement scales used in this study were found to possess construct validity.
Main finding 4	Customer satisfaction, brand loyalty and the dimensions of relationship intention indicate reliability with Cronbach's alpha values exceeding 0.7.

The main findings pertaining to the hypothesis testing are listed next. The hypotheses as well as the main findings derived from each hypothesis are included.

Hypothesis 1

H1_a	Males and females of Generation Y consumers differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.
Main finding 16	Generation Y males and females do not differ statistically or practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brands.

Hypothesis 2

H2_a	Generation Y consumers speaking European and African home languages differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.
Main finding 17	Generation Y consumers speaking European and African languages do not differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brands.

Hypothesis 3

H3_a	Generation Y consumers with different levels of education differ statistically and practically significantly in terms of their level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.
Main finding 18	Generation Y consumers with different levels of education do not differ statistically or practically significantly in terms of their level of customer satisfaction and the five dimensions of relationship intention towards their smart phone brand.
Main finding 19	Generation Y consumers with different levels of education differ statistically, but not practically significantly in terms of their level of brand loyalty towards their smart phone brand.

Hypothesis 4

H4_a	Generation Y consumers with full-time employment and those with other employment differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand.
Main finding 20	Generation Y consumers with full-time employment and those with other employment differ statistically significantly in terms of their level of customer satisfaction, brand loyalty and two of the five dimensions of relationship intention towards their smart phone brands. However, no practical significance was found for any of the constructs.

Hypothesis 5

H5_a	Generation Y consumers who have been using smart phones for different periods of time differ statistically and practically significantly in terms of their level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brand cannot be supported.
Main finding 21	Generation Y consumers who have been using smart phones for different periods of time do not differ statistically significantly in terms of their level of customer satisfaction, brand loyalty and the three of the five dimensions of relationship intention towards their smart phone brand. However, no practical significance was found for any of the constructs.

6.13.4 Objective 4

To determine the nature of the relationships that exist between Generation Y consumers' satisfaction with smart phone brands, their loyalty towards smart phone brands, and their relationship intention towards smart phone brands.

Main finding 22	Customer satisfaction exhibits a significant and large positive influence on brand loyalty.
Main finding 23	Customer satisfaction exhibits a significant and medium positive influence on relationship intention.
Main finding 24	Brand loyalty exhibits a significant and medium positive influence on relationship intention.
Main finding 25	The dimensions of relationship intention exhibit significant medium to large effects on relationship intention.

6.14 CONCLUSION

In this chapter the results in terms of customer satisfaction, brand loyalty and relationship intention were discussed. Each section in the questionnaire was concluded with main findings. In this chapter the hypotheses were tested and main findings were formulated. This Chapter also contained SEM to determine whether the theoretical model was fit, and whether positive relationships existed between the main constructs of this study. The main findings of this study were also listed.

CHAPTER 7

CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS

7.1 INTRODUCTION

This chapter provides conclusions and recommendations based on the empirical results reported in Chapter 6 as well as the foregoing theoretical Chapters (Chapters 2 to 4). The chapter instigates with an overview of the study, followed by the conclusions and recommendations according to the secondary objectives. Next, the link between the objectives, the questions for the questionnaire, the main findings as well as the conclusions and recommendations of this study are summarised in table form. The limitations for the study are presented and the recommendations for future research conclude this chapter.

7.2 OVERVIEW OF THE STUDY

The mobile phone industry is becoming increasingly competitive with particular intense competition experienced between smart phones (Evans, 2011). Customers are able to choose from a wide variety of both operating systems and handsets due to the range of offerings available in the mobile industry (Boone & Kurtz, 2011). Originally used for business purposes, smart phones have evolved into social and lifestyle devices that keep Generation Y consumers in touch with everything that matters to them (Abdullah, 2011).

Understanding Generation Y consumers' attitudes and perceptions towards organisations and their brands, is important to marketers as it could impact the way strong, profitable relationships are built with these customers (Gorun, 2011). Generation Y consumers are maturing, and will represent a major share of the smart phone market in the near future. Generation Y consumers are the leading purchasers of technological products and also constitute a major purchasing power (Meek, 2011). In order to retain Generation Y consumers, it is critical for organisations to achieve customer satisfaction, generate loyalty and build meaningful long-term relationships with them. Customer relationships have therefore become a major focus of marketers, as the loss of a potential lifetime customer can result in lower profits (Pride *et al.*, 2011:337).

A model is therefore proposed to assist smart phone manufacturers in gaining an understanding of customer satisfaction, brand loyalty and relationship intention. The model could enable smart phone manufacturers to determine the key factors influencing Generation Y consumers' satisfaction, brand loyalty and relationship intention. The model could also enable smart phone manufacturers to provide Generation Y consumers with what they need and add value to their relationship towards their smart phones.

To gather sufficient information on the different constructs included in the theoretical model, information regarding the smart phone industry and a literature review was conducted focussing on customer satisfaction, brand loyalty and relationship intention.

7.2.1 Literature review

Within this section the main constructs of this study are summarised. The reason for this summary is to highlight each construct and its interrelationship with the other constructs.

7.2.1.1 Customer satisfaction

In order to retain Generation Y consumers, it is critical for organisations to achieve customer satisfaction, generate loyalty and build meaningful long-term relationships with them. Customer relationships have therefore become a major focus of marketers, as the loss of a potential lifetime customer can result in lower profits (Pride *et al.*, 2011:337).

According to Hoffman *et al.* (2009:369), customer satisfaction can be defined as customers' comparison of their expectations and perceptions regarding the authentic service encounter. Customer expectations have a strong influence on customer satisfaction (Keiningham *et al.* 2007:363). Customers have a set of expectations of how they believe they should be treated within the service encounter (Bhandari *et al.*, 2007:174). The degree to which the service encounter meets the customers' collection of expectations in relation to "acceptable" service encounters, translates to their overall evaluation of the service encounter (Bhandari *et al.*, 2007:175,176). Therefore, customer expectations serve as efficient predictors of customer satisfaction (Coye, 2004:56).

Customer satisfaction is a major determinant of repeat purchasing and future purchasing behaviour and serves as a precondition for brand loyalty and creates profitable growth (Shimp, 2010:64; Egner, 2008:20; Kaplan & Norton, 2006:20; Klopper *et al.*, 2006:7).

7.2.1.2 Brand loyalty

According to Liu *et al.* (2012:924), brand loyalty can be defined as the degree of the customer's attachment to the brand and is closely linked to usage experience of that specific brand. In general, brand loyalty seems to be declining because of organisations' increased reliance on short-term promotions and due to the large range of similar new products customers can choose from. Therefore, many organisations face the challenge of building brand loyalty as it is an important issue (Pride & Ferrell, 2011:400-401). To develop a unified customer base that would provide protection against competitors, it is important to develop strong brand loyalty for possible and easier brand extension which can lead to brand equity (Sharma *et al.*, 2010:239).

Customer satisfaction together with loyalty, affects customer retention (Allen & Wilburn, 2002:14). High customer satisfaction together with brand loyalty, proposes that fewer customers will defect, and the long-term effects on organisational performance can be significant (Wang *et al.*, 2004:173). Therefore, with no positive relationship between satisfaction and brand loyalty, little imperative exists for brand loyal customers to prefer the present service provider (Hellier *et al.*, 2003:1785).

7.2.1.3 Relationship intention

Kumar *et al.* (2003:669) define relationship intention as the customer's intention to build a relationship with the organisation, while purchasing a product or service attributed to an organisation, a brand and a channel. Steyn *et al.* (2008:144) propose that the emotional attachment of a customer reflects the customer's relationship intention together with the value the customer attaches to the relationship, loyalty, trust and commitment shared by the customer and the organisation. According to Kumar *et al.* (2003:670), it therefore makes sense to invest in relationship building if the relationship intention of the customer is high. Building relationships with these customers are much more profitable due to the fact that the relationship marketing approach will be best suited with customers showing relationship intention towards the organisation (Kumar *et al.*, 2003:670).

Customers with a high relationship intention constitute a small portion of any organisation's customer base. Organisations should nurture relationships with these customers after they have succeeded in identifying these customers. These customers will only switch to the organisation's rival when they experience a setback in terms of their trust and emotional attachment. The long-term profitability of these customers will increase as their relationship intention increases (Kumar *et al.*, 2003:669, 670).

Customers need to be listened to, focused on and their needs must be investigated and identified so that the organisation will constantly seek better ways to satisfy those customer needs (Hill & Jones, 2013:146). In order to survive in the marketplace, organisations should constantly adapt their strategies according to changing customer wants and needs (Procter, 2010:34; Katcher & Snyder, 2007:80).

According to Kumar *et al.* (2003:669), customers with high relationship intentions are willing to build a long-term relationship with an organisation. Convenience or price or any other short-term instability does not affect these customers and they will make all possible efforts to purchase from a specific organisation. These customers are not opportunistic and possess a high affinity (emotionally attached) to the organisation, the brand, the intermediaries or any combination of these. Smart phone manufacturers should therefore recognise the five

dimensions proposed by Kumar *et al.* (2003:670) to measure relationship intention namely, involvement, fear of relationship loss, feedback, forgiveness and expectations.

According to Sunarto (2007:211), a higher level of customer satisfaction leads to greater loyalty, which, in turn, leads to a higher retention rate and higher sales. The final level of customer satisfaction can affect customer loyalty and involves the likelihood of repeat purchases and product usage, but can also lead to brand switching and discontinued use of the product (Longenecker *et al.*, 2009:380).

7.2.2 Objectives of this study

The primary objective of this study was to investigate customer satisfaction, brand loyalty and relationship intention amongst Generation Y consumers towards smart phone brands.

In order to achieve the primary objective of the study, the following secondary objectives were formulated:

- To uncover Generation Y consumers' smart phone usage patterns.
- To determine the level of customer satisfaction, brand loyalty and relationship intention Generation Y consumers experience with, and towards, their smart phone brands.
- To determine whether significant differences exist between different demographic groups of Generation Y consumers' satisfaction, brand loyalty and relationship intention with, and towards, their smart phone brands.
- To determine the nature of the relationships that exist between Generation Y consumers' satisfaction with smart phone brands, their loyalty towards smart phone brands, and their relationship intention towards smart phone brands.

7.2.3 Overview of research methodology followed

This study was quantitative and descriptive in nature (see section 5.4.2.1.2). A self-administered questionnaire was developed to obtain data from Generation Y consumers residing in Gauteng. Two screening questions were asked to ensure the targeted population took part in this study. Respondents were required to be between the age of 18 and 26 and they were required to use or own a smart phone (see section 5.4.3.3). A total number of 400 respondents were decided on where 100 from each race group were sampled (black, coloured, Indian and white). The fieldworkers were also requested to target 200 males and 200 females. Therefore, this study used a non-probability sampling method based on convenience with quota sampling techniques. Fieldworkers approached respondents to fill out the questionnaire and

gather it as they were completed. Of the 400 questionnaires, 395 could be included for analysis and interpretation purposes (Chapter 5, section 5.4.4, step 4).

Data was entered in SPSS, checked and cleaned. Thereafter, the distribution of data was examined. For the purposes of this study, a number of statistical techniques were used for analysing data.

- Frequencies were calculated to describe the demographic profile and patronage behaviour of Generation Y consumers.
- Descriptive statistics were calculated for each statement for customer satisfaction, brand loyalty and the five dimensions of relationship intention. Overall mean scores were calculated for each construct and the dimensions of relationship intention once validity and reliability of the measuring scales were established.
- A confirmatory factor analysis (CFA) was conducted to assess construct validity of the measuring scales used in this study.
- Cronbach's alpha values were calculated to assess internal consistency reliability of the measuring scales used in this study.
- Significance testing were conducted using independent samples t tests. Five hypotheses were formulated and analysed to determine whether differences exist between different groups of Generation Y consumers (Chapter 5, section 5.4.6.4).
- Structural equation modelling (SEM) was conducted to test the interrelationships between the constructs. The theoretical model was tested by means of the SEM, as it allows for evaluating the importance of each independent variable in the model to test the overall fit of the model to the data (Pallant, 2007:103).

The conclusions and recommendations are subsequently presented for each of the secondary objectives formulated for the study. The conclusions and recommendations formulated for the secondary objectives aim at achieving the primary objective of this study.

7.3 CONCLUSIONS AND RECOMMENDATIONS

7.3.1 Secondary objective 1

To uncover Generation Y consumers' smart phone usage patterns.

The results of the empirical phase of the study indicate that the majority of respondents use Vodacom as cell phone network provider, most respondents were prepaid customers, the majority of respondents used a Blackberry smartphone, and most respondents have been using their smart phones for 1 year or longer, but less than 3 years. Respondents also had to indicate their monthly estimated average smart phone expenditure which resulted in an average mean of R 326.70 (**main finding 1**). The majority of respondents agreed most with using their smart phone to make and receive calls, to take photos or visiting websites, whereas they agreed least using their smart phones for Mxit and LiveProfile (**main finding 2**).

Conclusion 1: It can be concluded that the majority of respondents use Vodacom as cell phone network provider and are prepaid customers. The respondents mostly use Blackberry smart phones, have been using their smart phones for 1 year or longer, but less than three years and their estimated average expenditure was R326.70.

Conclusion 2: It can be concluded that respondents use their smart phones mostly for making and receiving calls, taking photos and visiting websites.

Recommendation 1: Although most respondents participating in this study were Vodacom users, smart phone manufacturers should not only target Vodacom customers but also all other network providers' customers in an effort to grow the smart phone user base. Smart phone manufacturers should also target prepaid Generation Y consumers as they are impressionable with affordable ways to communicate. Smart phone manufacturers should form an alliance with Vodacom to provide Generation Y consumers with promotional packages for instance, they can purchase a Blackberry from Vodacom and a pre-set prepaid amount could be provided to them that covers the cost of the Blackberry service as well as additional SMS and call bundles.

Recommendation 2: Smart phone manufacturers should seek possibilities to integrate the most usage patterns of Generation Y consumers regarding their smart phones to optimise customer usage.

7.3.2 Secondary objective 2

To determine the level of customer satisfaction, brand loyalty and relationship intention that Generation Y consumers experience with, and towards their smart phones.

Customer satisfaction is beneficial for every organisation as it leads to positive word-of-mouth as well as repurchases in the short term, while in the long-term, brand image and market share increase (Purohit, 2004:2). According to Schroer (2004), Generation Y consumers are typically less brand loyal. The author furthermore professes that the speed of the Internet has led to the cohort being similarly flexible in their consumer behaviour, especially with regard to fashion, style and how they are being communicated to. In essence, this generation is technologically savvy and not very brand loyal. Respondents exhibit a strong level of customer satisfaction towards their current smart phone (**main finding 5**). Respondents exhibit a mediocre level of brand loyalty towards their smart phones (**main findings 6**).

Kumar *et al.* (2003:670) proposed five dimensions to measure relationship intention namely, involvement, fear of relationship loss, feedback, forgiveness and expectations. Respondents exhibited a strong level of involvement towards their smart phones (**main finding 7**), a mediocre level of fear of relationship loss towards their smart phones (**main finding 8**), and furthermore did not exhibit a strong level of forgiveness towards their smart phones (**main finding 9**). Respondents exhibited a mediocre level of feedback towards their smart phones (**main finding 10**) as well as a strong level of expectation towards their smart phones (**main finding 11**).

The results also indicated that respondents' overall relationship intention towards their smart phones was strong (**main finding 12**). The results furthermore indicated that the majority of respondents agreed on a long-term relationship (**main finding 13**), agreed on staying with their smart phone brand in the future (**main finding 14**), and that they would change their cell phone network provider (**main finding 15**).

Conclusion 3: It can be concluded that Generation Y consumers exhibit a strong level of customer satisfaction towards their smart phone brands, they exhibit a mediocre level of brand loyalty towards their smart phone brands, and they exhibit a strong level of relationship intention towards their smart phone brands.

Recommendation 3: Smart phone manufacturers should concentrate on what Generation Y consumers' needs and expectations are to adjust their smart phone products accordingly, and to maximise Generation Y customers' satisfaction. Smart phone manufacturers should provide customers with a customer service application to measure customers' satisfaction in terms of their needs met. Smart phone manufacturers need to focus on smart phone performance (the speed of processing), ease of operation, physical design and features and services – the more features and services a smart phone brand provides, the more customer satisfaction will improve. By understanding customers' needs and expectations, organisations uncover the key to success (Heffernan & LaValle, 2007:38).

Recommendation 4: When customer satisfaction is maximised, the possibility for brand loyalty occurs as customer satisfaction is a major determinant of repeat purchasing and future purchasing behaviour, thereby serving as a precondition for brand loyalty (Shimp, 2010:64; Egner, 2008:20; Kaplan & Norton, 2006:20; Klopper *et al.*, 2006:7). Smart phone manufacturers should stimulate Generation Y consumers' interest by introducing new methods of communication because Generation Y consumers seek diverse social communities both online and offline, they are idealistic and sociable and they crave authenticity. They are at the forefront in determining how people communicate, entertain and innovate (Lyon, 2010). An example of new communication could be to integrate video calls and searching the Web where other people of interest can join in the search from their own devices or gain access to searched content. Brand loyalty can be improved by adding more applications according to the target market's needs, in this study, Generation Y consumers. Smart phone manufacturers should seek possibilities to enable Generation Y consumers to communicate live with their peers, such as live streaming and recording from one smart phone and the other consumers can experience the event at the same time it is happening and not afterwards. Smart phone manufacturers could provide customers with a unique feel, smell or sound. Smart phone manufacturers can seek other material than plastic to cover smart phones. A wooden smart phone will contribute to another experience of feel and smell.

Recommendation 5: Smart phone manufacturers should retain Generation Y consumers by approaching them on new and innovating manners such as congratulating them on their birthdays. In order to retain Generation Y consumers, it is critical for organisations to achieve customer satisfaction, generate loyalty and build meaningful long-term relationships with them (Pride, Hughes & Kapoor, 2011:337). The more a smart phone manufacturer focuses on customer satisfaction and brand loyalty; the more the customers will want to build a long-term relationship with their smart phone brands. Smart phone manufacturers should also keep in mind that nothing compares to friendliness and helpfulness.

Recommendation 6: Since Generation Y respondents exhibited a strong level of relationship intention towards their smart phone brands, therefore smart phone manufacturers should identify those customers with a high relationship intention and focus their relationship marketing efforts on these customers. By doing so, smart phone manufacturers could possibly gain higher profitability by establishing relationships with those customers who want to reciprocate such a relationship. Higher profitability could therefore flow from stronger relationships and greater customer satisfaction and loyalty.

7.3.3 Secondary objective 3

To determine whether significant differences exist between the demographic groups of Generation Y consumers' satisfaction with smart phones, their loyalty towards smart phones, and their relationship intention towards smart phone brands.

The results indicated that each of the seven measurement scales was found to possess construct validity (**main finding 3**) and they indicated a high level of reliability (**main finding 4**).

The results on the first hypothesis indicated that Generation Y males and females do not differ statistically or practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brands (**main finding 16**).

The results on the second hypothesis indicated that Generation Y consumers speaking European and African languages do not differ statistically and practically significantly in terms of their average level of customer satisfaction, brand loyalty and the five dimensions of relationship intention towards their smart phone brands (**main finding 17**).

The results on the third hypothesis indicated that Generation Y consumers with different levels of education do not differ statistically or practically significantly in terms of their level of customer satisfaction and the five dimensions of relationship intention towards their smart phone brand, and that Generation Y consumers with different levels of education differ statistically, but not practically significantly in terms of their level of brand loyalty towards their smart phone brands (**main finding 18 & 19**).

The results on the fourth hypothesis indicated that Generation Y consumers with full-time employment and those with other employment differ statistically significantly in terms of their level of customer satisfaction, brand loyalty and two of the five dimensions of relationship intention towards their smart phone brands. However, no practical significance was found for any of the constructs (**main finding 20**).

The results on the fifth hypothesis indicated that Generation Y consumers who have been using smart phones for different periods of time do not differ statistically significantly in terms of their level of customer satisfaction, brand loyalty and three of the five dimensions of relationship intention towards their smart phone brand. However, no practical significance was found for any of the constructs (**main finding 21**).

Conclusion 4: It can be concluded that Generation Y consumers with different levels of education differ statistically, but not practically significantly in terms of their level of brand loyalty

towards their smart phone brand. Generation Y consumers with full-time employment and those with other employment differ statistically significantly in terms of their level of customer satisfaction, brand loyalty and two of the five dimensions of relationship intention towards their smart phone brands.

Recommendation 7: Smart phone manufacturers should develop different relationship marketing strategies for different target groups in terms of education and employment levels. Smart phone manufacturers should improve on strategies for lower educated and employed consumers as they do not exhibit the same levels of customer satisfaction, brand loyalty and relationship intention as the higher educated and employed consumers. Strategies to improve this may be to offer special promotions to save consumers money, thus retaining them.

7.3.4 Secondary objective 4

To determine the nature of the relationships that exist between Generation Y consumers' satisfaction with smart phones, their loyalty towards smart phones, and their relationship intention towards smart phones.

From the structural equation modelling, the results indicated that customer satisfaction exhibits a large positive influence on brand loyalty (**main finding 22**), customer satisfaction exhibits a medium positive influence on relationship intention (**main finding 23**), brand loyalty exhibits a significant medium positive influence on relationship intention (**main finding 24**), and the five dimensions contributing to relationship intention exhibit significant medium to large effects on relationship intention (**main finding 25**).

Conclusion 5: It can be concluded that positive direct relationships exist between the measurement sets of this study namely, customer satisfaction, brand loyalty and the five dimensions of relationship intention.

Recommendation 8: Smart phone manufacturers should realise the relationships between customer satisfaction, brand loyalty and relationship intention and when one of the constructs is neglected it will have a negative effect on the other.

- **Summary of recommendations**

Smart phone manufacturers should implement accurate measurement techniques for the 7 measurement scales namely, customer satisfaction, brand loyalty and the five dimensions of relationship intention – involvement, fear of relationship loss, as well as effective strategies on how to maintain and improve on each measurement construct as this will affect the smart phone manufacturers' long-term profitability and success. Smart phone manufacturers should provide

customers with a customer service application to measure customers' satisfaction in terms of their needs met. Smart phone manufacturers need to focus on smart phone performance (the speed of processing), ease of operation, physical design and features and services. The more features and services a smart phone brand provides, the more customer satisfaction will improve. Generation Y consumers seek sociable manners to communicate and smart phones have evolved into social and lifestyle devices that keep Generation Y consumers in touch with everything that matters to them (Abdullah, 2011). In this case, it is important for smart phone manufacturers to ensure that their smart phone brand provides their consumers video and/or camera picture quality. Brand loyalty can be improved by adding more applications according to the target market's needs, in this study, Generation Y consumers. Smart phones manufacturers should seek possibilities to enable Generation Y consumers to communicate live with their peers, for example by live streaming and recording from one smart phone, and the other consumers can experience the event at the same time it is happening and not afterwards. Smart phone manufacturers could provide customers with a unique feel, smell or sound. Smart phone manufacturers can seek other material than plastic to cover smart phones. A wooden smart phone will contribute to another experience of feel and smell. Consumers are consistently searching for quality and if smart phone manufacturers focus all their operations on providing consumers quality, brand loyalty will increase. The more a smart phone manufacturer focuses on customer satisfaction and brand loyalty, they will want to build a long-term relationship with their smart phone brands. Smart phone manufacturers should also keep in mind that nothing compares to friendliness and helpfulness.

7.4 LINKING OBJECTIVES TO MAIN FINDINGS

This section links the secondary objectives of this study to the main findings of this study to determine whether the primary objective of this study has been accomplished. The link between the secondary objectives for this study, the questions in the questionnaire, and the main findings from Chapter 6 are presented in Table 7-1.

Table 7-1: Linking objectives, questions in the questionnaire and main findings

Objective 1: To uncover Generation Y consumers' smart phone usage patterns.			
Questions	Main findings	Conclusions	Recommendations
Section A: 1, 2, 3 & 4 Section B: 1, 2, 3, 4	Main finding: 1 & 2	Conclusion 1 & 2	Recommendation 1 & 2
Objective 2: To determine the level of customer satisfaction, brand loyalty and relationship intention that Generation Y consumers experience with, and towards, their smart phones.			
Questions	Main findings	Conclusions	Recommendations
Section C: customer satisfaction 1 - 13, brand loyalty 14 - 21, relationship intention 22 – 51	Main finding: 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15	Conclusion 3	Recommendation 3, 4, 5 & 6
Objective 3: To determine whether significant differences exist between different demographic groups of Generation Y consumers' satisfaction, brand loyalty and relationship intention with, and towards, their smart phones.			
Questions	Main findings	Conclusions	Recommendations
Section A 1 - 4 & Section B 5	Main finding: 3 & 4; 16, 17, 18, 19, 20 & 21	Conclusion 4	Recommendation 7
Objective 4: To determine the nature of the relationships that exist between Generation Y consumers' satisfaction with smart phones, their loyalty towards smart phones and their relationship intention towards smart phones.			
Questions	Main findings	Conclusions	Recommendations
Section C 1 - 51	Main finding: 22, 23, 24 & 25	Conclusion 5	Recommendation 8

From Table 7.1 it can be derived that the secondary objectives set for this study have been met. The primary objective of this study, to investigate customer satisfaction, brand loyalty and relationship intention amongst Generation Y consumers towards smart phone brands, is attained through the achievement of the four secondary objectives. For every secondary objective at least one main finding was reported, conclusions were drawn and recommendations were made.

7.5 LIMITATIONS OF THE STUDY

Every research study has certain inherent limitations. In this section, the limitations that were identified for this study are discussed next:

- Given the non-probability sampling method (convenience and quota sampling) used in this study to draw the sample from the population, only conclusions could be drawn from the respondents who participated in the study and not from the whole of the Gauteng region. Generalising the findings to all Generation Y consumers should be avoided due to this reason, as the study is not representative of the entire population.

- A second limitation of this study involves the distribution of respondents' demographics. Fieldworkers chose respondents based on convenience and demographics were not exactly equally distributed across different age groups as well as race groups. Mostly students participated in this study and this could have affected results in terms of highest level of education and employment status.
- Although the questionnaire only consisted of four pages, the length of each section also presented limitations to the study as some respondents experienced a lack of interest in participating in the study as they progressed. A number of incomplete questionnaires had to be withdrawn due to this reason.
- This study made use of self-administered questionnaires. Respondents misunderstood some questions and these questionnaires were regarded as inappropriate. Fieldworkers biased the results in the manner in which they selected respondents.

7.6 RECOMMENDATIONS FOR FUTURE RESEARCH

After completing the study and considering the limitations to this study, it is clear that further research is needed to investigate Generation Y consumers' satisfaction, brand loyalty and relationship intention towards their smart phones. Therefore, the following recommendations can be made for further research:

- The constructs of this study can be investigated separately in future research to ensure a comprehensive study for each construct. This study already indicates that direct positive relationships exist between the construct, and separate, comprehensive studies on each construct can confirm in-depth results on the reasons why respondents experience customer satisfaction, brand loyalty and relationship intention towards their smart phones.
- Future research can be conducted on different cultures and age groups as well as other geographical areas to broaden the results on how different consumers of different generations exhibit customer satisfaction, brand loyalty and relationship intention towards their smart phones. This will also provide the researcher with detailed information on the profile of the common smart phone user – the most profitable target market.
- The five dimensions of relationship intention proposed by Kumar *et al.* (2003:670) as involvement, fear of relationship loss, feedback, forgiveness and expectations, can be examined in future research. This will enable the researcher to determine the impact of each dimension separately and in-depth.

- Future research can be conducted in collaboration with a specific smart phone brand where questionnaires can be distributed to the customers of the specific brand to ensure more specific information with regard to customer satisfaction, brand loyalty and relationship intention. This can also indicate the direct influence of satisfied, loyal and long-term customers' impact on the specific brand's financial performance.
- The length of the questionnaire can be shortened to ensure respondents' focus on understanding the questions and answering them correctly. This way questionnaires won't have to be withdrawn, resulting in loss of what could have affected the results differently.

7.7 CONCLUSION

This chapter commenced with an overview of the study including the discussion of the three main constructs according to the literature, the objectives of the study and a brief review of the methodology used in the study. The chapter provided the main findings of this study as well as conclusions and recommendations in terms of the results obtained. The main findings and recommendations for customer satisfaction, brand loyalty and relationship intention of Generation Y consumers towards their smart phones are discussed according to the secondary objectives of this study. A link between the secondary objectives of the study, the questions in the questionnaire and the main findings were presented. Limitations associated with this study were subsequently summarised followed by recommendations for future research. This study has contributed knowledge regarding Generation Y consumers' perception and usage patterns of smart phone brands. The study provides smart phone manufacturers insight into Generation Y consumers' behaviour and preferences. The interrelationships between the three key constructs of the study namely, customer satisfaction, brand loyalty and relationship intention have also been established.

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ANNEXURES

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Customer satisfaction, brand loyalty and relationship intention – smart phone brands

This questionnaire is designed to obtain feedback from you on your perceptions regarding smart phone brands. For the purpose of the study a smart phone refers to any mobile device that exceeds the basic cell phone capabilities such as voice communications, Short Messaging Services (SMS), Multi-Messaging Services (MMS), Internet services such as Web browsing, instant messaging capabilities and e-mail.

Taking part in this survey is completely voluntary and anonymous. The questionnaire consists of three sections. The questionnaire should take no more than 15 minutes of your time. Your co-operation is appreciated.

When evaluating a question, please answer the question from your own perspective.

Place an X in the appropriate box where applicable or complete where required.

Thank you for taking the time to complete this survey. Should you have any questions, please feel free to contact: Adri Weideman at 071 096 6471 or adri.weideman@gmail.com

SCREENING QUESTION

Do you currently use a smart phone?

Yes	
No	

Are you between the age of 18 and 26?

Yes	
No	

If your answer is 'Yes' to both of the previous questions, please complete the rest of the questionnaire. If your answer is 'No' to any one of the questions, you do not have to complete the questionnaire.

SECTION A – DEMOGRAPHICS

What is your gender?

Male	1
Female	2

What is your home language?

Afrikaans	1
English	2
Nguni (Zulu, Xhosa, Swati, Ndebele)	3
Sotho (Sepedi, SeSotho, Tswana)	4
Venda/Tsonga	5
Other, please specify	6

What is your highest level of education?

No education	1
Some Primary	2
Primary Completed	3
Some High	4
Matric	5
Tech diploma/degree	6
University degree	7
Post-graduate degree	8

What is your employment status?

Full Time employed	1
Part Time employed	2
Self-employed	3
Student	4
Housewife or Househusband	5
Unemployed	6
Other, please specify:	7

SECTION B – SMART PHONE USAGE PATTERNS

Which ONE of the following network service providers do you use most often?

Cell C	1
MTN	2
Virgin Mobile	3
Vodacom	4
8ta	5

What kind of customer are you for the network service provider you are currently using?

Contract customer	1
Prepaid customer	2

Which ONE of the following smart phone brands are you currently using?

Blackberry	1
HTC	2
iPhone	3
Motorola	4
Nokia	5
Samsung	6
Sony Ericsson	7
Other, please specify	8

What is your total monthly smart phone expenditure?

R

How long have you had the smart phone brand you are currently using?

Less than 6 months	1
6 months or longer but less than 1 year	2
1 year or longer but less than 3 years	3
3 years or longer but less than 5 years	4
5 years or longer but less than 10 years	5

On a scale of 1 to 5 where 1 is 'never' and 5 is 'all the time', indicate the extent to which you use your smart phone for the following purposes.

Statement	Never All the time				
	1	2	3	4	5
I make use of my current smart phone to make and receive calls	1	2	3	4	5
I make use of my current smart phone to play games	1	2	3	4	5
I make use of my current smart phone to send and receive SMS's	1	2	3	4	5
I make use of my current smart phone to visit Websites	1	2	3	4	5
I make use of my current smart phone to send and receive emails	1	2	3	4	5
I make use of my current smart phone to edit documents	1	2	3	4	5
I make use of my current smart phone to create documents	1	2	3	4	5
I make use of my current smart phone to view documents	1	2	3	4	5
I make use of my current smart phone to use messenger services	1	2	3	4	5
I make use of my current smart phone to use LiveProfile	1	2	3	4	5
I make use of my current smart phone to use Whatsapp	1	2	3	4	5
I make use of my current smart phone to use Mxit	1	2	3	4	5
I make use of my current smart phone to use Facebook	1	2	3	4	5
I make use of my current smart phone to download applications	1	2	3	4	5
I make use of my current smart phone as a GPS device	1	2	3	4	5
I make use of my current smart phone to download music	1	2	3	4	5
I make use of my current smart phone to listen music	1	2	3	4	5
I make use of my current smart phone to take photos	1	2	3	4	5
I make use of my current smart phone to record verbal communication	1	2	3	4	5
I make use of my current smart phone to listen to recordings	1	2	3	4	5

SECTION C – CUSTOMER SATISFACTION, BRAND LOYALTY AND RELATIONSHIP INTENTION

On a scale of 1 to 5 where 1 is '*strongly disagree*' and 5 is '*strongly agree*', indicate the extent to which you agree with each of the following statements.

CUSTOMER SATISFACTION

Statement	Strongly disagree			Strongly agree	
	1	2	3	4	5
My feelings toward my current smart phone are very positive	1	2	3	4	5
I feel good about using my current smart phone	1	2	3	4	5
I feel satisfied that the results from using my current smart phone is the best that can be achieved	1	2	3	4	5
The extent to which using my current smart phone has produced the best possible outcome is satisfying	1	2	3	4	5
I experience a feeling of satisfaction when I purchased my current smart phone	1	2	3	4	5
I am satisfied with the products I currently receive from my current smart phone	1	2	3	4	5
I am satisfied with the service I currently receive from my current smart phone	1	2	3	4	5
The products provided by my current smart phone is of a high standard	1	2	3	4	5
The service provided by my current smart phone is of a high standard	1	2	3	4	5
I believe my current smart phone offers products that are superior in every way	1	2	3	4	5
I believe my current smart phone offers service that are superior in every way	1	2	3	4	5
I believe that my current smart phone provider can enhance their products provided	1	2	3	4	5
I believe that my current smart phone provider can enhance their services provided	1	2	3	4	5

BRAND LOYALTY

Statement	Strongly disagree			Strongly agree	
	1	2	3	4	5
I consider myself loyal to my current smart phone brand	1	2	3	4	5
I will buy my current smart brand in the future again	1	2	3	4	5
I buy everything that has to do with my smart phone brand such as a branded cover or second skin	1	2	3	4	5
I feel my current smart phone brand is the only smart phone brand I need	1	2	3	4	5
My current smart phone brand is the one smart phone brand I would prefer to buy	1	2	3	4	5
My current smart phone brand is the one smart phone brand I would prefer to use	1	2	3	4	5

Statement	Strongly disagree			Strongly agree	
	1	2	3	4	5
If my current smart phone brand was unavailable, it would be difficult if I had to use another smart phone brand	1	2	3	4	5
I would go out of my way to buy my current smart phone brand	1	2	3	4	5

RELATIONSHIP INTENTION

Statement	Strongly disagree			Strongly agree	
	1	2	3	4	5
I am proud to be a customer of my current smart phone brand	1	2	3	4	5
I am proud when I see my current smart phone brand's name or advertising materials	1	2	3	4	5
I experienced a feeling of satisfaction when I bought my current smart phone brand	1	2	3	4	5
I care about the image of my current smart phone brand	1	2	3	4	5
I have recommended my current smart phone brand to my friends or family	1	2	3	4	5
I am afraid that I might lose special privileges of my current smart phone brand by switching to another smart phone brand	1	2	3	4	5
I am afraid to lose the services of my current smart phone brand by switching to another smart phone brand	1	2	3	4	5
I am afraid to lose my identification with my current smart phone brand by switching to another smart phone brand	1	2	3	4	5
I am afraid to lose my relationship with my current smart phone brand by switching to another smart phone brand	1	2	3	4	5
I will experience emotional stress by switching to another smart phone brand	1	2	3	4	5
I forgive my current smart phone brand if the quality of their products and/or service are sometimes below the standard I expect from them	1	2	3	4	5
I forgive my current smart phone brand if the quality of their products and/or service are below the standard of other smart phone brands	1	2	3	4	5
I forgive my current smart phone brand if I experience bad products and/or service from them	1	2	3	4	5
I forgive my current smart phone brand for bad products to the point that I keep on supporting them even if I have experienced bad products from them	1	2	3	4	5
I forgive my current smart phone brand for bad service to the point that I keep on supporting them even if I have experienced bad service from them	1	2	3	4	5
I will forgive my current smart phone brand if the brand is more expensive than the other smart phone brands	1	2	3	4	5
I will tell my current smart phone brand when their products and/or service is poor	1	2	3	4	5
I will tell my current smart phone brand if their products and/or service is better than I expect	1	2	3	4	5
I will tell my current smart phone brand if their	1	2	3	4	5

Statement	Strongly disagree		Strongly agree		
	1	2	3	4	5
products and/or service meets my expectations					
I will try to tell my current smart phone brand about their products and/or service even though they restrict my attempt	1	2	3	4	5
I will take time to tell my current smart phone brand about their products and/or service so that their products and/or service will improve	1	2	3	4	5
I have high expectations of my current smart phone brand's products and/or service	1	2	3	4	5
I expect my current smart phone brand's products and/or service to be better than the other smart phone brands' products and/or service	1	2	3	4	5
I expect my current smart phone brand to offer me value for my money	1	2	3	4	5
I expect my current smart phone brand to offer me more value for my money than other smart phone brands	1	2	3	4	5
I expect my current smart phone brand to bring me the latest cellular technology	1	2	3	4	5
I expect my current smart phone brand to offer me low prices	1	2	3	4	5

Do you want to build a long-term relationship with your current smart phone brand?

Yes	1
No	2

Do you think you will stay with your smart phone brand in the future?

Yes	1
No	2

Would you change your cell phone network provider if they do not offer you the brand of smart phone you really want?

Yes	1
No	2

Thank you for taking the time to complete this survey!

ASSISTANCE WITH STATISTICAL ANALYSIS



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To whom it may concern

Re: Dissertation Ms A Weideman, student number: 21096600

We hereby confirm that the Statistical Consultation Services of the North-West University had analysed the data and assisted with the interpretation of the results.

Kind Regards

Me. M van Reenen (M.Sc BMI)

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ASSISTANCE IN LANGUAGE EDITING

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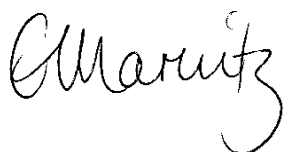
6 November 2013

TO WHOM IT MAY CONCERN

I, ELSABETH MARNITZ, hereby declare that the DISSERTATION submitted in fulfilment of the requirements for the degree of MASTER OF COMMERCE of ADRI WEIDEMAN with the title

DETERMINING GENERATION Y'S CUSTOMER SATISFACTION, BRAND LOYALTY AND RELATIONSHIP INTENTION TOWARDS SMART PHONE BRANDS

has been language edited by me.



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RE: Dissertation for Ms A Weideman: 21096600

I hereby declare that I have technically edited the dissertation for Ms. Adri Weideman.

Sincerely

A handwritten signature in black ink, appearing to read 'E Oosthuizen', enclosed within a large, loopy oval shape.

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