

**THE RELATIONSHIP INTENTION OF BANKING AND LIFE
INSURANCE INDUSTRY CUSTOMERS**

by

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ABSTRACT

In the increasing competitive market environment, it becomes increasingly important for organisations, such as banks and life insurance organisations, to implement relationship marketing strategies to improve their competitiveness. Relationship marketing, properly implemented, will be advantageous to organisations by building long-term relationships with their customers, thereby increasing their customers' spending over time and improving the organisations' long-term success. However, relationship marketing cannot be applied to all the customers of the organisation, as not all customers intend to form a relationship with the organisation. Organisations therefore need to identify and target those customers who intend to build long-term relationships with them by identifying customers with high relationship intentions.

The aim of this study was to measure the relationship intentions of customers within banking and life insurance organisations by considering five relationship intention constructs, namely involvement, expectations, forgiveness, feedback and fear of relationship loss. A self-administered questionnaire was designed that measured respondents' relationship intentions. The questionnaire was distributed among respondents living in Gauteng who use banking or life insurance services, by means of a non-probability, convenience sampling method. In total, 401 respondents participated in the study, of whom 202 used banking and 199 life insurance services. From the data analysis it was determined that 264 (65.83%) respondents had low intentions and 137 (34.17%) respondents had high intentions to build long-term relationships with the organisation.

The results indicate that nine factors should be considered when measuring banking and life insurance customers' relationship intentions, namely continuing involvement, fear of relationship loss, fear associated with switching to competitors, forgiveness, feedback response, feedback for improved service delivery, expectations, feedback to avoid conflict, and initial involvement. A

further analysis of the data concluded that customers' relationship length should not be considered an indicator for relationship intention.

It is recommended that banking and life insurance organisations should use the nine identified factors to determine their customers' relationship intentions. Targeting only high relationship intention customers rather than all customers for relationship building will result in more effective and efficient relationship building investment by these organisations. Banking and life insurance organisations should furthermore not assume that customers who have been dealing with them for a long period automatically would want to build a long-term relationship with them.

Recommendations for future research include the possibility of replicating this study in service industries other than banking and life insurance organisations to determine the validity of the identified factors used to measure relationship intention for other services. Respondents from other South African provinces could also be included to determine if differences exist between respondents from different regions in terms of their relationship intention.

SAMEVATTING

In die stygende mededingende markomgewing raak dit toenemend belangrik vir ondernemings, soos banke en lewensversekeringsondernemings, om verhoudingsbemarkingstrategieë te implementeer om mededingendheid te verbeter. Behoorlik geïmplementeerde verhoudingsbemarking sal voordelig wees vir ondernemings tydens die bou van langtermyn verhoudings met hul klante, en gevolglik die toenemende spandering van klante oor tyd en die verbetering van die onderneming se langtermyn sukses. Des nie teenstaande, kan verhoudingsbemarking nie toegepas word op alle klante van die onderneming nie, aangesien nie alle klante die voorneme het om 'n verhouding te bou met die onderneming nie. Ondernemings moet gevolglik klante identifiseer en teiken wat 'n voorneme het om langtermyn verhoudings met hulle te bou deur middel van die identifisering van klante met hoë verhoudingsvoorneme.

Die doel van hierdie studie was om die verhoudingsvoorneme van klante binne banke en lewensversekeringsondernemings te meet deur vyf verhoudingsvoorneme konstruë in ag te neem, naamlik betrokkenheid, verwagtinge, vergifnis, terugvoer en vrees vir verhoudingsverlies. 'n Selfgeadministreerde vraelys is ontwerp met die doel om respondente se verhoudingintensie te meet. Die vraelys is versprei onder respondente wat in Gauteng woon, wat banke en lewensversekeringsdienste gebruik. 'n Nie-waarskynlikheids-, gerieflikheidsteekproef-metode is gebruik. In totaal het 401 respondente deelgeneem aan die studie, waarvan 202 banke en 199 lewensversekeringsdienste gebruik. Vanuit die data-ontleding is vasgestel dat 264 (65.85%) respondente lae voorneme en 137 (34.17%) respondente hoë voorneme het om langtermyn verhoudings met die onderneming te bou.

Die resultate dui daarop dat nege faktore in ag geneem moet word tydens die meting van bank- en lewensversekeringsklante se verhoudingsvoorneme, naamlik volgehoue betrokkenheid, vrees vir verhoudingsverlies, vrees

geassosieer met die oorskakeling na mededingers, vergifnis, terugvoer respons, terugvoer vir verbeterde dienslewering, verwagtinge, terugvoer om konflik te vermy en aanvanklike betrokkenheid. 'n Verdere ontleding van die data dui daarop dat die lengte van klante se verhoudings met die onderneming nie aanduidend is van hul verhoudingsvoorneme nie.

Dit word aanbeveel dat banke en lewensversekeringsondernemings die nege geïdentifiseerde faktore moet gebruik om klante se verhoudingsvoorneme te bepaal. Die teiken van hoë verhoudingsvoorneme klante, eerder as al die klante tydens die bou van verhoudings, sal lei tot meer effektiewe en doeltreffende investeringe tydens die bou van verhoudings. Banke en lewensversekeringsondernemings behoort verder nie die aanname te maak dat klante wat vir 'n lang tydperk met hul sake doen, outomaties die behoefte het om langtermynverhoudings te bou nie.

Aanbevelings vir toekomstige navorsing sluit in die moontlike herhaling van die studie in ander diensindustrieë om die betroubaarheid van die geïdentifiseerde faktore wat gebruik is vir die meting van verhoudingsintensie te bepaal. Respondente van ander Suid-Afrikaanse provinsies kan ook ingesluit word om te bepaal of daar verskille is tussen respondente van verskillende areas ten opsigte van hul verhoudingsintensie.

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LIST OF KEY TERMS

- Relationship marketing
- Relationship intention
- Relationship length
- Banking
- Life insurance

CHAPTER 1

INTRODUCTION, PROBLEM STATEMENT, RESEARCH OBJECTIVES AND RESEARCH METHODOLOGY

1.1 INTRODUCTION

Although relationship marketing is a relatively young field of study, it has already grown to a focal point of organisations' strategies, with Grönroos (2000:4) regarding it as the cornerstone of marketing.

The aforementioned suggests that relationship marketing has played an important role in the success of many organisations. Relationship marketing, however, is not ideal for all organisations, and in particular their customers. Therefore, organisations should investigate if relationship marketing will be feasible for both the organisation and its customers (Peck, Payne, Christopher & Clark, 1999:410).

This study will focus on customers' relationship intentions within banking and life insurance organisations. The following pages will discuss the problem statement, primary and secondary objectives, research methodology and chapter outlay.

1.2 DEFINITION OF TERMS

1.2.1 Relationship marketing

Grönroos (2000:242) and Gummesson (2002:3) define relationship marketing as organisations establishing, maintaining and building relationships with customers and other parties at a profit so that the objectives of the parties involved are met. The definition stresses the significance of establishing and maintaining the relationship between parties. Both parties should be dedicated to this

relationship. It is important to note that these relational exchanges have the ability to create value and therefore, help organisations to achieve sustainable competitive advantages (Marzo-Navarro, Pedraja-Iglesias & Rivera-Torres, 2004:426).

1.2.2 Relationship intention

Some customers seem to resist developing close relationships with organisations, meaning they have no desire to engage in a relationship. According to Grönroos (2000:242) and Zolkiewski (2004:25), it may be appropriate to end these types of relationships, seeing as organisations may end up wasting valuable time, money and resources by trying to build relationships with these reluctant customers.

Therefore, it is important to identify those customers who intend to support a long-term relationship with an organisation. Kumar, Bohling and Ladda (2003:667) define relationship intention as the eagerness of the customer to build a relationship with an organisation, while buying a product or a service accredited to an organisation, a brand, or a channel.

1.3 PROBLEM STATEMENT

Most of the definitions on relationship marketing were developed from an organisational point of view. Gummesson (2002:3) defines relationship marketing as marketing based on interaction within a well-developed network of relationships. Gummesson (2002:5) constitutes that the core of marketing is to create and maintain a network of relationships, outside as well as inside the organisation.

Kotler and Armstrong (2001:9), and Little and Marandi (2003:22), on the other hand, define relationship marketing as making a profit by establishing, upholding and enhancing relationships with customers to meet the objectives of both

parties. This definition emphasises the goal of relationship marketing from an organisational point of view, namely to become more profitable – an organisation needs to attract and retain customers.

It seems feasible that organisations will benefit by building long-term relationships with their customers since it is five to ten times more expensive to gain a new customer than to keep an old customer (Gummesson, 2002:36). For instance, long-term customers engage in positive word-of-mouth and show commitment to the service organisation (Kasper, Van Helsdingen & Gabbott, 2006:153; Grönroos, 2007:308). Berger and Nasr (1998:19) also indicate that customers will provide more value to the organisation as the length of their relationship with the organisation increases. Little and Marandi (2003:152) support this view by indicating that relationships between organisations and customers become more profitable for organisations as the relationships lengthen.

It is evident that for the relationship to be successful, both parties should be able to give, take and offer within the relationship. Long-term relationships are reciprocal, interactive and involve give and take. On the contrary, relationships are intended to be short-lived if parties do not commit equally (Batterley, 2004:36). The aim with long-term relationships is to create value for both parties involved in order to ensure a successful relationship. Gummesson (2002:15) explains that relationship marketing should be a win-win situation. The majority of academic literature and research focuses on the benefits of relationship marketing for organisations. It is, however, also important to identify the benefits that relationship marketing hold for the customer. Customers will benefit from high quality service, customised products and feeling valued by the organisation (Claycomb & Martin, 2002:616; Little & Marandi, 2003:33; Marzo-Navarro *et al.*, 2004:426).

Even though relationship marketing holds certain benefits for customers, it does not indicate that customers want or need a long-term relationship with an

organisation. Little and Marandi (2003:24), and Kinard and Capella (2006:359) emphasise this view by mentioning that relationship marketing should only be aimed at those customers who wish to engage in such a relationship.

The problem is that organisations have little knowledge of how customers feel and think and what their motives are for engaging in a relationship (Gummesson, 2002:285). Organisations do not understand customers' perspectives concerning relationship marketing, which leaves a gap that needs to be investigated. Most organisations assume customers want to build long-term relationships with them. However, organisations should not place too much emphasis on developing relationships with all customers, as not all customers desire relationships with an organisation (Zolkiewski, 2004:25).

This reveals the research problem that needs to be addressed. Organisations spend money on programmes and activities to build relationships with customers who may have low intentions to reciprocate. Kumar *et al.* (2003:667) indicate that customers with low relationship intentions may not be profitable to organisations, even if those organisations attempt to build relationships with those customers. These authors continue by adding that customers' intentions to develop a relationship do not necessarily depend on the length of the relationship with the organisation. Therefore, failure to identify long-term customers with high relationship intentions may lead to an inappropriate approach to the customer, which at best may lead to a wasteful use of resources, and at worst, cause the customer considerable irritation (Blois, 1998:266).

To be successful in relationship marketing, organisations must accommodate for the differences between customers and not only the similarities between them. Organisations should not try to pursue or satisfy every customer, but only focus on profitable customers (Ma, Li & Chen, 2007:314). Retaining these profitable customers has also become increasingly difficult in the financial industry, where banks and life insurance organisations specialise in offering attractive services and prices to them (Leverin & Liljander, 2006:232). Due to this, many financial

service organisations consider the development of defensive strategies in order to avoid indiscriminate loss of valuable customers (Roig, Garcia, Tena & Monzonis, 2006:266). Relationship intention is one such defensive strategy organisations can use to retain valuable customers. Relationship intention illustrates the willingness of a client to build a long-term relationship with an organisation while buying a product or a service attributed to an organisation, a brand, or a channel (Kumar *et al.*, 2003:667). Kumar *et al.* (2003:670) furthermore propose that five constructs should be used to measure customers' relationship intentions, namely involvement, expectations, forgiveness, feedback and fear of relationship loss.

The aim of this study is to analyse the relationship intention of customers within banking and life insurance organisations by testing the five constructs proposed by Kumar *et al.* (2003:670). This will be done in order to determine if organisations can identify those customers who are willing to form a relationship with them.

1.4 RESEARCH OBJECTIVES

1.4.1 Primary objective

The primary objective of this study is to investigate the relationship intention of customers within the banking and life insurance industries.

1.4.2 Secondary objectives

The primary objective will be supported by the following secondary objectives:

- Determine if the five relationship intention constructs proposed by Kumar *et al.* (2003:670) are valid to measure the relationship intentions of South African banking and life insurance industry customers;

- Determine the influence of relationship length on the five relationship intention constructs proposed by Kumar *et al.* (2003:670);
- Determine the relationship intention of customers for South African banking and life insurance industry customers;
- Determine if differences exist between customers showing high relationship intentions and those showing low relationship intentions for the constructs used to measure relationship intention; and
- Determine if differences exist between customers showing high relationship intentions and those showing low relationship intentions by considering their relationship length.

1.5 RESEARCH METHODOLOGY

The method of investigation will be discussed according to the literature review and the empirical investigation that were performed in this study.

1.5.1 Literature review

Relevant principles of relationship marketing and relationship intention were discussed. The sources used for this study were obtained from scientific journals, articles, books and research documents. Most of these sources were published between 1995 and 2008. The following databases were used:

- SACat: Catalogue of books available in South African research;
- NEXUS: Current and completed South African research;
- Internet: Google Scholar;

- SAMEDIA: Newspaper articles; and
- International journals: Academic Search Premier, Business Source Premier, Consumer Mass Media, Econolit, and Emerald.

1.5.2 Empirical investigation

The method in which the empirical investigation was undertaken will be discussed in terms of the research design, sampling plan, sample for the study, research instrument, pre-testing of the questionnaire, administration of the research instrument, data collection, and data analysis.

1.5.2.1 Research design

The research design serves as a master plan of methods used to collect and analyse the data. It can be seen as a method that guides the research towards its objectives. Three important designs can be identified, namely exploratory, casual (experimental) and descriptive research designs (Hair, Bush & Ortinau, 2006:63). In this study, exploratory research was used because exploratory designs are predominantly helpful in breaking broad, vague problem statements into smaller, more precise problem statements. In the case of exploratory designs, the researcher begins without preconceptions as to what will be found, thus indicating that this design is highly flexible and unstructured (Churchill & Brown, 2007:81).

1.5.2.2 Sampling plan

The purpose of a sampling plan is that it defines the appropriate target population, identifies the possible respondents, establishes the procedure for selecting the sample and determines the appropriate size of the sample (Hair *et al.*, 2006:65). The basic initiative of sampling is to draw conclusions about the entire population by selecting some of the elements in a population. The target

population needs to be defined in order to start the process (Cooper & Schindler, 2006:434).

Churchill and Brown (2007:351) refer to the population as individuals or objects that meet certain requirements for membership in the overall group. Hair *et al.* (2006:65) stress the need to identify the relevant target market, seeing that marketing decision makers are most interested in identifying and resolving problems associated with their target markets. Customers within the banking and life insurance industries were chosen as the target population, in order to achieve the focal point on relationship intention. The target population therefore included any person, older than eighteen years, living in Gauteng who uses either banking or life insurance services.

1.5.2.3 Sample

In order to draw the sample and to determine exactly how the sample units will be selected, it is of utmost importance to identify whether a probability or non-probability approach will be applied (Tustin, Ligthelm, Martins & Van Wyk, 2005:344). A non-probability sampling approach was used in this study. Churchill and Brown (2007:357) explain that non-probability sampling is when some of the elements of the population have little or no chance of being selected for the sample. These elements do not have an equal chance to be selected. Non-probability sampling relies on the judgement of the researcher (Zikumd & Babin, 2007:273). Although the researcher has the opportunity to collaborate with the respondents, it is also very important to note that a non-probability sample is very risky, seeing as the degree of the sampling error cannot be determined (Tustin *et al.*, 2005:344). However, Malhotra (2007:352) points out that non-probability sampling methods can also be helpful to researchers when they are limited in terms of the time and financial resources.

Non-probability methods consist of convenience, judgemental, quota, snowball and purposive sampling. The non-probability sampling method used in this study

consisted of a convenience sample. Convenience sampling is when sample units are chosen based on being readily available (Zikmund & Babin, 2007:273). Convenience sampling is most appropriate when information needs to be obtained quickly and inexpensively (Malhotra, 2007:341).

The total number of sample elements included in the research survey is referred to as the sample size. The sample size for each service type researched in this study could not be calculated, since banking and life insurance organisations that were contacted declined to share their customers' information. It was mainly because of this problem that a convenience sampling method had to be used. Even though this sampling method was used, it was aimed at obtaining a variety of respondents from different banking and life insurance organisations. To guarantee that dependable and valid conclusions are made about the population, the researcher must ensure that the sample size is big enough (Cant, Gerber-Nel, Nel & Kotze, 2005:177). Hair *et al.* (2006:320) explain that at least 384 sampling units need to be included in most studies to have a 95% percent confidence level and a sampling error of $\pm 5\%$. For this reason, 401 respondents participated in the study of which 202 used banking and 199 life insurance services.

1.5.2.4 Research instrument

Tustin *et al.* (2005:98) explain that a research instrument is designed to gather information from the sample population. Measuring instruments must be constructed with care in order to measure and predict human behaviour and thought processes accurately (Cant *et al.*, 2005:131).

The research instrument selected for this study was a questionnaire. As previously mentioned, the primary objective of this study was to determine the relationship intention of customers within the banking and life insurance industries. Therefore, two questionnaires (see section 1.5.2.5) were used in this study, where the one focused on banking (see Appendix A) and the other on life

insurance services (see Appendix B). The questionnaire was divided into four sections, namely Sections A, B, C and D. Section A measured customers' choice of organisation and the length they have been using the organisation's services. Section B measured the respondents' relationship intention, while Section C measured the importance of certain aspects to customers concerning their organisations. Section D measured the respondents' demographic details. Section B (which measured relationship intention) was adapted from the questionnaire developed by Kumar *et al.* (2003:675) and adopted by De Jager (2006). The questionnaire measured the relationship intention of respondents according to the constructs of involvement, expectations, forgiveness, feedback and fear of relationship loss. Seeing as De Jager (2006:18) realised low Cronbach Alpha values, an additional 34 items were added to the questionnaire to increase the reliability of the measurement instrument.

Likert-type scales were used in Section A of the questionnaire. Tustin *et al.* (2005:408) explain that Likert-type scales represent a systematic and refined means for constructing indexes from questionnaire data. With Likert-type scales, researchers write a number of statements that relate to the issue or object in question. Respondents are asked to indicate their degree of agreement or disagreement with each statement in the series (Churchill & Brown, 2007:283). The responses of the respondents are given as a numerical value and/or a sign. This numerical value and/or sign reflect the strength and direction of the attitude of the respondents towards each of the statements (Webb, 2002:169). Cooper and Schindler (2006:448) state that Likert-type scales are easy and quick to construct, they offer a greater volume of data and are more reliable than many other scales.

A multiple-choice question format was used in Section B of the questionnaire, which allowed the respondents to select one of several alternatives. Multiple-choice questions are ideal for this study, seeing as coding and processing of data obtained from these questions are much less costly and time consuming

(Malhotra, 2007:309). Close-ended questions were used throughout the questionnaire, which offers the respondents a selection of possible responses. Close-ended questions are simple to administer, and easy to tabulate and analyse (Cant *et al.*, 2005:151).

1.5.2.5 Pre-testing the questionnaire

Pre-testing questionnaires is essential if the researcher is to be satisfied that the questionnaire will perform its various functions in the interview situation. Pre-testing is not only an established practice for discovering errors, but is useful for training the research team (Cooper & Schindler, 2006:418). The pre-test of the questionnaire was directed at ten respondents of banking and life insurance organisations. The results indicated that respondents found it difficult and confusing to answer the questionnaire, since the questions were combined for both banking and life insurance services to measure respondents' relationship intentions. It was therefore decided to split the questionnaire, where one questionnaire focused on banking and the other on life insurance services.

1.5.2.6 Administrating the research instrument

Struwig and Stead (2001:89) indicate that researchers mainly use self-administered and interviewer-administered questionnaires for their research. An interviewer-administered questionnaire was used to collect data from respondents. With interviewer-administered questionnaires, the interviewer him- or herself administrates the questionnaire. Interviewer-administered surveys include personal interviews, intercept interviews, landline telephonic interviews, cell phone interviews, in-depth interviews and focus group discussions (Malhotra, 2006:301). Personal interviews were used for the purpose of this study, as they allow the respondent to speak face-to-face with the interviewer (Churchill & Brown, 2007:208).

1.5.2.7 Data collection

Data was gathered from banking and life insurance organisation customers residing in Gauteng. The fieldworkers asked respondents a screening question to determine if they used the services of any banking or life insurance organisations. Only respondents who used the service of banking and life insurance organisations were interviewed.

1.5.2.8 Data analysis

Data can be analysed, once the data has been captured and stored in the format of a dataset (Tustin *et al.*, 2005:479).

a) Software

The data obtained from the questionnaire was analysed by means of descriptive statistics, factor analysis and effect sizes. The Statistical Consultation Services (SCS) of the North-West University (Potchefstroom Campus) (see Appendix C) performed the data analysis by means of the SAS, SPSS and STATISTICA software (SAS Institute Inc., 2007; SPSS Inc, 2006; and StaSoft, Inc, 2006).

b) Descriptive statistics

Descriptive statistics will provide the researcher with an overall picture of a large amount of data in order to describe group or sample performance.

The following analyses were done:

- Explorative factor analysis (EFO) and confirmatory factor analysis (CFO) to determine the validity of the questionnaire as a measuring instrument;

- Cronbach Alpha-values were used to determine the reliability of the questionnaire as a measurement instrument; and
- Frequencies of demographic data.

c) Statistical analysis

The following analyses were done:

- Calculating the averages of differences between the ideal and the current application;
- The standard deviations for individual items on the questionnaire were calculated; and
- Cohen's d-values were used for the practical significance by means of effect size.

1.6 PRELIMINARY CHAPTER OUTLAY

This study is divided into four chapters. The first chapter includes the methodological framework of the study. The definition of terms, the problem statement, the primary and secondary objectives as well as the method of investigation were discussed within this chapter. Chapters 2 and 3 are devoted to two research articles, namely "Exploring the relationship intention concept in two South African service industries" and "The relationship intention of customers in the two South African service industries and the influence of relationship length: An exploratory study", respectively. This is followed by Chapter 4, which concludes the study by presenting major findings from the results together with the limitations of the study and recommendations for future research.

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CHAPTER 2

RESEARCH ARTICLE 1

**Exploring the relationship intention concept in two South
African service industries**

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RESEARCH ARTICLE 1

Exploring the relationship intention concept in two South African service industries

H. Delport

ABSTRACT

Identifying customers who have the intention to build long-term relationships is beneficial for banking and life insurance organisations. Identifying these customers will enable marketers to segment customers according to their relationship preference. This may prevent money and resources being spent with little effect trying to develop a relationship with customers who do not intend to build a long-term relationship with the organisation. However, it is difficult to understand the nature of relationship intention without understanding the constructs used to measure relationship intention, namely involvement, expectations, forgiveness, feedback and fear of relationship loss. The purpose of this article is to determine if these five relationship intention constructs are applicable to the banking and life insurance industries in Gauteng, South Africa. Data was gathered from 401 banking (n=202) and life insurance (n=199) customers. Findings did not only confirm that the five constructs are relevant to the selected services, but it identified four additional factors that support some of the five constructs. Identifying the factors that should be used to measure relationship intention will help organisations to identify customers who have the intention to build long-term relationships with the organisation.

Keywords: *Relationship marketing, relationship intention, relationship length, banking, life insurance.*

INTRODUCTION

Organisations are increasingly focusing their marketing efforts on relationship marketing as competition, globalisation and the costs of attracting new customers increase (Mehta & Tambe, 1997:129; Anderson, Jolly & Fairhurst, 2007:394). At the core of relationship marketing is the development and maintenance of long-term relationships with valuable customers (Berry, 1983:25; Grönroos, 1994:9; Egan, 2004:21-22). It is important to note that these long-term relationships with valuable customers have the ability to create value and therefore, help organisations to achieve sustainable competitive advantages (Marzo-Navarro, Pedraja-Iglesias & Rivera-Torres, 2004:426). Organisations benefit from relationship marketing in terms of greater sales volumes, better operating efficiencies, positive word-of-mouth, improved customer feedback and decreased marketing expenses (Alexander & Colgate, 2000:945; Claycomb & Martin, 2002:616; Grönroos, 2007:308). Furthermore, customers benefit from enhanced value, better quality, and increased satisfaction with their purchases (Claycomb & Martin, 2002:616; Little & Marandj, 2003:33; Marzo-Navarro, *et al.*, 2004:426). Little and Marandj (2003:152) also indicate that relationships become more profitable for organisations as the relationship lengthens. Berger and Nasr (1998:19) illustrate that the value customers provide to the organisation can be determined by the length of the relationship between customers and the organisation. Customers will provide more value to the organisation as the length of the relationship increases.

Ward and Dagger (2007:283) argue that sixty to seventy percent of customer relationship initiatives have stalled or failed, despite the embrace of relationship marketing as an important corporate strategy. While there are many organisational and structural reasons for this, it is likely that relationship marketing initiatives are applied in service settings where relationships have limited meaning or relevance (Zolkiewski, 2004:27; Kinard & Capella, 2006:365). Kinard and Capella (2006:365) illustrate that the type of service the customer interacts with will determine the level and type of relationship formed with that particular organisation. Banking and life insurance

organisations stress the value of customer relationships (Kasper, Van Helsdingen & Gabbott, 2006:124; Wong & Sohal, 2006:259). However, some banking and life insurance customers do not want to engage in a relationship, emphasising a transactional approach. It is therefore important to examine the intentions of customers within certain service industries and to determine whether organisations need to adopt a transactional or relational approach. Emphasis should not be placed on developing relationships with all customers, as not all customers desire relationships with an organisation (Grönroos, 2000:242, Zolkiewski, 2004:25). Rather, it is important to focus on the development of relationships with the "right" customers.

By comparing customers' transactional versus relationship orientations, organisations can conduct an overall assessment of customers' profiles and segment them according to their relationship preferences. If the relationship intention of the customer is high, it will make sense to invest in building a relationship with the customer. Such relationships might be profitable in the long run, implying that the relationship marketing approach will be best suited to deal with customers showing relationship intention. Conversely, if customers' relationship intentions are low, it is not worth investing in building long-term relationships with them and a transactional marketing approach will be better suited (Kumar, Bohling & Ladda, 2003:670).

RELATIONSHIP INTENTION

Kumar *et al.* (2003:670) define relationship intention as the intention of a customer to build a long-term relationship with an organisation while buying a product or a service attributed to an organisation, a brand, or a channel. It is important for organisations to identify those customers who intend to support a long-term relationship with them, seeing as not all customers have the desire to build relationships with organisations (Kinard & Capella, 2006:359).

A customer who has no intention to build a relationship possesses transactional intention. Transactional intention refers to a short-term and opportunistic attitude of customers towards an organisation (Kumar *et al.*,

2003:669). Indeed, the service encounters between the organisation and customers who have no relationship intention are usually brief and tend to be less intimate (Ward & Dagger, 2007:284). Customers possessing transactional intention usually prefer to buy their products and services with less involvement with the organisation (Kinard & Capella, 2006:364). Kumar *et al.* (2003:669) explain that transactional customers have low expectations of the services provided by the organisation and are not willing to forgive the occasional service failure, show little affection towards the organisation and can easily switch to competitors. Even though customers with transactional intentions do not like to provide information to the organisation, they generally constitute a major volume of the income to any organisation

In contrast, customers with a high degree of relationship intention have the willingness to build and maintain relationships with the organisation. These customers are more involved with the products and services of the organisation and express greater intrinsic willingness to maintain relationships with organisations (Kumar *et al.*, 2003:669; Varki & Wong, 2003:87). Customers who show high involvement do not only have high expectations of the organisation; they are also more concerned about the organisation and its employees (Kumar *et al.*, 2003:670). Customers with high relationship intentions have the ability to forgive organisations when a service failure occurred and provide feedback in order to correct the failure (De Coverly, Holme, Keller, Mattison & Toyoki, 2002:30; Matilla, 2004:137). Finally, customers with a high degree of relationship intention are emotionally attached to the organisation and would feel guilty if they consider switching to another organisation (Fullerton, 2003:335). Kumar *et al.* (2003) propose five constructs to measure relationship intention. These constructs will subsequently be discussed.

RELATIONSHIP INTENTION CONSTRUCTS

The five constructs Kumar *et al.* (2003:670) propose to measure relationship intention, include involvement, expectations, forgiveness, feedback and fear of relationship loss.

Involvement

The concept of involvement and the effect it has on customer behaviour have been an expanding area of interest for marketers. However, a lack of consistency in the conceptual and operational definitions of involvement can be detected (Csipak, Chebati & Venkatesan, 1995:230). This article focuses on customers' involvement in a relationship with an organisation. This type of involvement can be defined as a person's intention to engage in a relationship activity without any force or obligation (Kumar *et al.*, 2003:670). This definition also stresses the degree to which a person would willingly intend to engage in a relationship activity. A customer who is involved with the organisation's product and service will have a greater intention to build a relationship with an organisation (Kumar *et al.*, 2003:670; Varki & Wong, 2003:89-90). This takes place because organisations are instilling a perceived relational advantage for highly involved customers. Customers' involvements influence their interest in relationships with organisations, as well as their expectations of relational activities initiated by the organisation (Varki & Wong, 2003:89-90). Ford (2001:7) supports this view by indicating that customers' involvement in a relationship with an organisation can predict customer expectations about a relationship orientation versus a transaction orientation.

Expectations

Zeithaml, Berry and Parasuraman (1993:2) define customer expectations as predictions made by customers about what is expected to happen during an impending transaction of exchange. Customer expectations are predictors of how the organisation will react or behave, seeing as customer expectations are always concerned with future behaviour (Clow & Beisel, 1995:33). Customers develop some expectations when they buy a product or service. A customer, who has expectations of an organisation, will also be more concerned about the organisation. The more concerned the customer is, the higher the intention to build a relationship with the organisation, because the customer cares deeper about the organisation. These customers will also like to see some improvement in the organisation's products and services. This

means that customers with higher expectations will be more likely to develop a relationship with an organisation than customers who have no expectations (Kumar *et al.*, 2003:670). Customer expectations could therefore be seen as having an impact on relationship intention.

Forgiveness

Robbins and Miller (2004:97) suggest that forgiveness in terms of an organisation-customer relationship can be defined as the willingness of customers to overlook a negative service outcome. Loyal customers are probably more willing to forgive what they perceive as a service failure. A service failure refers to a service encounter that results in a customer being dissatisfied (Gabbott & Hogg, 1998:116). Thus, a service failure takes place when the service failed to meet a customer's expectations (La & Kandampully, 2004:392). Customers experience negative emotions, including feelings such as anger, discontent, disappointment, self-pity and anxiety when their expectations are not met (Zeithaml, Bitner & Gremler, 2006:218). The existence of a trusting relationship might indeed be the granting and acceptance of forgiveness when a service failure occurred. An established relationship between the customer and the organisation may be more resistant to occasional service failures that may allow minor difficulties to be overcome (Marzo-Navarro *et al.*, 2004:426). Customers who formed a long-term relationship with an organisation are generally more forgiving even if the customers have certain expectations about the organisation. Thus, customers will still give the organisation another chance, even if their expectations are not fulfilled. The customer will forgive the organisation, seeing as the relationship is important to the customer. It would seem that customers who show higher forgiveness for service failures would also have a higher intention to form a relationship with an organisation (Kumar *et al.*, 2003:670).

Feedback

Clow and Kurtz (2004:142), and Volkov (2004:114) define feedback as the set of all behavioural responses portrayed by customers who involve the

communication of negative perceptions relating to a consumption episode and triggered by dissatisfaction with that episode. Therefore, feedback is a result of customers communicating their dissatisfaction or unmet expectations to the organisation.

Clark and Baker (2004:45) explain that most customers who are dissatisfied with a service do not report their dissatisfaction to the organisation. Customers simply never come back, and worse, may tell friends about the bad experience (Bruhn, 2003:70). Organisations are therefore going to increasing lengths to encourage customer feedback in the hope that they are given an opportunity to make amends (Palmer, 2005:91). Thus, customers who provide feedback are in a better position to receive service recovery. Service recovery can be defined as the actions taken by an organisation in response to a service failure (Weun, Beatty & Jones, 2004:134; Zeithaml *et al.*, 2006:214). Thus, service recovery is where the organisation treats displeased customers in such a way that they leave the service experience feeling positively disposed towards the organisation and are also willing to engage with the organisation in future transactions (Mudie & Pirrie, 2006:254). Those customers who have benefited from service recovery will be more loyal to the organisation and will also trust the organisation more (Weun *et al.*, 2004:133). Feedback from customers could therefore be seen as a factor that has an impact on relationship intention (Kumar *et al.*, 2003:670).

Fear of relationship loss

Caruana (2002:256) defines fear of relationship loss as a switching cost, which discourages customers from switching to a competitor's product or service. A variety of different switching costs can be identified from literature, but this article will focus on relational switching costs. Caruana (2002:258) defines relational switching costs as the loss of identity and breaking of bonds. This consists of personal relationship loss and brand relationship costs, which can cause psychological or emotional discomfort. Customers that are highly involved with the organisation are emotionally attached to relationships with the employees or the organisation (Fullerton, 2003:335). This involvement not

only causes customers to feel guilty for leaving, but it also lowers the possibility to switch organisations (Wathne, Biong & Heide, 2001:54). This phenomenon occurs because the customer is emotionally attached, to either the employees or the brand of the organisation that the customer is in contact with. Thus, customers who fear losing a relationship with an organisation also show high intention to build a relationship with the organisation (Kumar *et al.*, 2003:670).

RELATIONSHIP LENGTH

Relationship marketing can be used as a marketing strategy by organisations to make an effort to keep in touch with their customers on a regular basis, and are giving their customers reasons to maintain a connection with them (Solomon, Bamossy, Askegaard & Hogg, 2006:13). Berger and Nasr (1998:19) explain that the length of the relationship between customers and their organisation can determine the value customers provide to the organisation. The value that customers offer will increase as the length of the relationship increases. Therefore, relationships will become more profitable for organisations as their relationship with their customers lengthens (Little & Marandi, 2003:152).

However, Kumar *et al.* (2003:71) propose that customers' intentions to develop a relationship do not necessarily depend on the length of the relationship with the organisation. Kasper *et al.* (2006:246) support this view by arguing that customers do not offer the same profitability at every moment during their relationship with the organisation. Therefore, customers' profitability does not always increase as the relationship lengthens.

PROBLEM STATEMENT AND OBJECTIVES

Identifying customers who have the intention to build long-term relationships can be beneficial for organisations. Kumar *et al.* (2003:670) suggested five constructs to measure relationship intention, namely involvement, expectations, forgiveness, feedback and fear of relationship loss. Even though

previous studies in South Africa (De Jager, 2006; Mentz, 2007; Steyn, Mostert & De Jager, 2008) assumed that the five constructs proposed by Kumar *et al.* (2003:670) to measure relationship intention were valid, there remains a need to determine whether the five constructs are valid to measure relationship intention in a South African service setting.

Considering the problem statement and the literature review, the following objectives are set:

- Determine if the five relationship intention constructs proposed by Kumar *et al.* (2003:670) are valid to measure the relationship intentions of South African banking and life insurance industry customers; and
- Determine the influence of relationship length on the five relationship intention constructs proposed by Kumar *et al.* (2003:670).

METHOD

The research context for this article comprises two services settings, namely banking and life insurance. These services were selected, as customers who engage in a relationship within a bank and life insurer could perceive greater relational benefits (Kasper *et al.*, 2006:124; Wong & Sohal, 2006:259).

Population and Sample

The target population included any person, older than eighteen years, living in Gauteng who uses either banking or life insurance services. This study used a non-probability sampling method, which means some of the elements of the population had little or no chance of being selected for the sample (Cant, Gerber-Nel, Nel & Kotze, 2005:53). A convenience sampling method was used to obtain information quickly and inexpensively (Aaker, Kumar & Day, 1995:376). In total, 401 respondents participated in the study of which 202 used banking and 199 life insurance services.

Research instrument and data collection

An interviewer-administered questionnaire was used as the research instrument to gather data from customers of leading banking and life insurance organisations in South Africa. The questionnaire proposed by Kumar *et al.* (2003:675) was used as the basis to measure each of the five relationship intention constructs, namely involvement, expectations, forgiveness, feedback and fear of relationship loss. In addition to the 18 items used to measure relationship intention as proposed by Kumar *et al.* (2003:675), 34 additional items were added to the questionnaire to increase the reliability and validity of the relationship intention constructs. The extent to which respondents agreed with the statements that measured relationship intention was tested on a 5-point Likert-type scale, ranging from 1 = yes, a lot to 5 = no, not at all.

Data analysis

An exploratory factor analysis was conducted to identify the factors constituting relationship intention. The Oblimin method of rotation was applied (Aaker, Kumar & Day, 2003:570-571). Only factor loadings >0.3 were reported, seeing as items with factor loadings < 0.3 do not correlate significantly with the factor (Field, 2005:622). Factor scores were calculated as the mean of items contributing to a factor, implying that factor scores can be interpreted on the original measurement scale. Following the factor analysis, respondents were categorised according to the length of their relationship with the organisation in order to determine if differences exist with regard to the factor scores identified from the factor analysis. A one-way ANOVA was performed to determine the statistically significant differences in respondents' intentions to build long-term relationships by considering their relationship length with the organisation. Furthermore, effect sizes using Cohen's d-values were used to indicate practically significant differences between the means of different groups. Bagozzi (1994:248) explains that practical significance measures the strength of the significance of values that enable the researcher to judge the practical importance of an effect or result.

The d-values were calculated by using the following formula (Cohen, 1988:20-27):

$$d = \frac{|\bar{x}_1 - \bar{x}_2|}{S_{\max}}$$

where:

- d = effect size;
- $\bar{x}_1 - \bar{x}_2$ is the difference between means of two compared groups; and
- S_{\max} is the maximum standard deviation of the two compared groups.

Effect sizes were interpreted as follows (Cohen, 1988:20-27):

- $d \approx 0.2$ indicating a small effect with no practical significance;
- $d \approx 0.5$ indicating a moderate effect; and
- $d \approx 0.8$ or larger, indicating a practically significant effect.

RESULTS

Sample profile

Somewhat more females (58%) participated in the study than males (42%). Respondents' ages varied between 18-25 years (27%), 26-35 years (21%), 36-50 years (30%), 51-65 years (20%), and 66 years and older (2%). Respondents' relationships with their bank or life insurance provider ranged between < 3 (14%), 3-5 years (18%), 6-10 years (19%), 11-15 years (14%), 16-20 years (15%), and > 20 years (20%).

Factor analysis

A factor analysis was carried out to reduce the dimensionality of data into a smaller set of factors and to uncover the latent structures of the set of variables (Garson, 2008). Table 1 presents the rotated factor matrix for relationship intention.

Table 1: Rotated factor matrix for relationship intention

| Item | Abbreviated statements | Factor loadings | | | | | | | | |
|------|--|---|---|---|---------------------------|------------------------------------|--|----------------------------|---|-----------------------------------|
| | | Factor 1 (Continuing involvement) | Factor 2 (Fear of relationship loss) | Factor 3 (Fear associated with switching to competitors) | Factor 4 (Forgiveness) | Factor 5 (Feedback response) | Factor 6 (Feedback for improved service delivery) | Factor 7 (Expectations) | Factor 8 (Feedback to avoid conflict) | Factor 9 (Initial involvement) |
| 5 | Satisfied with service received | .76 | | | | | | | | |
| 31 | Complain about bad service delivery | .74 | | | | | | | | |
| 32 | Complain about service failures | .74 | | | | | | | | |
| 1 | Proud to be a customer | .70 | | | | | | | | |
| 2 | Proud to see organisation's name, advertising materials and positive press | .65 | | | | | | | | |
| 8 | Identified as a customer | .64 | | | | | | | | |
| 4 | Feeling of satisfaction when joined organisation | .58 | | | | | | | | |
| 18 | Expect quality service in future, based on previous experience | .57 | | | | | | | | |
| 19 | Care about image | .49 | | | | | | | | |
| 12 | Recommend organisation | .48 | | | | | | | | |
| 46 | Concerned losing privileges when consider switching | | -.83 | | | | | | | |
| 44 | Concerned losing services when consider switching | | -.80 | | | | | | | |
| 47 | Concerned losing identification with brand when consider switching | | -.78 | | | | | | | |
| 42 | Concerned losing relationship when consider switching | | -.78 | | | | | | | |
| 45 | Experience emotional stress when consider switching | | -.78 | | | | | | | |
| 43 | Concerned losing relationship with employees when consider switching | | -.50 | | | | | | | |
| 10 | Often fill in documents, give information and use websites | | -.31 | | | | | | | |
| 40 | Reason not switching because of difficulty | | | .88 | | | | | | |
| 39 | Reason not switching because of administrative nightmare | | | .86 | | | | | | |
| 41 | Easy to switch to competitors | | | -.80 | | | | | | |
| 23 | Forgive service below standard | | | | .53 | | | | | |
| 24 | Forgive quality service below standard of competition | | | | .43 | | | | | |

| Item | Abbreviated statements | Factor loadings | | | | | | | | |
|------|--|--------------------------------------|--------------------------------------|--|------------------------|------------------------------|---|-------------------------|---------------------------------------|--------------------------------|
| | | Factor 1 (Continuing involvement) | Factor 2 (Fear of relationship loss) | Factor 3 (Fear associated with switching to competitors) | Factor 4 (Forgiveness) | Factor 5 (Feedback response) | Factor 6 (Feedback for improved service delivery) | Factor 7 (Expectations) | Factor 8 (Feedback to avoid conflict) | Factor 9 (initial involvement) |
| 26 | Give benefit of the doubt for service failure | | | | .38 | | | | | |
| 25 | Find higher rates, fees or premiums acceptable | | | | .36 | | | | | |
| 28 | Repurchase from organisation even if a service failure experienced | | | | .34 | | | | | |
| 29 | Provide positive feedback if service exceeds expectations | | | | | .79 | | | | |
| 33 | Provide positive feedback if service meets expectations | | | | | .73 | | | | |
| 48 | Consider switching if not providing competitive prices | | | | | .63 | | | | |
| 27 | Feel more committed if service failures are handled promptly | | | | | .60 | | | | |
| 38 | Provide feedback even though attempt is restricted | | | | | | .87 | | | |
| 37 | Provide feedback to contribute to services | | | | | | .79 | | | |
| 15 | High expectations of service quality | | | | | | | .78 | | |
| 14 | Unique, personal expectations of services received | | | | | | | .77 | | |
| 36 | Avoid confrontation by not complaining | | | | | | | | -.80 | |
| 30 | Avoid communicating | | | | | | | | -.78 | |
| 6 | Voluntarily participate in selecting organisation | | | | | | | | | .81 |
| 7 | Become emotionally involved in choosing organisation | | | | | | | | | .72 |
| | Cronbach's Alpha values | 0.91 | 0.89 | 0.81 | 0.82 | 0.71 | 0.64 | 0.55 | 0.56 | 0.57 |

Table 1 indicates that nine factors can be identified to measure relationship intention. The nine factors explain 65.92% of the total variance. Of the 48 relationship intention statements used to measure respondents' relationship intentions, 37 items loaded onto the nine factors. Some of the items loaded onto more than one factor. The items that contribute the most to the factors were included. To improve the construct validity of the research instrument, some individual items not loading on any factor were removed from the factor analysis.

The Cronbach's Alpha values for constructs from the factor analysis were calculated to determine the correlation between items in a scale and the total count (Sapsford & Jupp, 2006:111&121). Table 1 also shows the Cronbach reliability coefficients, ranging from 0.55 (for factor 7) to 0.914 (for factor 1). The Cronbach's Alpha values in Table 1 of factors 1 through 5 are > 0.7, indicating that these factors have a relatively high level of reliability between elements in the scale. Although the Cronbach's Alpha values for the last four factors are below 0.7 (0.55 – 0.64), these can still be regarded as acceptable considering the fact that only two items per construct were extracted. Field (2005:668) explains that the Cronbach's Alpha values depend on the number of items on the scale. Thus, the factors with Cronbach's Alpha values ranging between 0.55 and 0.64 have a low value because there are only two items loading on the scale, and not because the scale is unreliable. The following factors loaded onto the five constructs as proposed by Kumar *et al.* (2003:670).

Involvement

Kumar *et al.* (2003:670) identified involvement as a key construct to measure relationship intention. However, the additional items in the questionnaire included to measure involvement revealed that two separate factors loaded onto this construct, namely factors 1 and 9 (see Table 1). Six of the ten involvement items (Table 1: items 1, 2,4,5,8 and 12) loaded onto factor 1. Two feedback items (Table 1: items 31 and 32) and two expectations items (Table 1: items 18 and 19) also loaded onto factor 1, being regarded by respondents as being related to involvement. The items used to measure this construct related specifically with the respondents' involvement with the organisation. Considering these items, factor 1 can be labelled as continuing involvement. The two items (Table 1: items 6 and 7) that loaded onto factor 9 relate to the initial involvement of respondents when choosing their organisation. Factor 9 can therefore be labelled as initial involvement.

Fear of relationship loss

The items used to measure fear of relationship loss as suggested by Kumar *et al.* (2003:676) loaded onto two separate factors, namely factor 2 and factor 3. Six of the ten items (Table 1: items 42, 43, 44, 45, 46 and 47) used to measure fear of relationship loss loaded onto factor 2. One involvement item (Table 1: item 10) also loaded onto factor 2. This is regarded as an additional measure of fear of relationship loss by respondents. Factor 2 includes items that relate to the respondents' fear of losing the relationship with the organisation. Considering these items, factor 2 can be labelled as fear of relationship loss. Factor 3 included an extra dimension to the construct of fear of relationship loss by including items concerning the difficulty for respondents to switch to the competitors of their organisation. The factor analysis revealed that of the ten items used to measure fear of relationship loss, three items (Table 1: items 39, 40 and 41) loaded onto factor 3. Considering these items, factor 3 can be labelled as fear associated with switching to competitors.

Forgiveness

This study supports the construct forgiveness as suggested by Kumar *et al.* (2003:670), seeing as all the items used to measure this construct were linked to respondents' forgiveness. Four of the six items (Table 1: items 23, 24, 26 and 28) used to measure forgiveness loaded onto factor 4. One involvement item (Table 1: item 9) also loaded onto factor 4. This is regarded as an additional measure of forgiveness by respondents. Considering these elements and the factor loadings of each element, factor 4 can be labelled as forgiveness.

Feedback

The exploratory factor analysis revealed that the items used to measure the construct feedback as suggested by Kumar *et al.* (2003:670), was not a uni-dimensional construct. Thus, the measurement of feedback loaded onto three distinct factors, namely factors 5, 6, and 8. All these factors included elements of feedback. Of the eight items used to measure feedback, two items (Table 1: items 29 and 33) loaded onto factor 5. Additionally, one fear of relationship loss and one forgiveness item (Table 1: items 27 and 48) also loaded onto factor 5, regarded by respondents as an additional feedback measure. The items used to measure factor 5 were related to the response of the respondents to provide feedback. Thus, factor 5 is labelled as feedback response.

Factor 6 included elements concerning the feedback respondents provide in order to contribute towards service improvements. Only two items (Table 1: items 37 and 38) loaded onto factor 6. Considering these items and the factor loading of each item, factor 6 can be labelled as feedback for improved service delivery. Of the eight items used to measure feedback, only two items (Table 1: items 30 and 36) loaded onto factor 8. Factor 8 included elements concerning respondents avoiding contact with the organisation, such as confrontation and communication. Thus, this factor can be labelled as feedback to avoid conflict.

Expectations

This study supports the suggestion by Kumar *et al.* (2003:670), considering that all the items used to measure expectations were related to respondents' expectations of services from the organisations. Four expectations items were included in the research instrument. Of these, two items (Table 1: items 14 and 15) loaded onto factor 7. Thus, factor 7 is labelled as expectations.

Association of relationship length with factor scores

A one-way ANOVA was performed to determine the statistically significant differences in respondents' intentions to build long-term relationships by considering their relationship length with the organisation. Initial analysis found that statistically significant differences exist for respondents' relationship length with their organisation for only three of the nine factors, namely factor 3 (fear associated with switching to competitors), factor 7 (expectations), and factor 9 (initial involvement). It was therefore decided to determine the practical significance for these three factors.

Table 2 indicates the results for effect sizes when comparing the length of the respondents' relationship with the organisation in terms of factors 3, 7 and 9 of relationship intention.

Table 2: Effect sizes for differences in length of organisation-customer relationships for relationship intention factors

| Factors | Mean | Std. Dev. | n | Relationship length | d-value | | | | | |
|--|------|-----------|----|---------------------|--------------|-------------|------------|-------------|-------------|--------------------|
| | | | | | Less 3 years | 3-5 years | 6-10 years | 11-15 years | 16-20 years | More than 20 years |
| Factor 3 (Fear associated with switching to competitors) | 3.05 | 0.45 | 54 | < 3 years | - | 0.37 | 0.27 | 0.41 | 0.32 | .022 |
| | 2.89 | 0.42 | 71 | 3-5 years | 0.37 | - | 0.09 | 0.04 | 0.04 | 0.59 |
| | 2.93 | 0.42 | 75 | 6-10 years | 0.27 | 0.09 | - | 0.13 | 0.05 | 0.49 |
| | 2.87 | 0.44 | 54 | 11-15 years | 0.41 | 0.04 | 0.13 | - | 0.08 | 0.63 |
| | 2.91 | 0.47 | 61 | 16-20 years | 0.32 | 0.04 | 0.05 | 0.08 | - | 0.54 |
| | 3.15 | 0.44 | 81 | >20 years | 0.22 | 0.59 | 0.49 | 0.63 | 0.54 | - |
| Factor 7 (Expectations) | 2.19 | 0.93 | 54 | < 3 years | - | 0.05 | 0.07 | 0.24 | 0.34 | 0.27 |
| | 2.15 | 0.86 | 71 | 3-5 years | 0.05 | - | 0.12 | 0.29 | 0.38 | 0.22 |
| | 2.25 | 0.92 | 75 | 6-10 years | 0.07 | 0.12 | - | 0.17 | 0.26 | 0.34 |
| | 2.40 | 1.00 | 54 | 11-15 years | 0.24 | 0.29 | 0.17 | - | 0.09 | 0.51 |
| | 2.47 | 0.76 | 61 | 16-20 years | 0.34 | 0.38 | 0.26 | 0.09 | - | 0.60 |
| | 1.96 | 0.79 | 81 | >20 years | 0.27 | 0.22 | 0.34 | 0.51 | 0.60 | - |
| Factor 9 (Initial involvement) | 2.76 | 0.99 | 54 | < 3 years | - | 0.41 | 0.20 | 0.54 | 0.04 | 0.01 |
| | 3.12 | 0.83 | 71 | 3-5 years | 0.41 | - | 0.2 | 0.14 | 0.44 | 0.4 |
| | 2.94 | 1.05 | 75 | 6-10 years | 0.20 | 0.2 | - | 0.34 | 0.24 | 0.19 |
| | 3.24 | 0.87 | 54 | 11-15 years | 0.54 | 0.14 | 0.34 | - | 0.58 | 0.54 |
| | 2.73 | 0.84 | 61 | 16-20 years | 0.04 | 0.44 | 0.24 | 0.58 | - | 0.04 |
| | 2.77 | 0.91 | 81 | >20 years | 0.01 | 0.4 | 0.19 | 0.54 | 0.04 | - |

Table 2 illustrates that nearly all the d-values display moderate and small effect sizes. Moderate-sized d-values for factor 3 (fear associated with

switching to competitors) were found when comparing respondents with a relationship length between 3-5 years ($d = 0.59$), 11-15 years ($d = 0.63$) and 16-20 years ($d = 0.54$) with those with a relationship length of >20 years. The mean scores indicate that respondents from all the relationship lengths were neutral with the statements comprising factor 3.

From Table 2 it can furthermore be observed that there are moderate practically significant differences in effect sizes when comparing respondents with different relationship lengths in terms of factor 7 (expectations). Moderate-sized d -values for expectations were found when comparing respondents with a relationship length between 11-15 years ($d = 0.51$) and 16-20 years ($d = 0.60$) with those with a relationship length >20 years. The mean scores indicate that respondents from all the relationship lengths mostly agreed with the statements comprising factor 7.

Moderate practically significant d -values were identified when comparing respondents with different relationship lengths in terms of factor 9 (initial involvement). As illustrated in Table 2, respondents with a relationship length between 11-15 years differed from respondents with a relationship length between 16-20 years with moderate-sized d -values ($d = 0.58$); respondents with a relationship length of more than 20 years ($d = 0.54$), as well as respondents with a relationship length of less than 3 years ($d = 0.54$). The mean scores indicate that respondents with short- and long-term relationship lengths agreed more with the statements comprising factor 9, than those respondents with medium relationship lengths.

Considering the above findings, it can be concluded that no pattern emerges concerning respondents' length of relationship and the way in which the three factors are viewed by respondents from different relationship lengths.

CONCLUSIONS AND RECOMMENDATIONS

Relationship intention

Relationship intention enables organisations to identify potential customers who intend to form a long-term relationship with the organisation. It makes sense to invest in building relationships with customers with high relationship intentions as long-term relationships with these customers will ensure that the organisation sustains its profitability in the long run. However, it is difficult to understand the nature of relationship intention without understanding the constructs used to measure relationship intention. Kumar *et al.* (2003:670) propose involvement, expectations, forgiveness, feedback and fear of relationship loss to measure relationship intention. However, this study identified nine factors (see Table 1) to measure relationship intention, namely continuing involvement, fear of relationship loss, fear associated with switching to competitors, forgiveness, feedback response, feedback for improved service delivery, expectations, feedback to avoid conflict, and initial involvement. Thus, these results do not only confirm the five constructs proposed by Kumar *et al.* (2003:670), but also identified four additional factors that support the five constructs. Thus, these results highlight the need to consider more factors than the five constructs identified by Kumar *et al.* (2003), when measuring relationship intention. It is therefore suggested that when measuring relationship intention, the following factors be considered: to measure involvement, two sub-constructs need to be measured, namely continuing involvement and initial involvement. To measure fear of relationship loss, two sub-constructs need to be measured, namely fear of relationship loss and fear associated with switching to competitors. The construct forgiveness can be measured as suggested by Kumar *et al.* (2003:670) without considering any additional sub-constructs. To measure feedback, three sub-constructs need to be measured, namely feedback in terms of responding to the organisation, feedback for improved service delivery and feedback to avoid conflict. The construct expectations can be measured as suggested by Kumar *et al.* (2003:670) without considering any additional sub-constructs.

This research has helped to validate and augment the five constructs suggested by Kumar *et al.* (2003:670) to measure relationship intentions. The implication of these findings is that organisations like banks and life insurance providers should measure their customers' intentions to form a relationship and identify those with whom long-term relationships should be built. These organisations can use the current findings to measure their customers' relationship intentions. This will help organisations to segment customers according to their relationship preference as money and resources should not be wasted on developing relationships with customers who have no intention to build long-term relationships with the organisation. It can therefore be recommended that banks and life insurance organisations should identify the relationship intention of their customers to ensure that relationships are built with those customers who wish to form a relationship with the organisation.

Length of relationship

Relationships between organisations and customers become more profitable as the relationship lengthens (Little & Marandi, 2003:152). Relationship length can therefore be a good indicator of a customer's willingness to build a long-term relationship with an organisation. However, this study found that statistically significant differences exist for respondents' relationship lengths with their organisation for only three of the nine factors, namely factors 3, 7 and 9. From these three factors, statistically significant differences were identified in only a limited number of moderately practically significant differences. Thus, relationship length is not a good indicator for relationship intention. Organisations should not automatically assume that customers who have been with the organisation for a long period of time have the intention to build a long-term relationship.

LIMITATIONS AND FUTURE RESEARCH

It is important to recognise the limitations of this study. This study was restricted to only two service settings, namely banking and life insurance. The results can thus not be generalised to all service types. Replication in different service contexts would provide greater confidence in the generalisability of the current results. The study was also only limited to customers in Gauteng. Therefore, the representation for the whole of South Africa cannot be claimed and it cannot be generalised to other geographic regions. Thus, an opportunity for future research could be to include respondents from all nine provinces of South Africa and using different service settings in the study. A non-probability sampling method was used for this study. The results were, therefore, not representative of the whole of the population, but only representative of the respondents who participated in the study. An opportunity for future research could be to use a probability sampling method. Using a probability sampling method would make the results representative of the whole of the population.

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CHAPTER 3

RESEARCH ARTICLE 2

**Relationship intention and relationship length: evidence from
South African banking and life insurance industry customers**

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H. DELPORT

ABSTRACT

The effect of increasing competition, globalisation and local economic conditions have led to changes in how banking and life insurance organisations operate. This has resulted in banking and life insurance organisations focusing on retaining and building long-term relationships with their existing customer base by implementing a relationship marketing strategy. However, not all customers are willing to invest in building long-term relationships. Therefore, organisations need to identify and target those customers who intend to support long-term relationships with the organisation, i.e. those with a high relationship intention. The objective of this research was to consider banking and life insurance customers' relationship intentions by also considering the influence of the length of their involvement with the organisation. A non-probability, convenience sample was used to gather data from 401 respondents, with 202 from banking and 199 from life insurance organisations. The results indicate that the majority of respondents had a low intention to build a long-term relationship. It was furthermore found that not all respondents that have been with the organisation for a long time have the intention to build a long-term relationship. It is recommended that organisations identify those customers who intend to support a long-term relationship, and nurture relationships with them.

Keywords: *Relationship marketing, relationship intention, relationship length, banking, life insurance.*

INTRODUCTION

Customer-organisation relationships are often seen as pervasive, inescapable and highly interdependent, thereby emphasising the importance of implementing relationship marketing principles. Berry (1983:25), Morgan and Hunt (1994:22), Grönroos (2000:242), and Gummesson (2002:3) indicate that relationship marketing provides the foundation for building, enhancing and maintaining relationships with valuable customers. The value of customer relationships is of particular importance in services like banking and life insurance, seeing as customers do not have the technical knowledge and skill to predict the outcome of their investments and are therefore more dependent on the services provided by the organisation (Sharma & Patterson, 2000:473; Wong & Sohal, 2006:259). Organisations can benefit by implementing a relationship marketing strategy to enjoy lower costs, an increase in customer spending, customer referrals and asking price premiums (Alexander & Colgate, 2000:945; Claycomb & Martin, 2002:616; Grönroos, 2007:308). However, this does not necessarily imply that customers need or want to establish a long-term relationship with an organisation. Therefore, organisations will not be able to develop a long-term relationship with a customer who does not wish to support such a relationship. To identify those customers who would like to support long-term relationships, organisations need to look at relationship marketing from the customers' perspectives (Donaldson & O'Toole, 2002: 8).

Although previous studies (Blois, 1998:256-270; Kumar, Bohling & Ladda, 2003:667-676) have emphasised the importance of identifying customers with whom organisations should build relationships, few studies have actually determined how to identify these customers. Kumar *et al.* (2003:669) indicate that relationship intention can be used to identify these customers by focusing on customers' willingness to develop long-term bonds with organisations. Relationship intention plays a key role in identifying profitable customers and suggests that organisations do not try to pursue or satisfy every customer. Thus, if organisations can segment customers according to their relationship

intention, they will be able to better target those candidates who are worthwhile to pursue relationships with (Kumar *et al.*, 2003:667-676).

RELATIONSHIP MARKETING

Relationship marketing is an ongoing process of establishing, developing and maintaining long-term, mutually beneficial relationships between organisations and their stakeholders (Berry, 1983:25; Grönroos, 1994:9; Morgan & Hunt; 1994:22; Hollensen, 2003:10). Gummesson (2002:15) and Batterley (2004:36) explain that all these relationships are focused on value exchange between parties with the aim of reciprocity and interactive involvement to ensure a successful relationship. Building a long-term relationship is appropriate only in circumstances where both the customer and organisation are convinced of the profitability of the relationship (Blois, 1996:162).

According to Kinard and Capella (2006:359), relationship marketing has proven to be particularly useful in the marketing of services, specifically relating to the relationships between customers and organisations (Kinard & Capella, 2006:359). This is especially the case in financial services like banking and life insurance where customers must trust their financial advisor, seeing as most customers do not have the technical knowledge and skill to predict the outcome of their investments (Sharma & Patterson, 2000:473). Therefore, building long-term relationships with customers can easily be justified in financial services (Peck, Payne, Christopher & Clark, 1999:7).

RELATIONSHIP INTENTION

Kumar *et al.* (2003:669) indicate that relationship intention focuses on the will of a customer to build long-term relationships with organisations. It is important for organisations to identify those customers who intend to support a long-term relationship with them, seeing as not all customers have the intention to build long-term relationships (Sheth & Parvatiyar, 2000:257). Customers who have the intention to build long-term relationships invest a great amount of trust in organisations, the brand, or the intermediaries. These

customers add a significant amount of value to organisations in the long run (Kumar *et al.*, 2003:669) by lowering organisational costs, increasing customer spending, referrals and price premiums. These benefits to organisations will subsequently be discussed.

BENEFITS OF RELATIONSHIP INTENTION

Lower costs

A customer with high relationship intention will lower an organisation's costs, because this customer also has the intention to repurchase from the organisation (Stone & Woodcock, 1995:10). According to Doyle (2000:81), it costs six times more to win a new customer than to keep an existing one. The initial costs spent on a new customer, such as prospecting, credit checks and entering customers' account details in a database will exceed those spent on a repeat customer (Egan & Harker, 2005:70). This may lead to an increase in costs. Obtaining new customers is very expensive in terms of costs, such as advertising, direct mail and sales commissions. Thus, the marketing costs as part of the acquisition costs are much higher with new customers than with established customers (Stone & Woodcock, 1995:10).

Increased customer spending

A customer with a high relationship intention is more likely to spend more with an organisation as these customers can decide to make more purchases from a single organisation that provides high quality services. Customers with high relationship intentions can be expected to contribute more to an organisation's profit as relationships develop (Hollensen, 2003:690), as customers who have the intention to build long-term relationships, learn more about the organisation and its products or services. Doyle (2000:81) explains that these customers are also more knowledgeable about the products or services organisations offer. Customers who stay with an organisation furthermore generate higher net cash flow each year and can therefore be seen as assets of increasing value for the organisation.

Payment of a premium price

Customers who have the intention to build a long-term relationship with an organisation are more likely to pay regular or even higher prices, whereas new customers often benefit from introductory promotional discounts. Thus, customers who have the intention to build long-term relationships may be more willing to pay higher prices if they trust the organisation (Hollensen, 2003:691). Kumar *et al.* (2003:672) point out that the relationship is more important to the customer than the price of the product. Therefore, customers will be less sensitive to the price of the product. Hollensen (2003:691) supports this view by indicating that long-term customers trust organisations, values the relationship, and are therefore less sensitive to price increases. Long-term customers could possibly form personal relationships with the people they come across while making a transaction. Thus, these customers do not mind paying a premium price while buying a product, because as their relationship intention grows, the relationship bonds and ties become stronger (Kumar *et al.*, 2003:672).

Referrals

Grönroos (2007:308-309) indicates that customers with high relationship intentions become advocates of the service offering. Word-of-mouth recommendations are a vital part of the information search undertaken by customers before buying high-value or high-risk services, such as financial services (Peck *et al.*, 1999:7). Customers who are satisfied with the organisation will create positive word-of-mouth communication and recommend the organisation to associates. In most cases, a customer has unknowingly influenced the other party in its behaviour, when a customer uses word-of-mouth communication with someone else regarding a service of an organisation (Bruhn, 2003:70). According to Peck *et al.* (1999:224), word-of-mouth can be seen as one of the most important factors in acquiring new customers. Thus, new customers are acquired with lower than normal acquisition costs, which has an additional positive effect on profits (Hollensen, 2003:690).

DIMENSIONS OF RELATIONSHIP INTENTION

Kumar *et al.* (2003:669) point out that the challenge for organisations is to identify those customers who intend to support and nurture a long-term relationship. By identifying such customers, organisations could benefit from building long-term relationships with them. Kumar *et al.* (2003:670) identified five constructs to measure customers' relationship intentions, namely involvement, expectations, forgiveness, feedback and fear of relationship loss. However, nine factors were identified (see Article 1) to measure the relationship intention of South African banking and life insurance customers. The nine identified factors support the five constructs suggested by Kumar *et al.* (2003:670), by highlighting sub-constructs to measure relationship intention. Involvement can be measured by considering both customers' initial and continuing involvement with the organisation. To measure fear of relationship loss, two sub-constructs need to be measured, namely fear of relationship loss and fear associated with switching to competitors. The construct forgiveness can be measured as suggested by Kumar *et al.* (2003:670) without considering any additional sub-constructs. To measure feedback, three sub-constructs need to be measured, namely feedback in terms of responding to the organisation, feedback for improved service delivery and feedback to avoid conflict. The construct expectations can be measured as suggested by Kumar *et al.* (2003:670) without considering any additional sub-constructs.

Continuing involvement

Ford (2001:7) explains that customers' involvement in a relationship with an organisation is indicative of their relationship preference. An intrinsic willingness of customers to maintain relationships with organisations across services is expressed under high-involvement conditions (Varki & Wong, 2003:87). This is because customer involvement leads to increased personal interaction, which causes higher personal interaction, resulting in higher personal and brand identification with the organisation. Burnham, Frels and

Mahajan (2003:114) indicate that this leads to stronger personal and brand relationship bonds with the organisation.

High-involvement customers can obtain advantages for both organisations and themselves. Customers' involvement provides them with skills and knowledge as far as organisations are concerned (Grönroos, 2007:74), as they often complete documents, give information and use websites to help organisations. Through this knowledge, organisations can improve their service and build better relationships with their customers (Varki & Wong, 2003:89). Thus, customers contribute to quality service delivery when they ask questions, take responsibility for their own satisfaction, and complain when there is a service failure (Zeithaml *et al.*, 2006:398).

Fear of relationship loss

Long-term customers often form quasi-friendships with individual personnel because of the high level of contact that exists between the customer and the organisation (Patterson, 2004:1306). Kumar *et al.* (2003:670) indicate that these customers are emotionally attached to either the employees or the brand that they come into contact with, and therefore form a relationship with them. Customers who decide to leave the relationship therefore stand to lose a friendly and comfortable association (Patterson & Smith, 2001:93). This is partly due to customers' familiarity with their current organisation, which creates a level of comfort that is not immediately available with a new organisation. Customers also want to avoid the accompanying psychological and emotional stress as well as the risk and uncertainty that the termination of the current relationship could bring. This could motivate a customer to stay in a present relationship even when the relationship may be less than ideal (Sharma & Patterson, 2000:474).

Fear associated with switching to competitors

Relational switching costs refer to the loss of identity and breaking of bonds. This consists of personal relationship loss and brand relationship costs, which

can cause psychological or emotional discomfort (Caruana, 2002:258). Fullerton (2003:335) indicates that highly involved customers are emotionally attached to relationships within the organisation. The emotional attachment of these customers with the organisation not only causes these customers to feel guilty for leaving, but it also lowers the possibility to switch organisations (Wathne, Biong & Heide, 2001:54). Patterson and Smith (2003:115) furthermore explain that emotional or psychological costs are more significant in the customer service setting. Jones, Mothersbaugh, Beatty and Sharon (2000:261) explain that interpersonal relationships are perceived as more important in services, given the high level of personal interaction between the organisation and the customer, the intangible nature of the service, the heterogeneity of service outcomes as well as the prominent role customers play in service production. Thus, customers may also face a considerable risk in switching to a competitor because of the experimental nature of services (Caruana, 2002:258).

Forgiveness

Zeithaml *et al.* (2006:226) indicate that the nature of the customer's relationship with the organisation may influence a customer's decision to stay with the organisation after a service failure. Customers who have established long-term relationships with an organisation are more forgiving of poorly handled service failures. These customers are also less likely to switch to competitors than those who have a "first-time encounter" type of relationship (Zeithaml *et al.*, 2006:226). Bejou and Palmer (1998:16) point out that those customers in a trusting relationship may be more resilient to an occasional service failure. This happens because an emotional bond is formed between the organisation and the customer (Matilla, 2004:143). Emotionally attached customers tend to have more empathy with organisations' problems in attempting to deliver consistently high standards of service and they are therefore more forgiving (Bejou & Palmer, 1998:16). Furthermore, long-term customers are also less demanding of immediate compensation for a service failure. Thus, these customers will give an organisation the benefit of the doubt when a service failure occurs, seeing as they rely on their past

emotional and positive experiences and positive attitudes while making behavioural decisions (Matilla, 2004:137).

Feedback response

Most customers who are dissatisfied with a service do not report their dissatisfaction to the organisation. The problem to the organisation is that the customer never buys from the organisation again and worse, may tell associates about the bad experience. Organisations are therefore going to increasing lengths to encourage customer feedback in the hope that they are given an opportunity to make amends for the service failure that occurred (Palmer, 2005:91). Brink and Berndt (2004:114) explain that a relationship between the customer and the organisation will not continue to grow and develop if the organisation does not continue learning about the customer. Organisations and employees need feedback on customer satisfaction or dissatisfaction with their performance in order for the organisation and its employees to know how and where to improve their relationship with customers (Church, Javitch and Burke, 1995:30-31). The relationship between the customer and the organisation, where the organisation gets smarter and smarter with every contact made with the customer, can be described as a learning relationship. A learning relationship means that through interaction and feedback the customer tells the organisation what he/she wants. To satisfy the needs of customers, the organisation uses this information to adapt service specifications and then remembers the specifications (Brink & Berndt, 2004:114).

Customers who are highly involved with a service also give feedback to the organisation to try to contribute toward service improvements. The prospect of getting better service in the future motivates these customers (Lovelock & Wirtz, 2004:383). Organisations who receive feedback from customers can identify specific problems and create opportunities for correcting immediate problems as well as identify trouble areas in advance (Blackshaw, 2001:20; Merlo, 2003:48). Thus, customers who provide feedback to organisations are in a better position to receive service recovery. Those customers who have

benefited from service recovery will be more loyal to the organisation and will also trust the organisation more (Weun, Beatty & Jones, 2004:133). Lovelock and Wirtz (2004:385) point out that feedback should therefore be seen as an opportunity to correct problems, restore relationships and improve future satisfaction if customers complain.

Feedback for improved service delivery

The feedback customers offer can be used to contribute to the growth of an organisation. The role of feedback is to tell organisations how to improve their services (Barlow & Moller, 1996:79). Feedback provides essential information for organisations, as information about customers forms the foundation on which the organisation can build its offer to customers. The information allows the organisation insight into the changes in products and services that customers may be looking for (Clark & Baker, 2004:14). The more information the organisation has of the customer, the greater the opportunity for service recovery and continuous improvements of the service delivery process (Barlow & Moller, 1996:75). According to Clark and Baker (2004:14), feedback can help provide insight into customers' motivations to buy and supplies knowledge and understanding of the competitive frame within which the organisation operates.

Expectations

When customers buy a product or service, certain expectations develop (Kumar *et al.*, 2003:670). Expectations are expressions of what customers believe an organisation *should* offer rather than *would* offer (Coye, 2004:55). Customers' concern for organisations is related to their expectations. A customer who has expectations of an organisation will also be more concerned about the organisation. The more concerned the customer is, the higher the intention to build a relationship with the organisation. These customers expect enhancement in the organisation's products and services. This means that customers with higher expectations will be more likely to develop a relationship with an organisation than a customer who has no

expectations (Kumar *et al.*, 2003:670). Managing customer expectations is therefore vital to the success of organisations because, as the customer's expectations of the organisation increase, the probability that they will purchase from the organisation will also increase (Clow & Kurtz, 2004:73).

Feedback to avoid conflict

The biggest problem organisations face in obtaining feedback is that dissatisfied customers do not complain when they receive poor service. Lovelock and Wirtz (2004:383) found that only five to ten percent of customers who have been unhappy with a service actually complain. Customers usually do not complain because they feel that complaining is unpleasant or because they may be afraid of confrontation, especially if the complaint involves someone whom the customer knows and may have to deal with again (Lovelock & Wirtz, 2004:383). Dissatisfaction is stressful and, for many people, complaining is also stressful, which is why most customers avoid a "confrontation" with an organisation. Some customers also think that complaining will not do any good and they feel that their time will only be wasted, while others would feel awkward and pushy about complaining in the first place (Siegel, 2001:15).

Initial involvement

Solomon (2004:124) views involvement as a person's perceived relevance of an object based on his/her inherent needs, values and interests. A customer's initial involvement is an important determinant in classifying buying decisions. Inexpensive and regularly purchased goods and services are generally associated with limited decision-making. Limited decision-making is also associated with low levels of involvement, because customers use moderate effort in searching for information or in considering various alternatives. Highly involved customers practice extensive decision-making when buying an unfamiliar, expensive product or an infrequently bought item (Lamb, Hair, McDaniel, Boshoff & Terblanche, 2004:78-79; Blackwell, Miniard & Engel, 2006:94). Varki and Wong (2003:89-90) explain that customers' involvement

with products and services also influences their interest in relationships with organisations, as well as their expectations of relational activities initiated by the organisation. Therefore, those customers who are involved in the product or service of the organisation will also have higher intentions to build long-term relationships with organisations (Kumar *et al.*, 2003:670).

RELATIONSHIP LENGTH

Organisations that use relationship marketing as a marketing strategy are making an effort to keep in touch with their customers on a regular basis, and are giving them reasons to maintain a bond with the organisation over time (Solomon, Bamossy, Askegaard & Hogg, 2006:13). Little & Marandi (2003:152) explain that relationships become more profitable for organisations as their relationship with their customers lengthens. Berger and Nasr (1998:19) illustrate that the value customers provide to the organisation can be determined by the length of the relationship between customers and the organisation. Customers will provide more value to the organisation as the length of the relationship increases.

However, Kasper, Van Helsdingen and Gabbott (2006:246) argue that customers do not offer the same profitability at every moment during their relationship with the organisation. They point out that service organisations like banks and life insurance can analyse whether customers' profitability changes along the relationship, seeing as they have large databases with their customers' history. Customers' profitability does not always increase as the relationship lengthens. Kumar *et al.* (2003:71) support this view by proposing that customers' intention to develop a relationship does not necessarily depend on the length of the relationship with the organisation.

PROBLEM STATEMENT AND OBJECTIVES

Some customers are more profitable to an organisation while others may, in fact, be unprofitable to serve. Organisations therefore need to identify those customers who intend to build a long-term relationship and develop their relationship marketing strategies around delivering superior value to these customers (Sheth & Parvatiyar, 2000:257). By segmenting customers according to their relationship intention, organisations could reduce expenses, seeing as it is less expensive for organisations to serve long-term customers than to attract new ones. Although previous studies (Blois, 1998:256-270; Kumar *et al.*, 2003:667-676) have emphasised the importance of identifying customers with whom organisations should build relationships with, few studies have actually determined how to identify these customers. Storbacka, Strandvik and Grönroos (1994:21-38) even tried to identify customers with high relationship intentions, by indicating that as customers' relationships with an organisation lengthen, profits will rise. However, Kumar *et al.* (2003:71) proposed that customers' intentions to develop a relationship do not necessarily depend on the length of the relationship with the organisation. Insufficient understanding of the association between the length of the relationship and customer profitability can lead to problems for organisations, such as employing a relationship marketing approach when transactional marketing is more appropriate. Determining the relationship intention of customers and the influence of customers' relationship length on customers' relationship intention will assist organisations in segmenting customers according to their relationship preference, as money and resources could be wasted developing a relationship with customers who have no intention to build a long-term relationship.

Considering the problem statement and the literature review, the following objectives are set:

- Determine the relationship intention of customers for South African banking and life insurance industry customers;
- Determine if differences exist between customers showing high relationship intentions and those showing low relationship intentions for the constructs used to measure relationship intention; and
- Determine if differences exist between customers showing high relationship intentions and those showing low relationship intentions by considering their relationship length.

METHOD

Population and Sample

The population in this study consists of any person, older than eighteen years, living in Gauteng who uses either banking or life insurance services. In total, 401 respondents using banking (n =202) or life insurance (n =199) services participated in the study. A non-probability, convenience sample was used to reduce the costs of the study (Malhotra, 2007:352) and to obtain information quickly and inexpensively (Zikmund & Babin, 2007:273).

Research instrument and data collection

Data was gathered from banking and life insurance organisation customers residing in Gauteng. An interviewer-administered questionnaire was used as the research instrument to collect data from respondents. The Kumar *et al.* (2003:670) questionnaire was used as the basis to compile the questionnaire. To improve the reliability and validity of the relationship intention constructs, 34 additional items identified from the literature were added to the

questionnaire. Five-point Likert-type scales were used to measure the extent to which respondents agreed with the statements used to measure relationship intention, where 1 = yes, a lot to 5 = no, not at all.

Data analysis

An independent t-test was used to determine statistically significant differences between respondents with high relationship intentions compared to those respondents with low relationship intentions. A one-way ANOVA was also performed to determine the statistically significant differences in respondents' intentions to build long-term relationships by considering their relationship length with the organisation. Cohen's d-values (effect size analysis) were used to indicate practically significant differences between respondents with high relationship intentions compared to those respondents with low relationship intentions. Bagozzi (1994:248) explains that practical significance measures the strength of the significance of values that enables the researcher to judge the practical importance of an effect or result. The d-values were calculated by using the following formula (Cohen, 1988:20-27):

$$d = \frac{|\bar{x}_1 - \bar{x}_2|}{S_{\max}}$$

where:

- d = effect size;
- $\bar{x}_1 - \bar{x}_2$ is the difference between means of two compared groups; and
- S_{\max} is the maximum standard deviation of the two compared groups.

Effect sizes were interpreted as follows (Cohen, 1988:20-27):

- $d \approx 0.2$ indicating a small effect with no practical significance;
- $d \approx 0.5$ indicating a moderate effect; and
- $d \approx 0.8$ or larger, indicating a practically significant effect.

RESULTS

Sample profile

The age groups of respondents ranged between 18-25 years (27%), 26-35 years (21%), 36-50 years (30%), 51-65 years (20%), and 66 years and older (2%). Slightly more females (58%) participated in the study than males (42%). The highest academic qualification of respondents ranged between high school (8%), matric (29%), diploma (19%), advanced diploma (9%), degrees (19%) and post-graduate qualification (16%). The length of time respondents had been using the services of their organisations ranged between < 3 years (14%), 3-5 years (18%), 6-10 years (19%), 11-15 years (14%), 16-20 years (15%), and > 20 years (20%).

Association between respondents' relationship intentions

An independent t-test was performed to determine the statistically significant differences between respondents with high relationship intention versus those respondents with low relationship intentions in terms of the relationship intention factors identified (see Article 1). Question 50 that measured respondents' willingness to maintain their relationship with their organisation and question 51 that measured respondents' intention to build a positive long-term relationship with the organisation in the questionnaire were used as validation (Kumar *et al.*, 2003:670) to determine respondents' intention to build long-term relationships with their service organisation. Average mean scores for questions 50 and 51 were calculated for each respondent. Mean scores of ≤ 2 were regarded as indicative of respondents' intention to build a

relationship with the organisation as the Likert-type scale used to measure relationship intention ranged from 1 = yes, a lot; 2 = yes; 3 = neutral; 4 = not really and 5 = no, not at all. Mean score average ratings of ≤ 2 on the Likert-type scale were therefore indicative of higher intentions to build a long-term relationship with the organisation, while ratings of > 2 on the Likert-type scale indicated that respondents had lower intentions to build a long-term relationship with the organisation. From the analysis it was determined that 264 (65.83%) respondents had low intentions to build a long-term relationship with the organisation, whereas 137 (34.17%) of the respondents had a high intention to build long-term relationships with the organisation. The results from the independent t-test indicated that statistically significant differences were identified between respondents with high relationship intentions compared to those respondents with low relationship intentions in terms of the relationship intention factors identified.

Table 1 shows the relationship intention scores for low and high relationship intention customers.

Table 1: Relationship intention scores for low and high relationship intention customers

| Factors | Relationship intention | n | Mean | Std. Dev. | Effect size |
|---|------------------------|-----|------|-----------|-------------|
| Factor 1: Continuing involvement | Low | 264 | 2.47 | 0.72 | 0.80 |
| | High | 137 | 1.89 | 0.54 | |
| Factor 2: Fear of relationship loss | Low | 264 | 3.70 | 0.78 | 0.39 |
| | High | 137 | 3.38 | 0.82 | |
| Factor 3: Fear associated with switching to competitors | Low | 264 | 2.96 | 0.44 | 0.03 |
| | High | 137 | 2.97 | 0.46 | |
| Factor 4: Forgiveness | Low | 264 | 3.55 | 0.69 | 0.72 |
| | High | 137 | 3.05 | 0.68 | |
| Factor 5: Feedback response | Low | 264 | 2.12 | 0.62 | 0.40 |
| | High | 137 | 1.87 | 0.60 | |
| Factor 6: Feedback for improved service delivery | Low | 264 | 2.63 | 0.78 | 0.39 |
| | High | 137 | 2.32 | 0.80 | |
| Factor 7: Expectations | Low | 264 | 2.33 | 0.89 | 0.32 |
| | High | 136 | 2.05 | 0.86 | |
| Factor 8: Feedback to avoid conflict | Low | 264 | 3.59 | 0.91 | 0.25 |
| | High | 137 | 3.82 | 0.90 | |
| Factor 9: Initial involvement | Low | 263 | 3.11 | 0.88 | 0.39 |
| | High | 137 | 2.74 | 0.98 | |

Low = Respondents with low relationship intentions; High = Respondents with high relationship intentions

Table 1 illustrates that large practically significant differences for factor 1 ($d = 0.80$) and factor 4 ($d = 0.72$) were found when comparing respondents with high relationship intentions with respondents with low relationship intentions. The mean scores indicate that respondents with high relationship intentions agreed more with the statements comprising factor 1 and factor 4 than those respondents with low relationship intentions.

Moderate-sized d -values for factor 2 ($d = 0.39$), factor 5 ($d = 0.40$), factor 6 ($d = 0.39$) and factor 9 ($d = 0.39$) were found when comparing respondents with high relationship intentions with respondents with low relationship intentions. The mean scores indicate that respondents with high relationship intentions agreed more with the statements comprising factors 2, 5, 6 and 9 than respondents with low relationship intentions.

However, the realised effect size for the difference in factor 3 ($d = 0.03$), factor 7 ($d = 0.32$) and factor 8 ($d = 0.25$) can be considered as small and not of practical importance (Cohen, 1988).

It can therefore be derived that respondents with low relationship intentions and high relationship intentions perceive the factors measuring relationship intention differently, based on the practically significant effect sizes of factors 1 and 4 as well as the moderate effect sizes of factors 2, 5, 6 and 7.

Results of the interaction of relationship intention with relationship length

A two-way ANOVA was performed on the factor scores to determine the statistically significant differences in respondents' intention to build long-term relationships by considering their relationship length with the organisation. Initial analyses found that statistically significant interactions exist between low relationship intention and high relationship intention respondents in terms of their relationship length for only five of the nine factors, namely factor 1 (continuing involvement), factor 6 (feedback for improved service delivery), factor 7 (expectations), factor 8 (feedback to avoid conflict) and factor 9 (initial involvement). It was therefore decided to determine the practical significance for these five factors. Table 2 shows the differences in respondents' intentions to build long-term relationships in terms of their relationship length.

Table 2: Differences in respondents' intentions to build long-term relationships in terms of their relationship length

| Factors | Relationship intention | Mean | Std. Dev. | N | Relationship length | Effect sizes |
|--|------------------------|------|-----------|----|---------------------|--------------|
| Factor 1 (Continuing involvement) | Low | 2.44 | 0.75 | 41 | < 3 years | 0.68 |
| | High | 1.99 | 0.37 | 13 | | |
| | Low | 2.53 | 0.73 | 43 | 3-5 years | 0.75 |
| | High | 2.04 | 0.49 | 28 | | |
| | Low | 2.67 | 0.69 | 43 | 6-10 years | 1.32 |
| | High | 1.79 | 0.55 | 32 | | |
| | Low | 2.42 | 0.80 | 30 | 11-15 years | 0.66 |
| | High | 1.98 | 0.66 | 24 | | |
| | Low | 2.23 | 0.56 | 45 | 16-20 years | 0.32 |
| | High | 2.02 | 0.48 | 16 | | |
| | Low | 2.53 | 0.77 | 59 | >20 years | 1.30 |
| | High | 1.67 | 0.49 | 22 | | |
| Factor 6 (Feedback for improved service delivery) | Low | 2.90 | 1.00 | 41 | < 3 years | 0.47 |
| | High | 2.54 | 0.72 | 13 | | |
| | Low | 2.66 | 0.45 | 43 | 3-5 years | 0.28 |
| | High | 2.45 | 0.79 | 28 | | |
| | Low | 2.86 | 0.77 | 43 | 6-10 years | 0.99 |
| | High | 2.09 | 0.84 | 32 | | |
| | Low | 2.43 | 0.78 | 30 | 11-15 years | 0.09 |
| | High | 2.50 | 0.78 | 24 | | |
| | Low | 2.31 | 0.59 | 45 | 16-20 years | 0.08 |
| | High | 2.25 | 0.95 | 16 | | |
| | Low | 2.59 | 0.85 | 59 | >20 years | 0.43 |
| | High | 2.25 | 0.72 | 22 | | |

| Factors | Relationship intention | Mean | Std. Dev. | N | Relationship length | Effect sizes |
|--|------------------------|------|-----------|----|---------------------|--------------|
| Factor 7 (Expectations) | Low | 2.22 | 1.00 | 41 | < 3 years | 0.08 |
| | High | 2.15 | 0.72 | 13 | | |
| | Low | 2.38 | 0.83 | 43 | 3-5 years | 0.55 |
| | High | 1.91 | 0.84 | 28 | | |
| | Low | 2.63 | 0.88 | 43 | 6-10 years | 0.88 |
| | High | 1.88 | 0.80 | 32 | | |
| | Low | 2.50 | 1.11 | 30 | 11-15 years | 0.24 |
| | High | 2.29 | 0.86 | 24 | | |
| | Low | 2.32 | 0.62 | 45 | 16-20 years | 0.35 |
| | High | 2.63 | 1.04 | 16 | | |
| | Low | 2.11 | 0.82 | 59 | >20 years | 0.35 |
| | High | 1.81 | 0.68 | 21 | | |
| Factor 8 (Feedback to avoid conflict) | Low | 3.40 | 0.94 | 41 | < 3 years | 0.71 |
| | High | 4.04 | 0.92 | 13 | | |
| | Low | 3.58 | 0.89 | 43 | 3-5 years | 0.19 |
| | High | 3.75 | 0.83 | 28 | | |
| | Low | 3.38 | 0.89 | 43 | 6-10 years | 0.57 |
| | High | 3.89 | 0.85 | 32 | | |
| | Low | 3.67 | 0.95 | 30 | 11-15 years | 0.09 |
| | High | 3.75 | 0.96 | 24 | | |
| | Low | 3.63 | 0.79 | 45 | 16-20 years | 0.39 |
| | High | 3.28 | 1.03 | 16 | | |
| | Low | 3.80 | 0.95 | 59 | >20 years | 0.35 |
| | High | 4.11 | 0.75 | 22 | | |

| Factors | Relationship intention | Mean | Std. Dev. | N | Relationship length | Effect sizes |
|--------------------------------|------------------------|------|-----------|----|---------------------|--------------|
| Factor 9 (Initial involvement) | Low | 3.14 | 0.92 | 40 | < 3 years | 0.86 |
| | High | 2.39 | 1.02 | 13 | | |
| | Low | 3.13 | 0.76 | 43 | 3-5 years | 0.02 |
| | High | 3.11 | 0.94 | 28 | | |
| | Low | 3.50 | 0.87 | 43 | 6-10 years | 1.28 |
| | High | 2.38 | 0.93 | 32 | | |
| | Low | 3.33 | 0.85 | 30 | 11-15 years | 0.21 |
| | High | 3.15 | 0.89 | 24 | | |
| | Low | 2.80 | 0.80 | 45 | 16-20 years | 0.16 |
| | High | 2.66 | 0.96 | 16 | | |
| | Low | 2.97 | 0.88 | 59 | >20 years | 0.45 |
| | High | 2.57 | 0.93 | 22 | | |

Table 2 indicates that large, moderate and small effect sizes can be observed between low and high relationship intention respondents with different relationship lengths. Large- and moderate-sized d-values were identified when comparing respondents with high relationship intentions with those with low relationship intentions with a relationship length of < 3 years ($d = 0.68$), between 3-5 years ($d = 0.75$), 6-10 years ($d = 1.32$), 11-15 years ($d = 0.66$) and > 20 years ($d = 1.30$) in terms of factor 1. Only respondents with a relationship length between 16-20 years indicated a small d-value ($d = 0.32$). The mean scores indicate that respondents with a relationship length of < 3 years, 3-5 years, 6-10 years, 11-15 years and > 20 years with high relationship intentions agreed more with the statements comprising factor 1, than respondents with low relationship intentions.

Furthermore, it can be observed that large- and moderate-sized d-values were identified when comparing respondents with high relationship intentions with those with low relationship intentions with a relationship length of < 3 years ($d = 0.47$), 6-10 years ($d = 0.99$) and >20 years ($d = 0.43$) in terms off factor 6. Small d-values were identified for respondents with a relationship length of between 3-5 years ($d = 0.28$), 11-15years ($d = 0.09$) and 16-20 years ($d =$

0.08). The mean scores indicate that respondents with a relationship length of < 3 years and 6-10 years with high relationship intentions agreed more with the statements comprising factor 6, than respondents with low relationship intentions.

In terms of factor 7, large- and moderate-sized d-values were identified when comparing respondents with high relationship intentions with those with low relationship intentions with a relationship length of between 3-5 years ($d = 0.55$) and 6-10 years ($d = 0.88$). Small d-values were identified for respondents with a relationship length of < 3 years ($d = 0.08$), 11-15 years ($d = 0.24$), 16-20 years ($d = 0.35$) and >20 years ($d = 0.35$). The mean scores indicate that respondents with a relationship length of 3-5 years and 6-10 years with high relationship intentions agreed more with the statements comprising factor 7, than respondents with low relationship intentions.

From Table 2 it can furthermore be observed that large- and moderate-sized d-values were identified when comparing respondents with high relationship intentions with those with low relationship intentions with a relationship length of < 3 years ($d = 0.71$) and 6-10 years ($d = 0.57$) in terms of factor 8. Small d-values were identified for respondents with a relationship length of 3-5 years ($d = 0.19$), 11-15 years ($d = 0.09$), 16-20 years ($d = 0.39$) and >20 years ($d = 0.35$). The mean scores indicate that respondents with a relationship length of < 3 years and 6-10 years with high relationship intentions agreed more with the statements comprising factor 8, than respondents with low relationship intentions.

Large- and moderate-sized d-values were also identified when comparing respondents with high relationship intentions with those with low relationship intentions with a relationship length of < 3 years ($d = 0.86$), 6-10 years ($d = 1.28$) and > 20 years ($d = 0.45$) in terms of factor 9. Small d-values were identified for respondents with a relationship length of 3-5 years ($d = 0.02$), 11-15 years ($d = 0.21$) and 16-20 years ($d = 0.16$). The mean scores indicate that respondents with a relationship length of < 3 years, 6-10 years and > 20

years with high relationship intentions agreed more with the statements comprising factor 9, than respondents with low relationship intentions.

From these results, it can be concluded that, despite practically significant differences between respondents with high and those with low relationship intentions with a relationship length of < 3 years and 6-10 years for four factors, no pattern concerning relationship length emerges. It can therefore be concluded that, regardless of the length of the relationship, respondents with high and low relationship intentions do not practically differ in their views of factors 1, 6, 7, 8 and 9.

CONCLUSIONS AND RECOMMENDATIONS

Relationship intention

The results indicated that 65.83% of the respondents had low intentions, whereas 34.17% of the respondents had high intentions to build a long-term relationship with the organisation. Thus, these results indicate that the majority of the respondents had low intentions to build a relationship with the organisation. With these results, organisations will be able to segment customers with high relationship intentions from those customers with low relationship intentions within the banking and life insurance industries. Identifying customers who do not intend to support a long-term relationship will ensure that organisations do not invest inefficiently in building relationships with these customers. However, these results will also help organisations to focus their relationship marketing efforts on customers who have high intentions to build long-term relationships with the organisations.

Furthermore, from the analysis of the results, it could be concluded that large practically significant differences exist for factor 1 (continuing involvement) and factor 4 (forgiveness) when comparing respondents with high relationship intentions with those with low relationship intentions. These results indicate that customers with high relationship intentions would probably be more involved with the organisation and would probably be more willing to forgive

the occasional service failure than customers with low relationship intentions would.

The results also indicate that moderate-sized d-values for factor 2 (fear of relationship loss), factor 5 (feedback response), factor 6 (feedback for improved service delivery) and factor 9 (initial involvement) were found when comparing respondents with high relationship intentions with those with low relationship intentions. Thus, these findings suggest that the majority of respondents who had high intentions to build a long-term relationship with the organisation would probably have a greater fear of losing a relationship with their organisation, would probably provide feedback to report their dissatisfaction to the organisation, would probably provide feedback to improve the service delivery, and would probably become more involved when choosing their organisation than respondents who showed low relationship intentions.

Length of relationship

Kumar *et al.* (2003:671) proposed that a customer's intention to develop a relationship does not necessarily depend on the length of the relationship. The results of this study support the proposition of Kumar *et al.* (2003:671) by indicating that statistically significant differences existed between low relationship intention and high relationship intention respondents in terms of their relationship length for only five of the nine factors used to measure relationship intention. From the five factors where statistically significant differences were identified, only a limited number of practically and moderately practically significant differences were found. Therefore, managers should not automatically assume that customers who have been with the organisation for a long period have the intention to build a long-term relationship. Insufficient understanding of customers' time orientation can lead to problems, such as attempting a relationship marketing approach when transactional marketing is more appropriate. Since not all respondents who have been with the organisation for a long period have the intention to build long-term relationships, organisations need to identify certain segmentation

variables that will help to identify those customers who have the intention to build a long-term relationship with the organisation.

LIMITATIONS

A number of limitations can be noted from this study. Firstly, and perhaps most important, this research focuses on customers from only two service industries — banking and life insurance. The results can thus not be generalised to all service types. Since a non-probability sampling method was used, the results of the study were not representative of the whole of the population, but only representative of the respondents who participated in the study. Lastly, Kumar *et al.* (2003:670) proposed that there are three antecedents for relationship intention, namely perceived brand equity, perceived organisation equity and perceived channel equity that could explain the relationship intention concept. This research did not consider the influences of any of these antecedents on customers' relationship intentions.

FUTURE RESEARCH

This research provides a number of directions for future research. Firstly, future research may consider replicating this study in other service industries. Replication in different service contexts would provide greater confidence in the generalisability of the current results. Secondly, an opportunity for future research could be to use a probability sampling method. Using a probability sampling method would make the results representative of the whole of the population. Lastly, future research may consider testing the antecedents of relationship intention, to determine their influence on relationship intention.

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CHAPTER 4

OVERVIEW, CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS

4.1 INTRODUCTION

The purpose of this chapter is to provide conclusions regarding the results of the empirical study by considering the objectives for the study (see Section 1.4). Recommendations are made to banking and life insurance organisations. The chapter concludes by listing the limitations from the study and recommendations are made for future research.

4.2 OVERVIEW

More organisations are focusing their marketing efforts on relationship marketing as competition becomes increasingly intense. Organisations, such as banks and life insurance organisations, are therefore impelled to implement relationship marketing strategies to improve their competitiveness. Relationship marketing refers to all marketing activities directed at establishing, developing and maintaining long-term relational exchanges with profitable customers (Berry, 1983:4; Morgan & Hunt, 1994:22; Grönroos, 2000:242; Gummesson, 2002:3). Relationship marketing, properly implemented, will be advantageous to organisations by building long-term relationships with their customers, thereby increasing their customers' spending over time and improving the organisation's long-term success. Organisations can therefore benefit by implementing a relationship marketing strategy through enjoying lower costs, an increase in client spending, client referrals and asking price premiums (Kasper, Van Helsdingen & Gabbott, 2006:153; Grönroos, 2007:308). Berger and Nasr (1998:19) also indicate that customers will provide more value to the organisation as the length of their relationship with the organisation increases.

Relationship marketing, however, cannot be applied to all the customers of the organisation as not all customers intend to form a relationship with the organisation. Organisations, therefore, need to identify and target those customers who intend to build long-term relationships with the organisation. By identifying customers with high relationship intentions, organisations will ensure the successful implementation of their relationship marketing strategies. Kumar, Bohling and Ladda (2003:667) define relationship intention as the willingness of a customer to build a long-term relationship with an organisation while buying a product or a service attributed to an organisation, a brand, or a channel. Kumar *et al.* (2003:670) furthermore propose using five constructs to measure customers' relationship intentions, namely involvement, expectations, forgiveness, feedback and fear of relationship loss.

The aim of this study was to measure the relationship intentions of customers within banking and life insurance organisations. A literature review was undertaken to investigate the concepts of relationship marketing, relationship intention and relationship length. An interviewer-administered questionnaire was developed by adapting the constructs proposed by Kumar *et al.* (2003) and adopted by De Jager (2006), which measured respondents' relationship intentions. The questionnaire was distributed to respondents living in Gauteng who use banking or life insurance services by means of a non-probability, convenience sampling method. In total, 401 respondents participated in the study, of which 202 used banking and 199 life insurance services. An exploratory factor analysis was conducted to identify the factors constituting respondents' relationship intentions. The main findings of the study will be presented below, by considering the objectives that were set for the study.

4.3 CONCLUSIONS

The main objective of this research was to investigate the relationship intention of customers within the banking and life insurance industry. By considering the objectives set for the study (see section 1.4), the following conclusions can be made.

4.3.1 Conclusion from objective 1

The **first objective** of this study was to determine if the five relationship intention constructs proposed by Kumar *et al.* (2003:670) are valid to measure the relationship intentions of South African banking and life insurance industry customers. Kumar *et al.* (2003:670) suggested that involvement, expectations, forgiveness, feedback and fear of relationship loss should be considered to measure customers' relationship intentions. In order to determine if the five constructs are valid to measure relationship intention in South African banking and life insurance organisations, an exploratory factor analysis was conducted to identify the factors constituting relationship intention.

Nine factors were identified from the factor analysis to measure relationship intention, namely continuing involvement, fear of relationship loss, fear associated with switching to competitors, forgiveness, feedback response, feedback for improved service delivery, expectations, feedback to avoid conflict, and initial involvement. Thus, these results did not only confirm the five constructs proposed by Kumar *et al.* (2003:670), but also identified four additional factors that support the five constructs. These newly identified factors therefore play a supplementary role when measuring relationship intention. It can be **concluded** that when measuring customers' relationship intentions, the following factors should be considered: to measure involvement, two sub-constructs need to be measured, namely continuing involvement and initial involvement. To measure fear of relationship loss, two sub-constructs need to be measured, namely fear of relationship loss and fear associated with switching to competitors. The construct forgiveness can be measured as suggested by Kumar *et al.* (2003:670) without considering any additional sub-constructs. To measure feedback, three sub-constructs need to be measured, namely feedback in terms of responding to the organisation, feedback for improved service delivery and feedback to avoid conflict. The construct expectations can be measured as suggested by Kumar *et al.* (2003:670) without considering any additional sub-constructs.

4.3.2 Conclusion from objective 2

The **second objective** was to determine the influence of relationship length on the five relationship intention constructs proposed by Kumar *et al.* (2003:670). Little and Marandi (2003:152) propose that as the relationship between the organisation and the customer lengthens, it becomes more profitable. According to these authors, relationship length can therefore be a good indicator of a customer's willingness to build long-term relationships with an organisation. However, Kumar *et al.* (2003:71) proposed that customers' intentions to develop a relationship do not necessarily depend on the length of the relationship with the organisation. The results from this study identified statistically significant differences for only three of the nine factors identified as constituting relationship intention. It can therefore be **concluded** that relationship length should not be considered an indicator for relationship intention.

4.3.3 Conclusion from objective 3

The **third objective** was to determine the relationship intention of customers for South African banking and life insurance industry customers. According to Sheth and Parvatiyar (2000:257), not all customers are profitable to serve in an organisation. Some customers are more profitable to an organisation while others may, in fact, be unprofitable to serve. Organisations therefore need to identify those customers who intend to build a long-term relationship and develop their relationship marketing strategies around delivering superior value to these customers. Segmenting customers according to their relationship preferences will assist organisations as money and resources could be wasted developing a relationship with customers who have no intention to build a long-term relationship. Although previous studies (Blois, 1998:256-270; Kumar *et al.*, 2003:667-676) have emphasised the importance of identifying customers with whom organisations should build relationships, few studies have actually determined how to identify these customers. From this study, it was found that the majority of respondents (65.83%) had low intentions to build a long-term relationship with the organisation, whereas

34.17% of the respondents had high intentions to do so. It can therefore be **concluded** that the majority of respondents do not want to form a relationship with their banking or life insurance organisation.

4.3.4 Conclusion from objective 4

The **fourth objective** was to determine if differences exist between customers showing high relationship intentions and those showing low relationship intentions for the constructs used to measure relationship intention. Sheth and Parvatiyar (2000:257) argue that it is important for organisations to identify those customers who intend to support a long-term relationship with them, seeing as not all customers have the intention to build long-term relationships. However, organisations have a lack of knowledge on how customers feel and think and what their motives are for engaging in a relationship (Gummesson, 2002:285). Organisations do not understand customers' viewpoints concerning relationship marketing, which leaves a gap that needs to be investigated.

From this study, it can be **concluded** that customers with high relationship intentions would probably be more involved with the organisation and would probably be more willing to forgive the occasional service failure than customers with low relationship intentions would. It can furthermore be concluded that, as opposed to respondents with low relationship intentions, respondents with high intentions would probably have a greater fear of losing a relationship with the organisation, would probably provide feedback to report their dissatisfaction to the organisation, would probably provide feedback to improve the service delivery, and would probably become more involved when choosing their organisation.

4.3.5 Conclusion from objective 5

The **fifth objective** of this study was to determine if differences exist between customers showing high relationship intentions and those showing low relationship intentions by considering their relationship length. Storbacka,

Strandvik and Grönroos (1994:21-38) attempted to identify customers who intend to support a long-term relationship with an organisation, by indicating that as customers' relationships with an organisation lengthen, profits will increase. However, Kumar *et al.* (2003:671) proposed that customers' intentions to develop a relationship do not necessarily depend on the length of the relationship with the organisation.

The results from this study support the proposition of Kumar *et al.* (2003:670) by indicating that significant differences exist between low relationship intention and high relationship intention respondents in terms of their relationship length for only five of the nine factors used to measure relationship intention. It can therefore be **concluded** that relationship length is not a good indicator for relationship intention, as significant differences only exist for a limited number of factors between respondents with high and low relationship intention for various relationship lengths.

4.4 RECOMMENDATIONS FOR BANKING AND LIFE INSURANCE

ORGANISATIONS

From the conclusions from this study, the following recommendations can be made to banking and life insurance organisations:

- Banking and life insurance organisations need to determine their customers' relationship intentions to distinguish customers with high relationship intentions from those customers with low relationship intentions. Identifying customers with low relationship intentions will ensure that these organisations do not invest inefficiently by trying to build relationships with these customers.
- Banks and life insurance organisations must use the nine factors identified in this study to determine their customers' intentions to form a relationship in order to identify those customers with whom long-term relationships should be built. This will help these organisations to segment customers according to their relationship preferences as

money and resources should not be wasted by trying to develop relationships with customers who have no intention to build a long-term relationship with them. Only those customers with a high relationship intention, who wish to form a relationship with the organisation, should therefore be targeted by banks and life insurance providers.

- Banking and life insurance organisations should not make the assumption that customers who have been dealing with them for a long time are indicative of an intention to build a long-term relationship with them. Insufficient understanding of the length of customers' relationships can lead to problems, such as employing a relationship marketing approach when transactional marketing is more appropriate. It is therefore recommended that banking and life insurance organisations should rather attempt to identify those customers who have the intention to build a long-term relationship and deliver superior value to them.
- Banking and life insurance organisations must target high relationship intention customers to improve their profitability. High relationship intention customers can be identified by focusing on those customers who are more involved with the organisation, more willing to forgive the occasional service failure, have a greater fear of losing a relationship with their organisation, provide feedback to report their dissatisfaction to the organisation, provide feedback to improve the service delivery, and become more involved when choosing their organisation.
- Since not all respondents who have been with the banking or life insurance organisation for a long period have the intention to build long-term relationships, it is recommended that these organisations need to identify those segmentation variables that will help to identify customers who have the intention to build a long-term relationship with them.

4.5 LIMITATIONS OF THE STUDY

The following limitations were identified for this study:

- The length of the questionnaire caused a lack of interest on the part of respondents who participated in the study.
- This study was restricted to only two service settings, namely banking and life insurance. The results can thus not be generalised to all service types.
- A non-probability sampling method was used for this study. Therefore, the results were not representative of the whole of the population, but were only representative of respondents who participated in the study.
- The study was limited to Gauteng. Thus, representation for the whole of South Africa cannot be claimed and it cannot be generalised to other geographic regions.
- Kumar *et al.* (2003:670) proposed that there are three antecedents for relationship intention, namely perceived brand equity, perceived organisation equity and perceived channel equity that could explain the relationship intention concept. This research did not consider the influences of any of these antecedents on customers' relationship intentions.

4.6 RECOMMENDATIONS FOR FUTURE RESEARCH

The following recommendations can be made for future research:

- Future research may consider replicating this study in other service industries to determine if the factors identified to determine relationship intention are also valid for other services.

- An opportunity for future research could be to include respondents from other South African provinces to determine if differences exist between respondents from different regions.
- It is suggested that a probability sampling method be used to make the results representative of the whole population.
- Future research could consider testing the antecedents of relationship intention, namely perceived brand equity, perceived organisation equity and perceived channel equity to determine their influence on customers' relationship intentions.
- The questionnaire can be shortened so that respondents would be more willing to participate in the study.

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| |
|---|
| <p style="text-align: center;">APPENDIX A Questionnaire – Banking</p> |
|---|

SECTION A

Please indicate who your bank is and for how long you have been using their services:

| 1. Bank | |
|---------------------------|---|
| ABSA | 1 |
| African Bank | 2 |
| Capitec Bank | 3 |
| First National Bank (FNB) | 4 |
| Nedbank | 5 |
| Old Mutual Bank | 6 |
| Standard Bank | 7 |
| Other (Specify): | 8 |

| 2. Period of relationship | |
|---------------------------|---|
| Less than 3 years | 1 |
| 3-5 years | 2 |
| 6-10 years | 3 |
| 11-15 years | 4 |
| 16-20 years | 5 |
| More than 20 years | 6 |

SECTION B: RELATIONSHIP INTENTION

Indicate to which degree you agree or disagree with each of the following statements (where 1 = yes, a lot; 2 = yes; 3 = neutral; 4 = no, not really; 5 = no, not at all). (Only one answer per statement).

| | | Yes, a lot | | | | No, not at all |
|-----|---|---------------|---|---|---|-------------------|
| 1. | Do you feel proud to be a customer of your bank? | 1 | 2 | 3 | 4 | 5 |
| 2. | Do you feel proud when you see your bank's name, advertising materials or other positive press? | 1 | 2 | 3 | 4 | 5 |
| 3. | Do you feel ashamed to be a customer of your bank when you see negative reporting or bad press? | 1 | 2 | 3 | 4 | 5 |
| 4. | Did you experience a feeling of satisfaction when you joined your bank? | 1 | 2 | 3 | 4 | 5 |
| 5. | Are you satisfied with the service you currently receive from your bank? | 1 | 2 | 3 | 4 | 5 |
| 6. | Did you voluntarily participate in the process when you selected your bank? | 1 | 2 | 3 | 4 | 5 |
| 7. | Did you become emotionally involved when you chose your bank? | 1 | 2 | 3 | 4 | 5 |
| 8. | Do you like to be identified as a client of your bank? | 1 | 2 | 3 | 4 | 5 |
| 9. | Would you feel guilty if you changed to another bank? | 1 | 2 | 3 | 4 | 5 |
| 10. | Do you often fill in documents, give information and use websites of your bank? | 1 | 2 | 3 | 4 | 5 |
| 11. | Do you want your bank to communicate with you on a regular basis? | 1 | 2 | 3 | 4 | 5 |
| 12. | Have you ever recommended your bank to your friends and colleagues? | 1 | 2 | 3 | 4 | 5 |
| 13. | Do you expect high rates, fees or premiums from your bank? | 1 | 2 | 3 | 4 | 5 |
| 14. | Do you have any unique, personal expectations about the services you receive from your bank? | 1 | 2 | 3 | 4 | 5 |
| 15. | Do you have high expectations of the quality of the service you expect from your bank? | 1 | 2 | 3 | 4 | 5 |

Appendix A: Questionnaire - Banking

| | | Yes, a lot | | | No, not at all | |
|-----|--|---------------|---|---|-------------------|---|
| 16. | Do you care about the service quality you receive from your bank? | 1 | 2 | 3 | 4 | 5 |
| 17. | Do you have high expectations in terms of fair treatment from your bank? | 1 | 2 | 3 | 4 | 5 |
| 18. | Based on your previous experience, do you expect quality service in the future from your bank? | 1 | 2 | 3 | 4 | 5 |
| 19. | Do you care about the image of your bank? | 1 | 2 | 3 | 4 | 5 |
| 20. | Do you expect your bank to understand your needs and adapt their services accordingly? | 1 | 2 | 3 | 4 | 5 |
| 21. | Does your bank keep their service promises you expect from them? | 1 | 2 | 3 | 4 | 5 |
| 22. | Are you always satisfied by attempts made by your bank to rectify service failures? | 1 | 2 | 3 | 4 | 5 |
| 23. | Are you willing to forgive your bank if the quality of their service is sometimes below the standard you expect from them? | 1 | 2 | 3 | 4 | 5 |
| 24. | Are you willing to forgive your bank if the quality of their services is below the standard of their competition? | 1 | 2 | 3 | 4 | 5 |
| 25. | Would you find it acceptable when your bank asks higher rates, fees or premiums than their competitors do? | 1 | 2 | 3 | 4 | 5 |
| 26. | Will you give your bank the benefit of the doubt if a service failure occurred? | 1 | 2 | 3 | 4 | 5 |
| 27. | Do you feel more committed to your bank if they handled your service failure promptly? | 1 | 2 | 3 | 4 | 5 |
| 28. | Would you repurchase from your bank even if you have experienced a service failure? | 1 | 2 | 3 | 4 | 5 |
| 29. | Would you provide positive feedback to your bank if their service exceeds your expectations? | 1 | 2 | 3 | 4 | 5 |
| 30. | Do you avoid communicating with your bank? | 1 | 2 | 3 | 4 | 5 |
| 31. | Does it help to complain about bad service delivery to your bank? | 1 | 2 | 3 | 4 | 5 |
| 32. | Does it help to complain about service failures to your bank? | 1 | 2 | 3 | 4 | 5 |
| 33. | Would you provide positive feedback to your bank if their service met your expectations? | 1 | 2 | 3 | 4 | 5 |
| 34. | Would you provide negative feedback to your bank if their service did not meet your expectations? | 1 | 2 | 3 | 4 | 5 |
| 35. | Do you think you should be rewarded (e.g. a gift pack or discount) when you provide either positive or negative feedback to your bank? | 1 | 2 | 3 | 4 | 5 |
| 36. | Would you avoid confrontation by not complaining to your bank? | 1 | 2 | 3 | 4 | 5 |
| 37. | Would you take time to provide feedback to your bank, in order to contribute toward service improvements? | 1 | 2 | 3 | 4 | 5 |
| 38. | Do you want to provide feedback to your bank even though they restrict your attempt? | 1 | 2 | 3 | 4 | 5 |
| 39. | Is a main reason why you do not consider switching to the competitors of your bank because of the administrative nightmare? | 1 | 2 | 3 | 4 | 5 |
| 40. | Is a main reason why you do not consider switching to the competitors of your bank that you think it would be difficult? | 1 | 2 | 3 | 4 | 5 |
| 41. | Will it be easy to switch to the competitors of your bank? | 1 | 2 | 3 | 4 | 5 |
| 42. | Are you concerned that you might lose your relationship with your | 1 | 2 | 3 | 4 | 5 |

| | | Yes, a lot | | | | No, not at all |
|-----|---|---------------|---|---|---|-------------------|
| | bank if you were to consider switching to their competitors? | | | | | |
| 43. | Are you concerned that you might lose your relationship with the employees of your bank if you were to consider switching to their competitors? | 1 | 2 | 3 | 4 | 5 |
| 44. | Are you concerned that you might lose the services of your bank if you were to consider switching to their competitors? | 1 | 2 | 3 | 4 | 5 |
| 45. | Would you experience emotional stress if you were to consider switching to the competitors of your bank? | 1 | 2 | 3 | 4 | 5 |
| 46. | Are you concerned that you might lose the special privileges of your bank if you were to consider switching to their competitors? | 1 | 2 | 3 | 4 | 5 |
| 47. | Are you concerned that you might lose the identification associated with your bank's brand name if you were to consider switching to their competitors? | 1 | 2 | 3 | 4 | 5 |
| 48. | Would you consider switching to another bank if your bank does not provide competitive prices? | 1 | 2 | 3 | 4 | 5 |
| 49. | Do you intend to expand the services you use from your bank? | 1 | 2 | 3 | 4 | 5 |
| 50. | Are you willing to maintain your relationship with your bank? | 1 | 2 | 3 | 4 | 5 |
| 51. | Do you intend to build a positive, long-term relationship with your bank? | 1 | 2 | 3 | 4 | 5 |
| 52. | Do you intend to build a positive long-term relationship with the employees of your bank? | 1 | 2 | 3 | 4 | 5 |

SECTION C

Indicate the importance of each of the following statements where: 1 = very important; 2 = important; 3 = unsure; 4 = not important; and 5 = not important at all. (Only one answer per statement).

1. How important is the following concerning your bank?

| Initially when choosing your bank | | | | | | Now that you use your bank | | | | |
|-----------------------------------|---|---|---|---|------------------------|----------------------------|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | Provider's name | 1 | 2 | 3 | 4 | 5 |
| 1 | 2 | 3 | 4 | 5 | Service considerations | 1 | 2 | 3 | 4 | 5 |
| 1 | 2 | 3 | 4 | 5 | Price considerations | 1 | 2 | 3 | 4 | 5 |
| 1 | 2 | 3 | 4 | 5 | Quality considerations | 1 | 2 | 3 | 4 | 5 |

2. What would you consider as more important when choosing a bank?

| | |
|--|---|
| Price | 1 |
| Relationship with the service provider | 2 |

SECTION D: DEMOGRAPHIC INFORMATION1. **Gender**

| | |
|--------|---|
| Male | 1 |
| Female | 2 |

2. **Your first language**

| | |
|-------------------------|---|
| Afrikaans | 1 |
| English | 2 |
| isiNdebele | 3 |
| isiXhosa | 4 |
| isiZulu | 5 |
| Sepedi | 6 |
| Other (Specify): | 7 |

3. **Highest academic qualification**

| | |
|-----------------------------|---|
| Primary school | 1 |
| High school | 2 |
| Matric | 3 |
| Diploma | 4 |
| Advanced diploma | 5 |
| Degree | 6 |
| Post-graduate qualification | 7 |

4. **Gross monthly household income**

| | |
|--------------------|---|
| Not specified | 1 |
| R5000 or less | 2 |
| R5001 to R10 000 | 3 |
| R10 001 to R15 000 | 4 |
| R15 001 to R20 000 | 5 |
| R20 001 to R25 000 | 6 |
| R25 001 to R30 000 | 7 |
| R30 001 or more | 8 |

5. **Age**

| | |
|---------------|---|
| 18 - 25 years | 1 |
| 26 - 35 years | 2 |
| 36 - 50 years | 3 |
| 51 - 65 years | 4 |
| 66 or older | 5 |

6. **Occupation**

| | |
|--------------------|---|
| Unemployed | 1 |
| Student | 2 |
| Part-time employed | 3 |
| Full-time employed | 4 |
| Pensioner | 5 |
| Self employed | |

7. **Marital status**

| | |
|--------------------------|---|
| Single | 1 |
| Living together | 2 |
| Married without children | 3 |
| Married with children | 4 |
| Divorced | 5 |
| Widowed | 6 |

8. **I consider myself as:**

| | |
|--|---|
| Reserved and anxious among people | 1 |
| Talkative and confident among people | 2 |
| Quiet, but secure among people | 3 |
| Sociable, but still tense among people | 4 |

THANK YOU FOR PARTICIPATING IN THIS RESEARCH STUDY

APPENDIX B
Questionnaire – Life insurance

SECTION A

Please indicate who your life insurance service provider is and for how long you have been using their services:

| 1. Life insurance service provider | |
|------------------------------------|---|
| ABSA Life | 1 |
| Clientele Life | 2 |
| Hollard Life | 3 |
| Liberty | 4 |
| Momentum Group | 5 |
| Old Mutual | 6 |
| Sanlam Life Insurance | 7 |
| Other (Specify): | 8 |

| 2. Period of relationship | |
|---------------------------|---|
| Less than 3 years | 1 |
| 3-5 years | 2 |
| 6-10 years | 3 |
| 11-15 years | 4 |
| 16-20 years | 5 |
| More than 20 years | 6 |

SECTION B: RELATIONSHIP INTENTION

Indicate to which degree you agree or disagree with each of the following statements (where 1 = yes, a lot; 2 = yes; 3 = neutral; 4 = no, not really; 5 = no, not at all). (Only one answer per statement).

| | | Yes, a lot | | | | | No, not at all | | | | |
|-----|--|---------------|---|---|---|---|-------------------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| 1. | Do you feel proud to be a customer of your life insurance service provider? | | | | | | | | | | |
| 2. | Do you feel proud when you see your life insurance service provider's name, advertising materials or other positive press? | | | | | | | | | | |
| 3. | Do you feel ashamed to be a customer of your life insurance service provider when you see negative reporting or bad press? | | | | | | | | | | |
| 4. | Did you experience a feeling of satisfaction when you joined your life insurance service provider? | | | | | | | | | | |
| 5. | Are you satisfied with the service you currently receive from your life insurance service provider? | | | | | | | | | | |
| 6. | Did you voluntarily participate in the process when you selected your life insurance service provider? | | | | | | | | | | |
| 7. | Did you become emotionally involved when you chose your life insurance service provider? | | | | | | | | | | |
| 8. | Do you like to be identified as a client of your life insurance service provider? | | | | | | | | | | |
| 9. | Would you feel guilty if you changed to another life insurance service provider? | | | | | | | | | | |
| 10. | Do you often fill in documents, give information and use websites of your life insurance service provider? | | | | | | | | | | |
| 11. | Do you want your life insurance service provider to communicate with you on a regular basis? | | | | | | | | | | |
| 12. | Have you ever recommended your life insurance service provider to your friends and colleagues? | | | | | | | | | | |
| 13. | Do you expect high rates, fees or premiums from your life insurance service provider? | | | | | | | | | | |

| | | Yes, a lot | | | No, not at all | |
|-----|---|---------------|---|---|-------------------|---|
| 14. | Do you have any unique, personal expectations about the services you receive from your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 15. | Do you have high expectations of the quality of the service you expect from your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 16. | Do you care about the service quality you receive from your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 17. | Do you have high expectations in terms of fair treatment from your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 18. | Based on your previous experience, do you expect quality service in the future from your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 19. | Do you care about the image of your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 20. | Do you expect your life insurance service provider to understand your needs and adapt their services accordingly? | 1 | 2 | 3 | 4 | 5 |
| 21. | Does your life insurance service provider keep their service promises you expect from them? | 1 | 2 | 3 | 4 | 5 |
| 22. | Are you always satisfied by attempts made by your life insurance service provider to rectify service failures? | 1 | 2 | 3 | 4 | 5 |
| 23. | Are you willing to forgive your life insurance service provider if the quality of their service is sometimes below the standard you expect from them? | 1 | 2 | 3 | 4 | 5 |
| 24. | Are you willing to forgive your life insurance service provider if the quality of their services is below the standard of their competition? | 1 | 2 | 3 | 4 | 5 |
| 25. | Would you find it acceptable when your life insurance service provider asks higher rates, fees or premiums than their competitors do? | 1 | 2 | 3 | 4 | 5 |
| 26. | Will you give your life insurance service provider the benefit of the doubt if a service failure occurred? | 1 | 2 | 3 | 4 | 5 |
| 27. | Do you feel more committed to your life insurance service provider if they handled your service failure promptly? | 1 | 2 | 3 | 4 | 5 |
| 28. | Would you repurchase from your life insurance service provider even if you have experienced a service failure? | 1 | 2 | 3 | 4 | 5 |
| 29. | Would you provide positive feedback to your life insurance service provider if their service exceeds your expectations? | 1 | 2 | 3 | 4 | 5 |
| 30. | Do you avoid communicating with your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 31. | Does it help to complain about bad service delivery to your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 32. | Does it help to complain about service failures to your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 33. | Would you provide positive feedback to your life insurance service provider if their service met your expectations? | 1 | 2 | 3 | 4 | 5 |
| 34. | Would you provide negative feedback to your life insurance service provider if their service did not meet your expectations? | 1 | 2 | 3 | 4 | 5 |
| 35. | Do you think you should be rewarded (e.g. a gift pack or discount) when you provide either positive or negative feedback to your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |

| | | Yes, a lot | | | No, not at all | |
|-----|--|---------------|---|---|-------------------|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 36. | Would you avoid confrontation by not complaining to your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 37. | Would you take time to provide feedback to your life insurance service provider, in order to contribute toward service improvements? | 1 | 2 | 3 | 4 | 5 |
| 38. | Do you want to provide feedback to your life insurance service provider even though they restrict your attempt? | 1 | 2 | 3 | 4 | 5 |
| 39. | Is a main reason why you do not consider switching to the competitors of your life insurance service provider because of the administrative nightmare? | 1 | 2 | 3 | 4 | 5 |
| 40. | Is a main reason why you do not consider switching to the competitors of your life insurance service provider that you think it would be difficult? | 1 | 2 | 3 | 4 | 5 |
| 41. | Will it be easy to switch to the competitors of your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 42. | Are you concerned that you might lose your relationship with your life insurance service provider if you were to consider switching to their competitors? | 1 | 2 | 3 | 4 | 5 |
| 43. | Are you concerned that you might lose your relationship with the employees of your life insurance service provider if you were to consider switching to their competitors? | 1 | 2 | 3 | 4 | 5 |
| 44. | Are you concerned that you might lose the services of your life insurance service provider if you were to consider switching to their competitors? | 1 | 2 | 3 | 4 | 5 |
| 45. | Would you experience emotional stress if you were to consider switching to the competitors of your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 46. | Are you concerned that you might lose the special privileges of your life insurance service provider if you were to consider switching to their competitors? | 1 | 2 | 3 | 4 | 5 |
| 47. | Are you concerned that you might lose the identification associated with your life insurance service provider's brand name if you were to consider switching to their competitors? | 1 | 2 | 3 | 4 | 5 |
| 48. | Would you consider switching to another life insurance service provider if your life insurance service provider does not provide competitive prices? | 1 | 2 | 3 | 4 | 5 |
| 49. | Do you intend to expand the services you use from your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 50. | Are you willing to maintain your relationship with your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 51. | Do you intend to build a positive, long-term relationship with your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |
| 52. | Do you intend to build a positive long-term relationship with the employees of your life insurance service provider? | 1 | 2 | 3 | 4 | 5 |

SECTION C

Indicate the importance of each of the following statements where: 1 = very important; 2 = important; 3 = unsure; 4 = not important; and 5 = not important at all. (Only one answer per statement).

1. How important are the following concerning your life insurance service provider?

| Initially when choosing your life insurance service provider | | | | | | Now that you use your life insurance service provider | | | | |
|--|---|---|---|---|------------------------|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | Provider's name | 1 | 2 | 3 | 4 | 5 |
| 1 | 2 | 3 | 4 | 5 | Service considerations | 1 | 2 | 3 | 4 | 5 |
| 1 | 2 | 3 | 4 | 5 | Price considerations | 1 | 2 | 3 | 4 | 5 |
| 1 | 2 | 3 | 4 | 5 | Quality considerations | 1 | 2 | 3 | 4 | 5 |

2. What would you consider as more important when choosing a life insurance service provider?

| | |
|--|---|
| Price | 1 |
| Relationship with the service provider | 2 |

SECTION D: DEMOGRAPHIC INFORMATION1. **Gender**

| | |
|--------|---|
| Male | 1 |
| Female | 2 |

2. **Your first language**

| | |
|------------------|---|
| Afrikaans | 1 |
| English | 2 |
| isiNdebele | 3 |
| isiXhosa | 4 |
| isiZulu | 5 |
| Sepedi | 6 |
| Other (Specify): | 7 |

3. **Highest academic qualification**

| | |
|----------------------------|---|
| Primary school | 1 |
| High school | 2 |
| Matric | 3 |
| Diploma | 4 |
| Advanced diploma | 5 |
| Degree | 6 |
| Postgraduate qualification | 7 |

4. **Gross monthly household income**

| | |
|--------------------|---|
| Not specified | 1 |
| R5000 or less | 2 |
| R5001 to R10 000 | 3 |
| R10 001 to R15 000 | 4 |
| R15 001 to R20 000 | 5 |
| R20 001 to R25 000 | 6 |
| R25 001 to R30 000 | 7 |
| R30 001 or more | 8 |

5. **Age**

| | |
|--------------|---|
| 18-25 years | 1 |
| 26-35 years | 2 |
| 36-50 years | 3 |
| 51-65 years | 4 |
| 66 and older | 5 |

6. **Occupation**

| | |
|--------------------|---|
| Unemployed | 1 |
| Student | 2 |
| Part-time employed | 3 |
| Full-time employed | 4 |
| Pensioner | 5 |
| Self employed | |

7. **Marital status**

| | |
|--------------------------|---|
| Single | 1 |
| Living together | 2 |
| Married without children | 3 |
| Married with children | 4 |
| Divorced | 5 |
| Widowed | 6 |

8. **I consider myself as:**

| | |
|--|---|
| Reserved and anxious among people | 1 |
| Talkative and confident among people | 2 |
| Quiet, but secure among people | 3 |
| Sociable, but still tense among people | 4 |

THANK YOU FOR PARTICIPATING IN THIS RESEARCH STUDY

APPENDIX C
Assistance in statistical analysis



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6 Maart 2009

Re: Verhandeling Me. H. Delport, studentenommer 12891517

Hiermee word bevestig dat Statistiese Konsultasiediens die data verwerk het en ook betrokke was by die interpretasie van die resultate.

Vriendelike groete

A handwritten signature in cursive script, appearing to read 'S.M. Ellis'.

Dr. S.M. Ellis (Pr. Sci. Nat)
Hoof Statistiese Konsultasiediens