

**The influence of culture on customers' complaint behaviour  
pertaining to service failures**

by

**Mariëtte Louise Walters**

Dissertation submitted in fulfilment of the requirements for the degree of

**MASTER OF COMMERCE**

In the School of Business Management at the  
**North-West University: Potchefstroom Campus**

**Supervisor: Prof P.G. Mostert**

**Assistant supervisor: Prof P.J. du Plessis**

**Extraordinary Professor – University of Pretoria**

**November 2010**

## **ACKNOWLEDGEMENTS**

I would like to acknowledge those who played a vital role in the completion of this study:

First and above all, I want to give praise to God – my Anchor, my Strength, my Hope. Only through God's indescribable power and love was I able to persevere.

My loving parents, Wynand and Marcia, who have never ceased to believe in me. I am forever grateful for the endless opportunities and support you have offered so that I could learn, grow and pursue the life God has planned for me.

Joubert, upon whom I could always depend to make me smile. Thank you for being there, every step of the way – to listen, to encourage and to motivate, especially in the times I needed support the most.

Prof Pierre Mostert, whose expertise and excellent guidance made this study possible. Thank you for believing in me from the start and for being a truly superb and inspirational mentor. Your continuous advice and high standards helped me to develop skills and capabilities that will remain with me for life.

Prof Flip du Plessis; a special thanks for your precious time and valuable contribution towards the outcome of this study.

Mrs Wilma Breytenbach from the Statistical Consultation Services of the North-West University; thank you for the assistance and effort in the statistical analysis of the data.

I also offer my sincere gratitude to Prof Renier Jansen van Rensburg and the School of Business Management at the North-West University for supporting this study, by providing the necessary funds in order to collect the requisite data from respondents. My appreciation is also extended to Prof Danie Petzer and the students at the University of Johannesburg, who assisted in the administration of the questionnaires.

Finally, I would like to thank every friend and family member who provided me with kind and uplifting words during the course of this study.

**ABSTRACT**

Organisations are facing increasing pressures in terms of customer service since customers tend to become more demanding as competition within industries increases. In order to succeed in this changing marketplace, organisations should focus on forming and maintaining long-term relationships with their customers. Developing long-term relationships, in turn, depends on the organisation's ability to exceed customers' expectations and to continuously ensure customer satisfaction. Service organisations in particular find it difficult to provide constant customer satisfaction due to the high level of human involvement in service delivery, which often leads to inevitable service failures. Service failures, as a result, cause the disconfirmation of service expectations. This disconfirmation gives rise to customer dissatisfaction, which is generally considered as the initiator of customer complaint behaviour.

Culture is regarded as one of the most influential factors affecting customers' behaviour in response to dissatisfaction with a purchase experience. Customers' culture could have an impact on the manner in which customers engage in complaint behaviour, and could also have a bearing on how service failures and organisations' service recovery efforts are perceived. Organisations functioning in a multicultural country such as South Africa could therefore benefit from gaining a more profound understanding of cultural influences on customer behaviour and specifically complaint behaviour.

The primary objective of this study was to determine the influence of culture on customers' complaint behaviour pertaining to service failures within the context of the South African banking industry. A structured, interviewer-administered questionnaire was used to collect data from banking customers residing in Gauteng, who were sampled by means of a non-probability sampling method. In total, 600 respondents participated in this study, comprising 150 each from the black, coloured, Indian/Asian and white cultural groups.

Results from the study indicate that although the majority of respondents have a propensity to complain, no practically significant differences were found between respondents from different cultures with regard to their propensity to complain. Results furthermore showed no differences between the different cultural groups in terms of their complaint behaviour following a hypothetical service failure. Although it was

established that respondents expect the bank to do something about the service failure – in particular correcting the problem and providing an explanation for the problem – respondents' expectations regarding service recovery and perceptions of the bank's service recovery efforts were found not to have been influenced by their respective cultures. The results, in addition, showed that a higher service recovery effort had a more positive effect on respondents' post-recovery satisfaction, likelihood of maintaining their relationship with the bank and loyalty, than that of a lower service recovery effort.

It is recommended that banks should not view their customers differently in terms of their cultural backgrounds, but that they should rather focus continuously on providing all customers with the same level of quality service, even after a service failure has occurred. Banks should also encourage all customers to voice complaints directly to them in order to minimise the harmful effects of negative word-of-mouth and to improve recoveries from failures. Since respondents in this study indicated that they expect banks to offer an apology in the case of a service failure, to provide an explanation of the cause of the problem and to correct the problem, banks should ensure that a high level of quality interaction takes place between the dissatisfied customer and employees following a service failure. Such an approach requires banks to ensure that their employees are motivated and competent to solve customers' problems. It is therefore also recommended that banks should invest resources in employee selection, training, development, empowerment, discretionary decision-making power and support in order to ensure that customer-facing employees are able to provide a satisfactory service recovery, and are able to efficiently manage the complaint process.

Recommendations for future research include extending this study to other service settings in order to determine whether there are similarities or differences in the influence of culture on customers' complaint behaviour pertaining to service failures. Future research can be conducted in collaboration with a specific bank in order to discover more specific information with regards to service failures and complaint situations within the bank, as well as customers' perceptions of the bank's existing service recovery systems. Finally, since no differences between cultural groups were found, this study can be replicated in order to compare South African customers with those in other countries in order to determine differences in national cultures.

---

## UITTREKSEL

Organisasies is onderhewig aan toenemende druk in terme van kliëntediens, aangesien kliënte geneig is om meer veeleisend te word soos wat mededinging binne bedrywe toenemend strawwer word. Ten einde sukses in hierdie veranderende markomgewing te behaal, moet organisasies daarop fokus om langtermynverhoudings met hul kliënte te vorm en te behou. Die daarstelling van langtermynverhoudings is op sy beurt weer afhanklik van die organisasie se vermoë om kliënte se behoefteverwagtings te oortref en om deurlopende kliëntetevredenheid te verseker. Diensondernemings in besonder vind dit moeilik om te voldoen aan die eise van konstante kliëntetevredenheid, juis as gevolg van die hoë vlakke van menslike betrokkenheid in dienslewering, wat menigmaal tot onvermydelike dienstekortkominge lei. Dienstekortkominge lei gevolglik tot die diskonfirmasie van diensverwagtinge. Dit is hierdie diskonfirmasie wat aanleiding gee tot kliënteontevredenheid, wat in die algemeen geag word as die hoofaansporing tot klagtegedrag by kliënte.

Kultuur word beskou as een van die invloedrykste faktore wat kliënte se gedrag raak as respons op hul ontevredenheid met 'n aankoopervaring. Dis is omdat kliënte se kultuur 'n uitwerking kan hê op die wyse waarop hulle klagtegedrag hanteer, en kultuur het ook 'n noemenswaardige uitwerking op hoe dienstekortkominge en die organisasie se diensherstelpogings ervaar word. Organisasies wat in 'n multikulturele land soos Suid-Afrika funksioneer, kan daarom baat by 'n deegliker begrip van kulturele invloede op kliënte se gedrag en spesifiek op hulle klagtegedrag.

Die primêre doelwit van hierdie studie was om die invloed van kultuur op kliënte se klagtegedrag te bepaal met betrekking tot dienstekortkominge, binne die konteks van die Suid-Afrikaanse bankbedryf. 'n Gestruktureerde, onderhoudvoerder-toegediende vraelys is gebruik om data in te samel ten opsigte van bankkliënte wat in Gauteng woonagtig is. Hierdie bankkliënte is dan deur 'n nie-waarskynlikheidsteekproefmetode in die steekproef opgeneem. 'n Totaal van 600 respondente het aan die studie deelgeneem: 150 elk vanuit die swart, kleuring, Indiër/Asiër en wit kulturele groepe.

Resultate van die studie dui aan dat, alhoewel die meerderheid van respondente 'n neiging tot klagtegedrag het, daar geen prakties-beduidende verskille gevind kon word tussen respondente van verskillende kulture met betrekking tot hulle neiging om te kla

---

nie. Resultate toon verder dat daar geen verskille tussen die verskillende kulturele groepe bestaan het in terme van kliënte se klagtegedrag na aanleiding van 'n hipotetiese dienstekortkoming nie. Alhoewel daar gestaaf kon word dat respondente van die bank verwag om iets te doen omtrent die dienstekortkoming – in besonder om die probleem reg te stel en 'n verduideliking van die probleem te verskaf – is daar gevind dat kultuur nie 'n invloed ten opsigte van respondente se verwagtinge aangaande 'n diensherstel, of ten opsigte van kliënte persepsies van die bank se diensherstelpogings het nie. Die resultate het verder getoon dat 'n sterker diensherstelpoging tot 'n sterker positiewe effek gelei het ten opsigte van respondente se na-herstel tevredenheid, die waarskynlikheid om hulle verhouding met die bank te behou en hulle lojaliteit, as in die geval van 'n swakker diensherstelpoging.

Daar word voorgestel dat banke nie hulle kliënte verskillend moet beskou in terme van hulle kulturele agtergronde nie, maar dat hulle eerder deurlopend daarop moet fokus om aan alle kliënte dieselfde vlak van kwaliteitdiens te verskaf, selfs nadat 'n dienstekortkoming voorgekom het. Banke moet ook kliënte van alle bevolkings- en kulturele groepe aanmoedig om hulle klagtes direk aan die bank te rig, ten einde die skadelike effekte van negatiewe mondelingse kommunikasie te verminder en om herstel van dienstekortkominge te verbeter. Dit is daarom belangrik dat banke moet belê in die velde van werknemerseleksie, opleiding, ontwikkeling, bemaagtiging, diskresionêre besluitnemingsmag en ondersteuning ten einde te verseker dat werknemers wat direk met kliënte skakel, bekwaam is om 'n bevredigende diensherstelling te verskaf, en ook toegerus is om die klagteproses effektief te bestuur.

Aanbevelings vir toekomstige navorsing sluit in die uitbreiding van hierdie studie tot ander diensomgewings met die oog daarop om te bepaal of daar ooreenkomste of verskille gevind kan word ten opsigte van die invloed van kultuur op kliënte se klagtegedrag met betrekking to dienstekortkominge. Verder navorsing kan ook onderneem word in samewerking met 'n spesifieke bank, ten einde meer spesifieke inligting rakende dienstekortkominge en klagtesituasies binne die bank te ontdek. Ten slotte, aangesien geen verskille tussen die verskillende kulturele groepe gevind kon word nie, kan hierdie studie gedupliseer word met die oog daarop om Suid-Afrikaanse kliënte met kliënte in ander lande te vergelyk ten einde verskille ten opsigte van nasionale kulture te bepaal.

## LIST OF KEY TERMS

- **Culture**

Reichert and Gill (2004:203) describe culture as a shared meaning system, a learnt phenomenon that determines the perceptions of individuals while influencing their behaviour at the same time. Johannson (2006:65) propounds that culture manifests itself in learnt behaviour, which is acquired as individuals grow up and gradually come to understand what their culture demands from them. Culture is therefore said to be learnt by the members of a given society and passed on from one generation to another (Burgess & Bothma, 2007:167). Kotabe and Helsen (2004:100) state that social interaction amongst people is, accordingly, a critical facet of culture. As a result of this social interaction, cultures are not spread randomly amongst the world population, but are concentrated separately in different racial or ethnic groups, with both biological and cultural differences said to relate to a social reality (Sowell, 1994:6). Culture is consequently often understood as an expression of a particular racial or ethnic group, with each group having its own cultural practices (Dolby, 2001:16). This notion is relevant in South Africa, since the country comprises a large variety of cultures which are usually based on race (Thomas & Bendixen, 2000:507). Urban (2006:175) accordingly suggests that racial groups may be used as a unit for analysis at a subcultural level, with the basic assertion behind this notion that the cultural orientation of diverse racial groups should differ on a given dimension. Christopher (20002:406) underlines the idea that racial classification as a dividing mechanism forms the basis of group identity in South Africa, with the population groupings of the colonial and apartheid era retaining a powerful place in national consciousness. Because South Africa's population is divided into four distinctive racial or population groups – black, coloured Indian/Asian and white (Statistics South Africa, 2009:5; Horowitz, 1991:3); these four population groups will serve as cultural groups for the investigation of the influence of culture for the purposes of this study.

- **Consumer / customer**

A consumer is in general thought of as a person who identifies a need or desire, makes a purchase and then disposes of the product during the stages in the consumption

process (Solomon, Zaichkowsky & Polegato, 2008:7). Montgomery (2008:128) explains that a consumer is someone who considers consumption as an integral part of daily life. A customer, on the other hand, is a person or an organisational unit who plays a role in the consummation of a transaction with the marketer or entity and where a customer may play any one of three distinctive roles in the transaction, namely the role of the user, the payer or the buyer (Sheth & Mittal, 2004:12). Walters (1978:4) noted that a customer is the individual who will make or has made the actual purchase. In this study, the term consumer and customer are used interchangeably.

- **Customer complaint behaviour**

Customer complaint behaviour is described as a set of multiple responses that is prompted by perceived dissatisfaction with a purchase episode (Singh, 1988:94). Complaining is distinguished from ordinary criticism in the sense that it articulates the source of dissatisfaction; it is therefore not simply a comment on what has occurred, but leads to subjective judgement on the part of the customer (Gabbott & Hogg, 1998:117). Crie (2003:62) suggests that customer complaint behaviour's final manifestation does not directly depend on its initiating factors, but rather on the customer's subjective evaluation of the situation over time; consequently, customer complaint behaviour should be viewed as a process. This process commences when the customer has evaluated a consumption episode (which has resulted in dissatisfaction) and the process ends when the customer has completed all behavioural and non-behavioural responses – which include taking public action, private action or no action (Broadbridge & Marshall, 1995:9).

- **Service failure**

Service failure research proposes that customer dissatisfaction is the primary consequence of service failures, which provides the motivation for subsequent customer complaint behaviour (Reynolds & Harris, 2005:322). Maxham (2001:11) defines a service failure from a customer's perspective as any real or perceived service-related problem that occurs during the customer's encounter with an organisation. Patterson, Cowley and Prasongsukarn (2006:264) propound that a failed service encounter refers to an exchange where a customer perceives a loss due to a failure on the part of the

service provider. Lewis and Spyropoulos (2001:39) conclude that if customers perceive a service failure regarding any dimensions of service quality, their service expectations have not been met.

- **Service recovery**

When customer expectations are not met as a consequence of a service failure, another set of customer expectations become active, namely service recovery expectations (Lewis & Spyropoulos, 2001:37). Service recovery accordingly involves those actions that organisations take with a view to respond to service failures, with the ultimate purpose of restoring the customer to a state of satisfaction by attempting to rectify and recover those elements of the service delivery system which have failed (Lorenzoni & Lewis, 2004:12; Lewis & Spyropoulos, 2001:39). Boshoff (2009:341) suggests that a service recovery system must not only strive to correct problems as they occur, but must continuously monitor the entire service delivery system, in order to efficiently identify any problems before they take place.

---

**TABLE OF CONTENTS**

|                         |      |
|-------------------------|------|
| ABSTRACT .....          | i    |
| UITTREKSEL .....        | iii  |
| LIST OF KEY TERMS ..... | v    |
| LIST OF FIGURES .....   | xii  |
| LIST OF TABLES .....    | xiii |

**CHAPTER 1: CONTEXTUALISATION OF THE STUDY**

|                                     |    |
|-------------------------------------|----|
| 1.1 INTRODUCTION .....              | 1  |
| 1.2 PROBLEM STATEMENT .....         | 1  |
| 1.3 OBJECTIVES.....                 | 5  |
| 1.3.1 Primary objective .....       | 5  |
| 1.3.2 Secondary objectives.....     | 6  |
| 1.4 RESEARCH METHODOLOGY .....      | 6  |
| 1.4.1 Literature study .....        | 6  |
| 1.4.2 Empirical investigation ..... | 7  |
| 1.5 CHAPTER STRUCTURE.....          | 14 |
| 1.6 CONCLUSION .....                | 16 |

**CHAPTER 2: CONSUMER BEHAVIOUR AND CUSTOMER COMPLAINT BEHAVIOUR**

|   |    |
|---|----|
| 2.1 INTRODUCTION .....                                    | 17 |
| 2.2 MARKETING AND THE MARKETING CONCEPT .....             | 18 |
| 2.3 CONSUMER BEHAVIOUR DEFINED .....                      | 22 |
| 2.4 THE CONSUMER DECISION-MAKING PROCESS.....             | 24 |
| 2.4.1 Stages in the consumer decision-making process..... | 25 |
| 2.4.2 Individual factors .....                            | 32 |
| 2.4.3 External factors .....                              | 35 |

---

|  |  |    |
|--|--|----|
| 2.5  | CULTURE AND CONSUMER BEHAVIOUR .....   | 38 |
| 2.5.1  | Culture defined.....   | 38 |
| 2.5.2  | Culture and its influence on consumer behaviour .....                                | 40 |
| 2.5.3  | Culture in South Africa .....  | 44 |
| 2.6  | CUSTOMER COMPLAINT BEHAVIOUR .....   | 47 |
| 2.6.1  | Conceptualising customer complaint behaviour.....                                    | 47 |
| 2.6.2  | Models of customer complaint behaviour.....  | 49 |
| 2.6.3  | Factors affecting customer complaint behaviour.....                                  | 53 |
| 2.6.4  | Culture and customer complaint behaviour.....  | 58 |
| 2.6.5  | Importance of recognising and managing customer complaint behaviour .....            | 60 |
| 2.7  | CONSUMER BEHAVIOUR AND CUSTOMER COMPLAINT BEHAVIOUR IN<br>THE BANKING INDUSTRY ..... | 62 |
| 2.8  | CONCLUSION .....   | 64 |
| <br><b>CHAPTER 3: RELATIONSHIP MARKETING, SERVICE FAILURE AND SERVICE<br/>RECOVERY</b> |  |    |
| 3.1  | INTRODUCTION .....   | 66 |
| 3.2  | RELATIONSHIP MARKETING DEFINED.....  | 67 |
| 3.3  | RELATIONSHIP MARKETING VS. TRANSACTIONAL MARKETING .....                             | 69 |
| 3.4  | BENEFITS OF RELATIONSHIP MARKETING .....   | 72 |
| 3.4.1  | Benefits of relationship marketing for organisations.....                            | 72 |
| 3.4.2  | Benefits of relationship marketing for customers .....                               | 76 |
| 3.5  | RELATIONSHIP MARKETING CONSTRUCTS .....  | 79 |
| 3.5.1  | Customer relationships .....   | 80 |
| 3.5.2  | Customer satisfaction .....  | 82 |
| 3.5.3  | Customer loyalty .....   | 85 |
| 3.5.2  | Customer retention .....   | 88 |
| 3.6  | SERVICE FAILURE .....  | 90 |

---

|     |  |     |
|-----|--|-----|
| 3.7 | SERVICE RECOVERY .....   | 93  |
| 3.8 | RELATIONSHIP MARKETING, SERVICE FAILURE AND SERVICE RECOVERY IN THE BANKING INDUSTRY ..... | 99  |
| 3.9 | CONCLUSION .....   | 101 |

#### **CHAPTER 4: RESEARCH METHODOLOGY**

|       |   |     |
|-------|---|-----|
| 4.1   | INTRODUCTION .....  | 102 |
| 4.2   | MARKETING RESEARCH DEFINED .....  | 102 |
| 4.3   | MARKETING RESEARCH PROCESS .....  | 103 |
| 4.3.1 | Step 1: Define the research problem and state the research objectives ..... | 104 |
| 4.3.2 | Step 2: Create a research design .....                                      | 107 |
| 4.3.3 | Step 3: Select a research method.....                                       | 112 |
| 4.3.4 | Step 4: Develop a sampling plan .....                                       | 127 |
| 4.3.5 | Step 5: Collect the data.....   | 134 |
| 4.3.6 | Step 6: Prepare and analyse the data.....                                   | 135 |
| 4.3.7 | Step 7: Report the results .....  | 144 |
| 4.4   | CONCLUSION .....  | 145 |

#### **CHAPTER 5: DISCUSSION AND INTERPRETATION OF RESULTS**

|       |                                       |     |
|-------|---------------------------------------|-----|
| 5.1   | INTRODUCTION .....                    | 146 |
| 5.2   | SAMPLING PROFILE .....                | 146 |
| 5.3   | EMPIRICAL RESEARCH RESULTS .....      | 151 |
| 5.3.1 | Results obtained from section A ..... | 151 |
| 5.3.2 | Results obtained from section B ..... | 159 |
| 5.3.3 | Results obtained from section C ..... | 160 |
| 5.3.4 | Results obtained from section D ..... | 165 |
| 5.4   | SUMMARY OF MAIN FINDINGS.....         | 183 |
| 5.5   | CONCLUSION .....                      | 189 |

---

**CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS**

|       |  |     |
|-------|--|-----|
| 6.1   | INTRODUCTION .....   | 190 |
| 6.2   | OVERVIEW OF THE STUDY .....                                | 190 |
| 6.3   | CONCLUSIONS AND RECOMMENDATIONS .....                      | 192 |
| 6.3.1 | Conclusion from objective 1 .....                          | 193 |
| 6.3.2 | Conclusion from objective 2 .....                          | 194 |
| 6.3.3 | Conclusion from objective 3 .....                          | 195 |
| 6.3.4 | Conclusion from objective 4 .....                          | 197 |
| 6.3.5 | Conclusion from objective 5 .....                          | 198 |
| 6.3.6 | Summary of recommendations for the banking industry .....  | 200 |
| 6.4   | LINKING OBJECTIVES TO MAIN FINDINGS .....                  | 201 |
| 6.5   | LIMITATIONS OF THE STUDY .....                             | 202 |
| 6.6   | DIRECTIONS FOR FUTURE RESEARCH .....                       | 204 |
| 6.7   | CONCLUSION .....   | 205 |
|       | REFERENCES .....   | 206 |
|       | APPENIX A: FINAL QUESTIONNAIRE .....                       | 239 |
|       | APPENIX B: ASSISTANCE IN STATISTICAL ANALYSIS .....        | 245 |
|       | APPENIX A: DETAILED EXPOSITION OF STATISTICAL VALUES ..... | 247 |

---

**LIST OF FIGURES**

|            |   |     |
|------------|---|-----|
| Figure 1.1 | Chapter structure .....   | 14  |
| Figure 2.1 | Outline of chapter 2.....   | 18  |
| Figure 2.2 | Functional organisational structure .....                         | 19  |
| Figure 2.3 | Stages in the evolution of marketing .....                        | 20  |
| Figure 2.4 | The consumer decision-making process .....                        | 26  |
| Figure 2.5 | Influences on the consumer decision-making process .....          | 31  |
| Figure 2.6 | A classification of customer complaint behaviour .....            | 51  |
| Figure 2.7 | Proposed taxonomy of customer complaint behaviour responses ..... | 52  |
| Figure 3.1 | Outline of chapter 3.....   | 67  |
| Figure 3.2 | Relationship marketing vs. transactional marketing .....          | 71  |
| Figure 3.3 | Benefits of relationship marketing .....                          | 78  |
| Figure 3.4 | Relationship marketing constructs .....                           | 79  |
| Figure 4.1 | The marketing research process.....                               | 104 |
| Figure 4.2 | Developing a sampling plan .....                                  | 127 |

---

**LIST OF TABLES**

|            |  |     |
|------------|--|-----|
| Table 4.1  | Measurement of classification information .....  | 119 |
| Table 4.2  | Measurement of perception of services .....  | 120 |
| Table 4.3  | Measurement of attitude towards complaining .....  | 121 |
| Table 4.4  | Measures of perception of problem severity .....   | 123 |
| Table 4.5  | Measurement of complaint behaviour .....   | 124 |
| Table 4.6  | Measurement of expectations of service recovery .....  | 124 |
| Table 4.7  | Measurement of outcome of service recovery 1 .....   | 124 |
| Table 4.8  | Measurement of outcome of service recovery 2 .....   | 124 |
| Table 4.9  | Measurement of demographical information .....   | 125 |
| Table 4.10 | Links between objectives and the questions of the questionnaire.....   | 126 |
| Table 5.1  | Frequency table representing sample profile of respondents.....  | 147 |
| Table 5.2  | A cross tabulation of respondents' gender and population groups.....   | 149 |
| Table 5.3  | A cross tabulation of the bank with which respondents' personal accounts are held and population groups.....       | 152 |
| Table 5.4  | A cross tabulation of the period respondents have had personal accounts with their bank and population groups..... | 154 |
| Table 5.5  | A cross tabulation of respondents intention to stay with their banks and population groups.....                    | 155 |
| Table 5.6  | A cross tabulation of banking methods most often used and population groups .....                                  | 156 |
| Table 5.7  | A cross tabulation of how often respondents physically visit a branch of their bank and population groups .....    | 157 |
| Table 5.8  | Descriptive statistics concerning relationship-related variables .....   | 158 |
| Table 5.9  | Respondents' perception of services in South Africa .....  | 160 |
| Table 5.10 | Respondents' attitude towards complaining .....  | 161 |
| Table 5.11 | Factors obtained from the confirmatory factor analysis in terms of respondents' attitudes toward complaining ..... | 163 |

---

|            |  |     |
|------------|--|-----|
| Table 5.12 | Cronbach alpha values of the factors related to respondents' attitudes toward complaining .....                  | 164 |
| Table 5.13 | Categorisation of respondents' attitudes toward complaining .....  | 164 |
| Table 5.14 | A cross tabulation of respondents' perception of problem severity and population groups .....                    | 166 |
| Table 5.15 | Respondents' complaint behaviour following a service failure .....   | 167 |
| Table 5.16 | Pearson correlation coefficients between respondents' attitudes toward complaining and complaint behaviour ..... | 168 |
| Table 5.17 | Complaint behaviour for population groups .....  | 170 |
| Table 5.18 | Respondents' expectations of service recovery .....  | 172 |
| Table 5.19 | Expectations of service recovery for population groups .....   | 173 |
| Table 5.20 | Outcome of service recovery – response option 1 .....  | 175 |
| Table 5.21 | Outcome of response option 1 for population groups.....  | 176 |
| Table 5.22 | Outcome of service recovery – response option 2 .....  | 177 |
| Table 5.23 | Outcome of response option 2 for population groups.....  | 178 |
| Table 5.24 | Paired t-tests for comparing outcome of response option 1 and outcome of response option 2.....                  | 180 |
| Table 5.25 | Outcome of response option 1 versus outcome of response option 2 for population groups .....                     | 181 |
| Table 6.1  | Linking objectives, questions in the questionnaire and main findings .....                                       | 202 |

## **CHAPTER 1**

### **CONTEXTUALISATION OF THE STUDY**

#### **1.1 INTRODUCTION**

This chapter provides the contextual background to this study by formulating the problem on which the study is based and by providing the rationale for undertaking the research. The main constructs included in this study, namely culture, customer complaint behaviour, service failure and service recovery, are accordingly introduced in this chapter. Furthermore, these constructs are briefly examined in the context in which South African banks operate. The primary and secondary objectives of this study are subsequently presented, together with the methodology used in order to achieve these objectives. This chapter concludes with an overview of the structure of the study, by briefly describing the content of each chapter.

#### **1.2 PROBLEM STATEMENT**

The problem statement of this study is based on the assumption that organisations have to cope with a considerable increase in competitiveness among organisations arising from demands made by increasingly sophisticated customers, accelerating globalisation and continuous product differentiation (Atkinson & Brander Brown, 2001:128). In such a highly competitive environment, the focus of organisations should therefore be on maintaining their existing customers by establishing customer relationships (Homburg & Giering, 2001:43). Athanassopoulou and Mylonakis (2009:355) emphasise that developing long-term and mutually beneficial relationships makes customer retention possible. Due to the fact that it is less expensive to retain an existing customer than to acquire a new one (Kim & Cha, 2002:322), measures such as satisfaction, loyalty and commitment have been implemented with the purpose of enhancing customer retention (Terblanche, 2006:31), with customer satisfaction considered to be the strongest driver of this pursuit (Ranaweera & Prabhu, 2003:87).

Schiffman and Kanuk (2004:570) emphasise that satisfaction emanates from a positive disconfirmation of expectations, and this disconfirmation is grounded in performance meeting or exceeding customer expectations. However, providing consistent and

flawless service that will ensure customer satisfaction – although a fine objective – is difficult to achieve in service industries (Patterson *et al.*, 2006:263). Boshoff and Allen (2000:63) believe that this difficulty can mainly be ascribed to the fact that the quality of many services cannot be controlled before they reach the customer, especially where there is a high level of personal involvement associated with the production and consumption of services. Service failures result in customer dissatisfaction, which provides the motivation for subsequent complaint behaviour (Reynold & Harris, 2005:322).

Velázquez, Contri, Saura and Blasco (2006:496) highlight that customer dissatisfaction is a central determinant of customer complaint behaviour. Customer complaint behaviour is considered to be a distinct process, comprising of a subset of all possible responses – behavioural and non-behavioural – to perceived dissatisfaction arising from a purchase episode (Crie, 2003:62; Broadbridge & Marshall, 1995:9). Behavioural responses refer to public and private actions, while taking no action is classified as a non-behavioural response (Singh, 1988:94). Public actions include a customer voicing complaints directly to the organisation with a view to seek redress or refund, writing a complaint letter or taking legal action against the organisation, while private actions generally entail a customer spreading negative word-of-mouth communication to friends and family or ceasing to patronise the organisation (Ndubisi & Ling, 2005:67; Singh, 1988:94). A customer may engage in either public action or private action, but may also engage in both, which may give rise to countless combinations of multiple dissatisfaction responses (Singh, 1990:69).

Donoghue and De Klerk (2006:44) therefore stress the importance of recognising the multidimensionality of customer complaint behaviour, and accordingly investigating a variety of responses with regard to this construct, while also considering the factors that affect the concomitant choice of response. One such factor is attitude towards complaining, which is a valuable factor for describing which type of complaint behaviour will be taken – those customers who have a more positive attitude towards complaining are more likely to express their complaint intention directly to the organisation (Yuksel, Klinic & Yuksel, 2006:15; Blodgett & Granbois, 1992:99). Blodgett and Granbois (1992:101) highlight the importance of focusing on the interaction between the customer and the organisation, as many dissatisfied customers who have a positive attitude towards complaining will first voice complaints to the organisation and only engage in

negative word-of-mouth and/or exit if they are dissatisfied with the outcome of the redress-seeking encounter. It is therefore imperative for organisations to identify customer complaint factors which may serve as an opportunity for organisations to turn dissatisfied customers into satisfied ones, by means of service recovery (Ha & Jang, 2009:319; Heung & Lam, 2003:288).

Service recovery, however, entails more than simply managing complaints; it must be a part of the overall organisation plan by focusing on service failures in general and the organisation's response to these failures by attempting to solve problems before complaints arise (Grönfeldt & Strother, 2006:150). Lewis and Spyropoulos (2001:37) further propose that service recovery includes the following: an interaction between the organisation and a customer; a deficit in the provision of the core service; a response from the organisation to the service deficit; and a desired result to return a dissatisfied customer to a state of satisfaction. Maxham (2001:20) has established that moderate to high service recovery efforts not only tend to enhance customers' perceptions of satisfaction, but also acts favourably in terms of repurchase intent and positive word-of-mouth, and consequently serve to maintain customer loyalty and customer retention through an effective service recovery. Ineffective service recovery strategies, in contrast, may decrease satisfaction – leading to decreased intention to repurchase and, ultimately, negative word-of-mouth referral (Kim, Kim & Kim, 2009:53).

Wong (2004:958) stresses that it is important to recognise differences in customer satisfaction, repurchase intention and word-of-mouth in different cultural settings. Due to the fact that culture establishes the perceptions of individuals and influences their behaviour at the same time (Reichert & Gill, 2004:203), it is reasonable to assume that customers' cultural orientation will influence their perceptions of the organisation's service recovery efforts (Patterson *et al.*, 2006:264). However, in order to improve service recoveries following a service failure, organisations should also recognise that complaint behaviour may also differ amongst cultures (Chan & Wan, 2008:90). Previous studies support this view with evidence that culture is one of the most influential factors regarding customer complaint behaviour (Heung & Lam, 2003:284). Ngai, Heung, Wong and Chan (2007:1389) emphasise that it is crucial for organisations to pay attention to the complaint behaviour of customers from different cultures in order to customise methods of managing complaints, which may in turn improve bottom-line performance,

---

diminish negative word-of-mouth, and also improve customers' perceptions of service quality.

Service quality is of particular importance in the banking industry – a milieu marked with increasing competitiveness and significant changes throughout the world (Yavas, Bekenstein & Stuhldreier, 2004:144). This view is supported by Li, Zhao and Lee (2001:570) who highlight that rapid advancements in technology and changes in customer expectations and needs emphasise how important it is for a bank to satisfy its customers by providing higher quality services in order to increase the bank's competitiveness. Service quality is accordingly recognised as a critical measure of organisational performance and as a prerequisite for establishing and sustaining satisfying relationships with valued customers (Yavas *et al.*, 2004:144; Lasser, Manolis & Winsor, 2001:244). Satisfying relationships will furthermore assist towards enhancing customer retention rates (Yavas, Bilgin & Shemwell, 1997:217).

Customer retention in the banking industry is regarded as essential in order to maintain current funding and maximise returns from customers, and therefore also to bolster lending activities which in turn generates more profits (Trubik & Smith, 2000:199). However, the importance of reducing customer defection as a means to increase profits is also recognised (Trubik & Smith, 2000:200; Reichheld, 1996:57). Stewart (1998:7) highlights that customer defection in the banking industry is marked by a customer closing the main current account, thereby formally ending the relationship with the bank. This author stresses that an analysis of the underlying reasons for customer defection can facilitate the identifications of problems and service failure points.

Colgate and Norris (2001:215) hold that banking customers can respond in a number of ways when they encounter a service failure, which include either not complaining or complaining to the bank. The latter – complaining to the bank – provides the bank with the opportunity to rectify the problem. Lewis and Spyrapopoulos (2001:46) highlight the fact that since not all service failures lead to voiced complaints, banks should be proactive and encourage customer complaints. Ndubisi and Ling (2005:74) support this view by adding that customers complaining privately to their friends and families may ruin the bank's reputation in the long run; consequently, banks should not only ensure that a complaint communication channel is in place, but also that customers are aware

of this channel and are willing to make use of it. Moreover, customer complaint channels may ensure customer satisfaction by way of indirect means by offering support to customers who perceive a lack of initial quality service in the bank (Yavas *et al.*, 1997:221).

Since the interpersonal aspects of service quality are closely related to the satisfaction and behavioural outcomes of banking customers, it is necessary to take note of customers' culture with regard to their expectations of quality banking services (Yavas *et al.*, 2004:154; Donthu & Yoo, 1998:184). It is therefore vital for banks in South Africa to understand the cultural diversity in their customer bases – not only with regard to the influence of culture on customers' initial service expectations and satisfaction judgements, but also with reference to their complaint behaviour and expectations of service recovery. Du Plessis and Rousseau (2007:49) explain that South African customers, as part of a multicultural society, will interpret certain concepts differently as a result of differences in terms of their cultural backgrounds. Reichert and Gill (2004:203) therefore underscore that customers and service providers alike are expected to act in ways specific to their respective cultures, which can often cause miscommunications and conflicts to occur. In order to provide effective service recovery following a service failure, banks can avoid such miscommunications by being attentive to customers' culture with the main purpose of recognising possible differences in their complaint behaviours.

As no research regarding culture and its consequential influence on customers' complaint behaviour in the South African banking industry could be found, this research seeks to investigate the influence of culture on banking customers' complaint behaviour pertaining to service failures.

### **1.3 OBJECTIVES OF THE STUDY**

#### **1.3.1 Primary objective**

The primary objective of this study is to determine the influence of culture on banking customers' complaint behaviour pertaining to service failures.

### **1.3.2 Secondary objectives**

The following secondary objectives are formulated to support the primary objective:

- i) To determine the attitudes toward complaining of banking customers from different cultures;
- ii) To determine banking customers' complaint behaviour following a service failure, in light of their cultural backgrounds;
- iii) To determine the influence of culture on banking customers' expectations of service recovery efforts;
- iv) To establish banking customers' perceptions of service recovery efforts;
- v) To determine whether there are differences between banking customers' satisfaction, maintaining of their relationships and their loyalty following different service recovery efforts.

## **1.4 RESEARCH METHODOLOGY**

This section briefly describes the research methodology used in this study by highlighting the specific method of empirical investigation used in order to achieve the above described objectives. Chapter 4 is devoted to a detailed description of the empirical research methodology used in this study.

### **1.4.1 Literature study**

The literature review of this study was conducted by means of a study of relevant scientific journals, articles, books and research documents.

The following databases were considered:

- SACat: National catalogue of books and journals in South Africa
- Nexus: Databases compiled by the NRF of current and completed research in South Africa
- SAePublications: South African journals

- EbscoHost: International journals on Academic Search Premier, Business Source Premier, Communication and Mass Media Complete and EconLit
- Emerald: International journals
- ProQuest: International dissertations in full text
- Internet: Google Scholar
- SAMEDIA: Newspaper articles

## **1.4.2 Empirical investigation**

After examining the available literature, it was found that insufficient information existed for the purposes of describing the influence of culture on customers' complaint behaviour pertaining to service failures in the South African banking industry. Therefore, in order to address the research problem and the formulated objectives, empirical research was chosen as the mechanism to achieve the primary and secondary objectives. Although a detailed explanation of the empirical research methodology used in this study is presented in chapter 4, a brief overview of the methodology is provided in this section. A discussion of the empirical investigation accordingly includes an outline of the research design and the method of data collection, the research instrument used in the study and the administration thereof, the development of the sampling plan and, finally, the procedures used for data analysis.

### **1.4.2.1 Research design and method of data collection**

A research design represents the master plan that will be followed with a view to collect the required information for the solving of the research problem and its objectives (Tustin, Lighthelm, Martins & Van Wyk, 2005:82). Burns and Bush (2006:116) mention that a research design can be divided into three distinct categories, namely exploratory research, causal research and descriptive research. Tustin *et al.* (2005:83) note that research designs differ in terms of the purpose of the research, the research questions, precision of hypotheses that are formed, as well as data collection methods used. Exploratory research is used when the researcher seeks insights into the general nature of the problem, possible decision alternatives and the relevant variables that need to be considered (Aaker, Kumar & Day, 2007:79). In causal research, the research design is concerned with determining the cause-and-effect relationship between variables and,

finally, with descriptive research, the study is concerned with the frequency of which something occurs (Churchill & Iacobucci, 2005:74).

The empirical research used to achieve the objectives of this study is based on a descriptive research design which describes specific market characteristics. This type of research is used when there is a clear statement of the research problem and detailed information needs (Malhotra, 2007:82). Cooper and Schindler (2008:151) indicate that such formalised studies are used to achieve research objectives that involve characteristics associated with a subject population, estimates of the proportions of a population that have these characteristics, and the discovery of associations amongst different variables. This type of research design was therefore identified as relevant to study the influence of culture on customers' complaint behaviour pertaining to service failures within the South African banking industry. Tustin *et al.* (2005:86) indicate that the research methods used in this type of research design are structured and quantitative in nature. Quantitative research seeks to quantify data as compared to qualitative research that is unstructured, exploratory in nature and based on small samples from the population (Malhotra, 2007:143). Cameron and Price (2009:213) emphasise that quantitative data present significant practical advantages as it allows one to draw conclusions related to a wider group and data can, in addition, be statistically analysed.

There are two basic approaches towards collecting quantitative, primary data – through surveys or observation (Malhotra, 2010:209; Shiu, Hair, Bush & Ortinau, 2009:225). However, descriptive research designs more frequently use data collection procedures that depend upon *asking* respondents structured questions about what they think, feel and do, rather than *observing* what they do (Shiu *et al.*, 2009:226). For the purpose of this study, a survey research method was consequently used to collect quantitative data from large groups of people. In this regard, Burns and Bush (2006:234) emphasise that the purpose of the survey method is to obtain information from a large number of respondents, by means of a pre-designed questionnaire.

Survey methods may be divided into four distinct categories based on the mode used to administer the questionnaire, namely personal interviews, telephone interviews, mail surveys and Internet surveys (Malhotra, 2010:212; Wiid & Diggins, 2009:112). This

study made use of a personal interviewing method to collect data from respondents. The survey method used in this study can specifically be described as an interviewer-administered personal interview. Malhotra and Peterson (2006:290) note that the type of interviewing method has a significant effect on the design of the measuring instrument, which is used to collect the required data from respondents. The measuring instrument is subsequently discussed.

#### **1.4.2.2 Measuring instrument**

A measuring instrument is designed to collect information from the sample population in survey research (Tustin *et al.*, 2005:98). The measuring instrument that was used in this study was a questionnaire. This is defined by Malhotra (2007:299) as a structured technique for data collection that consists of a series of written or verbal questions that a respondent answers. According to Aaker *et al.* (2007:86), it is essential that the questionnaire takes into account how sensitive questions must be phrased, what the order of the questions should be and how misinterpretations can be avoided. These authors therefore suggest that the researcher should plan clearly what to measure, and formulate well thought-through questions to obtain the required information. Formulating questions for a questionnaire also requires that the researcher needs to decide on the order and wording of questions, as well as the layout of the questionnaire. Thereafter, the questionnaire must be tested for ambiguities and omissions and, finally, any problems that have been identified should be corrected (Aaker *et al.*, 2007:86). For this reason, the questionnaire used in the current research was pre-tested using 20 members of the study population in order to ensure its efficiency. Questions that presented problems were corrected, additional alternatives for certain close-ended questions were added, and questions that yielded irrelevant information were removed.

The questionnaire that was used in this study made use of structured (closed-ended) questions to obtain the required information from respondents. Closed-ended questions require from the respondent to make a selection from a list of pre-determined responses (McDaniel & Gates, 2005:327) and these type of questions are presented in exactly the same wording and order to all respondents, which ensures that responses are standardised (Churchill & Iacobucci, 2005:25). Aaker *et al.* (2007:322) stress the importance of overcoming the limitations associated with structured questions by

formulating relevant questions and ensuring that all possible response alternatives are included in the question. Malhotra (2007:308) indicates that a structured question could be dichotomous, multiple-choice or a scaled-response. All three types of closed-ended questions were used in the questionnaire.

McDaniel and Gates (2005:333) further note that after the questions have been properly formulated, these questions must be sequenced and a clear layout must be developed for the questionnaire. The questions in the current questionnaire were accordingly divided into five separate sections. This division helped to make the questionnaire appear attractive, neat and uncluttered. Also, this structure helped to ensure a degree of respondent cooperation, and in addition, enhanced the quality of data obtained from the sample profile. The final questionnaire used for this study is presented in Appendix A.

#### **1.4.2.3 Developing a sampling plan**

Parasuraman, Grewal and Krishnan (2007:37) posit that after the research method has been selected and the measuring instrument has been designed, a plan must be developed to draw the sample that will be used for the study. This includes defining the population, selecting the sampling method and determining the sampling size; all of which are subsequently discussed.

##### **A) Defining the population**

The population is defined as the entire group to be studied as specified by the research objectives (Burns & Bush, 2006:354) and represents the group from which the sample will be drawn (Tustin *et al.*, 2005:337). The idea behind sampling is that by selecting only certain elements of that population, a researcher may draw general conclusions about the entire population (Cooper & Schindler, 2003:179). It is imperative that the target population is properly and accurately defined in order to answer the correct research question and obtain adequate results (Aaker *et al.*, 2007:380). The target population in this study consists of banking customers from diverse cultural backgrounds who hold a personal bank account; who are living in Gauteng, and who are older than 18 years of age.

---

**B) Selecting the sampling method**

During this step of the sampling plan, the researcher needs to specify whether a probability or non-probability sampling method will be used for drawing the sample (Tustin *et al.*, 2005:344). Probability sampling methods use a random process to select the sample in order to provide each population element with a known and equal chance of being included in the sample (Burns & Bush, 2006:332). Aaker *et al.* (2007:386) highlight, however, that a sampling frame is required and information on the sampling elements is necessary before starting the sampling process in most probability sampling methods. In contrast, non-probability sampling methods entail selecting population elements based on the personal judgement of the researcher rather than on probabilities (Malhotra, 2007:340). In non-probability sampling, the cost and time of developing a sample frame are accordingly eliminated in order to facilitate simpler operations (Aaker *et al.*, 2007:393).

A non-probability sampling method was used to draw the sample from the target population. This method was chosen due to the absence of a formal sampling frame consisting of all banking customers in Gauteng; probability sampling methods could therefore not be applied. The non-probability sampling methods which are available to researchers include judgemental sampling, quota sampling, snowball sampling and convenience sampling (McDaniel & Gates, 2005:392). The sampling method for this study commenced by dividing the population into four segments based on a demographic control characteristic. A quota of 150 respondents each from the respective black, coloured, Indian/Asian and white population groups – which represent cultural groups for the purpose of this study – was chosen for statistical reasons in order to determine the influence of culture on customers' complaint behaviour. Respondents who complied with the criteria of the quota were subsequently chosen using a convenience sampling method. Therefore, only those respondents who were in the same place and at the same time as the fieldworker had a probability of being selected for the interview (Wiid & Diggins, 2009:200). Moreover, time constraints and a limited budget made the use of a convenience sampling method suitable for the purpose of this study. Aaker *et al.* (2007:402) believe that while non-probability sampling methods may be biased and lack the precise estimates of sampling variation, such methods can nonetheless be appropriate when used in the correct context.

---

## C) Determining the sampling size

Crouch and Housden (2003:163) claim that there must be a relationship between the size of the sample and the size of the population of interest; however, this is only applicable in the case of small populations. Churchill and Iacobucci (2005:360) affirm that the sampling distribution of statistics indicates how the sample estimates vary as a function of the particular sample selected. However, statistical calculation of sample sizes can only be used when a probability sampling method has been followed (Tustin *et al.*, 2005:361). According to Wiid and Diggines (2009:210), a blind guess method can be used to determine the sample size based on the researcher's judgement and intuition. For the purpose of this study, a sample size of 600 was envisaged and identified as large enough, and also sufficiently economical and practical, to yield fairly precise estimates of the population values (Wiid & Diggines, 2009:210). These 600 respondents were equally drawn from the four major population groups in South Africa (Statistics South Africa, 2009:5) and therefore 150 respondents each from the respective black, coloured, Indian/Asian (hereafter called Indian) and white population groups, was deemed an appropriate number for the purpose of this study.

### 1.4.2.5 Data collection

The questionnaires were completed with the help of fieldworkers who had a period of six weeks to personally interview respondents who complied with the requirements of the study population. Each fieldworker had a number of quotas (according to population group) assigned to them. The fieldworkers had the responsibility of identifying respondents who were willing and able to complete the questionnaire; in addition, only those who had a personal bank account were interviewed. A total of 600 useable questionnaires were obtained, which could be analysed.

### 1.4.2.6 Data analysis

Tustin *et al.* (2005:451) propound that data obtained from completed questionnaires must be analysed in order for the data to be manageable and interpretable. These authors further mention that the first step in data analysis is data preparation, which involves three operations: editing, coding and data capturing. Aaker *et al.* (2007:432)

---

describe data editing as a process used to identify any omissions, ambiguities and errors in responses. Coding is a technical process used to assign codes to respondents' answers before tabulating the data. The questionnaire used in this study was pre-coded prior to administration; therefore data capturing could commence immediately. This process involves transferring the data from acceptable questionnaires to a computer (Tustin *et al.*, 2005:469). In this study the data was captured and analysed using the SPSS and STATISTICA statistical programs (SPSS Inc, 2007; StatSoft, Inc, 2006).

The following step in data analysis, subsequent to data preparation, entails analysing every question or measure by itself by means of tabulating the data (Aaker *et al.*, 2007:436). These authors explain that the main functions of tabulation are to determine the frequency distribution and to calculate the descriptive statistics. Statistics used in this study included frequencies, percentages, means and standard deviations. Shao (2002:427) notes that subsequent to descriptive statistics, thorough statistical tests might follow to make inferences about the data. The following inferential data analyses were accordingly performed during this study with the assistance of the Statistical Consultation Services of the North-West University: Potchefstroom Campus (see Appendix B):

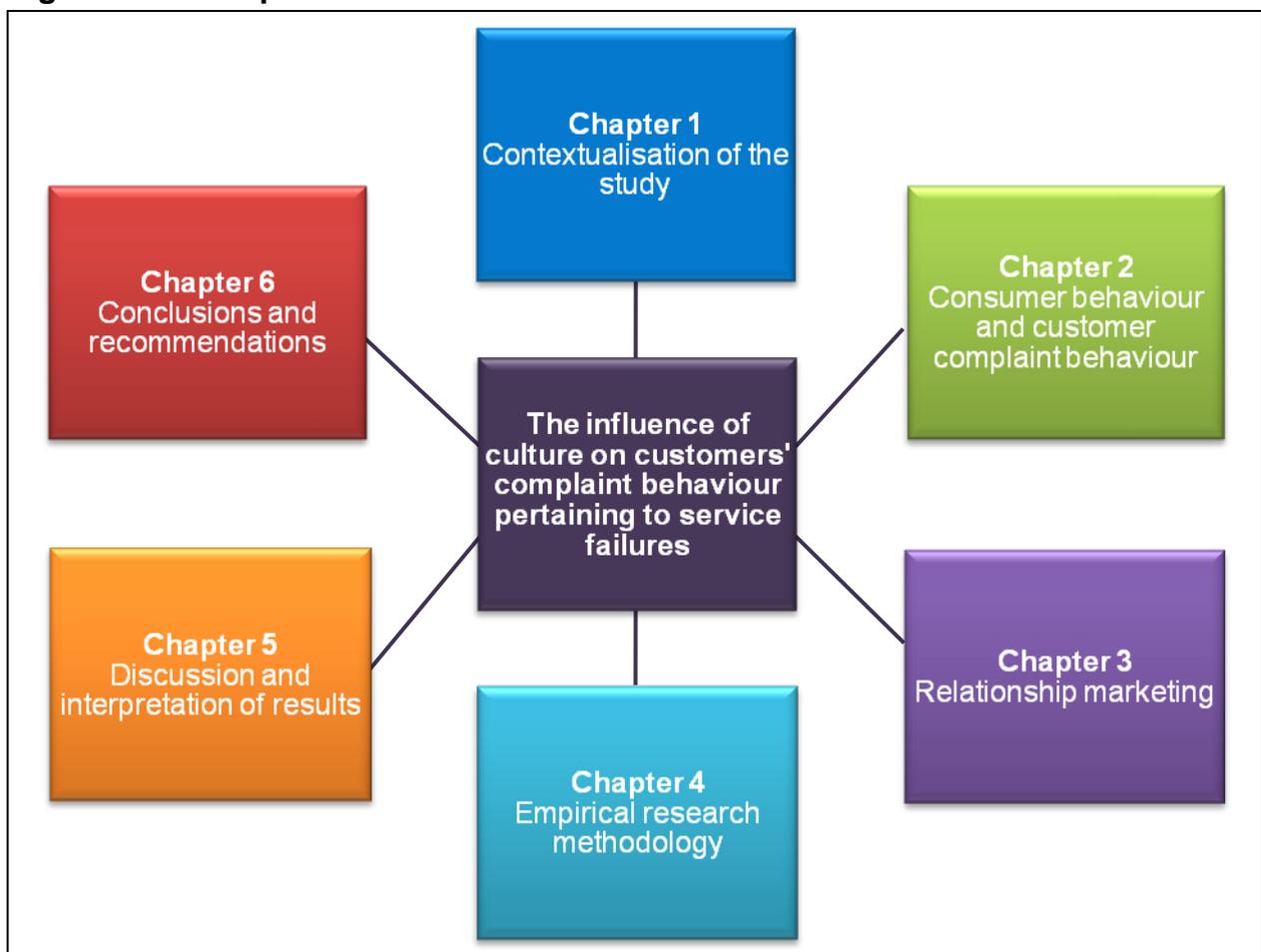
- Chi-square statistics to test the statistical significance of the association between two categorical variables in cross-tabulated data;
- Determining the validity of the questionnaire as a measuring instrument through Confirmatory Factor Analysis;
- Determining the reliability of the questionnaire as a measuring instrument through Cronbach Alpha-values;
- Correlation analysis in order to measure the degree to which a linear relationship exists between two interally scaled variables;
- ANOVA (analysis of variance) to examine the differences amongst the means for more than two population groups;
- Paired t-tests in order to determine the statistical significance between paired samples;
- d-values of Cohen to determine the practical significance by means of effect sizes for differences;

- w-values to determine the practical significance by means of effect sizes for associations.

## 1.5 CHAPTER STRUCTURE

This study comprises of six chapters. A brief description of the focus points of each chapter is set out below and a schematic illustration of the chapter structure is represented in figure 1.1.

**Figure 1.1 Chapter structure**



### Chapter 1:

Chapter 1 provided an introduction and contextualisation of the study by indicating the general scope of the study and motivating the research. The problem statement was discussed and the primary and secondary objectives were formulated. In addition, the

research methodology of the study was briefly introduced and an outline of the study completed the chapter.

## **Chapter 2:**

Chapter 2 presents the theoretical basis of the study. Here two core constructs of this study - culture and customer complaint behaviour – are discussed. These constructs form an integral part of the field of consumer behaviour; therefore consumer behaviour, along with its role in marketing, is explored. The consumer decision-making process is a salient area of study within the field consumer behaviour and consequently the consumer decision-making process is elucidated in order to provide a background for the notion of culture, which exercises a major influence on the consumer decision-making process and consumer behaviour in general, as well as on customer complaint behaviour. Customer complaint behaviour, which is the consequence of a dissatisfying purchase experience, is accordingly also discussed in this chapter.

## **Chapter 3:**

Chapter 3 expands on the study's theoretical basis as it was set out in chapter 2, and provides a discussion of relationship marketing as well as the constructs of service failure and service recovery. These two constructs are investigated with emphasis on the view that dissatisfaction, which occurs as a result of a service failure, should be managed by providing an effective service recovery in order to maintain long-term relationships. Long-term relationships are developed through the practice of relationship marketing; therefore this concept is an essential part of this chapter. Consequently, a comparison between relationship marketing and transactional marketing is provided, the benefits of relationships marketing are discussed and the relationship marketing constructs are explained (including customer relationships, customer satisfaction, customer loyalty and customer retention). A discussion of service failure and service recovery concludes the chapter.

## **Chapter 4:**

Chapter 4 builds on the literature review of the study by providing the empirical research methodology. This research methodology is based on the principles of marketing

research and consequently, the marketing research process is discussed by describing each of the task steps in this process, which include defining the problem and stating the research objectives, creating a research design, selecting a research method, developing a sample plan, collecting the data, analysing the data and reporting the results. Each step is described by highlighting the methodology used in this study.

### **Chapter 5:**

Chapter 5 reports on the results obtained from the empirical research. The results acquired from the statistical analyses of the data obtained in each of the five sections of the questionnaire are discussed and the methods used to interpret the data are presented. The main findings related to the research results are reported throughout this chapter and a summary of the main findings concludes the chapter.

### **Chapter 6:**

In chapter 6, conclusions drawn from the empirical research are presented and recommendations are offered concerning organisations' service recovery strategies with regard to customer complaint behaviour and customers' perceptions of service recovery effort following a service failure are offered. Subsequently, a link between the objectives, questions in the questionnaire and main findings is provided. In conclusion to this chapter, the limitations of this study and recommendations for future research are presented.

## **1.6 CONCLUSION**

The current chapter set out the background to the research problem and provided a justification for undertaking the research. Primary and secondary objectives were formulated in order to address the research problem, and the empirical research methodology used in the study was highlighted. The chapter concluded with a chapter layout. The following chapter commences the theoretical review by providing an overview of the concepts consumer behaviour and customer complaint behaviour.

---

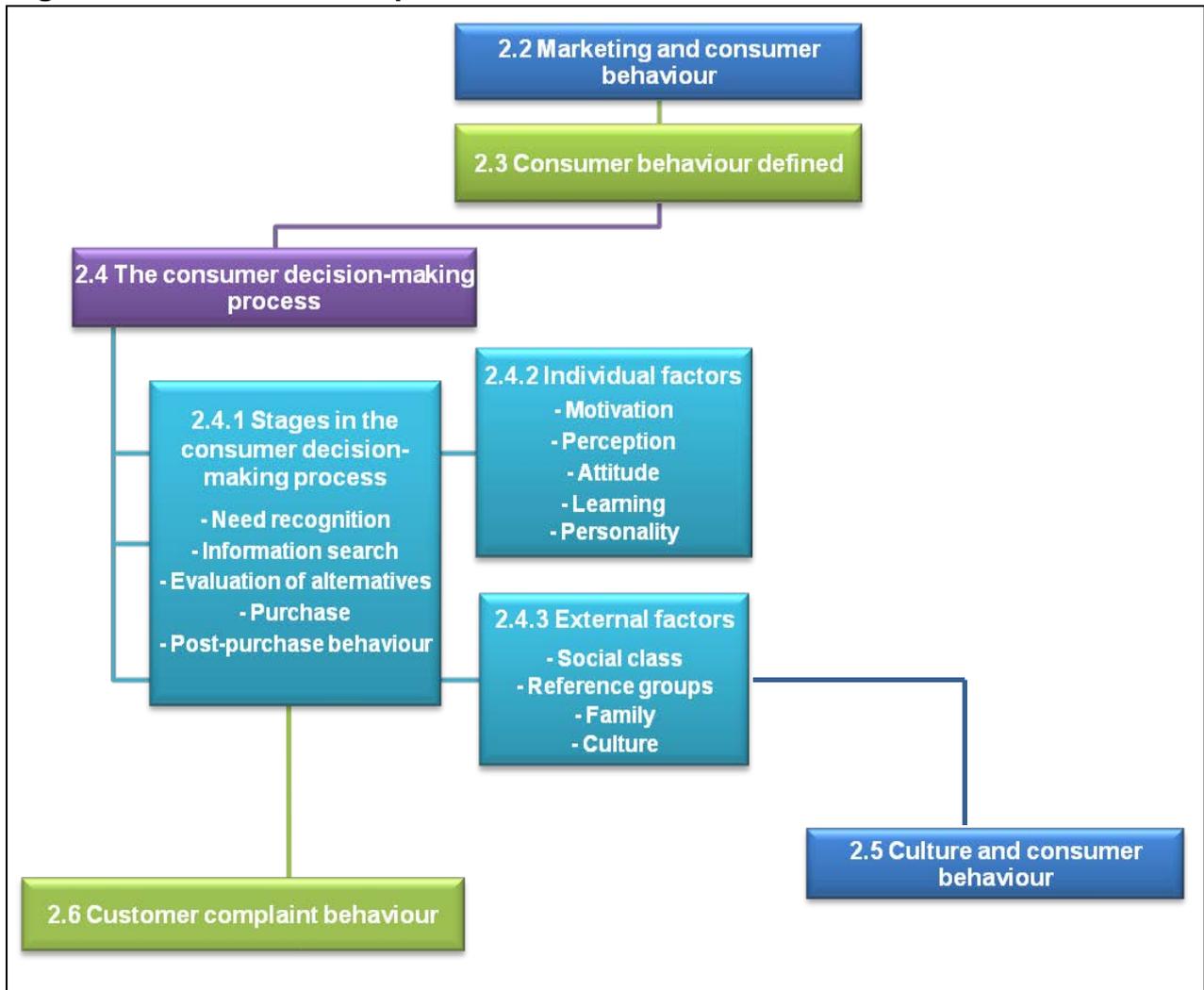
## CHAPTER 2

### CONSUMER BEHAVIOUR AND CUSTOMER COMPLAINT BEHAVIOUR

#### 2.1 INTRODUCTION

Consumer behaviour is an essential component of this study as it governs the concept of customer complaint behaviour. Customer complaint behaviour, which occurs as result of a dissatisfying service experience, is one of the most studied concepts in the field of consumer behaviour. Customer complaint behaviour generally occurs in the post-purchase stage of the consumer decision-making process, following a dissatisfying purchase encounter. Culture has been identified as a major influence on customer complaint behaviour, as well as on consumers' decision-making and on consumer behaviour in general. Service organisations can consequently improve service delivery and create enhanced marketing strategies, by specifically considering the influences of culture on consumer behaviour.

Since no marketing strategy can be effective without a proper understanding of consumer behaviour, this chapter accordingly commences with a discussion of marketing and the marketing concept, by highlighting the significant role that consumer behaviour plays in the implementation of the marketing concept. The subsequent section provides a definition of the term consumer behaviour, as well as the disciplines which forms the basis for the theory underlying this concept. Since consumer behaviour fundamentally describes the manner in which consumers make decisions, the stages in the decision-making process and influences on this process are subsequently explored. Thereafter, a comprehensive discussion of culture as an external influence on the decision-making process is provided, and finally, this chapter concludes with a discussion on customer complaint behaviour. A chapter outline of chapter 2 is provided in Figure 2.1.

**Figure 2.1 Outline of chapter 2**

## 2.2 MARKETING AND THE MARKETING CONCEPT

This section describes marketing and the importance thereof in the organisation. It commences with an overview of marketing as an organisational function. Hereafter, the term marketing is defined and the marketing concept is introduced. In view of the fact that Schiffman and Kanuk (2004:11) indicate that the marketing concept provides the momentum for the study of consumer behaviour, the significance of the implementation of the marketing concept is emphasised.

Within large contemporary organisations, six different functional departments can be identified, namely Operations, Human Resources, Finance, Purchasing, Marketing and Public Relations (see figure 2.2). These six departments function as one body with a view to achieve the organisation's objectives, however, the marketing function is

considered to be the key function in any organisation (Strydom, 2004:6). According to McDonald (2007:3), the marketing function is concerned with the management of the marketing mix (or the 4Ps of marketing – product, price, place and promotion), which involves the use of various tools and techniques in order to implement the marketing concept. The marketing concept refers to the idea that the economic and social justification for an organisation's existence is the satisfaction of consumer wants and needs, while at the same time meeting organisational objectives (McDaniel, Lamb & Hair, 2008:8).

**Figure 2.2 Functional organisational structure**



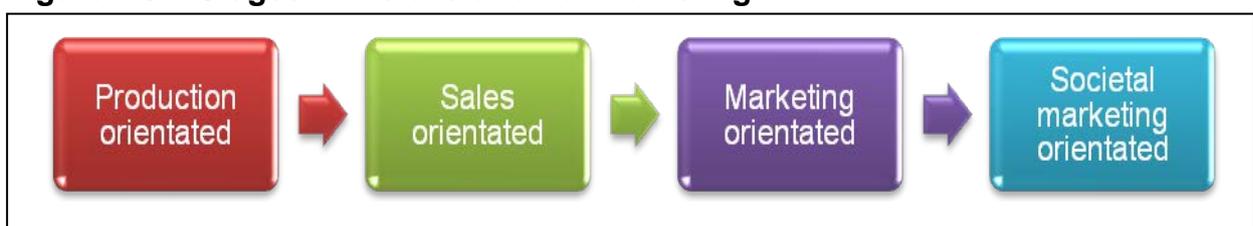
Adapted from: Strydom (2004:6)

Lancaster and Reynolds (2005:3) accordingly stress that marketing should not be viewed simply as a collection of well-developed management techniques that constitute a functional area of the organisation's management operations, but rather as an overriding organisational philosophy that guides the organisation in everything it does. Since the purpose of the organisation is to deliver products and services that will meet customers' needs and ensure their satisfaction, marketing is based on the assumption that the customer is the most important person to the organisation (Steyn, 2006:39; Lancaster & Reynolds, 2005:1). Lamb, Hair, McDaniel, Boshoff and Terblanche (2008:4) highlight that marketing can be divided into two distinct components: firstly, it is an attitude and a management orientation that stresses customer satisfaction and secondly, it is a set of activities used to implement this philosophy. Jobber and Fahy (2006:3) add that organisations that use marketing as a focal point recognise the importance of building relationships with customers by providing satisfaction; and attracting new customers by delivering value.

One of the most commonly used definitions of marketing, provided by the American Marketing Association in 2004, consequently propose that marketing is an organisational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in a way that benefits the organisation, as well as its stakeholders (American Marketing Association, 2004). However, a more recent definition has been developed in view of the fact that to consider marketing as a strategic and tactical activity undertaken within individual organisations is a reasonable view for marketing managers and for academics when appropriate; yet placing sole focus on the organisation is incomplete as certain broader questions go unaddressed (Wilkie & Moore, 2006:227). Gundlach (2007:248) supports this view by stating that marketing includes other institutions, individuals and processes in society that transcend specific functions and processes in which organisations and their marketers engage. The most recent definition of marketing therefore proposes that marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and the society at large (American Marketing Association, 2007).

In general, the definition of marketing has therefore expanded significantly over time – the early phases of the development of its definition were characterised by an emphasis on the notion of selling the product in the market (Homburg, Kuester & Krohmer, 2009:7). In fact, marketing has evolved through several stages of development over the past century, and this can be seen in view of the competing management philosophies, namely production orientation, sales orientation, marketing orientation and societal marketing orientation (McDaniel *et al.*, 2008:7; Rix, 2004:11). Lamb *et al.* (2008:9) add that although each philosophy manifests itself in marketing thinking and activities to this day, each one of these was the dominant paradigm during a specific time in the historical development of the marketing discipline. The stages in the evolution of marketing are presented in figure 2.3.

**Figure 2.3 Stages in the evolution of marketing**



Adapted from: McDaniel *et al.* (2008:9) and Rix (2004:11)

---

Societal marketing orientation builds on a marketing orientation by protecting and enhancing the long-term interests of the society at large (McDaniel *et al.*, 2008:9; Rix, 2004:11). Nevertheless, marketing orientation is superior to a form of management thinking that focuses on production or sales (Lancaster & Reynolds, 2005:12). Production orientation revolved around the notion that a good, well priced product will automatically sell in the market, whilst a sales orientation is based on the belief that the organisation's success depends on constant and rigorous selling to customers (Rix, 2004:8). These two management orientations did not consider customers' needs, hence the development of the marketing orientation in the late 1950's, when marketers began to realise that they could sell more products if they only produced that which they had already confirmed customers wanted (Schiffman & Kanuk, 2007:5; Blythe, 2006:8).

Lancaster and Reynolds (2005:9) suggest that the marketing-orientated organisation consequently no longer regards production or sales as the keys to prosperity, because these are simply organisational tools. The marketing-orientated organisation rather embraces the idea of an organisation-wide focus on becoming acquainted with customers' needs in order to offer superior customer value (Zikmund & d'Amico, 2001:17). Customer value is expressed as the ratio between the consumer's perceived benefits and the resources used to obtain those benefits (Schiffman & Kanuk, 2007:8). Hawkins and Mothersbaugh (2010:11) emphasise that providing superior value requires of the organisation to consider value from customers' perspective; consequently, the organisation should anticipate and react to customer needs more effectively than its competitors. Achieving a marketing orientation therefore involves obtaining information about customers, competitors and markets; examining this information from a total organisational perspective; determining how to deliver superior value; and implementing actions to provide this value to customers (McDaniel *et al.*, 2008:8). These authors emphasise that marketing-orientated organisations, for that reason, adopt and implement the philosophy known as the marketing concept.

As previously stated, the marketing concept entails that the planning and coordination of all organisational activities around the primary goal of satisfying consumer needs, is the most effective way to reach the organisation's objectives, and is also considered the best approach to achieve and sustain a competitive advantage (Mullins & Walker, 2010:36:9). McDaniel *et al.* (2008:8) accordingly propound that the marketing concept includes focusing on consumer wants and needs so that the organisation can

distinguish its offering from competitors; integrating all the organisation activities – including production and finance – to satisfy these wants and needs; and achieving long-term objectives for the organisation by satisfying consumer wants and needs legally and responsibly.

However, wants and needs can only be satisfied to the extent that marketers understand those consumers who will use the products and services they are trying to sell (Solomon, 2004:9). Lamb *et al.* (2008:67) consequently stress the importance of understanding consumer behaviour in order to implement the marketing concept successfully. Lamb *et al.* (2008:67) affirm that the field of consumer behaviour is studied in order to enhance the understanding of consumers' behaviour with a view to not only predict their behaviour in given circumstances, but also to influence their purchasing behaviour. Blackwell, Miniard and Engel (2006:4) are therefore of the opinion that consumer behaviour should be at the centre of every aspect of an organisation's marketing programme. Consumer behaviour, which is in essence concerned with consumers' purchasing and consumption of products and services, is accordingly defined and discussed in the following section.

### **2.3 CONSUMER BEHAVIOUR DEFINED**

The previous section presented a discussion of the marketing concept and the significance of understanding consumer behaviour in order to implement this management philosophy successfully. This section provides a definition of consumer behaviour and describes the disciplines upon which it is based.

Swarbrooke and Horner (2007:3) emphasise that the study of consumer behaviour can be considered to be the key that supports all marketing activities which are carried out to develop, promote and sell products and services. These authors add that if organisations wish to optimise the efficiency and effectiveness of marketing activities, it is necessary for them to understand how consumers make their decisions to purchase products and services. Hence by comprehending their behaviour patterns, a service organisation can intervene to meet consumers' needs and obtain the desired results.

---

Chaudhuri (2006:1) accordingly defines consumer behaviour as the study of how and why people purchase and consume products and services. According to Solomon, Bamossy, Askegaard and Hogg (2006:7), consumer behaviour was often referred to as buyer behaviour in its early stages of development, which emphasised the interaction between consumers and organisations at the time of a purchase. However, consumer behaviour involves more than the completion of a transaction and the immediate antecedents and consequences of a purchase; rather, it is the study of consumers and those processes involved in their search for purchase, use and disposal of products, services, ideas and experiences that they expect to satisfy their unique needs and desires (Du Plessis & Rousseau, 2007:8; Solomon *et al.*, 2006:6). Zanolini and Naspetti (2002:664) affirm that consumer behaviour consequently entails all mental, emotional and physical activities that are undertaken by a consumer which result in an action taken to satisfy the consumer's unique needs and desires.

According to Zanolini and Naspetti (2002:664), the above definition implies a cognitive approach to consumer behaviour. This entails an approach based on consumer knowledge, perception and the needs consumers want to satisfy, with cognition referring to the mental constructs and processes involved in thinking, understanding and interpreting stimuli from the environment. This approach to consumer behaviour relates to psychology and the study of mental processes, which include motivation studies, studies of goals and incentives, perception studies, studies of personality and self-concept, learning studies and studies of attitude formation and change (Blythe, 2008:19). Consumer behaviour is therefore based on the disciplines of psychology and are, in this sense, aimed at understanding how people think about the products and services they purchase (Blythe, 2008:20). Consumer behaviour is, however, not based on these disciplines alone and therefore also overlaps with the disciplines of economics, sociology and anthropology (Blythe, 2008:26). Consequently, studies of the family, reference groups, social class and self-image as well as cultural studies are essential in order to fully grasp comprehend consumer behaviour. Hoyer and MacInnes (2010:10) further hold that the cultural environment affects what motivates people, how they process information and what kind of decisions they make and, in addition, ethnicity, social class, family and friends influence decisions by affecting consumer values and lifestyles. Peter and Olson (2008:5) accordingly assert that consumer behaviour includes all those aspects in the environment that shape the thoughts and feelings that consumers experience and the actions they perform in their consumption processes.

Blackwell *et al.* (2006:5) indicate that consumption is the key to understanding why consumers purchase products and services. Wright (2006:27) adds that when people are ready to make a purchase they will engage in some form of decision-making. According to Olsen and Reynolds (2001:5), a decision entails a choice between different courses of action or behaviours. Consumers make decisions about which behaviour to perform in order to achieve their respective goals and in this way solve the problems that will satisfy their needs (Peter & Olsen, 2008:165). Consumer behaviour is therefore expressed as the result of a dynamic and often complex decision-making process (Jacoby, Szybillo & Busato-Schach, 1977:209). The consumer decision-making process, which consists of multiple stages that consumers undergo during a purchasing decision, is discussed in the subsequent section.

## **2.4 THE CONSUMER DECISION-MAKING PROCESS**

Wiese, Van Heerden, Jordaan and North (2009:43) suggest that consumer decision-making processes constitute an imperative field for the study of consumer behaviour. This section accordingly discusses the consumer decision-making process, which is concerned with how consumers make purchasing decisions. Here, the stages that constitute this process and the influences shaping decision-processes are described. In addition, this section highlights the significant role that the consumer decision-making process plays in the understanding of consumer behaviour.

Consumer behaviour describes how consumers make a purchase and dispose of purchased products and services; however, upon purchasing these products or services, consumers generally follow a distinct consumer decision-making process (McDaniel *et al.*, 2008:146). Lancaster and Reynolds (2005:68) therefore emphasise that consumer behaviour is multifaceted; behavioural models related to consumer decision-making have consequently attempted to reduce this complexity. Included in the consumer decision-making process are the behavioural and cognitive steps that consumers undergo before making a simple or a complex purchase in order to satisfy their unique needs (Foreman, 2003:12). The decision-making process moves the consumer from the recognition of an unfulfilled need towards the evaluation of a purchase after the event (Lamb *et al.*, 2008:68). Wiese *et al.* (2009:43) add that the study of the consumer decision-making process analyses how consumers decide

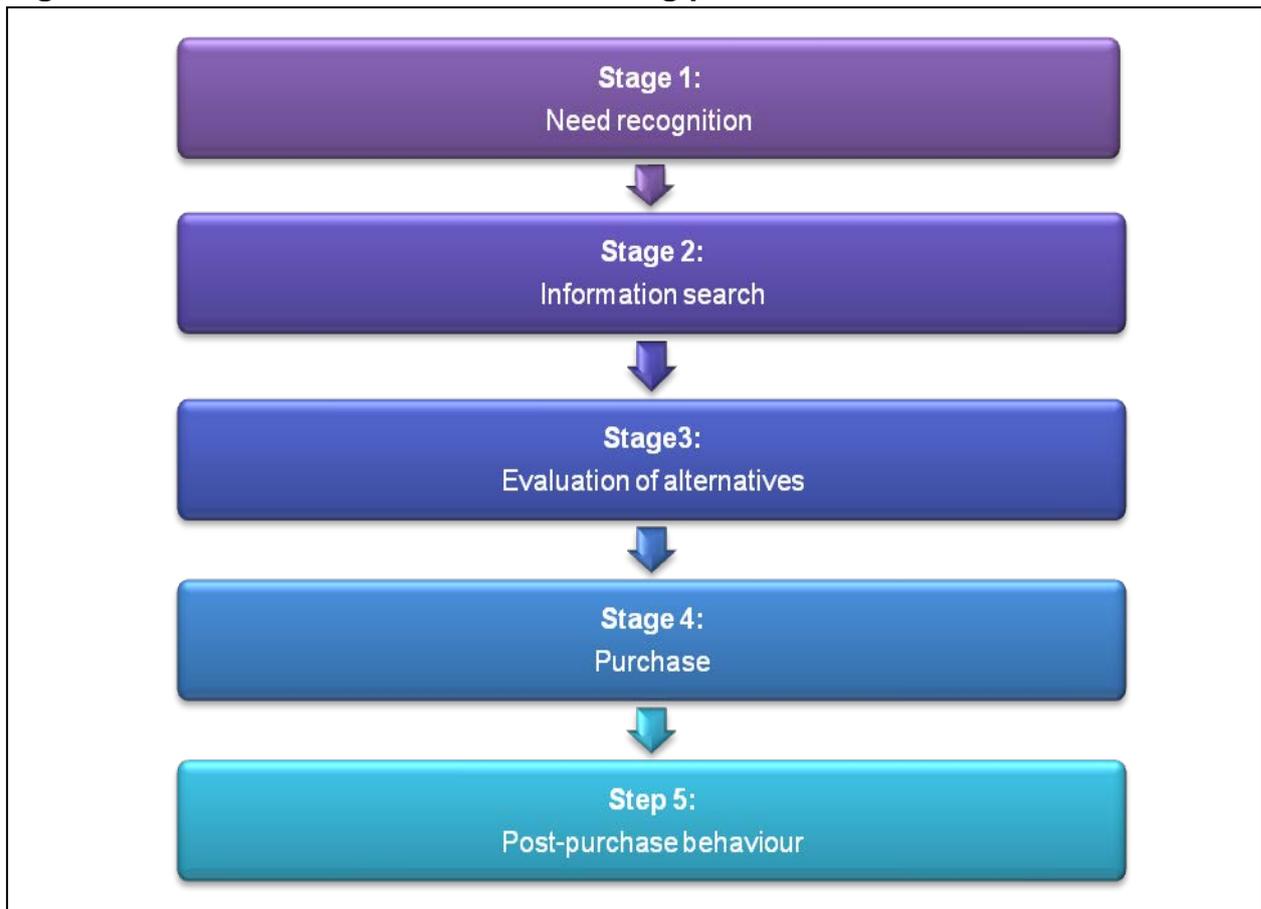
between two or more alternatives, the behaviour that takes place before and after the selection and, finally, the emerging purchasing patterns as a result of this process.

Lancaster and Reynolds (2005:72) propound that an understanding the consumer decision-making process is vital to the success of marketing strategies. A marketing strategy is generally intended to increase the chances that consumers will have favourable thoughts and feelings about particular products, services and brands, so that they will try these and repeatedly purchase them (Peter & Olsen, 2008:9). Lamb *et al.* (2008:66) accordingly stress the importance of formulating strategies that appeal to consumers' needs and, in addition, analysing the factors that influence purchase decisions and product usage. It is thereby accentuated that organisations should understand the consumer decision-making process and ultimately consumers' evaluation of a purchase decision (Palmer, 2008:206).

This section includes a brief discussion on the stages in the consumer decision-making process, which is followed by the various internal and external influences on this process – as it is essential for the success of any organisation to understand the influences that govern consumers' decisions.

#### **2.4.1 Stages in the consumer decision-making process**

The consumer decision-making process consists of five stages, namely need recognition, information search, evaluation of alternatives, purchase and post-purchase behaviour (Lamb *et al.*, 2008:68; Elliot & Percy, 2007:5). Mostert and Du Plessis (2007:83) explain that consumers who engage in extensive or complex decision-making will proceed through all five stages, whereas those who make simple or routine decisions may omit one or more stages in the process. The consumer decision-making process is presented in figure 2.4, and each of the stages in this process is subsequently discussed.

**Figure 2.4 The consumer decision-making process**

Adapted from: Mullins and Walker (2010:101) and Schiffman and Kanuk (2007:531)

### 2.4.1.1 Need recognition

The first stage in the consumer decision-making process is the recognition of a need as result of an occurrence with a problem (Schiffman & Kanuk, 2004:8). Consumers are said to perceive a problem when their desired outcomes have not yet been accomplished (Peter & Olsen, 2008:165). Need recognition is therefore described as an awareness of the need to change from an actual state into a desired state (Cant, Brink & Brijball, 2006:193). Solomon *et al.* (2008:251) state that consumers' actual states can move downward (need recognition) or their desired states can move upward (opportunity recognition). It is proposed that need recognition occurs when a consumer's state changes for the worse, for example a person running out of a product or a service failing to deliver satisfaction, whilst opportunity recognition occurs when life changes cause a change in expectations or when a consumer is exposed to higher quality services (Solomon *et al.*, 2008:251; Elliot & Percy, 2007:6). The consumer accordingly recognises that a physical or psychological state of comfort can be

---

achieved by purchasing something (Sheth & Mittal, 2004:279). Solomon (1994:222) suggests that while the recognition of a problem takes place naturally, marketing efforts can encourage the process by persuading consumers to purchase certain products or services. In some cases, marketers attempt to create primary demand by seeking to convert non-buyers into buyers; whereas in other cases secondary demand is encouraged to defect demand from one brand to another (Solomon *et al.*, 2008:251; Sheth & Mittal, 2004:279).

#### **2.4.1.2 Information search**

When a consumer has recognised a need or an opportunity and realised that it may be solved through the purchase of a product or a service, information search on how to best make that purchase begins (Elliot & Percy, 2007:6; Schiffman & Kanuk, 2004:556). Solomon *et al.* (2008:251) describe information search as the process in which consumers survey their environments for appropriate information necessary to make a sensible decision. The search that consumers undertake may be either internal or external in nature (Du Plessis & Rousseau, 2007:267).

An internal search involves a scan of the consumer's memory to assemble information about product alternatives (Solomon, 2004:297). Schiffman and Kanuk (2007:533) explain that recollection of past experiences stored in one's memory may provide the consumer with adequate information to make a decision, whereas if no prior experience is available, the consumer may engage in an extensive search of the external environment in order to find useful information. These external sources include dealers, friends, relatives, advertisements, the Internet and published sources (Hoyer & Macinnes, 2010:205). The relative importance of the service to the consumer, as well as time-pressures, brand uncertainty and perceived risk, will determine the amount of time and effort that consumers invest in an information search (Sheth & Mittal, 2004:287).

Solomon *et al.* (2008:258) mention that purchase decisions involving an extensive search, as a rule, entail a certain level of perceived risk. Perceived risk represents consumers' uncertainty about the potential positive and negative outcomes of purchase decisions (Blackwell *et al.*, 2006:122). According to Sheth and Mittal (2004:287), there are five types of perceived risks, namely performance risk, social risk, psychological

risk, financial risk and obsolescence risk. In high-risk situations, consumers will accordingly engage in an extensive search and in low-risk situations consumers are more likely to engage in a limited search (Schiffman & Kanuk, 2004:556). Hawkins and Mothersbaugh (2010:542) indicate that an information search requires a considerable amount of time, energy and money; these authors therefore suggest that consumers engage in an extensive search only to the extent that the expected benefits outweigh the anticipated costs.

#### **2.4.1.3 Evaluation of alternatives**

During the third stage in the consumer decision-making process the consumer is confronted with the choice between the alternatives available to satisfy a need (Solomon, 1994:229). The consumer now has all the necessary information regarding a product or service and must make use of that information with a view to make a purchasing decision (Sheth & Mittal, 2004:293). When evaluating the potential alternatives, consumers generally use two types of information; firstly, a list of brands or models from which they plan to make a selection (the evoked set) and, secondly, the criteria they will use to evaluate each brand (Schiffman & Kanuk, 2007:534).

The evoked set includes brands or services that are already in the consumer's memory, as well as those that are well-known in the retail environment (Solomon, 1994:230). Schiffman and Kanuk (2007:534) indicate that the evoked set, also called the consideration set, is distinguished from the inept set and the inert set. Alternatives that the consumer is aware of, but would not consider, form part of the inert set, whilst those completely excluded from the purchase consideration are contained in the inept set (Solomon *et al.*, 2008:260). Peter and Olsen (2008:168) explain that, given limited time, energy and cognitive capacity, consumers cannot consider every choice alternative and therefore only those in the evoked set are evaluated. It is accordingly essential for a brand to be present in the consumer's evoked set in order to be considered whatsoever, with the evoked set comprising a relative small number of brands with which the consumer is familiar, remembers and finds acceptable (Schiffman & Kanuk, 2007:534; Blackwell *et al.*, 2006:128). Hawkins and Mothersbaugh (2010:521) add that when consumers are satisfied with their respective evoked sets, their focus turns to the performance of the brands based on evaluative criteria.

---

The criteria that consumers use to evaluate the alternative brands which comprise their evoked sets are usually expressed in terms of product or service attributes. These attributes may be functional, symbolic or emotional in nature, and the attributes are used to compare the performance of competing offerings (Elliot & Percy, 2007:7). Solomon *et al.* (2008:272) suggest that consumers consider sets of attributes by using different rules, depending on the complexity of the decision and the importance of the decision to them. These authors affirm that decision rules can be distinguished as compensatory rules or non-compensatory rules. In the case of a compensatory rule, a consumer evaluates each brand option in terms of each relevant attribute and calculates a weighted score; this allows for a positive evaluation of a brand on one attribute to balance out the negative evaluation on another (Schiffman & Kanuk, 2007:539). A non-compensatory rule, in contrast, does not allow a brand scoring low on one attribute to make up for this position by being superior in terms of another attribute; and is eliminated as a result (Hawkins & Mothersbaugh, 2010:570). However, it is necessary to bear in mind that certain consumers may not feel the need to evaluate all individual attributes during purchasing decisions, since they maintain long-term overall evaluations in their evoked sets and would simply select the brand with the highest perceived overall rating for purchasing (Schiffman & Kanuk, 2007:540).

#### **2.4.1.4 Purchase**

The subsequent stage of the consumer decision-making process is purchase (Blackwell *et al.*, 2006:81). Sheth, Mittal and Newman (1999:544) explain that after all alternatives have been evaluated, the consumer can make an informed decision and thereafter purchases the product or service. According to Sheth and Mittal (2004:298), purchase appears to be a straightforward step but can actually be broken down into three substeps, namely 1) deciding between the most desirable alternatives; 2) forming a purchasing intent and 3) implementing the purchase. Deciding between the most desirable alternative also implies whether or not to purchase (Aljzen, 2008:525; Du Plessis & Rousseau, 2007:268). Du Plessis and Rousseau (2007:268) add that not purchasing may sometimes entail postponing the purchase. Sheth and Mittal (2004:299) assert that a postponement in implementation of the purchase, as well as deviation from the identified choice, is a factor that can potentially disrupt the purchasing process. The importance of a purchase to the consumer affects the amount of time spent to make a

---

decision regarding the implementation of the purchase; in addition, the more important the purchase is, the higher perceived risks tend to be (Berman & Evans, 2009:202).

The purchase of a product or service involving a high level of perceived risk therefore relies greatly on the promise of satisfaction (Elliot & Percy, 2007:207). By providing consumers with a certain set of promises, specific brands simplify the consumer decision-making process so that consumers do not have to rethink their choices every time they need to purchase something (McDaniel *et al.*, 2008:151). Nonetheless, when the consumer decides to make a purchase, an evaluation of the product or service takes place after the purchase, and this constitutes the subsequent stage in the consumer decision-making process.

#### **2.4.1.5 Post-purchase behaviour**

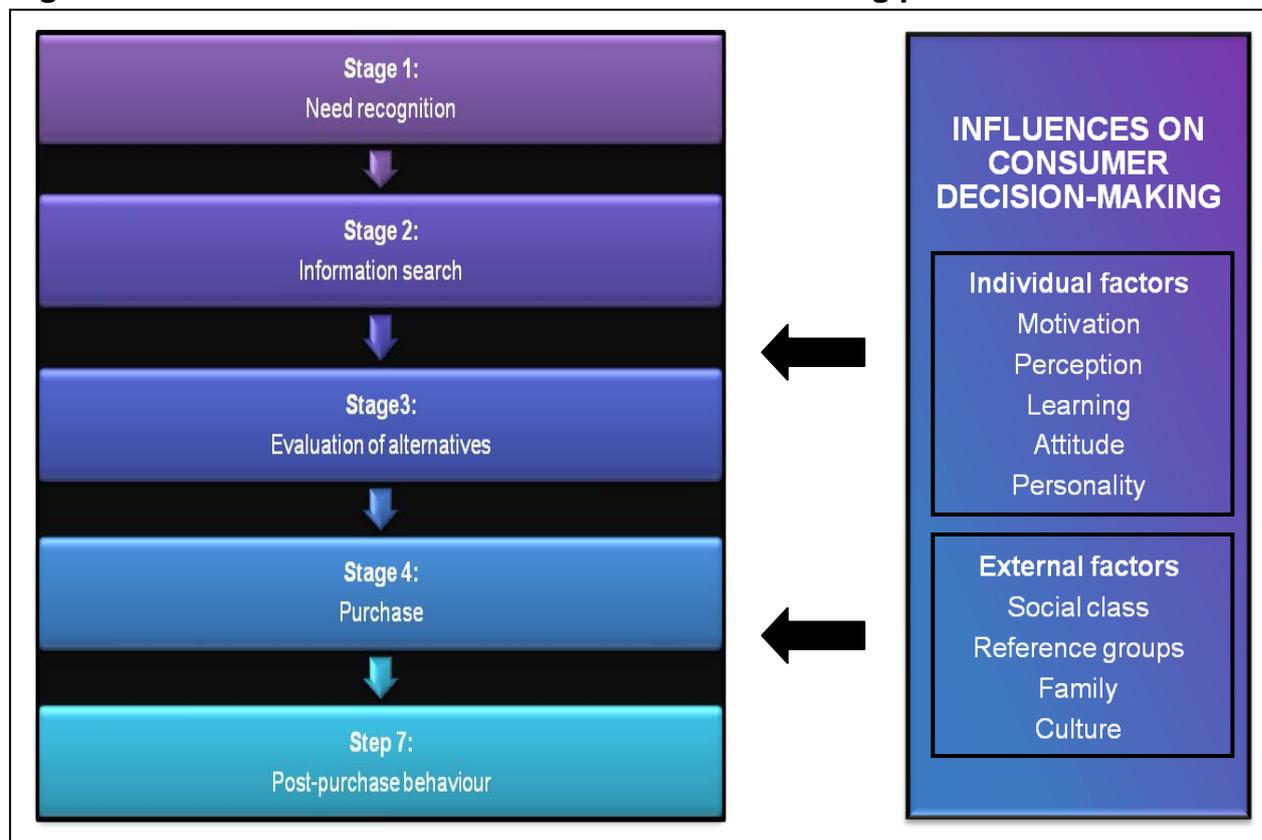
The final stage in the consumer decision-making process involves the consumer's evaluation of the performance of the service after purchase (Du Plessis & Rousseau 2007:269). According to Schiffman and Kanuk (2004:570), consumers evaluate performance in light of their own expectations. There are three possible outcomes of these evaluations: 1) neutral feelings due to actual performance meeting expectations; 2) positive disconfirmation when performance exceeds expectations; and 3) negative disconfirmation when performance falls below expectations (Schiffman & Kanuk, 2004:570). Positive disconfirmation results in satisfaction and negative disconfirmation in dissatisfaction (Hoyer & Macinnes, 2010:280).

Certain emotion-driven decisions may influence satisfaction when consumers make judgements based on their emotions (Elliot & Percy, 2007:29). These authors propound that purchase decisions based upon emotion often cause consumers to experience regret or guilt, after which they may attempt to justify these decisions cognitively. Jooste (2009:71) mentions that the negative feelings of doubt and uncertainty in the post-purchase stage are referred to as cognitive dissonance. Consumers then try to seek supportive information for the reassurance that they have made the right purchase decision in order to reduce post-purchase cognitive dissonance (Du Plessis & Rousseau, 2007:269; Schiffman & Kanuk, 2004:570). According to Schiffman and Kanuk (2007:547), the degree of post-purchase evaluation and consequent minimising

of cognitive dissonance depend on the importance of the decision to the consumer and the experience the consumer has whilst using the product or service. Jooste (2009:73) asserts that the evaluation which takes place after a purchase encounter, which results in feelings of satisfaction or dissatisfaction, significantly influences consumers' future purchasing behaviour. Sheth and Mittal (2004:303) expound that future behavioural responses to satisfaction or dissatisfaction include exit, voice and loyalty, with these concepts forming an integral part of customer complaint behaviour (which is discussed in greater detail in section 2.6).

Schiffman and Kanuk (2004:571) conclude that post-purchase evaluation develops into experience added to consumers' psychological field, and also shapes future decisions. These authors describe the psychological field as those internal influences that affect consumers' decision-making processes. Such internal or individual influences are described in the succeeding section and thereafter the external influences on the consumer decision-making process are discussed. Figure 2.5 illustrates both the individual and external influences on the consumer decision-making process.

**Figure 2.5 Influences on the consumer decision-making process**



Adapted from: Lamb *et al.* (2008:68) and Schiffman and Kanuk (2007:531)

---

## 2.4.2 Individual factors

There are five individual influencing factors that affect consumers' decision-making processes namely motivation, perception, learning, attitudes and personality (Schiffman & Kanuk, 2004:555). Each of these factors is briefly discussed.

### 2.4.2.1 Motivation

Motivation is described as a driving force within individuals which compels them to act upon an unsatisfied need (Du Plessis & Rousseau, 2007:167; Cant *et al.*, 2006:131). Goossens (2000:302) indicates that a motive implies action – an individual is moved to do something, generally to achieve a state of stability which is disrupted when individuals are made aware of a need deficiency. Goossens (2000:302) adds that in order to be motivated to satisfy a need, an objective must be present, together with the awareness that a product or service exists – and through the purchase of that specific product or service, the need can be satisfied. Needs and objectives change in reaction to life experiences, the environment and a consumer's physical condition, resulting in motives being highly dynamic (Schiffman & Kanuk, 2004:94). Goossens (2000:304) consequently indicates that the basic motivation theory describes a dynamic process of all internal psychological factors (needs, want and goals) that produce an uncomfortable level of tension within individuals' bodies and minds, which can then be relieved through purchase and consumption. Manning, Reece and Ahearne (2009:173) add that consumers make purchasing decisions based on emotional as well as rational purchasing motives. An emotional purchasing motive is viewed as one where the consumer acts based on an appeal of affect, while a rational purchasing motive can be identified when the consumer uses reason or judgement to make decisions, which are then based on objective thought processes (Manning *et al.*, 2009:173).

### 2.4.2.2 Perception

Kotler and Keller (2006:185) highlight that a motivated individual is ready to act; however, how that individual acts is influenced by his or her perception of the situation. Perceptions can, accordingly, vary widely among consumers exposed to the same reality (Kotler & Keller, 2006:186). Mowen and Minor (2001:39) believe that perception

---

is one of the factors influencing information processing. This occurs by means of exposure to information, attending to the information and comprehending it. Perception therefore includes the selecting and organising of sensory stimuli into a meaningful and coherent picture (Du Plessis & Rousseau, 2007:261). Solomon (1994:73) suggests that consumers absorb sensations in order to interpret their environments which then induces behaviour. According to Schiffman and Kanuk (2007:160), consumers exercise selectivity as to which aspects of the environment or stimuli, they perceive. These authors also mention that in addition to the nature of the stimulus itself, consumers' past experiences and their motives at the time will determine which stimuli are selected.

### **2.4.2.3 Learning**

Learning entails a change in an individual's behaviour arising from experience (Kotler & Keller, 2006:187). Du Plessis and Rousseau (2007:186) propound that information processing and changes in memory results in learning. Evans, Jamal and Foxall (2009:90) emphasise that memory and learning are two interrelated concepts that can nonetheless be distinguished in the sense that memory is the internal recording of information or experiences, whereas learning involves the acquisition of this information. Schiffman and Kanuk (2004:207) refer to learning as a constantly changing and evolving process which is applied to future behaviour by gaining knowledge and experience through the use of services and products. However, learning can only occur when the elements of motivation, reinforcement stimuli, and response are present (Schiffman & Kanuk, 2004:207). According to Evans *et al.* (2009:92), a behavioural approach to learning is based on a stimulus-response model which focuses on stimuli and responses in the study of learning processes. This approach assumes that learning involves a behavioural change which is largely the result of environmental events, and includes the classical conditioning and the operant conditioning approaches (Evans *et al.*, 2009:92). Blythe (2008:119) is, however, of the opinion that not all learning is an automatic response to a stimulus – consumers analyse purchasing situations by taking into account previous experiences and thereby make evaluative judgements regarding their purchase. Cognitive learning, in contrast with classical conditioning and operant conditioning, therefore assumes that a conscious process is taking place; such an approach underscores how something is learnt as opposed to what is learnt (Blythe, 2008:121). Schiffman and Kanuk (2007:215) add that cognitive learning involves the mental processing of information, with the role of motivation and mental processes

---

prominent in producing a desired consumer response. Nonetheless, learning in any one of its forms plays a significant role in the formation of attitudes (Solomon *et al.*, 2008:193).

#### **2.4.2.4 Attitudes**

Attitudes are of general interest to marketers due to their potential to guide behaviour (Jones & Fazio, 2008:443). An attitude is an enduring organisation of motivational, emotional, perceptual and cognitive processes pertaining to some aspect of the environment; it is a learned predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object (Hawkins & Mothersbaugh, 2010:392). Blythe (2008:138) emphasises that an attitude is learned and not instinctive; that attitudes are fairly stable in various states and situations; and lastly that an attitude is not a behaviour but rather a predisposition towards a particular behaviour - it implies a relationship between a person and an object (this relationship is not neutral but has both intensity and direction). Chaudhuri (2006:39) indicates that consumers develop attitudes about products, brands and advertisements and these attitudes consequently influence their purchasing decisions. Du Plessis and Rousseau (2007:261) support this view by stating that a consumer's attitude is a major factor that determines how a consumer composes decisions, since it implies a like or dislike of the particular service. Consumers who hold favourable attitudes are more likely to notice, attend and process the product's positive qualities, whereas consumers with unfavourable attitudes are likely to direct attention to its negative qualities (Aljzen, 2008:535). Jones and Fazio (2008:443) explain that attitudes allow consumers to access stored evaluations of a product from memory based on previous experiences. Consequently, consumers are not compelled to make an immediate assessment of a product every time it is encountered, but can rather rely on positive or negative experiences with the particular product (or service). Attitudes accordingly bias, as well as simplify, the consumer decision-making process and consumers' subsequent behaviour (Jones & Fazio, 2008:443). Hoyer and Macinnes (2010:143) conclude that there are several factors that affect whether or not a consumer's attitude will ultimately direct behaviour, one of which is personality.

---

### 2.4.2.5 Personality

Personality is defined as those unique inner psychological characteristics that determine and reflect the way in which a consumer responds to a situational environment (Schiffman & Kanuk, 2004:120; Solomon, 1994:289). Lamb *et al.* (2008:83) propose that personality is, accordingly, a combination of an individual's psychological makeup and environmental forces. Teng, Huang and Tsai (2007:850) hold that personality is a major influence on the behaviour of an individual. Mowen and Minor (2001:100) propound that this is as result of personality's moderating effect of messages and situations on consumer behaviour. Lamb *et al.* (2008:84) add that behaviour depends significantly on the self-concept, which refers to the manner in which consumers perceive themselves. These authors explain that since consumers want to protect their identity as individuals, the products they purchase, the stores they patronise and even the credit cards they use, all support their self-image. According to Schiffman and Kanuk (2007:139), individuals' self-image develops through their backgrounds, experiences and interactions with other people. Lamb *et al.* (2008:84) indicate that interactions with other people in the consumer's external environment, are also factors that influence the consumer decision-making process. These external influences are subsequently described.

### 2.4.3 External factors

In addition to internal influences, various external factors affect the consumer decision-making process. These influences may either be directed toward the individual or actively sought by the individual (Schiffman & Kanuk, 2004:535). Social class, family, reference group and culture are identified as four major external influencing factors on the consumer decision-making process. These factors are briefly discussed below and later a detailed discussion on culture follows, as it is the focal point of this study.

#### 2.4.3.1 Social class

Social class is an important social influence on consumer behaviour – a consumer makes decisions in relation to that which is appropriate for a certain social class (Solomon, 1994:416). A social class is defined as the division of members of a given

society into a hierarchy of distinct status-classes, so that members of each status-class have relatively the same status, and members of all other classes have either more or less status (Schiffman & Kanuk, 2007:358). Social class is determined by a variety of factors which include income, expenditures, education, occupation and wealth (Manning *et al.*, 2009:172). Social class can therefore be described as a multidimensional consumer characteristic which has the ability to produce discrete market segments on the basis of situation-specific characteristics (Dawson, 1989:16). According to Solomon *et al.* (2006:433), the place that an individual occupies in the social structure not only determines how much money is spent but also how it is spent. Moreover, social class affects people's access to resources, as well as their taste and lifestyle; consequently different products, services and retailers are appropriate for certain social classes (Solomon *et al.*, 2006:433). Consumers consider their particular social class with a view to minimise social risks. A social risk occurs where a negative outcome would result in embarrassment or disapproval – which can threaten intangibles such as face, identity or approval among friends and family (Mandel, 2003:32).

#### **2.4.3.2 Family**

A family exercises a complex influence on the behaviours of its members (Cotte & Wood, 2004:78). Jooste (2009:80) explains that individuals generally maintain the closest contact with their families. Families influence each other in their day to day communication (Grønboj, 2006:494); resulting in the learning of behaviour patterns through a socialisation process (Jooste, 2009:80). According to Cotte and Wood (2004:79), the underlying theme governing traditional family socialisation research is that parents transmit values, attitudes, brand preferences and purchasing habits to their children. Schiffman and Kanuk (2004:366) confirm that in the formation of attitudes and behaviours, family is in many cases a consumer's primary reference group when making purchasing decisions. Furthermore, siblings can be important role models for each other and may act as a relevant reference group for comparison and modelling (Cotte & Wood, 2004:79).

---

### 2.4.3.3 Reference groups

A reference group is described as two or more persons who share a set of norms and whose relationship makes their behaviour interdependent (Blythe, 2008:211). Reference groups are noteworthy in consumer behaviour since consumers aspire to be like them, emulate them, listen to them, identify with them and purchase what they purchase (Evans *et al.*, 2009:242). According to Solomon (1994:364), consumers' desire to fit in with their groups is a major motivation for most purchase decisions. Jooste (2009:79) claims that reference groups can influence both the decision to purchase as well as the choice of a specific brand. The persuasive attempt to market services and brands in relation with a reference group, is predisposed on the belief that reference groups expose people to behaviour and lifestyles, influence self-concept development, contribute to the shaping of values and attitudes and generate pressure for conformity to group norms (Bearden & Etzel, 1982:184).

Reference groups consequently influence purchasing behaviour in three ways, namely 1) normative influence – norms of behaviour laid down by the reference group and group members behave accordingly; 2) value expressive influence – behaviour that portrays certain values and 3) informational influence – when consumers accept the opinions of group members as credible. According to Bearden and Etzel (1982:184), the occurrence of these influences necessitates an opportunity for social interaction or public examination of behaviour. These authors explain that seeking information, complying with the preferences of the reference group and adopting their values - entail some form of communication or observation of decisions, opinions and/or behaviour within the reference group.

Boshoff (2007:329) adds that consumers generally belong to either membership reference groups or aspiration reference groups. This author describes membership reference groups as groups where members share a set of common characteristics, and aspiration groups as groups that include those against which consumers would like to compare themselves. There are, however, diverse classification approaches in terms of reference groups which include automatic groups (which are groups a person automatically belongs to due to age, gender or occupation); associative groups (which consist of people who more realistically represent equals such as friend or neighbours)

and disassociate or negative groups (which are groups with which a person does not want to be associated with) (Evans *et al.*, 2009:243; Jooste, 2009:79; Blythe, 2008:214).

#### **2.4.3.4 Culture**

Beliefs, values and norms are guidelines within a culture that are used to determine the usual and acceptable way of behaving (Schiffman & Kanuk, 2004:408). According to Cant *et al.* (2006:56), culture is not a narrow view of people's activities; rather, it extends to and includes all those activities that characterise the behaviour of particular communities of people – the way they eat, how they talk, their appearance and their general behavioural patterns. Engel, Blackwell and Miniard (1995:615) consequently propose that culture influences the products and services that consumers purchase, as well as the structure of consumption, individual decision-making and communication in a specific society.

Culture has a significant impact on the study of consumer behaviour; given its relevance with regard to this study which explores the influence of culture on customer's complaint behaviour pertaining to service failures; it is accordingly discussed in greater detail in the subsequent section.

## **2.5 CULTURE AND CONSUMER BEHAVIOUR**

Culture not only plays a significant role in the consumer decision-making process, but also on consumer behaviour in general. It is therefore imperative for service organisations to understand the concept of culture in order to fully comprehend the effect that it has on the behaviour of their customers. A definition of culture commences this section, and this is followed by a discussion of the pervasive influence of culture on consumer behaviour. Lastly, culture in a South African context is discussed.

### **2.5.1 Culture defined**

Culture can be defined as the collective programming of the mind which distinguishes the members of one category of people from the members of another category

---

(Hofstede, 2001:9). Hofstede (1984:14) explains that each person carries a certain amount of mental programming which is stable over time and results in the similar displayed behaviour by the same person in comparable situations. Each person's mental programming is partly unique and partly shared with others, and therefore a collective level of mental programming is shared by people belonging to a certain group, but this programming would be different among people belonging to another group (Hofstede, 1984:15).

Hofstede (2001:10) further proposes that culture is to human collectivity what personality is to an individual; culture could therefore be viewed as the interactive total of common characteristics that influences humans' responses to their environment. Bochner (1982:5) adds that the groups to which individuals belong may influence their very sense of identity by affecting their attitudes, values and perceptions of the world. Reichert and Gill (2004:203) further describe culture as a shared meaning system, a learned phenomenon that establishes the perceptions of individuals and influences their behaviour at the same time. Because culture is described as a shared meaning system, it is accordingly an abstraction; it exists only in the mind and is part of a worldview, a cognitive outline of how things are and how they ought to be (Hammond-Tooke, 2000:422).

According to Romney and Moore (1998:315), an imperative element of culture comprise those shared aspects of cognitive representations held by the individual members of a specific culture; consequently, the locus of culture exists in the minds of the members of that culture. These authors further assert that culture is subject to all the psychological and neurophysiological constraints of any other cognitive process, for example memory or learning. Culture is therefore said to be learnt by the members of a society and passed on from one generation to another (Burgess & Bothma, 2007:167). Hofstede (2001:11) holds that there must be certain mechanisms in society which allow for the maintenance of stability in cultural patterns across generations. Societal norms have resulted in the development and pattern maintenance of institutions in a society – such as family, education, political and legislation systems – which have a particular structure and way of functioning. These norms indicate the values held by the members of a society, with these values having both intensity and direction (Hofstede, 1984:19).

Consequently, culture is usually considered to be the underlying value framework that directs an individual's behaviour (Johansson, 2006:65). This author states that a cultural framework includes the notion of an objective reality (as apparent in social institutions and values), as well as a subjective reality (as expressed in personal, but socialised, tendencies and beliefs). Johansson (2006:65) argues that culture is therefore not an abstraction, since it assumes a fairly physical reality. De Mooij (2004:2) further propose that cultural values are at the root of consumer behaviour, and therefore it is critical to understand the influences of various cultural groups in order for an organisation to succeed in the market-place. The significant influence of culture on consumer behaviour is discussed in the following section, which will particularly highlight the role of shared cultural values on behaviour and the fundamental value-orientations that underlie cultural differences.

### **2.5.2 Culture and its influence on consumer behaviour**

Cultural influences are increasingly recognised as pervasively significant in the field of consumer behaviour. This heightens the need for organisations to take cultural influences into consideration and consequently to understand how these impact consumption (Douglas & Craig, 1997:381). Solomon (2004:526) supports this view by suggesting that consumption choices cannot be understood without bearing in mind the cultural context in which they are made. Culture serves as the lens through which consumers view marketing messages, products and services; consequently, culture is crucial to the understanding of consumer behaviour (Shavitt, Lee & Johnson, 2008:1103).

Hawkins and Mothersbaugh (2010:42) hold that culture is a comprehensive concept and that it includes almost everything that shapes an individual's thought processes and behaviours – it may not determine the nature or frequency of biological drives but it does influence if, when and how these drives will be fulfilled. Furthermore, culture influences individuals' preferences, their decisions and how they perceive the world around them, and yet culture does not include inherited responses and predispositions (Hawkins & Mothersbaugh, 2010:43). Johansson (2006:65) explains that culture manifests itself in learnt behaviour, which is acquired as individuals grow up and gradually come to understand what their culture demands from them. Moreover, culture

---

not only predisposes the individual towards certain behaviours, but also eliminates certain other behaviours, which consequently creates a repertoire of behavioural skills and therefore directly influences what people will do and what they can do (Johansson, 2006:65). However, the nature of cultural influences is such that it is seldom consciously taken note of; consequently, an individual behaves, thinks and feels in a manner consistent with other members of the same culture and it therefore appears natural to do so (Hawkins & Mothersbaugh, 2010:42). This view is supported by Blythe (2008:191) who states that culture is often so deeply ingrained in people that they imagine that the rules of their particular society have the status of normal laws; as a result, culture influences almost everything people do.

According to Blackwell *et al.* (2006:428), culture provides people with a sense of identity and an understanding of what constitutes acceptable behaviour. The boundaries that culture sets on behaviour are referred to as norms, and norms are those rules that specify or prohibit certain behaviours in specific situations; norms are, in turn, derived from cultural values (Hawkins & Mothersbaugh, 2010:43). Solomon *et al.* (2008:155) affirm that every culture has a set of values that it imparts to its members, and every culture is then characterised by its members' endorsement of a particular value-system. Luna and Gupta (2001:47) consequently propound that an individual's behaviour is a result of that individual's particular cultural value system. Individuals' cultural value-systems develop over time as they are socialised in a group, and these values include personal values unique to the individual, as well as those cultural elements that individuals have in common with the groups to which they belong (Luna & Gupta, 2001:47). Schwartz (1999:26) explains that there exist individual variations in value priorities within cultural groups due to unique experiences and personality differences; however, all members of a cultural group are socialised to accept shared social values. Burgess and Bothma (2007:173) add that the elements of culture are accordingly based upon these shared values within cultures. Craig and Douglas (2006:325) indicate that those intangible elements of culture incorporate the dominant societal values and belief systems that characterise a culture and guide the patterning of behaviour in that society.

On the other hand, material culture as a more tangible element of culture, incorporates the rituals, institutions and symbols of a society that bind it together; thereby establishing rules and norms for behaving towards others within society - either in general or for specific ritual occasions (Craig & Douglas, 2006:325). Rituals are often

thought of as bizarre tribal ceremonies, but in reality include many contemporary consumer activities such as grooming rituals, gift-giving rituals and holiday rituals, as well as any other events such as weddings and graduation ceremonies (Solomon, 2004:536). Luna and Gupta (2001:50) accordingly assert that rituals are important for the study of consumer behaviour since rituals include the consumption of products and services. Through consumption, rituals then become symbols of cultural values, which are given meaning to by language and communication. Accordingly, language is an imperative element of culture. Luna and Gupta (2001:51) explain that the relationship between language and cultural values is bidirectional, signifying that cultural values may motivate the creation of words that may not exist in other cultures, while at the same time, language may give origin to values that are unthinkable in other cultures as result of not having the adequate terms to discuss them. Nonetheless, language may act as a unifying force in order to bind the members of a culture together, but may also, on the other hand, obstruct interaction with members of other societies and cultures (Craig & Douglas, 2006:328).

Craig and Douglas (2006:329) are furthermore of the opinion that material culture, language and values are three intertwined concepts of culture that comprise the underlying fabric of society which pervade all aspects of daily life and human interaction. It follows that culture is not a static concept, but is constantly evolving and changing. Solomon (2004:527) supports this view by adding that culture evolves by fusing old ideas with new ones. This author suggests that a cultural system comprises of three functions: ecology - the way in which a system is adapted to its habitat; social structure - the way in which orderly life is maintained, and ideology - the mental characteristics of people and the way in which they relate to their social groups. However, Hofstede (1984:50) argues that culture represents the collective mental programming of the mind; therefore, if culture should change, it changes slowly due to the fact that it exists in the minds of people, is shared by a number of people and has become crystallised in institutions such as family structures, religious organisations and literature. Hofstede, a renowned Dutch social scientist, has developed five dimensions to represent this collective patterning of the mind and to constitute fundamental value orientations that underlie cultural differences, for instance in decision-making. Burgess and Bothma (2007:169) add that these dimensions provide an understanding of how shared values within culture give rise to behaviour. These cultural value dimensions include power distance, uncertainty avoidance, masculinity, time orientation and

---

individualism. Power distance refers to the extent to which members of a culture accept that power in organisations and institutions are distributed unequally; uncertainty avoidance signifies the extent to which members of a culture feel threatened by uncertain and unknown situations; masculinity indicates a culture in which social gender roles are distinct - men are assertive, tough and material-driven, as opposed to caring for the quality of life and for other people which are qualities associated with women; time orientation entails members of a society's orientation towards the future; and individualism/collectivism refers to a loosely knit social framework in which individuals only take care of themselves and their immediate families, while collectivism stands for a culture characterised by a tight social framework where people are integrated into a cohesive in-group to whom they owe absolute loyalty (Hofstede 2001:35; Hofstede, 1980:45).

Shavitt *et al.* (2008:1103) indicate that particularly the individualism/collectivism cultural construct have consequences that are highly relevant to consumer behaviour. The key distinction between these constructs involves the extent to which one defines oneself in relation to others, with the focus on whether the self is defined as autonomous and unique or seen as inextricably and fundamentally embedded within a larger social network (Shavitt *et al.*, 2008:1103). Burgess and Bothma (2007:173) explain that consumers in an individualist culture are motivated by their own preferences and needs, and consequently their personal objectives are more important than those of others, whereas consumers in a collectivist culture view themselves as part of a collective (such as a family or nation) and therefore personal goals are not often pursued. Individualistic and collectivistic cultures consequently display important differences in terms of the content of advertising appeals, the processing of advertising appeals and the determinants of consumers' purchase intentions (Shavitt *et al.*, 2008:1104).

It is clear that culture has a profound effect on why and how consumers purchase and consume products and services (Blackwell *et al.*, 2006:434). Culture influences the need, search and evaluation stages of how individuals make purchase decisions. The reason for this is lodged in the fact that different cultures have diverse views of what is needed to enjoy a good standard of living; therefore the search for information are in some cultures more dependent on word-of-mouth and advice than in others; product and service attributes are evaluated differently and as a result even the elements of the purchase process are culturally defined (Blackwell *et al.*, 2006:434). Moreover, Watkins

---

and Liu (1996:7) hold that patterns of responses in the post-purchase stage, in particular responses to dissatisfaction, may be expected to be affected by culture and diverse cultural values. Section 2.6 discusses possible responses to dissatisfaction by considering customer complaint behaviour and in addition highlights the influence of culture on customer complaint behaviour. The following section, however, presents a discussion of culture in South Africa and the conclusions made will serve as a basis for further discussions related to the concept of culture in the context of this study.

### **2.5.3 Culture in South Africa**

The escalating trends of globalisation and multiculturalism make it imperative for organisations to develop a more profound understanding of culture and its various manifestations (Craig & Douglas, 2006:338). This is especially relevant in a South African context where consumers, as part of a multicultural society, interpret certain concepts and messages differently as a result of differences regarding their cultural backgrounds (Du Plessis & Rousseau, 2007:49). Thomas and Bendixen (2000:507) highlight that South Africa is considered to be a multicultural country as it comprises of a large variety of cultures which are usually based on race.

South Africa's population is conventionally divided into four distinctive racial or population groups – black, coloured, Indian and white (Horowitz, 1991:3). According to official statistics by Statistics South Africa (2009:5), the majority of the population are black (79.9%), followed by the white (9.1%), coloured (9%) and Indian (2.6%) population groups. Ocholla (2002:61) indicates that most of the white population is of Dutch or British origin, with other smaller groups of German, French, Portuguese and Jewish descent. The black population is also very diverse; the nine officially recognised languages of the black population, namely isiNdebele, isiXhosa, isiZulu, Sepedi, Sesotho, Setswana, siSwati, Tshivenda and Xitsonga, each represent different ethnic groups with diverse cultures and traditions (Bornman, 2010:239; Ocholla, 2002:61). Coloureds are described as a non-white group of mixed racial descent - mainly descendants of the original Cape Hottentot residents at the time of the first white settlers, Malay slaves imported during the early years of white settlement and white-Hottentot intermarriages during the time, while the Indian population is considered one of the largest Indian communities living outside India (Bornman, 2006:387).

---

Abratt and Penman (2002:269) affirm that there is no single national culture in South Africa - only a multitude of ethnic values. Thomas and Bendixen (2000:507) support this view by stating that the concept of ethnicity is rather more pressingly relevant in a South African context. Ethnicity refers to a shared belief about a common ancestry (Usunier & Lee, 2005:360). Lustig and Koester (2006:32) add that ethnicity is a term referring to a wide variety of groups sharing a language, historical origin or cultural system. Therefore, within the various racial groups there are also deep-seated differences based on different cultural, language and religious factors, as well as historical experiences (Bornman, 2006:387).

However, historical processes have resulted in two main but opposing civilisation paradigms in South Africa: the Western and African civilisations (Bornman, 2006:387; Venter, 1999:30). Cultural values in South Africa are therefore mainly of an Eurocentric or Afrocentric derivation (Du Plessis & Rousseau, 2007:59). Eurocentricity is characterised by western values with a focus on individualism, a Calvinist work ethic, and the pursuit of success, whereas Afrocentricity is grounded in the concept of *ubuntu* – “I am because you are and you are because we are” and is therefore collectivistic in nature (Du Plessis & Rousseau, 2007:59). Mangaliso (2001:24) believes that important lessons can be learned from *ubuntu*, which embodies the beliefs, values and behaviours of the majority of the South African population. Du Plessis and Rousseau (2007:49) affirm that since South Africa represents a multicultural, heterogeneous society, changes in values and lifestyles are an ongoing process.

Nonetheless, colonialism and apartheid has left South Africa even more divided than inherent differences would suggest because it accentuated racial, ethnic and class differences and pitched groups against other groups; not only black against white, but also black against coloured, coloured against Indian and so forth (Bornman, 2006:387). Christopher (2002:406) propounds that the population groupings of the colonial and apartheid era still retain a powerful place in national consciousness, even though dramatic changes have taken place with the creation of a so-called new South African identity. According to this author, individuals retain the former legal system of racial classification as the basis of group identity and policies of redress in post-apartheid South Africa.

Lustig and Koester (2006:32) emphasise that race and culture work together to create significant distinctions among groups within a larger society, and consequently play a role in establishing separate cultural groups. Sowell (1994:6) adds that cultures are not spread randomly amongst the world population, but are concentrated separately in different racial or ethnic groups. This author propounds that neither cultures nor races are pure; however, biological and cultural differences can be discussed in general terms as these relate to a given social reality. Race is therefore not primarily a biological term; even though it may refer to certain physical characteristics such as skin colour or eye shape, the term is actually political and societal in nature, and has been invented to justify economic and societal distinctions (Lustig & Koester, 2006:31). Sowell (1994:6) adds that race as a social concept is a powerful force that both unites and divides people. Urban (2006:175) suggests that ethnic or racial groups may be used as a unit for analysis at a subcultural level; the basic assertion behind this notion is that in South Africa, different racial groups exist whose cultural orientation should differ in terms of a given dimension. Although racial classification as a primary definition of groups may imply dogmatism, it is not intended as such, but rather as a methodological convenience. For example, as a result of practical constraints in terms of sampling, it will not be possible to include all ethnic groups in a multicultural South Africa in this study's sample. Accordingly, this study focuses only on the four major population groups which are to serve as cultural groups in order to investigate the influence of culture on customers' complaint behaviour pertaining to service failures.

This section provided a comprehensive definition of culture, described its role in consumer behaviour and decision-making, and considered its relevance in South Africa as a multicultural country. The fact that culture may, in addition, shape customer complaint behaviour in response to post-purchase dissatisfaction, point to the fact that it is important for organisations to consider the impact of culture in the field of consumer behaviour (Watkins & Liu, 1996:7). The following section accordingly focuses on customer complaint behaviour by conceptualising the concept, describing the factors which affect complaint behaviour and stressing the importance of recognising and managing customer complaint behaviour.

---

## 2.6 CUSTOMER COMPLAINT BEHAVIOUR

This section discusses the notion of customer complaint behaviour, which is behaviour exhibited by a dissatisfied customer, usually in the purchase and post-purchase stage of the consumer decision-making process. According to Tax and Chandrashekar (1992:56), post-purchase complaint behaviour represents customer-directed actions aimed at redressing problems associated with product or service purchase and/or usage. McAlister and Erffmeyer (2003:341) indicate that since dissatisfaction with a product or service or other aspect of the exchange is the primary driver of complaints, organisations are provided with information that can be used to improve activities and resolve business issues. Singh (1990:69) emphasises that organisations should recognise customer dissatisfaction, understand its sources and its manifestations and then manage it in order to maintain profitability.

This section consequently begins with a conceptualisation of the term customer complaint behaviour, followed by a discussion of the models of customer complaint behaviour as represented in the literature, and thereafter the factors influencing complaint behaviour (which includes service-related variables and customer-related variables) are explored. Culture as a customer-related variable influencing customer complaint behaviour is subsequently described in greater detail, and the section concludes with reference to the importance of recognising and managing customer complaint behaviour.

### 2.6.1 Conceptualising customer complaint behaviour

Complaint behaviour is generally, but not exclusively, described as one of the responses to perceived dissatisfaction during the purchase and/or post-purchase stages of the consumer decision-making process (Crie, 2003:60). Dissatisfaction is the result of negative disconfirmation where actual performance falls short of customers' expectations (Tronvoll, 2007:26). Day and Landon (1977:427) propound that once negative disconfirmation transcends the customer's scope of acceptance, strong feelings and some kind of complaint behaviour will likely follow. According to Boote (1998:142), customer dissatisfaction can be described as an affective response to some

---

form of negative cognitive reasoning following a purchase situation; consequently, complaint behaviour can be construed as affective action.

Complaining is distinguished from ordinary criticism in that it articulates the source of dissatisfaction, and therefore it is not simply a comment on what has occurred, but leads to subjective judgement on the part of the customer (Gabbott & Hogg, 1998:117). Crie (2003:62) holds that the final manifestation of customer complaint behaviour does not directly depend on its initiating factors, but rather on the evaluation of the situation by the customer over time. Customer complaint behaviour must consequently be viewed as a process, constituting a subset of all possible responses to perceived dissatisfaction around a purchase episode or during consumption of the product or service. Phau and Sari (2004:409) add that the responses triggered by perceived dissatisfaction are neither psychologically accepted nor quickly forgotten. Singh (1990:69) emphasises that a crucial step in the understanding and management of customer dissatisfaction is the mapping of how customers respond to perceived dissatisfaction, which tends to be a complex issue as customers can engage in countless combinations of multiple dissatisfaction responses.

Complaint options in response to dissatisfaction include seeking redress (refund, exchange, repair or apology), engaging in negative word-of-mouth (telling other people about one's dissatisfaction), exiting (ceasing to patronise the organisation) and contacting third parties (Blodgett, Hill & Tax, 1997:188). These third parties include government agencies or private agencies specifically designed to direct customer complaints through the appropriate channels, as well as those parties that customers consult to seek legal redress (Kolodinsky & Aleong, 1990:62). According to Singh (1988:95), when a customer takes legal action or voices complaints directly to the organisation with a view to seek redress or refund, such responses are known as public actions. When the customer spreads word-of-mouth communication or ceases to patronise the organisation, these responses can be categorised as private actions. However, in addition to public and private actions, a dissatisfied customer may also decide to take no action (Jooste, 2009:73, Kolodinsky & Aleong, 1990:61). Singh (1988:94) asserts that the customer then rather forgets about a dissatisfying episode and does nothing. Kitapci and Dortyol (2009:934) believe that a customer may take no action based on the belief that action is not worth the time or effort spent. This view is supported by Grönfeldt and Strother (2006:160) who add that some of the most

---

common reasons why dissatisfied customers do not complain include that they do not have the necessary time and effort to lodge a complaint and wait for the issue to get resolved; they do not believe the organisation will be responsive; they do not like confrontation; and they are not aware of their consumer rights. Day and Landon (1977:435) note that when the customer takes no action, the dissatisfaction is felt, but then suppressed without having any effect on the customer's behaviour. Such a response to dissatisfaction is accordingly defined as a non-behavioural response (Singh, 1988:94). Crie (2003:61) therefore holds that the term 'response' contains several modalities which are not exclusively behavioural, notably a change of attitude or inactivity. Singh (1988:94) affirms that the inclusion of non-behavioural responses is as a result both justified and necessary in order to understand the process underlying customer complaint behaviour responses.

Broadbridge and Marshall (1995:9) accordingly consider customer complaint behaviour as a distinct process which commences when the customer has evaluated a consumption episode (which resulted in dissatisfaction) and the process ends when the customer has completed all behavioural and non-behavioural responses (public action, private action or no action). Complaint behaviour is consequently conceptualised as a set of multiple responses prompted by perceived dissatisfaction with a purchase episode (Singh, 1988:93). While there is general consensus regarding a definition of customer complaint behaviour, only a few authors have developed specific models to conceptualise responses to dissatisfaction. The major models pertaining to customer complaint behaviour are accordingly described in the following section.

### **2.6.2 Models of customer complaint behaviour**

Hirschman (1970), Day and Landon (1977) and Singh (1988) are authors who are well known for their work relating customers' responses to dissatisfaction (see Gursoy, Mcleary & Lepsito, 2007; Donoghue & De Klerk, 2006; Broadbridge & Marshall, 1995; Maute & Forrester, 1993). These three customer complaint behaviour models are briefly discussed below.

---

### 2.6.2.1 Hirschman's exit voice and loyalty typology

One of the first attempts to classify customer complaint behaviour can be found in Hirschman's (1970) three-level model. Hirschman's model provided a theoretical framework for understanding customer complaint behaviour, and this framework explains why some dissatisfied customers seek redress by complaining to the organisation, whereas others silently vow never to purchase from the organisation again and then take their business elsewhere (Tronvoll, 2007:27; Kim, Kim, Im & Shim; 2003:354; Blodgett & Granbois, 1992:95). In his model, Hirschman considered three options that dissatisfied customers have, namely exit, voice and loyalty (Gursoy *et al.* 2007:359). According to Hirschman (1970:4), the exit option implies that a customer would stop purchasing an organisation's products or services – resulting in loss of revenue, membership decline and provoking the organisation to search for ways and means to correct the faults that have led to exit; whereas with the voice option, customers express their dissatisfaction directly to management, or to some other authority to which management is subordinate, or through general protest addressed to anyone who cares to listen, such as friends or family. These two options make the organisation aware of a deterioration of the quality of the product or service provided, which resulted in dissatisfaction (Hirschman, 1970:4).

Loyalty, on the other hand, refers to continuing to frequent an organisation regardless of dissatisfaction; accordingly, loyal customers neither exit nor voice dissatisfaction (Gursoy *et al.* 2007:359). Instead, these customers continue to use the dissatisfying product or service; they suffer in silence and hope that the situation will improve. Crie (2003:61) asserts that by hoping that things will evolve in a positive way, loyalty can accordingly become a passive and constructive response. This author adds that voice can also be viewed as a constructive construct as it implies an expectation of change in an organisation's practices, policies and responses; whereas exit is both active and destructive. Hirschman (1970:77) mentions that the presence of loyalty makes exit less likely and the likelihood of voice also increases with a certain degree of loyalty.

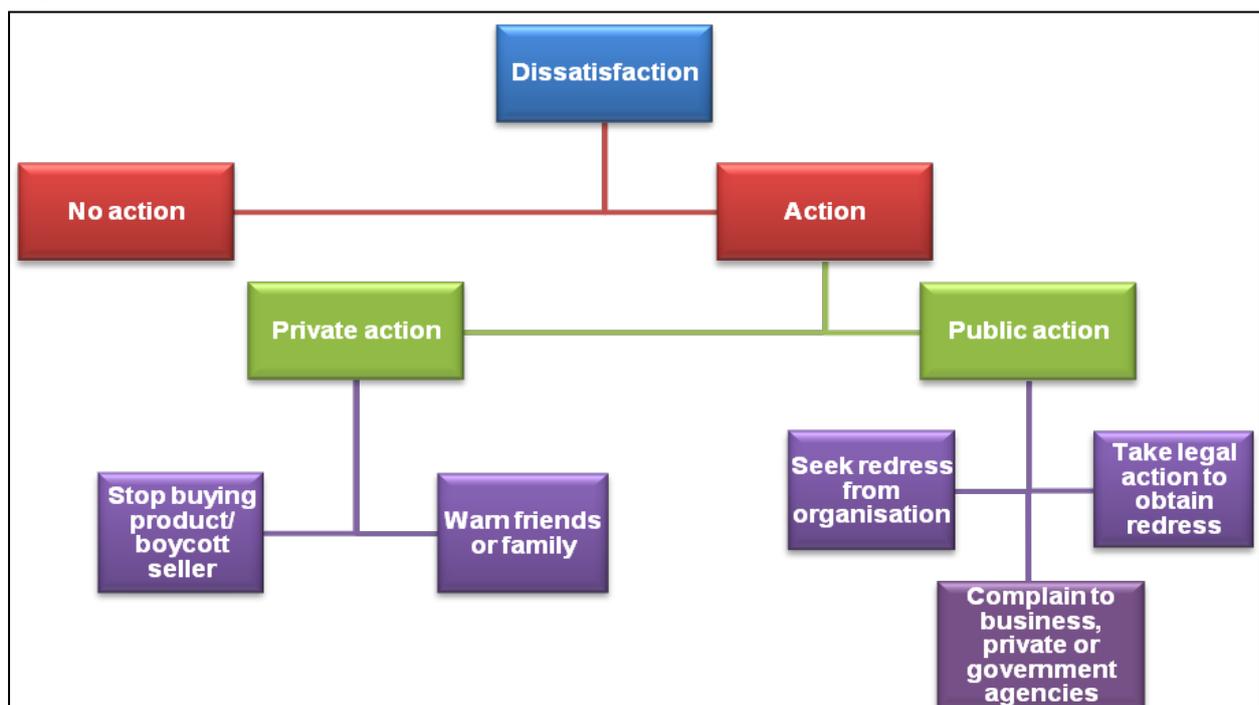
Maute and Forrester (1993:237) provide strong empirical support for the validity of Hirschman's three-dimensional exit, voice and loyalty classification of customer complaint behaviour. These authors suggest that Hirschman's typology - which was

originally developed to describe dissatisfaction responses in interpersonal, organisational and employment contexts - is apt for buyer-seller relationships. On the other hand, Reynolds and Harris (2005:323) argue that even though this model has been empirically supported, it is generally regarded as quite simplistic. Day and Landon's taxonomy of customer complaint behaviour was consequently introduced.

### 2.6.2.2 Day and Landon's taxonomy

Day and Landon (1977) proposed a two-level hierarchical classification scheme to classify customer complaint behaviour (Mattila & Wirtz, 2004:148; Singh, 1988:95). The first level distinguishes behavioural responses (action) from non-behavioural responses (no action) and the second level separates private action from public action (Gursoy *et al.*, 2007:360). Private action involves customers resolving their dissatisfaction in a personal manner by modifying future purchasing behaviour and urging friends and family to do the same (Day & Landon, 1977:430). Public action includes making an effort to seek redress by contacting the organisation or the manufacturer and asking for appropriate corrective action; taking legal action to obtain the appropriate redress; or registering a complaint with an external agency. Figure 2.6 presents Day and Landon's model, which illustrates the major options available to a dissatisfied customer.

**Figure 2.6 A classification of customer complaint behaviour**



Adapted from: Day and Landon (1977:432)

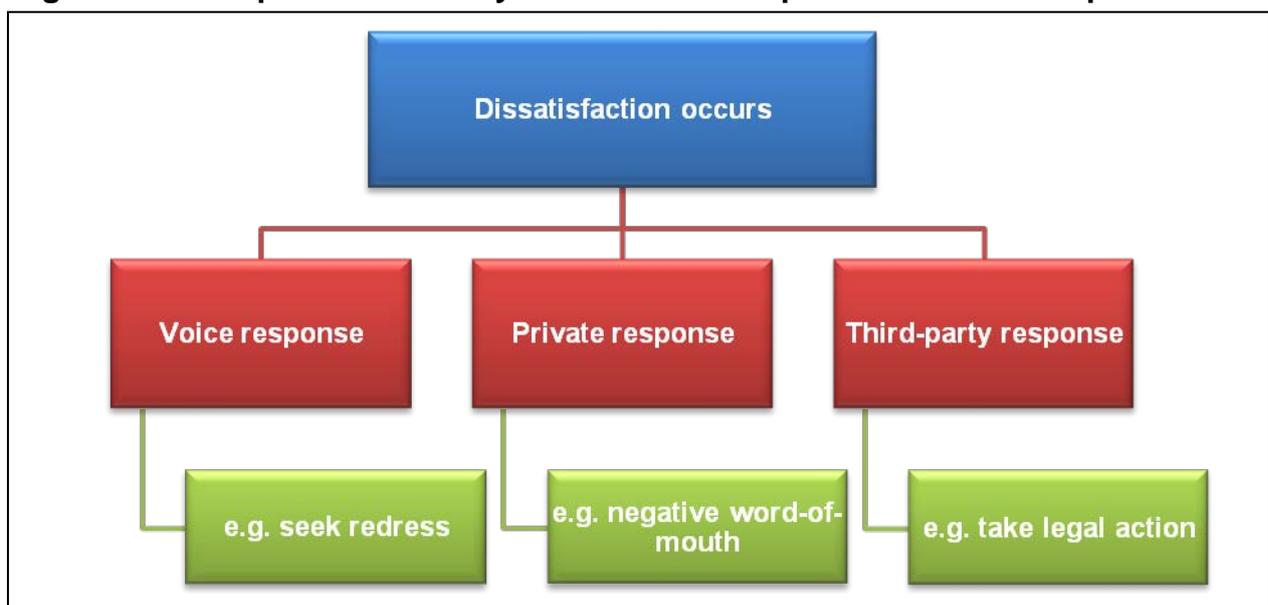
According to Day and Landon (1977:432), the extent to which the various options are exercised varies with the nature of the product or service and how important this is to the customer. These authors propose that with more complex and durable products, as well as with services, the chances are lower, yet substantial that customers will do nothing at all or take only private action.

Singh (1988:96) criticised Day and Landon's (1977) taxonomy, stating that the basis for classification was developed deductively – it represents Day and Landon's subjective notion of a good classification basis – which makes an objective evaluation of a deductively derived basis difficult. For that reason, Singh (1988) developed a new classification scheme, in which each dimension represents actions that are perceived similarly by customers. Singh's taxonomy is discussed in the subsequent section.

### 2.6.2.3 Singh's taxonomy of customer complaint responses

Singh (1988:104) proposed a three-dimensional classification scheme for customer complaint behaviour responses. These responses to dissatisfaction include voice responses, private responses and third-party responses, with the criterion for classification based on the identifying object toward which the responses are directed. Singh's taxonomy of customer complaint responses is presented in figure 2.7.

**Figure 2.7 Proposed taxonomy of customer complaint behaviour responses**



Adapted from: Singh (1988:101)

---

Voice customer complaint behaviour is directed to objects that are directly involved in the dissatisfying experience and external to the customer's social circle, which may in addition include non-behavioural responses (as these reflect specific feelings towards the organisation). Third-party customer complaint behaviour include complaints lodged with objects external to the customer (such as legal agencies), but who are not directly involved in the experience. Private customer complaint behaviour refers to those objects neither not external to the customer's social circle nor involved in the dissatisfying experience (such as friends or relatives). Singh (1988:104) accordingly suggests that the external/not external and involved/not involved criteria are used to categorise customer complaint behaviour actions into the three categories of the proposed taxonomy. This three-dimensional conceptualisation accordingly offers a superior representation of customer responses to dissatisfaction.

Nonetheless, Boote (1998:143) argues that Singh's taxonomy does not accurately reflect current ideas regarding customer complaint behaviour, since customer complaint behaviour is suggested to be a sequential process – customers may only engage in private and third-party responses after voice has been used and failed. However, several factors influence the response that a customer will express in reaction to perceived dissatisfaction with a purchase episode; these factors which may be categorised as either service-related variables or customer-related variables are described in the following section.

### **2.6.3 Factors affecting customer complaint behaviour**

Customer dissatisfaction as the primary consequence of service failures (see section 3.6), provides the motivation for subsequent customer complaint behaviour (Reynolds & Harris, 2005:322). Boote (1998:146) suggests that dissatisfaction alone is not a sufficient trigger to cause a complaint, and therefore the real question is what triggers the manner in which customers respond to dissatisfaction? This author argues that there must be certain factors at work which act as a barrier to voice complaints (or trigger non-voiced complaints such as private responses, third-party responses or non-behavioural responses). These triggers then influence a customer's complaining threshold in reaction to a dissatisfying experience. Boote (1998:146) accordingly identifies eight triggers, namely situation, attribution, demographics, psychographics,

---

cultural factors, social factors, organisation/customer relationship and marketplace/customer relationship, each comprising a number of dimensions. Certain of these dimensions are variables related to the service encounter, whereas others can be described as variables related to the customer.

### **2.6.3.1 Service-related variables**

Variables associated with the service encounter are known as situational variables, because they refer to the specifics of the dissatisfying episode (Boote, 1998:146); thereby affecting complaint intentions and actions during a service failure (Reynolds & Harris, 2005:322). Situational variables associated with customer complaint behaviour include: the intensity of customer dissatisfaction (Crie, 2003; Singh & Wilkes, 1996); the importance of the service to the customer (Velázquez *et al.*, 2006; Blodgett & Granbois, 1992); the severity of the problem (Richins, 1983); the perceived cost and benefits of complaining (Kim *et al.*, 2003; Blodgett & Granbois, 1992); the type of service (Smith, Bolton & Wagner, 1999); as well as the expected response of the organisation (Blodgett & Granbois, 1992; Day & Landon, 1977).

Velázquez *et al.* (2006:487) confirm that the importance of the situation to the customer and the chances of a successful complaint are variables dependent on the particular purchase and/or consumption episode. Most customers only complain if they believe that there is a realistic chance that the organisation would be prepared to make amends; organisations can therefore influence customers' perceptions that a complaint will be successful through the extent to which customer orientation is practised and communicated (Stauss & Steidel, 2004:23). Kim *et al.* (2003:365) add that the perceived likelihood of a successful complaint may be increased by providing sufficient complaining channels; this will make it easier for customers to complain. Huppertz (2007:426) supports this view by stating that customers will perceive complaining as easier when the time and effort required to complain, are reduced. This author highlights that it takes work to complain – and this contributes to the cost of complaining. Customers accordingly carry out an internal cost-benefit analysis, upon which they may base their decision whether or not to complain and the cost of complaining is compared to the benefits of the complaint, with this comparison dependent on a subjective value (Stauss & Steidel, 2004:23). Kim *et al.* (2003:365)

---

therefore emphasise that a higher perceived value of a complaint will enhance the customer's intention to complain. Blodgett and Granbois (1992:95) add that the value of the complaint is apparent in product (or service) importance – if this is important enough to the customer, it warrants the time and emotional energy that it takes to complain to the organisation in an attempt to seek redress. Since certain customers will only engage in private responses when they are dissatisfied with the redress seeking encounter, perceived justice is a critical variable in explaining different types of complaint behaviour (Blodgett & Granbois, 1992:101). Voorhees and Brady (2005:200) support this view by stating that when customers perceive higher levels of justice, their intentions to voice complaints in future service failure situations will also increase.

Weun, Beatty and Jones (2004:136) stress the importance of considering service failure severity, since high levels of perceived justice may not be sufficient to overcome a severe service failure. These authors describe service failure severity as a customer's perception of the intensity of a service problem. According to Richins (1983:76), problem severity in response to dissatisfaction is a central determinant of customers' effort of response. When a minor dissatisfaction is experienced, customers' responses are often minimal - most often customers neither voice complaints nor spread negative word-of-mouth; however, customers tend to complain when their dissatisfaction is serious enough, regardless of other factors compounding the situation (Richins, 1983:76).

Velázquez *et al.* (2006:510) accordingly propound that considering customers in terms of the intensity of the dissatisfaction experienced may allow one to find differences according to this variable; this may consequently provide an enhanced understanding of how subsequent responses are formed. Gursoy *et al.* (2007:359) argue that as the antecedents of complaining involve more than dissatisfaction alone, it is necessary to understand individual differences associated with complaining. Customer characteristics may therefore be important with a view to describe variations in customers' complaint behaviour (Kolodinsky, 1995:50).

---

### 2.6.3.2 Customer-related variables

Customer-related variables also refer to customer characteristics that affect customer complaint behaviour. Keng and Liu (1997:90) assert that customer characteristics are associated or determined mainly by the customer, and include demographic and psychographic attributes – several of which are acknowledged to influence complaint behaviour.

Ndubisi and Ling (2005:69) affirm that in the study of customer complaint behaviour, significant differences and influences in terms of demographic variables on customer complaints have been established. Demographic variables such as age (Ngai *et al.*, 2007); gender (Heung & Lam, 2003); education levels (Heung & Lam, 2003; Oh, 2003); income (Phau & Sari, 2004); as well as the impact of having children (Kolodinsky, 1995) have been found to influence customers' propensity to complain. Volkov, Harker and Harker (2005:308) have, in addition, found that customers who complain are more likely to work in a professional occupation and therefore have a higher income and level of education, are older and tend to be female professionals, whereas non-complainers are younger and unemployed, with a lower income level.

With regard to psychographics, variables such as personal values (Keng & Liu, 1997); assertiveness (Slama & Williams, 1991); attitudes towards complaining (Body & Grace, 2006; Singh & Wilkes, 1996; Bearden & Mason, 1984) and attitudes to past complaining situations (Cheng, Lam & Hsu, 2005; Singh & Wilkes, 1996); as well as personality factors (Body & Grace, 2006; Day & Landon, 1977) indicate a propensity to complain. Locus of control is moreover suggested to be one of the personality factors most likely to be related to complaining behaviour (Gursoy *et al.*, 2007:364). According to Gursoy *et al.* (2007:364), locus of control refers to the extent to which one believes that life events depend on one's own actions (dimension of internality); accordingly a higher locus of control score indicates a sense of external control (being controlled by outside sources) and a lower score indicates a greater sense of internal control. Body and Grace (2006:179) have established that customers who tend to complain have high levels of internal control and therefore personally control their life-experiences. Blodgett and Granbois (1992:96), on the other hand, believe that locus of control should be referred to as attribution of blame, since this variable essentially refers to whether the

---

service failure is the fault of the organisation (external attribution) or that of the customer (internal attribution). Consequently, when customers believe that the service failure and resultant dissatisfaction are the organisation's fault (rather than their own), they are more likely to complain (Oh, 2003:57). Moreover, if the customer perceives that the organisation had control over the failure and did not prevent it (controllability), this will result in highly negative customer reactions (Choi & Mattila, 2008:24). Kim *et al.* (2003:356) indicate that customers take controllability into account as the locus of responsibility for dissatisfaction, which affects their attitude and behaviour. Controllability consequently enhances customers' attitude towards complaining (Kim *et al.*, 2003:356).

Furthermore, attitude towards complaining is valuable for describing which type of complaining behaviour will be taken - those customers with a positive attitude are more likely to seek redress by voicing complaints to the organisation and less likely to engage in negative behaviours such as negative word-of-mouth and exit (Blodgett & Granbois, 1992:99). Yuksel *et al.* (2006:15) and Kim *et al.* (2003:357) claim that those customers who have a more positive attitude towards complaining are more likely to express their complaint intention to the organisation. Singh and Wilkes (1996:65) propound that positive attitudes towards complaining are developed through previous complaint experiences which yielded positive outcomes. It is consequently suggested that customers who tend to complaint have prior complaint experience, have a positive attitude towards complaining and are in addition, self-confident and assertive (Singh, 1990:63).

Keng and Liu (1997:96) furthermore established in their research of personal values and complaint behaviour that self-orientated customers, as compared to group-orientated customers, display a positive attitude towards complaining, are more likely to take risks and exhibit greater self-confidence, assertiveness and individualism – which consequently affect their complaint intentions and behaviour. These authors indicate that self-oriented customers generally make their dissatisfaction publicly known to the organisation, whereas group-orientated customers prefer to keep their dissatisfaction private. Liu and McClure (2001:57) accordingly highlight differences in terms of the complaint behaviour of individualistic and collectivist cultures. Customers in an individualistic culture are more likely to voice their complaints than those in a collectivist culture and, in addition, customers in a collectivist culture are more likely to express

---

private responses. Given that the influence of culture on customer complaint behaviour is the central element in this study, a comprehensive discussion of this link accordingly follows.

#### **2.6.4 Culture and customer complaint behaviour**

Culture has been identified as a factor affecting customer complaint behaviour in response to dissatisfaction (Watkins & Liu, 1996:7). Previous studies support this view with evidence that culture is one of the most influential factors regarding customer complaint behaviour (Heung & Lam, 2003:284). This section therefore discusses the influence of culture on customer complaint behaviour.

Donthu and Yoo (1998:178) assert that different cultures vary in terms of their patterns of behaviour and attitude, and will consequently have diverse service expectations. Culture accordingly influences customers' evaluations of service quality, based on their prior expectations (Kueh & Voon, 2007:674). Furrer, Liu and Sudharshan (2000:356) are of the opinion that cultural elements play a significant role in evaluation of service quality, because services are characterised by a high degree of personal interaction. Service organisations should therefore be sensitive to the cultural diversity of their customer base, since the quality of this interpersonal interaction between the customer and the service provider drives customer evaluations (Patterson *et al.*, 2006:273). In the case of service failures, either due to the disconfirmation of expectations or due to the actual service performance, customers may attribute the reason for a service failure differently depending on their respective culture (Reichert & Gill, 2004:202).

Chan and Wan (2008:78) believe that customers are more dissatisfied if they attribute more responsibility to the service organisation; these authors further suggest that customers in an individualist culture attribute greater responsibility to the organisation than collectivists. These authors have also established that customers in an individualist culture attribute even further responsibility in the case of a service failure associated with a loss of economic resources, which is perceived as a more severe problem. Individualists are consequently likely to engage in voice complaints in an attempt to seek redress in the form of compensation, due to their preference for economic resources (Chan & Wan, 2008:79). Furthermore, individualists' self-esteem and

---

attitudes depend on their success in being unique, in self-expression and in validating internal attributes, which give them confidence to voice their complaints (Liu & McClure, 2001:57). Collectivists, on the other hand, find it disturbing to risk confrontation and to voice their complaints directly, as they fear this will break the social harmony of the situation (Patterson *et al.*, 2006:266). Liu and McClure (2001:57) add that in collectivist culture negative emotions such as complaining is considered as “losing face” and are therefore repressed in a public setting – and this implies that these customers would rather engage in private behaviour such word-of-mouth communication or exit.

According to Chan and Wan (2008:90), the collectivist tendency to engage in private responses is a problematic issue for managers, because this type of response prevents the organisation from providing a recuperation effort; consequently, collectivists should be encouraged to voice their dissatisfaction directly to the organisation with a view to facilitate more effective recovery of inevitable failures associated with service delivery. It is clearly imperative for organisations to pay attention to the complaint behaviour of customers of different cultures and accordingly customise methods of managing complaints (Ngai *et al.*, 2007:1389). Yuksel *et al.* (2006:15) add that, given the apparent relationship between customer attitudes and behaviours, understanding differences between cultures in their attitudes towards complaining is also important in order to devise actions aimed at affecting customers’ tendency to complain directly to the organisation instead of somewhere else. Moreover, some of the negative attitudes that prevent customers from complaining could be culture-related (such as propensity to complain, fear of confrontation and losing face), while members of another culture may believe that complaining is an essential function of consumerism (Yuksel *et al.*, 2006:15). Ngai *et al.* (2007:1389) emphasise that only by understanding the roots of customers’ complaint behaviour can organisations develop effective strategies to resolve complaints, which may in turn improve bottom-line performance, diminish negative word-of-mouth and positively impact customer retention, while also improving customers’ perceptions of service quality.

Since customer complaint behaviour has a number of implications – which, if not managed, could be catastrophic for an organisation – a discussion on the importance of recognising and managing customer complaint behaviour is subsequently presented.

---

### 2.6.5 Importance of recognising and managing customer complaint behaviour

For the service organisation, each service encounter provides the opportunity to enhance the current level of quality delivered to the customer and thereby increasing customer satisfaction (Body & Grace, 2006:178). Heung and Lam (2003:283) suggest that high levels of customer satisfaction can only be achieved by meeting customers' expectations; however, it is often difficult to know what customers expect if feedback is not given – and complaints are a significant source of feedback. Stefanou, Sarmaniotis and Stafyla (2003:620) emphasise that complaints should therefore be encouraged in order to provide superior feedback to the organisation and thereby activating a market feedback mechanism. This view is supported by Body and Grace (2006:178) who state that customer complaints provide a mechanism for service organisations to understand service failure points and to improve the quality of service delivered. Complaints accordingly enable the organisation to prevent such failures from happening again (Johnston, 2001:63); but most importantly, they indicate market-related problems that require attention (Blackwell *et al.*, 2006:287). Limited action by a dissatisfied customer may mask market-related problems which the organisation could and/or should correct and, in addition, prevent the customer from achieving redress from an unpleasant experience (Bearden & Teel, 1983:22). Grönfeldt and Stother (2006:160) therefore propound that organisations must make it as easy as possible for customers to complain and provide feedback, thereby ensuring recovery from the “silent majority”.

Phau and Sari (2004:422) recommend that in order to encourage customers to voice their dissatisfaction, organisations should simplify complaint management processes and focus on increasing customer awareness of these processes. McAlister and Erffmeyer (2003:342) support this view by highlighting that if customers are not given the appropriate organisational channels and opportunities to complain, they will voice their dissatisfaction to others and/or exit the relationship. Private responses such as negative word-of-mouth and exit cause the organisation to suffer damage to its reputation, forego the opportunity to remedy and learn from the situation and forfeit potential future revenue from the customer's patronage (McAlister & Erffmeyer, 2003:342). Moreover, negative word-of-mouth is often fatal for organisations because organisations may also lose potential customers; thus the loss of one dissatisfied customer will be greater than the organisation initially predicted (Kitapci & Dortyol, 2009:934). On the other hand, if customers were to voice their dissatisfaction directly to

the organisation, this would alert the organisation to problems, enable them to compensate where necessary, and accordingly minimise negative word-of-mouth (Hawkins & Mothersbaugh, 2010:638).

Singh (1990:18) stresses the importance of not only encouraging customers to voice dissatisfaction, but also to satisfy those customers who are prepared to voice. Stauss and Seidel (2004:26) state that complaint satisfaction results from customers evaluating their actual experiences and the organisation's reaction to the complaint, based on their complaint expectations. According to these authors, the attributes of complaint satisfaction can be categorised in four dimensions, namely: accessibility; quality of the interaction; speed of reaction and appropriateness or fairness of the results; and which customers make the subject of their evaluation of the organisation's ability to manage complaints. Ineffective management of complaints increases the customer's dissatisfaction and provokes negative word-of-mouth or exit intentions (Yuksel *et al.*, 2006:11). Davidow (2003:225) consequently affirms that the manner in which an organisation responds to a complaint can have a major impact on customers' post-purchase behaviour, from repurchase intentions to likelihood to engage in word-of-mouth activities and may even affect the valence of the word-of-mouth message. Such behaviour would compel those responsible to design enhanced strategies for complaint management, with the intention of strengthening customer trust and maintaining relationships in the long-term (Velázquez *et al.*, 2006:510). McCole (2004:346) warns that long-term relationships do not just happen – they are grounded in the organisation's delivery of outstanding service and value and complemented by an effective service recovery system when things go wrong. An enhanced understanding of a customer's likely response to dissatisfaction in a situation consequently provides the opportunity to direct efforts and resources towards a successful service recovery, thereby resolving customer dissatisfaction and minimising customer loss (Panther & Farquhar, 2004:343).

This section highlighted the importance of recognising and managing customer complaint behaviour. The following section links this idea with a focus on customer complaint behaviour, as well as consumer behaviour in the banking industry.

---

## 2.7 CONSUMER BEHAVIOUR AND CUSTOMER COMPLAINT BEHAVIOUR IN THE BANKING INDUSTRY

The banking industry is constantly responding to changes in consumer preferences and needs, increasing competition from non-banking organisations, changes in demographic and social trends, channel strategies and advances in information technologies (Gan, Clemes, Limsombunchai & Weng, 2006:360). These authors highlight that the success or failure of many banks depends on the capabilities of management to anticipate and react to these changes in the market. Moreover, the importance of obtaining a sustainable competitive advantage in such a highly competitive and technological services industry should not be underestimated (Gan *et al.*, 2006:360).

According to Devlin (2001:639), the key to gaining a competitive advantage is to create and maintain superior customer value by adding value to offerings more efficiently than competitors. In order to determine which elements of the service offering are important in adding value, an understanding of consumers' behaviour and their evaluation of service offerings may have insightful implications for banks in the development of competitive marketing strategies (Devlin, 2001:639). Palmer (2008:206) supports this view by adding that the intangible nature of banking services and the general inability of consumers to confirm the quality of a banking service prior to purchase and consumption, contribute towards the importance of understanding the consumer decision-making process (in a banking context) so as to also understand a consumer's evaluation of such a purchase decision.

In addition to the notion of intangibility, the purchase of banking services entail a high amount of risk, which is aggravated by the fact that the average consumer find many of these banking services complex and difficult to understand (Devlin, 2001:639). In such a high risk situation, consumers generally engage in an extensive information search prior to purchase (Schiffman & Kanuk, 2004:556). However, the general lack of information in the banking industry and the complexity of the services and associated charges may discourage an extensive information search, which may cause consumers to feel unable to make a rational purchasing decision. Moreover, the fact that banking services are low in search attributes, but high in experience and credence attributes, may hinder consumers in their search for adequate information (Devlin, 2001:642). Jooste

---

(2009:66) adds that the high experience and credence attributes of banking services mean that consumers have to rely on cues and processes when evaluating alternatives. Elliot and Percy (2007:7) believe that under these circumstances, tangible attributes may serve as surrogate indicators as a result of the intangibility of service attributes. Metewa and Almossawi (1998:301) therefore claim that attributes such as the availability of credit, convenient location, the variety of bank services, adequate banking hours, friendliness of employees, understanding of financial needs, return on investment and the name of the bank all play a crucial role in the evaluation and selection of a bank. Jooste (2009:69) further propounds that the service experience itself is an important part of evaluation, with this experience influenced by the service process, the compatibility of banking customers, customer-facing employees, supporting services and customer co-production.

Ennew and Binks (1996:5) indicate that since banking services are typically produced and consumed simultaneously, customer co-production becomes an important consideration in effective service delivery. These authors emphasise that the ability of a bank to meet the needs of its customers is heavily dependent on the information provided by those customers, thereby influencing their perceptions of the overall quality of service received. This crucial exchange of information needed to deliver banking services makes the interaction between employees and customers more complex. However, it is the quality of the interpersonal interaction between the service provider and the customer which drives customers' post-purchase evaluation (Patterson *et al.*, 2006:273). Jooste (2009:73) emphasises that the evaluation which takes place after a service encounter, and which results in feelings of satisfaction or dissatisfaction, greatly determines customers' future purchasing behaviour. Yavas *et al.* (2004:154) therefore stress that the interpersonal aspects of service quality are closely related to the satisfaction and behavioural outcomes of banking customers. However, as a result of the interpersonal nature of the delivery of banking services, it is also necessary to take note of the customer's culture with regard to their expectations of service quality (Donthu & Yoo, 1998:184). Patterson *et al.* (2006:273) therefore indicate that it is crucial for service organisations such as banks to be sensitive to the cultural diversity of their customer base. Clearly this is not only important with regard to the influence of culture on customers' initial service expectations and consequent satisfaction judgments, but also with reference to their purchase and post-purchase evaluation behaviour. Moreover, when customers experience dissatisfaction in the post-purchase stage,

---

culture may in addition shape banking customers' complaint behaviour in reaction to this post-purchase dissatisfaction (Watkins & Liu, 1996:7).

Tronvoll (2007:604) stresses that customer complaint behaviour is more complex than a simple reaction to post-purchase dissatisfaction. This author highlights that since certain banking services are co-produced during the interaction between employees and the customer, a negative critical incident and consequent customer complaint forms part of the overall service-interaction process. Moreover, customer complaint behaviour might be related to the value-in-use evaluation carried out by the customer during and/or after this interaction with the bank. Nonetheless, customer complaint behaviour in the banking industry is viewed as a complex and dynamic concept, since it comprises a variety of responses (Kitapci & Dortyol, 2009:934; Tronvoll, 2007:604). Kitapci and Dortyol (2009:935) and Ndubisi and Ling (2005:70) propound that behavioural and non-behavioural responses such as complaining to an employee, demanding manager intervention, writing a complaint letter to the bank's head office, complaining to an external agency, telling friends and family about the problem, not complaining and never using the bank again are frequent responses in the banking industry. These authors accordingly categorised customer complaint behaviour actions into four levels: public action, private action, no action and defection.

Defection is an important consideration in the banking industry, since there are customers who would complain before they leave while others would exit without a word of complaint to the bank (Ndubisi & Ling, 2005:74). A customer closing all accounts with the bank causes a break in the customer-bank relationship, which directly influences a bank's profitability. In order to overcome the harmful effects of customer defection, a bank should recognise and manage customer complaint behaviour in order to drive service improvements and foster long-term relationships with banking customers (Ndubisi & Ling, 2005:73; Colgate & Hedge, 2001:201).

## **2.8 CONCLUSION**

This chapter discussed consumer behaviour and included customer complaint behaviour as an important area of study within the field of consumer behaviour. The chapter started with a discussion of marketing as an organisational function and

stressed the importance of the marketing concept, a management philosophy upon which the field of consumer behaviour is based. The consumer decision-making process as an essential area of study within consumer behaviour was subsequently discussed, along with each of its five stages and the various internal and external influences on this process.

Culture, as an external influence, plays a pervasive role in consumer behaviour and a comprehensive discussion of the link between these concepts was accordingly provided. As culture has a significant influence on customer complaint behaviour, a further discussion of customer complaint behaviour followed. Considering the implications of customer complaint behaviour, service organisations should attempt to enhance their understanding of customer complaint behaviour in response to dissatisfaction when a service failure occurs, and this dissatisfaction should be managed by providing an effective service recovery strategy in order to maintain long-term relationships. The final section highlighted the significance of consumer behaviour and customer complaint behaviour in the banking industry. The following chapter, which entails a discussion on service failures and service recovery, turns the focus of the study to relationship marketing – a marketing approach revolving around the maintaining of long-term relationships.

---

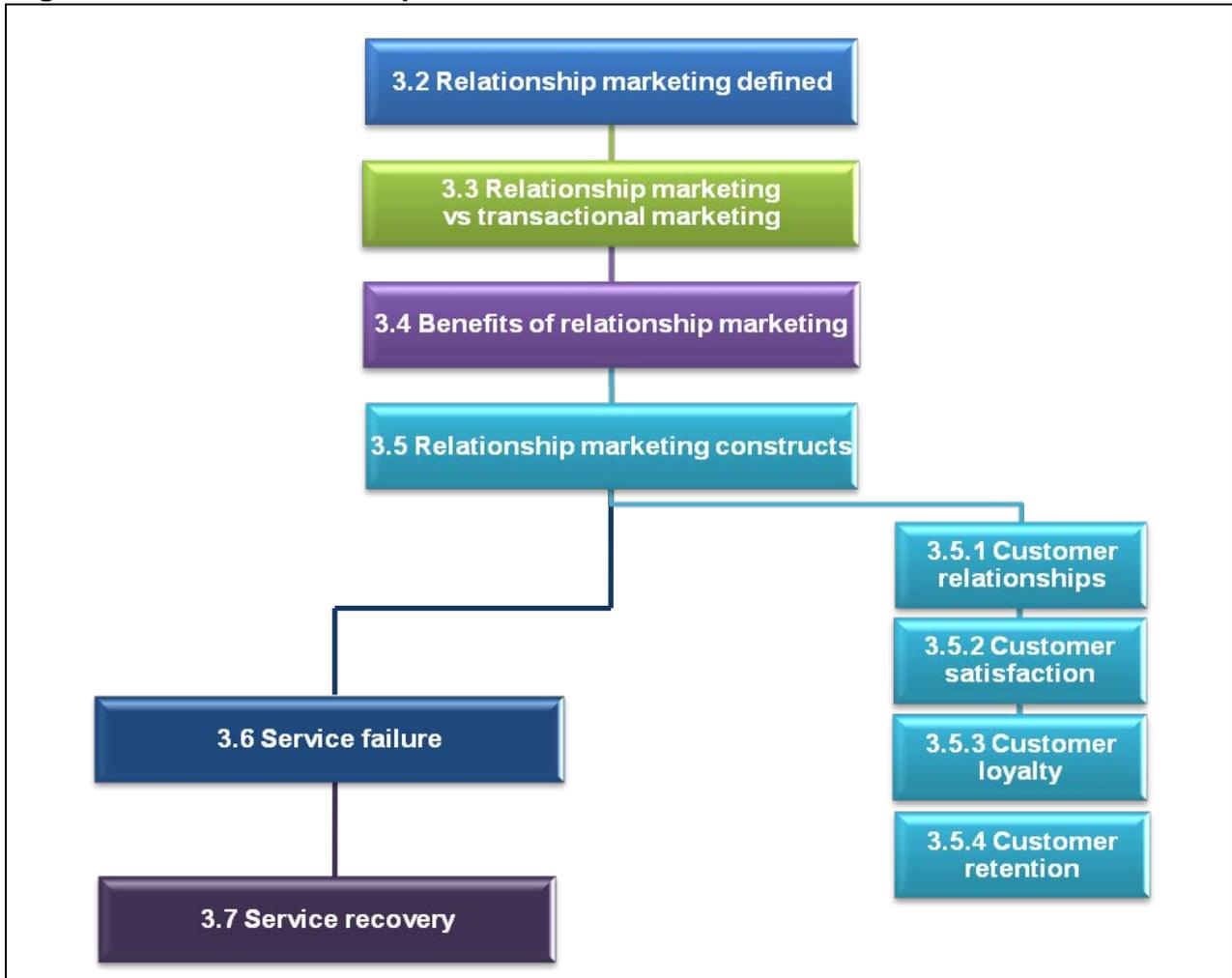
## CHAPTER 3

### RELATIONSHIP MARKETING, SERVICE FAILURE AND SERVICE RECOVERY

#### 3.1 INTRODUCTION

The previous chapter presented a discussion of customer complaint behaviour, which is a vital construct with regard to the focus of this study. Since customer complaint behaviour is a multidimensional construct which may have far-reaching effects if not properly managed, an enhanced understanding of customers' likely responses to their dissatisfaction following a purchase, provides the opportunity for an organisation to direct efforts and resources towards encouraging customer complaints in order to successfully resolve customer dissatisfaction. Customer complaints consequently provide a mechanism for organisations to understand service failure points and to implement effective service recovery strategies, with the ultimate goal of upholding long-term relationships with customers. Given the importance of building and maintaining long-term customer relationships in order to survive in a competitive environment, relationship marketing must be at the centre of every organisation's business activities. It is therefore important to understand the principles governing relationship marketing in order to facilitate those relationships properly.

This chapter accordingly discusses relationship marketing principles. The discussion begins by providing a comprehensive definition of relationship marketing, followed by a comparison between relationship marketing and transactional marketing. The benefits of relationship marketing for the organisation, as well as for the customer, are subsequently described. Salient constructs in the field of relationship marketing, which include customer relationships, customer satisfaction, customer loyalty and customer retention, are also discussed. The chapter concludes with an investigation into service failures and service recovery, since these concepts play a pivotal role in customer satisfaction (and consequently in maintaining long-term customer relationships). The chapter outline of chapter 3 is presented in figure 3.1.

**Figure 3.1 Outline of chapter 3**

### 3.2 RELATIONSHIP MARKETING DEFINED

This section offers a comprehensive overview of the various definitions of relationship marketing as found in the literature.

Relationship marketing is regarded as a philosophy and also as a set of practices that are widely accepted by academics and practitioners (Flambard-Ruad, 2005:53). According to this author the relationship marketing paradigm revolves around the notion of making the most of existing customers in order to achieve long-term profitability. Berry (1983:25) was the first author to formally define the phrase *relationship marketing* in the services marketing literature. This author defines relationship marketing as attracting, maintaining and enhancing of customer relationships. Grönroos (2000:98) provides a more detailed definition of relationship marketing, describing it as the process of identifying and establishing, maintaining, enhancing and – when necessary –

---

terminating of relationships with customers and other stakeholders at a profit, with the intention of meeting the objectives of all parties involved through mutual giving and fulfilment of promises. The above definition includes two strengths: firstly, it takes a process approach to marketing and, secondly, it indicates the way in which this process continues (Grönroos, 2009:398).

Relationship marketing is therefore first and foremost a process, and this process includes all interactions that may develop into networks of suppliers, distributors and consumers (Grönroos, 2000:99). Gummesson (2008:5) accordingly provides a definition that accentuates relationship marketing as the interaction that occurs within networks of relationships. This author explains the core concepts of this definition by stating that relationships require at least two parties to be in contact with each other; networks emerge when relationships become many and complex – a set of multi-part relationships; and lastly, interaction is what takes place between the parties in a relationship that consists of exchanges of values and supporting, cooperative activities (Gummesson, 2008:6; Gummesson, 1995:245). Sheth and Parvatiyar (2002:10) highlight that relationship marketing is essentially concerned with interaction and activities; cooperative production and consumption – in which boundaries of time, location and identity between suppliers and customers transform into a single extended demand-and-supply chain of management. Relationship marketing should therefore be viewed as a value-adding activity that is achieved by means of mutual interdependence and collaboration between suppliers and customers (Sheth & Parvatiyar, 2002:10). According to Andersen (2001:168), the fundamental nature of marketing activities is to reduce exchange uncertainty and to generate customer collaboration and commitment through the development of mutual norms and routines that govern exchange activities.

It has been established that collaboration as well as competition is essential in a functioning marketing economy (Gummesson, 2002:16). McLaughlin, Osborne and Chew (2009:36) indicate that the new conceptualisations of marketing propose a model of a network-based organisation that paradoxically competes through its collaboration with other organisations – which leads to increased information, resources and capabilities. Although there are diverse definitions of relationship marketing, there is widespread agreement that relationship marketing is a vital strategic strategy for organisations facing the challenges caused by the dynamic and increasingly global competitive marketplace (Pelton, 1995:539). McLaughlin *et al.* (2009:36) conclude that

relationship marketing introduces a new level of complexity to relationships which are beyond the scope and competencies of the traditional transactional models of marketing.

The subsequent section compares relationship marketing with the traditional, transactional approach to marketing. A clear distinction between these concepts is important in order to fully grasp the significance of relationship marketing as a paradigm shift in marketing and the opportunities that it presents.

### **3.3 RELATIONSHIP MARKETING VERSUS TRANSACTIONAL MARKETING**

Li and Nicholls (2000:446) suggest that the majority of marketing scholars recognise relationship marketing as an alternative to the traditional marketing approach. It is accordingly important to distinguish between the concepts of relationship marketing and transactional marketing, with the latter representing a traditional approach to marketing.

Traditional marketing is characterised by the 4Ps of marketing which constitute the marketing mix (Li & Nicholls, 2000:446). Payne (2006:7) mentions that frameworks such as the marketing mix were developed in the 1950's to exploit market demand. This author explains that the 4Ps (product, price, promotion and place) were used to describe how organisations could increase demand on their offers, with the objective of this transactional approach being to market the development of strategies that would optimise expenditure on the marketing mix and consequently capitalise on sales. McLaughlin *et al.* (2009:36) suggest that, in this model, the organisation is viewed as a unitary entity operating in isolation from other organisations. The early ideas about the conditions for marketing exchange were accordingly grounded in classical economics and a model of exchange theory that supports a purely transactional approach (McLaughlin *et al.*, 2009:36).

Transactional marketing therefore revolves around single transactions and not around the notion of building long-term relationships (Grönroos, 1994:10). Gummesson (2002:17) highlights that, in transactional marketing, the fact that a customer has bought a product does not predict the probability of a future purchase. Organisations therefore view each transaction as a discrete unit with no correlation to any prior or future

---

transactions (Peppers & Rogers, 2004:39). Gummesson (2008:24) consequently highlights that transactions lack history and memory in a transactional marketing approach. This quality makes transactional marketing a suitable approach to mass marketing. Harker and Egan (2006:221) affirm that transactional marketing assumes that consumers are available in great numbers and that they behave passively. Varey (2002:21) supports this view by adding that the consumer is then represented as an inactive and receptive object whose attitude and behaviour could be influenced through targeted communications. Little and Marandi (2003:26) mention that product features, gimmicks and sales promotions are used in transactional marketing to attract new customers; then marketers would “discard” customers until the next purchase. According to Grönroos (1999:329), the mass marketing and transaction orientation inherent in the marketing mix approach do not allow the organisation to adjust its market performance to the demands of customers, for example enhanced value around the core product, reliable service and a trustworthy relationship with customers, suppliers and distributors. This author holds that these changing demands from the market that have had a profound impact on the development of relationship marketing. This view is supported by Andersen (2005:39) who adds that stiffer competition, rising marketing costs and shorter technology life-cycles have led to a change in terms of the focus of marketing efforts: from immediate exchange to the initiation, establishment and maintenance of long-term relationships with customers.

The objective of relationship marketing, in contrast with transactional marketing, is to create long-term interactive relationships between providers and customers. In such a relational approach to marketing, acquiring customers and creating transactions are imperative; however, maintaining and enhancing ongoing relationships are of equal importance (Grönroos, 1996:8). Relationship marketing is perhaps best understood as an umbrella concept which stresses the need to view exchanges from a long-term perspective rather than from a short-term one (Palmer, 2002:82). Payne (2006:9) highlights that relationship marketing has three distinguishing characteristics: it emphasises customer retention and lifetime value of customers through strategies focused on retaining customers in the long-term; it views marketing as a cross-functional responsibility of all departments in an organisation; and lastly, it recognises that organisations need to focus their marketing actions on multiple-stakeholder markets. Hunt (1997:431) supports this last issue by adding that developing long-term relationships with other stakeholders such as suppliers, employees and competitors

gives organisations a new means to compete. Being a successful competitor in the global economy therefore requires an organisation to be a co-operator in some or other network (Morgan & Hunt, 1994:20). Roberts-Lombard and Steyn (2008:15) share this opinion; they suggest that long-term relationships are not independent of each other, but rather comprise a network of relationships which have a direct bearing on the value-added components of the organisation's products and the services customers receive. Sheth and Parvatiyar (2002:10) hold that the goal of relationship marketing is to increase customers' commitment to the organisation through the process of offering enhanced value on a continuous basis at a reduced cost. According to Morgan and Hunt (1994:22), commitment and trust are essential in achieving cooperative behaviour; when these concepts are present, they create results that promote efficiency, productivity and effectiveness. The final measure of success with regard to the implementation of relationship marketing is the growth of the share of a customer's business and, ultimately, increased profitability (Sheth & Parvatiyar, 2002:10). A summarised comparison between relationship marketing and transactional marketing is provided in figure 2.2.

**Figure 2.2 Relationship marketing vs. transactional marketing**

| Relationship marketing  | Transactional marketing   |
|---|---|
| <ul style="list-style-type: none"> <li>•Focus on customer retention</li> <li>•Orientation on product benefits</li> <li>•Long time-scale</li> <li>•High emphasis on customer service</li> <li>•High customer commitment</li> <li>•High customer contact</li> <li>•Quality is the concern of all</li> </ul> | <ul style="list-style-type: none"> <li>•Focus on single sale</li> <li>•Orientation on product features</li> <li>•Short time-scale</li> <li>•Little emphasis on customer service</li> <li>•Limited customer commitment</li> <li>•Moderate customer contact</li> <li>•Quality is a concern of production</li> </ul> |

Adapted from: Little and Marandi (2003:26) and Christopher, Payne and Ballantyne (1991:9)

This section provided a comparison between transactional marketing and relationship marketing, and it was found that relationship marketing creates opportunities for

increasing the organisation's profitability, as well as other opportunities that can enhance the benefits customers are likely to obtain. This is possibly by means of the emphasis placed on customer service and customer contacts. The following section describes the benefits associated with relationship marketing in greater detail.

### **3.4 BENEFITS OF RELATIONSHIP MARKETING**

It has been well established in the literature that the implementation of relationship marketing offers numerous benefits for both the organisation and the customer. This section commences with a discussion of the benefits of relationship marketing for organisations, which is then followed by the benefits customers expect to obtain from the organisation.

#### **3.4.1 Benefits of relationship marketing for organisations**

The implementation of relationship marketing has several benefits for an organisation, most of which ultimately lead to an increase in the organisation's profitability. This is mainly due to the fact that relationship marketing is concerned with retaining loyal customers in the long-term (Gummesson, 2008:5; Little & Marandi, 2003:33). Kim and Cha (2002:322) indicate that by retaining a mere 5% more customers, organisations can increase their profits by almost 100%. This view is supported by Harrison-Walker (2001:399) who adds that customer retention has a direct influence on the organisation's profitability since an organisation would require up to five times more expenditure to attract a new customer than to retain an existing one. Reid and Bojanic (2009:60) accordingly suggest that the implementation of relationship marketing will help to enhance profitability if customer retention is increased. However, it is important to stress that long-term customer retention relies on customer loyalty which, in turn, depends on well-managed, strong relationships.

Reichheld (1996:57) stresses that customer loyalty is the best indicator of strategic success or failure; moreover, the longer a customer stays with the organisation, the more that customer is worth. Marzo-Navarro, Pedraja-Iglesias and Rivera-Torres (2004:425) are also of the opinion that customer loyalty points to an organisation's competitive asset and serves as a foundation to increase prices and generate barriers

to market entry. Payne (2006:9) supports this view by stating that loyal customers are intangible assets that add value to the balance sheet. Loyal customers purchase more, are less sensitive to price variations, take up less of an organisation's time and moreover, bring in new customers (Reichheld, 1996:2). These actions which are found among loyal customers tend to facilitate the development of incremental profits, which signify some of the major benefits related to relationship marketing (Lovelock & Wirtz, 2007:360). These benefits can be summarised as profit that is derived from increased purchases, profit from price premiums, profit from reduced operating costs and profit from referrals. These are discussed below. In addition to these four tangible benefits related to customer loyalty, the intangible benefits of relationship marketing are also discussed.

#### **3.4.1.1 Profit from increased purchases**

The more loyal customers become, the longer they are likely to continue to purchase from the same organisation (Anderson, Fornell & Lehman, 1994:55). Moreover, loyal customers increase sales by purchasing a wider variety of an organisation's products and services, and by making more frequent purchases (Bowen & Chen, 2001:213). Murphy (2001:37) is of the opinion that profits will increase if customers' portfolio of purchases is increased or when they are upgraded through upselling and cross selling. Varela-Neira, Vazquez-Casielles and Iglesias-Arguelles (2008:507) assert that loyalty behaviours such as an increase in repurchase intentions, an increase in repetition sales and an increase in cross sales are directly influenced by overall customer satisfaction; and customer satisfaction has a critical effect on profitability. Bolton (1998:61) found that overall satisfaction and prior assessment of service quality are weighed more heavily than new information when making purchasing decisions. It is therefore logical to assume that customers would increase their purchases from the organisation if they have had positive experiences, as customer loyalty is based on a positive confirmation of previous purchases (Tsosa, 2002:48). Lovelock and Wirtz (2007:352) add that customers may purchase more of a certain product or service as their families grow or as they become more affluent, with these customers willing to consolidate their purchases with a single provider of a high-quality product or service.

---

### 3.4.1.2 Profit from price premiums

Palmatier, Scheer and Steenkamp (2007:195) suggest that loyalty to an organisation has a positive influence on the willingness of its customers to pay a price premium. These authors propose that a customer's willingness to pay a price premium is an apparent variable that measures the average premium that the customer would pay to deal with this specific organisation, as opposed to another organisation with similar services. The argument behind the willingness to pay higher prices emanates from the notion that the cost of switching from one organisation to another is too high (Reinartz & Kumar, 2002:6). According to Reinartz and Kumar (2002:6) it is, however, highly unlikely that loyal customers will pay a premium price, seeing that in most cases customers guarantee greater frequency of purchase in return for lower prices. Grewel, Iyer, Krishnan and Sharma (2003:392) mention that lower prices result in lower margins and therefore organisations should pay attention to the price-value-loyalty chain. Urban, Sultan and Qualls (2000:45) argue that premium prices are accordingly justified upon the basis of the added value that customers receive. Murphy (2001:37) adds that customers are not paying more for the same service; they are paying for attention, care, participation in decision-making and other extras that create added value. Sirdeshmukh, Singh and Sabol (2002:22) also suggest that value may be created through trust in the organisation. Customers are therefore more likely to pay a premium price to the organisations in which they trust (Urban *et al.*, 2002:48).

### 3.4.1.3 Profit from reduced operating costs

Profits from reduced operating costs are achieved when experienced customers' increased expertise leads to declined expenses regarding customer care during later phases of the relationship life-cycle (Hennig-Thurau, Gwinner & Gremler, 2002:231). Lovelock and Wirtz (2007:360) add that experienced customers may make fewer mistakes in operational processes and in this way could contribute towards greater productivity. Furthermore, loyal customers do not have acquisition or set-up costs such as lower interest rates offered to new customers, gift vouchers and so forth (Little & Marandi, 2003:33). Little and Marandi (2003:34) add that marketing expenditures constitute another acquisition cost; therefore, greater profitability can be gained if the cost of advertising and personal selling is reduced.

#### **3.4.1.4 Profit from referrals**

Profits from referrals are made when loyal customers spread positive word-of-mouth communication, resulting in less investment on advertising and personal selling. Egan (2004:73) argues that depending on referrals for profit growth assumes that competitors are inactive and that the market is growing at a reasonably substantial rate. However, word-of-mouth remains a very powerful form of communication as customers tend to actively seek information from other customers or they simply overhear other customers regarding their experiences (Kim, Han & Lee, 2001:276). Henning-Thurau *et al.* (2002:231) assert that positive word-of-mouth communication helps to attract new customers as relational associates to an organisation's offering which provide a means for replacing lost customers.

#### **3.4.1.5 Intangible benefits**

In addition to tangible benefits such as customer loyalty, relationship marketing produces significant intangible benefits (Payne, 2006:12). This author states that customer contact and customer involvement are encouraged by the prominence given to customer service, which results in enhanced knowledge of customer needs required in order to improve service delivery. Little and Marandi (2003:26) mention that relationship marketing aims to satisfy customers' needs as closely as possible. These authors suggest that, in addition to customer service, high levels of importance are attached to quality and product or service benefits; therefore the provision of quality and devotion to a customer orientation is a concern for the entire organisation. This is especially important if one considers the concepts of organisational image and organisational reputation (Nguyen & Leblanc, 2001:229). In the case of services, quality can only be evaluated after consumption, and therefore these authors suggest that organisational image and reputation are considered as reliable cues that signal the ability of an organisation to satisfy customers' needs and wants. Yu (2007:568) confirms that customer satisfaction is positively associated with customers' perceptions of the organisations' reputation, a notion which signifies the opportunities involved with the implementation of relationship marketing.

---

### 3.4.2 Benefits of relationship marketing for customers

According to Marzo-Navarro *et al.* (2004:428), benefits must be obtained by both sellers and buyers involved in an exchange relationship; it is therefore important to note the significant benefits that customers gain with the implementation of relationship marketing. Gwinner, Gremler and Bitner (1998:109) have established that customers who form part of a long-term relationship experience three primary types of relational benefits, which include confidence benefits, social benefits and special treatment benefits. These relational benefits are benefits that exist above and beyond the core service provided (Henning-Thurau *et al.*, 2002:234).

Gwinner *et al.* (1998:109) propound that confidence benefits are the most important benefit to customers, and that these benefits are the consequence of a sense of reduced anxiety, faith in the trustworthiness of the service provider, reduced perception of risk and knowing what to expect from the organisation; social benefits are characterised by personal recognition of customers by employees, customers' familiarity with employees, as well as by the creation of friendships; and special treatment benefits include benefits that customers receive with occasional price discounts or special services. Each of these relational benefits is subsequently discussed.

#### 3.4.2.1 Confidence benefits

Confidence benefits are related to the concept of trust, where trust is defined as a willingness to rely on an exchange partner in whom one has confidence (Moorman, Zalthman & Deshpande, 1992:314). According to Berry (2002:75), the characteristics of a service (such as its intangibility, variability, complexity, involvement and importance) add purchase risk; this encourages customers to remain with organisations they trust and they will therefore only engage in relationships with providers of high-risk services in which they have confidence. Andaleeb (1996:78) mentions that with trust, outcome expectations can be predicted reliably, which makes one feel secure in the relationship. However, should there develop a lack of trust, the confidence relationship will tend to lose meaning since the central party's needs are no longer guaranteed of being fulfilled. Dissatisfaction in and disintegration of the relationship consequently becomes a possibility. Trust may, for this reason, be seen as a major determinant of relationship

---

commitment (Morgan & Hunt, 1994:24). Palmatier, Dant, Grewal and Evans (2006:149) found that commitment has the greatest impact on customer loyalty. This implies that customer loyalty will be greater when customers have perceptions of trust or confidence in the organisation (Henning-Thurau *et al.*, 2002:237).

#### **3.4.2.2 Social benefits**

Håkansson and Snehota (2000:69) assert that the interaction between a customer and an organisation almost always has a social content which enables individuals to develop social relationships. Gwinner *et al.* (1998:104) state that this content is especially prevalent in those services which have a high degree of interpersonal contact. This notion is supported by Patterson and Smith (2001:428) who affirm that social benefits might be more important in high contact situations than in low contact, standardised situations. Social benefits are therefore derived from the emotional aspect of a relationship and include feelings of understanding, familiarity and even friendship between the organisation's customers and employees (Chang & Chen, 2007:105). Social benefits accordingly focus on the relationship itself rather than on the consequence of transactions (Henning-Thurau *et al.*, 2002:235). The importance of social ties therefore is lodged in the fact that the social ties developed through interpersonal relationships make it more difficult for the customer to break the psychological connection with the organisation and to switch an alternative provider (Marzo-Navarro *et al.*, 2004:434). These social ties also appear to be an important antecedent of trust, with a personal relationship and feelings of likeness serving to facilitate the process of building an attitude of good faith between the parties involved. In such a situation, information disclosure becomes easier, which ultimately results in enhanced understanding of each party's motives and drives (Gounaris, 2005:136).

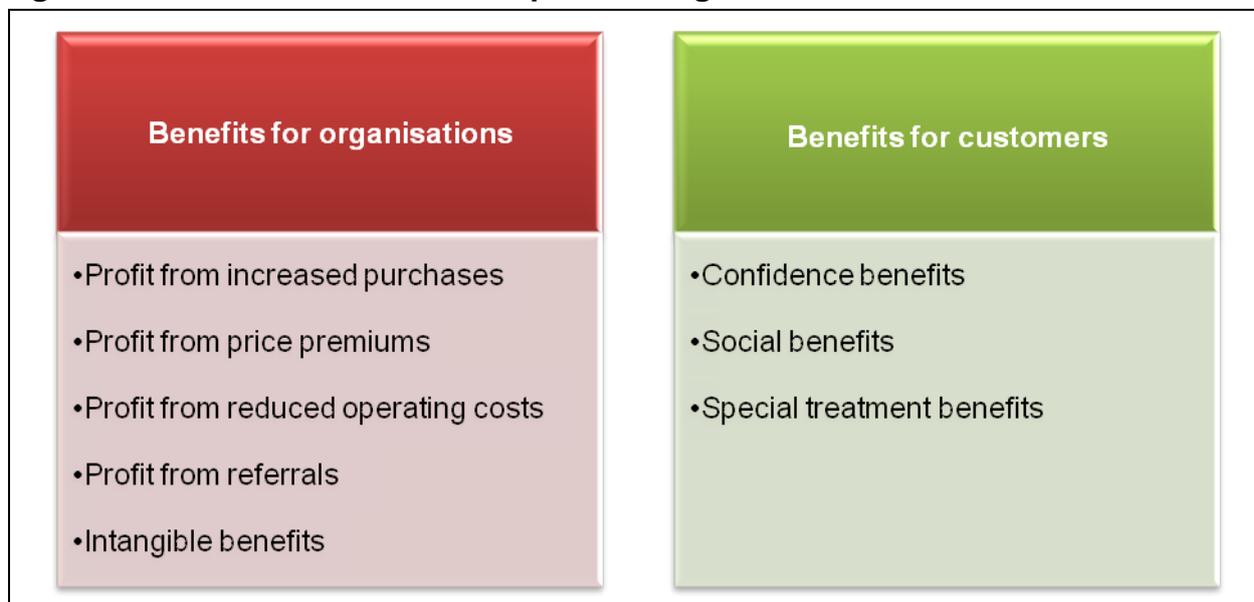
#### **3.4.2.3 Special treatment benefits**

Special treatment benefits combine economic and service customisation benefits that customers obtain from developing relationships with an organisation (Contrí, Molina & Saura, 2009:59). The latter is possible through organisations' enhanced knowledge of the customer's needs by means of the practice of relationship marketing which allows organisations to customise their services to customers' specifications (Berry, 2000:153).

Yen and Gwinner (2003:485) state that a special treatment benefit is based on the concept that relational partners obtain special deals and treatment that are unavailable to non-relational customers. According to Patterson and Smith (2003:115), customers place a high value on receiving preferential treatment and special privileges which are bestowed on loyal customers. It has been established, however, that special treatment benefits are perceived as less important than having confidence in the service provider or enjoying a personal relationship (Gwinner *et al.*, 1998:110).

Regardless of the type of benefit obtained, it has been suggested that the greater the past experience with the core service and relational benefits obtained from a service provider, the greater the anticipation of future benefits will be, which will result in stronger customer relationships (Bove & Johnson, 2000:494). Ha and Jang (2009:320) suggest that, from the customer's perspective, beneficial relationships between organisations and customers are important in order to develop the indispensable concepts of trust and commitment, which will have positive effects on future behavioural intentions. The benefits of relationship marketing for the organisation as well as for the customer, as discussed previously, are summarised in figure 3.3.

**Figure 3.3 Benefits of relationship marketing**



It is apparent that if customers perceive the relationship as beneficial, their repurchase intention and word-of-mouth referral will increase, and this will in turn lead to increased benefits for the organisation in terms of higher revenues and profits. However, in order

for the organisation as well as the customer to obtain the benefits associated with relationship marketing, the constructs which constitute relationship marketing should be in place. These constructs, which include customer relationships, customer satisfaction, customer loyalty and customer retention, are described in the subsequent section.

### 3.5 RELATIONSHIP MARKETING CONSTRUCTS

This section presents a discussion of the major constructs which are associated with relationship marketing. The discussion commences with an overview of customer relationships, since it is generally accepted that relationship marketing involves the building and maintaining of long-term relationships. Customer satisfaction as a core value of relationship marketing is subsequently addressed, followed by a discussion of customer loyalty, which is developed through satisfaction – and lies at the heart of long-term relationships. Both customer satisfaction and customer loyalty are essential determinants of customer retention; this section therefore concludes with a discussion of customer retention, which is considered to be the crux of relationship marketing. The constructs that comprise this section are illustrated in figure 3.4.

**Figure 3.4 Relationship marketing constructs**



---

### 3.5.1 Customer relationships

Relationship marketing endeavours to build long-term, trusting and mutually beneficial relationships with valued customers (Kim & Cha, 2002:322). It is therefore necessary to grasp the concept of customer relationships and the significance thereof in order to facilitate proper relationship marketing. According to Morris, Brunyee and Page (1998:361), considerable attention has been directed to identify the underlying variables that characterise a relationship, with some of these variables describing the overall relationship (such as duration and frequency of transactions, legal bonds, mutual goals and the valence of the relationship). These authors believe that the key underlying variable that characterises a relationship is the motivation of each party to engage in the relationship.

A relationship requires that at least two parties must be in contact with each other, with the most basic marketing relationship being that of supplier and customer (Gummesson, 2002:3). Customers generally engage in relationships with organisations in order to reduce their choices, a phenomenon which is reflected in the continuity of patronage and maintenance of an ongoing connectedness over time. By so doing, customers forgo the opportunity of choosing another organisation to satisfy their needs (Sheth & Parvatiyar, 1995:256). Seshadri and Mishra (2004:513) suggest that relationships are necessary to transcend immediate and future economic concerns and are important in situations of ambiguity and uncertainty. Payne (2006:111) indicates that customers particularly value relationships with trusted organisations. Odekerken-Schröder, de Wulf and Schumacher (2003:182) highlight the fact that relationships characterised by trust are so highly valued that the parties involved will desire to commit themselves to such a relationship. Commitment can consequently be described as an enduring desire to maintain a valued relationship (Herbst & Forrest, 2008:36). As relationships are an imperative element of value, considerable efforts are needed to develop and enhance relationships over time (Payne, 2006:111).

Developing, maintaining and strengthening of customer relationships depends on the customer's perception of the importance of trust, bonding, empathy, recognition, understanding, commitment, loyalty and shared values, all of which are part of the relationship dimensions that influence the strength of a relationship (Roberts-Lombard &

---

Steyn, 2008:17). Bove and Johnson (2000:495) indicate that relationship age is also an antecedent of relationship strength, as it may increase both the levels of trust and commitment within the relationship. According to Donaldson and O'Toole (2000:493), a measurement of the behavioural process (along with the economic content of the relationship) is necessary in order to assess relationship strength. These authors state that relationship strength measures the underlying motivation guiding the relationship and the intensity of interaction between the partners to determine the structure of the relationship, which is then labelled as either a bilateral, recurrent, dominant partner or discrete relationship. Relationships therefore exist at different levels, and these levels determine the type and nature of a customer-organisational interaction (Egan, 2004:50).

Morris *et al.* (1998:363) assert that relationships can form at any time in the ongoing interaction between the two parties involved, with this interaction ultimately leading to collaboration in order to achieve mutual benefits, resulting in a high degree of interdependence. A relationship cannot exist unless it is mutually beneficial; or unless it entails behaviour that is planned, cooperative and intended to continue (Little & Marandi, 2003:23). According to Seshadri and Mishra (2004:514), a characteristic of a relationship is its long-term duration; however, these authors recognise that certain relationships may be of finite duration and that continuity is a mere ideal. Egan (2004:50) supports this view by stating that relationships cannot be expected to last forever as not all relationships are close and enduring. Customers' decision to maintain an existing relationship with an organisation is described as a trade-off between their considerations of future costs and benefits (Bolton, 1998:48). When a customer decides to terminate a relationship, there are termination costs involved which result from the perceived lack of comparable potential alternatives, relationship dissolution expenses and/or significant switching costs (Morgan & Hunt, 1994:25).

From an organisation's perspective, considerable costs are required by the organisation to invest in a customer relationship. These costs include the costs of attracting prospective customers, identifying customers' needs, modifying offerings to meet these needs and monitoring performance, as well as any opportunity costs with regard to foregone relationships with other customers (Bendapudi & Berry, 1997:17). These authors therefore recommend that organisations can benefit from identifying those customers who are most open to maintaining relationships. According to Odekerken-Schröder *et al.* (2003:182), the concept of customer relationship proneness, as the

stable tendency of a customer to engage in a relationship, is of notable significance for an organisation. These authors suggest that relationship-prone customers could be easier to satisfy as a result of a higher receptivity towards an organisation's retention efforts. Vázquez-Carrasco and Foxall (2006:216) are of the opinion that customers will be more prone to engage in a relationship if a service organisation is capable of fulfilling their needs for variety, which will lead to a higher perception of relational benefits, satisfaction and loyalty. Given the importance of these last few concepts, especially in terms of increased profitability, there is a general agreement that relationships between organisations and their customers are critical to an organisation's survival and success (Bendapudi & Berry, 1997:16). Ravald and Grönroos (1996:19) believe that a stable, mutually profitable and long-term relationship can be enhanced essentially through customer loyalty. Homburg and Giering (2001:58) have established that customer loyalty is at the centre of long-term relationships and satisfaction provides the means to increase customer loyalty. Varey (2002:54) therefore recommends forming relationships with customers by, first of all, focusing on their needs and thereby ensuring customer satisfaction. The significance of customer satisfaction is accordingly described in the following section, beginning with a definition of the concept, and elaborating on its influence on service quality and customer loyalty.

### **3.5.2 Customer satisfaction**

Customer satisfaction is a critical concept that must be included in a discussion of relationship marketing, because it is essential for developing customer loyalty and, consequently, long-term relationships. Customer satisfaction can be defined as an overall positive post-purchase evaluation (Fornell, 1992:11). This definition focuses on post-purchase perceived product performance as compared with pre-purchase expectations.

Schiffman and Kanuk (2004:570) hold that when customers evaluate performance against their expectations, there are three likely outcomes: performance meeting expectations, performance exceeding expectations (positive disconfirmation) or performance falling below expectations (negative disconfirmation). Disconfirmation is therefore the result of discrepancies between prior expectations and actual performance (Caruana, Ewing & Ramaseshan, 2000:58; Churchill & Suprenant, 1982:492). Churchill

---

and Suprenant (1982:492) further explain that the disconfirmation concept encompasses the constructs of expectations, performance, disconfirmation and satisfaction. Customer satisfaction is consequently said to be accomplished when the perception of a product or service performance meets or exceeds customers' expectations (Schiffman & Kanuk, 2004:14; Tsosa, 2002:46).

Terblanche (2006:35) describes customer expectations as the level of quality that customers expect to obtain from a product or service; this serves as a norm that is adjusted by means of a customer's most recent purchase and consumption experiences. Anderson and Fornell (2000:S874) support this view by stating that expectations signify prior consumption experiences with the organisation's offering, which may include information available through sources such as advertising and word-of-mouth. In addition, expectations serve as a prediction of the organisation's ability to deliver quality in the future (Anderson & Fornell, 2000:S874). Fornell, Johanson, Anderson, Cha and Bryanant (1996:9) emphasise that customer expectations are accordingly positively related to perceived quality and perceived value. Perceived quality or performance refers to the customer's evaluation of recent consumption experiences. This is believed to have a direct and positive effect on overall customer satisfaction, whereas perceived value is the perceived level of product quality relative to the price paid (Fornell *et al.*, 1996:9). Perceived value could accordingly be defined as those benefits that customers receive in relation to total purchasing costs (McDougall & Levesque, 2000:394). In the case of services, Cronin, Brady and Hult (2000:193) have established that service customers place greater importance on the quality of a service than they place on the costs associated with its acquisition, since a service is largely defined by perceptions of quality.

Little and Marandi (2003:151) claim that customer satisfaction derives from a positive judgement of service quality received. Parasuraman, Zeithaml and Berry (1988:23) indicate five dimensions used to measure service quality, namely tangibles, reliability, responsiveness, assurance and empathy. These authors have developed the SERVQUAL scale which allows organisations to assess the level of service quality in terms of these dimensions; this scale yields insights regarding how customers evaluate service performance. Cronin and Taylor (1992:65) hold that organisations should emphasise overall customer satisfaction programmes instead of focusing on strategies solely centred on service quality, since customers may not necessarily purchase the

---

highest quality service – convenience, price or availability may enhance satisfaction while not essentially affecting customers' perceptions of service quality. Although service quality and customer satisfaction are two distinct constructs, there is a causal relationship between the two, with perceptions of service quality significantly influencing feelings of satisfaction (McDougall & Levesque, 2000:395).

It is important to note that a distinction can be drawn between a service encounter or transaction-specific satisfaction and overall or cumulative satisfaction (Boshoff & Gray, 2004:28; Shankar, Smith & Rangaswamy, 2003:156; Anderson *et al.*, 1994:54). From an encounter-specific perspective, satisfaction is viewed as a post-choice evaluative judgement of a specific purchase incident (Boshoff & Gray, 2004:28). Overall satisfaction, on the other hand, refers to the cumulative effect of a set of distinct service encounters (Shankar *et al.*, 2003:156). According to Anderson *et al.* (1994:54), this type of satisfaction is an essential indicator of the organisation's past, present, as well as future performance. Higher satisfaction levels may therefore improve an organisation's future financial performance by means of increased revenues from existing customers, as a result of higher purchase quantities and lower price elasticities. Anderson *et al.* (1994:55) add that, in addition, higher customer satisfaction should protect current customers from competitive efforts, and, in addition, indicate reduced costs of future transactions, lower costs of attracting new customers, enhanced organisational reputation and increased customer loyalty.

Little and Marandi (2003:15) indicate that attempting to satisfy customers is only the first step towards developing customer loyalty; satisfaction does not equal customer loyalty and is not consistent in determining how many customers will return. McIlroy and Barnett (2000:349) support this view by stating that satisfaction is a necessary but not a sufficient condition for loyalty. However, by providing continuous and efficient value to customers, high levels of customer satisfaction is achieved, which makes it in customers' best interest to stay with the organisation (Schiffman & Kanuk, 2004:15). Overall customer satisfaction consequently has a critical effect on profitability if one considers its influence on loyalty behaviours such as an increase in repurchase intentions, an increase in repetition sales and an increase in cross sales (Varela-Neira *et al.*, 2008:507). The following section elaborates on these loyalty behaviours with regard to the two types of customer loyalty. The importance of customer commitment is

---

discussed, as well as the outcomes of this for both the customer and the relationship marketing organisation.

### 3.5.3 Customer loyalty

Customer loyalty expresses an intended behaviour associated with the service or the organisation (Tsosa, 2002:49). Previous research has established that customer satisfaction influences customer loyalty (Homburg & Giering, 2001:58; Fornell *et al.*, 1996:9; Hallowell, 1996:28). Rauyaruen and Miller (2007:25) propose that overall satisfaction influences both behavioural and attitudinal loyalty. Rauyaruen and Miller (2007:23) define behavioural loyalty as the willingness of a customer to repurchase the service of an organisation and to maintain a relationship; and attitudinal loyalty is described as the level of a customer's psychological attachments, as well as attitudinal support towards an organisation. Consequently, behavioural measurements of customer loyalty consider consistent, repetitious purchase behaviour as an indicator of loyalty, whereas attitudinal measurements of customer loyalty reflect the emotional and psychological attachments inherently found in loyalty (Bowen & Chen, 2001:213).

Shankar *et al.* (2003:154) are of the opinion that a behaviourally loyal customer may merely be spuriously loyal. The high levels of purchases made by spuriously loyal customers may be attributed to habitual buying, financial incentives, convenience, lack of alternatives, as well as factors relating to the individual customer's situation (Balaglu, 2002:49). According to this author, a spuriously loyal customer lacks emotional attachment to the brand or organisation. An attitudinal loyal customer, on the other hand, displays attachment or commitment towards the organisation; and this causes the customer not to be easily influenced by attractive alternatives (Shankar *et al.*, 2003:155). These authors are furthermore of the opinion that attitudinal loyalty indicates resistance to persuasion from competitors, resistance to unfavourable expert opinion, a willingness to pay a price premium, a willingness to recommend the organisation, as well as higher repurchase intentions. Balaglu (2002:48) therefore asserts that customers with a high level of loyalty are characterised by both high repeat patronage and strong attitudinal commitment.

---

Commitment may assume two forms, namely affective commitment or calculative commitment (Evanschitzky, Iyer, Plassmann, Niessing & Meffert, 2006:1209; Gustafsson, Johnson & Roos, 2005:221). According to Allen and Meyer (1990:2), in each instance commitment indicates a psychological state that connects the customer with the organisation. The fundamental nature of affective commitment is that customers come to develop an emotional attachment to the organisation (Fullerton, 2003:334). This emotional attachment is such that the committed individual identifies with, is involved in and enjoys membership in the organisation (Allen & Meyer, 1990:2). Calculative commitment, in contrast, results from the expectancy of high termination or switching costs associated with leaving the relationship; the customer therefore perceives a need to maintain the relationship (Gounaris, 2005:128; Geyskens, Steenkamp, Scheer & Kumar, 1996:304). Calculative commitment is consequently based on perceived structural constraints and not a cognitive consideration of possible future opportunities. Relationships based on calculative commitment continue on a cost-benefit basis until the customer decides whether it is possible to leave (Gounaris, 2005:128). Mattila (2006:180) therefore recommends that organisations should rather focus on strengthening affective commitment as its influence on repeat patronage and word-of-mouth referrals is significant. Nonetheless, commitment in any one of its forms reflects customers' self-evaluation of the consumption situation and constitutes an active decision on the customer's behalf to engage in a long-term relationship with the organisation (Evanschitzky *et al.*, 2006:1208). Morgan and Hunt (1994:21) suggest that the committed party believes that the relationship is worth maximum efforts to ensure that it continues indefinitely. Commitment involves vulnerability and therefore parties will only seek partners in whom they can trust (Peppers & Rogers, 2004:46). In this regard, Little and Marandi (2003:43) affirm that the mechanisms of commitment and trust need to be developed in order to develop customer loyalty.

The more loyal customers become, the longer they are likely to continue to purchase from the same organisation; therefore, the cumulative value of a loyal customer to an organisation is noteworthy. Reichheld (1996:7) has established the value of loyal customers in terms of increased profitability. However, in order for a relationship to continue, both parties must receive benefits (Marzo-Navarro *et al.*, 2004:427). In terms of customer benefits, the longer a customer stays with the organisation, the more benefits are obtained – which consequently stimulate loyalty (Chang & Chen, 2007:105). These authors further state that the relational benefits, namely confidence

---

benefits, social benefits and special treatment benefits (see section 3.4.2), provides switching barriers which make it difficult or costly for customers to switch providers. Such switching barriers include hard benefits such as economic gains that customers receive, as well as soft benefits which relate to the customer's sense of 'special status' and recognition. Ha and Jang (2009:320) suggest that from the customer's perspective, beneficial relationships between customers are important in order to develop the indispensable concepts of trust and commitment, resulting in positive effects on future behavioural intentions. Hallowell (1996:28) concludes that behaviours associated with loyalty comprise relationship continuance, increased scale or scope of relationship and word-of-mouth advertising – these result from customers' beliefs that the magnitude of value received from the organisation is greater than those received from another.

According to Du Plessis (2009:15), certain organisations are turning to customer loyalty programmes to ensure the continuity of relationships in a progressively competitive environment. Loyalty programmes seek to bond customers to an organisation by offering an additional incentive (Dowling & Uncles, 1997:71). Dowling and Uncles (1997:73) are of the opinion that loyalty programmes might attract widespread customer interest, but are in reality difficult to support. According to Berndt (2009:326), disadvantages of loyalty programmes include that such programmes affect sales levels without contributing to relationship development, and only reward people for their behaviour. This author further states that since customers are driven by rewards, they will turn to another programme if they believe it offers better benefits. However, loyalty programmes may be successful in changing customer behaviour and motivating increased purchasing (Lewis, 2004:282). In order to maximise the programme's effectiveness, Dowling and Uncles (1997:81) recommend the following: that a loyalty programme should be developed to enhance the value proposition of the service; the programme should be fully costed because unexpected expenses may occur; and finally, a reward scheme should be designed in such a manner that it increases customers' motivation to make the next purchase. Berndt (2009:326) mentions that customers may benefit from loyalty programmes as they are able to receive purchases while providing information to the organisation concerning themselves and their behaviour. As the number of customers increases, organisations draw on computerised database technology to monitor customers' behaviour. According to Shoemaker and Baker (1999:363), a properly designed database enables organisations to deliver customised services by keeping track of customer's preferences. This will lead to

---

enhanced satisfaction of customers' needs (Little & Marandi, 2003:26). Bolton, Kannan and Bramlett (2000:95) mention that by providing increased satisfaction and value to certain customers, organisations can create higher levels of customer retention, which is the goal of loyalty programmes. Du Plessis (2009:15) is therefore of the opinion that loyalty programmes are valuable strategies to attract and retain customers. Little and Marandi (2003:156), on the other hand, claim that loyalty schemes are weak relationship marketing tactics and that organisations should rather focus on retaining customers by gaining their loyalty based on mutual commitment. Retaining customers is a major concern for organisations; customer retention and the role it plays in relationship marketing is therefore described in the following section.

#### **3.5.4 Customer retention**

Customer retention is a significant issue for any organisation. It involves a customer continuing to do business with an organisation or purchasing the same brand repetitively, with the concepts of satisfaction and loyalty its strongest predictors (Eshghi, Haughton & Topi, 2007:94). According to these authors, organisations are turning their focus to the relationship between satisfaction and loyalty as its importance in terms of long-term survival and impact on customer retention is significant. Gerpott, Rams and Schindler (2001:253) explain that customer satisfaction has a direct influence on customer loyalty, with customer loyalty, in turn, being a fundamental determinant of customer retention. Information regarding the determinants of customer loyalty, with satisfactions as its key driver, is vital in order to develop effective customer retention programmes (Homburg & Giering, 2001:44).

Sierra, Heiser and McQuitty (2009:113) assert that customers develop loyalty due to a positive emotional experience. Ranaweera and Prabhu (2003:87) add that customers can be retained for a large number of reasons; however, to make them stay positive about the service, it is necessary for them to display true loyalty – and therefore a strong emotional attachment. These authors highlight that a strong emotional attachment must be preceded by a strong emotional response such as trust. It is therefore important to increase not only satisfaction, but also trust in an attempt to ensure customer retention (Ranaweera & Prabhu, 2003:87). Ha and Yang (2009:322) support this view by asserting that higher levels of trust and commitment lead to higher

---

levels of customer retention. Consequently customer retention is believed to be rather predicted by overall satisfaction, affective commitment and calculative commitment (Gustafsson *et al.*, 2005:215). Gustafsson *et al.* (2005:215) explain that customer satisfaction is an overall evaluation of performance to date, while affective commitment captures the trust and reciprocity in a relationship and calculative commitment, on the other hand, referring to the existence of switching costs or lack of viable alternatives. Venetis and Ghauri (2004:1579) suggest that a certain degree of commitment is necessary in order for behavioural intentions to indicate a long-term, cooperative relationship.

Mcllroy and Barnett (2000:350) claim that customer retention may be seen as the crux of relationship marketing, as an organisation will still be functioning on discrete single transactions if it does not attempt to keep and build long-term relationships. Reid and Bojanic (2009:60) mention that the long-term view associated with customer retention encourages expectations of future business beyond the current day's sale, by focusing on broad and deep contacts with customers. Venetis and Ghauri (2004:1578) highlight that long-term customer retention and long-term relationships with customers produce numerous significant benefits, such as the creation of exchange efficiencies between parties, as well as increased effectiveness – leading to higher quality at lower costs. Berndt (2009:315) adds that customer retention also yields benefits that include the sale effects of loyal customers, increased brand equity, lower cost associated with retaining customers and, ultimately, increased profitability. Customer retention has a direct influence on the organisation's profitability as it takes up to five times more expenditure to attract a new customer than to retain an existing one (Harrison-Walker, 2001:399). Customer retention can accordingly be described as the efforts of an organisation towards its existing customer base (Hoffman & Bateson, 2001:385). Gustafsson *et al.* (2005:216) believe that an organisation's survival depends on its attempts to keep its existing customers. Peppers and Rogers (2004:15) therefore suggest that organisations' central purpose must be to manage customer relationships by focusing on increasing the overall value of its customers-base with customer retention being a vital part of this success.

Given the benefits associated with customer retention, organisations should continually strive to keep their customers and pay urgent attention to customer defections (Mostert, De Meyer & Van Rensburg, 2009:121). These authors suggest that understanding the

---

reasons behind customer defections can give organisations the opportunity to implement strategies that address any shortcomings in the service delivery system in an attempt to retain customers. For this reason, service failure management and service recovery are recognised as essential components of successful customer retention management (Petzer & Steyn, 2006:170). Grönfeldt and Strother (2006:150) support this view and add that by collecting, storing and distributing information regarding service failures, managers and employees are allowed to improve the manner in which they present and handle resultant customer complaints through an enhanced service system.

Complaints by dissatisfied customers to and about an organisation represent the formal manifestation of a breakdown in the marketing exchange and relationship-building process (McAlister & Erffmeyer, 2003:341). In order to be successful, retaining current customers and building a strong and committed relationship is of primary concern for most organisations (Grönfeldt & Strother, 2006:150). It is therefore imperative to consider the aspects of service failures (which provide the cause of dissatisfaction and customer complaints) in order to maintain long-term relationships. The following section therefore describes the elements of service failures, by providing a definition of the concept and describing the unique reasons for service failures within the service industry, as well as the consequences of service failures and the resulting customer dissatisfaction.

### **3.6 SERVICE FAILURE**

This section discusses service failures as an important consideration with a view to maintain long-term relationships with customers. Service failures cause the disconfirmation of service expectations which leads to customer dissatisfaction (Parasuraman, Zeithaml & Berry, 1985:43). According to Hess, Ganesan and Klein (2003:127), organisations need to understand both the consequences of service failures and how to provide an effective recovery, so that they can minimise customer dissatisfaction following a failure – and thereby retain the customer's business.

A service failure can be defined as any service-related problem, real or perceived, that occurs during a customer's encounter with an organisation (Maxham, 2001:11).

---

Patterson *et al.* (2006:264) assert that a failed service encounter refers to an exchange where a customer perceives a loss due to a failure on the part of the service provider. According to Smith *et al.* (1999:358), service failures may be classified as outcome failures or process failures. An outcome failure occurs when the organisation does not deliver some aspect of the core service, resulting in a loss of economic resources (money or time) for the customer, whereas a process failure occurs when the delivery of the core service is flawed in some way, generally causing the customer a loss of social resources (social status or esteem). Chan and Wan (2008:75) mention that customers pay to receive benefits of both an economic and social nature, and therefore a service failure occurs when one or more of their expected benefits are not delivered. Lewis and Spyropoulos (2001:39) maintain that if customers perceive a service failure regarding any dimensions of service quality, whether of an outcome and/or process nature, this subsequently means that their service expectations have not been met.

Expectations provide a baseline for the level of customer satisfaction (Anderson & Sullivan, 1993:127). Providing consistent and flawless service that will ensure customer satisfaction, although a fine objective, is difficult to achieve in service industries (Patterson *et al.*, 2006:263). Seeing that the production and consumption of services often occur simultaneously, factors such as the attitude of the service employee, the capacity of the service system, the behaviour of the customer concerned and even the behaviour of other customers, will affect the performance of service delivery (Michel, 2001:20). Boshoff and Allen (2000:63) add that the high level of personal involvement in service delivery results in the general inability of organisations to control the quality of services to the same extent before the service reaches the customer (as would be the case with physical products); this means that the occasional service failure would be inevitable.

Mattila (2001:591) suggests that the best way to prevent a service failure is to do things properly from the start and not to rely on service recovery to keep customers loyal. However, even though organisations try to prevent (as well as plan) for service failures, the inevitable does happen, and customer expectations are not met (Grönfeldt & Strother, 2006:154). Maxham and Netemeyer (2002a:67) therefore recommend that organisations should learn from their mistakes when they do fail, and ensure that they get it right the second time. This is especially important if one considers the fact that

---

many service relationships are continuous, resulting in the possibility of multiple failures during the course of a relationship (Maxham & Netemeyer, 2002a:57).

Hess *et al.* (2003:140) suggest that strong customer-organisation relationships may be able to protect the service organisation from the negative effects of service failures. This view is supported by Forrester and Maute (2001:2) who highlight that to the extent which satisfying relationships entail high levels of trust, customers are less inclined to perceive service failures as outcomes that were foreseeable, controllable or intentional – and therefore less likely to blame the organisation. Mattila (2004:135) argues that service failures, in particular those of a high magnitude, contain negative information which is hard to ignore regardless of the customer's prior attitude toward the organisation. Choi and Mattila (2008:24) therefore rather propose that if customers perceive the organisation to have had control over the failure and did not prevent it, this will result in highly negative customer reactions, whereas if the organisation's controllability is ambiguous or if the failure is perceived to be partly attributable to the customer, the negative effect will be less severe. Nonetheless, when a service failure occurs, the customer as well as the organisation will have opinions as to why the failure occurred, and who is to blame (Lewis & Spyropoulos, 2001:39). According to Bitner, Booms and Mohr (1994:970), the outcome would consequently be different views of the causes of service dissatisfaction. The perceived cause could therefore influence the dissatisfied customer's response to a service failure (Boshoff & Leong, 1998:27).

Smith and Bolton (2002:7) emphasise that service failures evoke strong emotional responses from customers. Maute and Dubé (1999:352) consequently suggest that both attitudinal and behavioural responses to dissatisfaction could be influenced by highly differentiated patterns of emotional responses in the context of a service failure. These authors have identified four patterns of emotional responses to dissatisfaction, namely acceptance, calmness, anger, surprise and anxiety. Mattila and Heejung (2008:103) have established that customers with feelings of anger and disappointment are more likely to have responses related to dissatisfaction such as direct complaining and negative word-of-mouth. This behaviour has serious implications for the organisation, as a dissatisfied customer may even become a saboteur by discouraging other potential customers from using the organisation (Andaleeb & Conway, 2006:4).

---

Service failures may, in addition to negative word-of-mouth, lead to diminished customer loyalty, damage to the organisational image and, ultimately, customer defection (Grönfeldt & Strother, 2006:148). However, these authors state that service failures do not necessarily have to lead to dissatisfied customers defecting from the organisation. According to Boshoff (2009:336), a service failure means that the service organisation has failed the customer once already; the customer's dissatisfaction is then exacerbated by doing so a second time due to a poor attempt at recovery. The organisation's response in the case of a service failure is therefore of critical concern as it has the potential either to restore customer satisfaction (and reinforce loyalty) or to aggravate the situation – and risk losing the customer to a competitor (Smith *et al.*, 1999:356). Lewis and Spyropoulos (2001:37) posit that an organisation's response to a service failure in the form of service recovery must be the result of a conscious, co-ordinated effort to anticipate the occurrence of service failures and to develop procedures, policies and human competencies to deal with these.

The following section discusses service recovery and offers an explanation of the term, as well as the actions which compromise a service recovery strategy, the customer's evaluation of an effective service recovery, and the consequences of a successful recovery effort in terms of restored customer satisfaction and abiding relationships.

### **3.7 SERVICE RECOVERY**

The previous section described service failures and the consequences thereof for service organisations. This section subsequently focuses on service recovery, a concept which has been established as imperative for the organisation when attempting to counter the negative effects associated with a service failure.

The term service recovery refers to those actions that service providers take in order to respond to a situation where a customer has experienced a failure in the organisation's core or additional service offering – a service failure (Mattila & Patterson, 2004:196; Lewis & Spyropoulos, 2001:37). Grönfeldt and Strother (2006:150) describe service recovery as a management philosophy with customer satisfaction as its primary concern. The ultimate purpose of service recovery is therefore to restore the customer

---

to a state of satisfaction by attempting to rectify and recover those elements of the service delivery system which have failed (Lorenzoni & Lewis, 2004:12).

Service recovery is of particular importance if one considers that, in many instances, dissatisfied customers simply do not complain to the organisation regarding the service failure (Boshoff, 1997:110). According to Buttle and Burton (2002:221), such customers perceive a low likelihood of complaint success and cannot be bothered with the effort or cost of complaining. Service recovery is therefore not only concerned with complaint management; rather, it must be part of the overall organisation plan, focusing on service failures in general and on the organisation's consequent reaction to these failures by attempting to solve problems before a complaint arises (Grönfeldt & Strother, 2006:150). Andreassen (2000:3) proposes that organisations may, for that reason, respond to the service failure independent of customer reaction or as a direct function of a customer's complaint (see section 2.6 for a detailed discussion on customer complaint behaviour). Nonetheless, the importance of responding effectively to customers' dissatisfaction cannot be underestimated, as ineffective handling of complaints may increase customer dissatisfaction, damage an organisation's reputation and provoke negative word-of-mouth and exit intentions. Kim *et al.* (2009:60) support this notion by adding that in contrast to poor responses of organisations to service failures - which may prompt customers to switch service providers - effective responses may create even stronger bonds and higher customer loyalty. It is therefore suggested that an effective service recovery strategy may turn angry and frustrated customers into loyal ones (Boshoff, 1997:110).

Levesque and McDougall (2000:21) have noted that service recovery strategies consist of three distinct types of actions that may be used either alone or in combination, namely apology (acknowledging the problem); assistance (fixing the problem); and compensation (paying for the costs of the problem). These authors further state that the effectiveness of a service recovery strategy depends on the specific situation and is influenced by factors such as problem severity, criticality and the type of service. Yi and Lee (2005:6) explain that the severity of the problem determines the customer's amount of perceived loss. In the case of a core service failure which is characterised by a high amount of perceived loss, monetary compensation will be a more effective form of recovery than, for example, an apology (Yi & Lee, 2005:14). According to these authors, an apology is a low recovery effort as the organisation merely admits that a mistake was

---

made; however, a significant difference exists even here as compared with an instance where the organisation does not attempt to recover from the failure. Levesque and McDougall (2000:21) add that an apology offers little gain, but may nonetheless be effective when minor service failures are encountered. These authors furthermore suggest that compensation in combination with assistance constitutes the most effective service recovery strategy. Levesque and McDougall (2000:21) conclude that the customer's evaluation of an effective service recovery effort will depend on the amount of resources lost and gained during the exchange situation.

A justice theory framework is gaining ground in explaining how customers evaluate organisations' responses to service failure and service recovery, with perceived justice being a multidimensional concept comprising three dimensions: distributive justice, procedural justice and interactional justice (Kim *et al.*, 2009:52; Wirtz & Mattila 2004:151). According to Patterson *et al.* (2006:264), the justice theory has been adapted from social exchange and equity theories. Distributive justice refers to the perceived fairness of the consequence of a decision (Gustafsson, 2009:1221). It focuses on the specific outcome of the organisation's service recovery effort (Hoffman & Kelley, 2000:420). Procedural justice refers to whether or not customers believe the procedures used in making the decision are fair (Gustafsson, 2009:1221). Hoffman and Kelley (2000:421) highlight the importance of efficient procedures since a customer may be satisfied with the type of recovery strategy offered, yet evaluate the recovery effort as poor due to the process that has to be endured in order to obtain the recovery outcome. Interactional justice, on the other hand, is concerned with interpersonal behaviour the enactment of procedures and the delivery of outcomes (Tax *et al.*, 1998:62). It focuses on interactional treatment during the service recovery process and therefore refers to the extent to which customers feel that they have been treated fairly by employees throughout this process (Wirtz & Mattila, 2004:151; Maxham & Netemeyer, 2002b:241).

The three justice dimensions are driven by the various actions the organisation takes during the implementation of service recovery; for instance, the customer's perceptions of fairness following an apology and compensation impacts on distributive justice, while providing cognitive control (keeping the customer informed of what is happening) develops procedural justice; lastly, the manner in which service employees treat the customer during the recovery process, for example with politeness, respect, and

---

courtesy, affects perceptions of interactional justice (Patterson *et al.*, 2006:264). Smith *et al.* (1999:369) have established that compensation has a more significant effect on perceptions of distributive justice, whereas an apology has the most influence on perceptions of interactional justice. Chang and Hsiao (2008:514) mention that distributive justice is easier to quantify and can explain most aspects of service recovery adequately. Kim *et al.* (2009:06) therefore highlight that the impact of distributive justice on service recovery satisfaction may be stronger than that of procedural justice or interactional justice.

Smith *et al.* (1999:370) suggest that the relative importance of distributive, procedural and interactional justice may depend not only on the nature of the service, but also on the customer's relationship with the organisation, because not all customers are homogeneous in their response tendencies toward service failures and service recoveries. This view is shared by Hoffman and Kelley (2000:423) who indicate that customers who are engaged in a customer relationship with considerable depth, have higher expectations regarding the quality of interpersonal aspects of the service. Therefore, they consider the manner in which service recovery is implemented as more important than the actual recovery strategy itself. In certain service failure/recovery situations, the importance consequently is lodged not in what is given up during the service recovery process, but rather how the organisation gives it up (Hoffman & Kelley, 2000:428). In other cases, this issue may be less important to the customer and the authors therefore recommend that service recovery strategies should take note of contingencies, which in addition to depth of relationship, include proximity of relationship, duration of encounter, degree of customisation, criticality of consumption and switching costs; with each contingency affecting the relative importance customers place on perceived justice needs when formulating service recovery evaluations and ultimately influencing their satisfaction.

Smith *et al.* (1999:369) assert that perceptions of justice are an important consideration when managing relationships; however, disconfirmation of expectations should be included when measuring customer satisfaction in a service failure and service recovery encounter. The disconfirmation of expectations model suggests that customers will experience satisfaction if the organisation's response to a service failure positively disconfirms their expectations (Varela-Neira *et al.*, 2008:499). In this case, satisfaction is modelled as a post-recovery transaction-specific judgement and is a function of the

---

initial disconfirmation and recovery disconfirmation (McCollough, Berry & Yadav, 2000:122). According to these authors, recovery disconfirmation refers to the discrepancy between recovery expectations (the customer's expectations of what the organisation will do given a service failure) and recovery performance (the customer's perceptions regarding steps taken by the organisation in response to the failure). Smith and Bolton (2002:7) believe that negative emotions – which are provoked by service failures – interact with the cognitive antecedents of recovery performance, disconfirmation and perceived justice to influence customers' satisfaction with service recovery. According to Schoefer and Ennew (2005:261), it is consequently recognised that satisfaction will have emotional as well as cognitive antecedents. These authors further describe that perceived justice represents a cognitive appraisal dimension, which explains the elicitation of positive and negative emotions during and/or after service recovery encounters.

Gustafsson (2009:1222) asserts that when customers experience an excellent recovery, they tend to perceive a high level of justice that, along with positive emotions, creates a positive attitude towards the service provider and increases the likelihood of future patronage. Maxham (2001:20) has established that moderate to high service recovery efforts can enhance customers' perceptions of satisfaction, repurchase intent and positive word-of-mouth; and consequently maintain customer retention and loyalty by means of effective service recoveries. Ineffective service recovery strategies, in contrast, will decrease satisfaction – leading to decreased repurchase intention and ultimately negative word-of-mouth referral (Kim *et al.*, 2009:53). The attitudinal and behavioural consequences of customer satisfaction therefore play a central role in driving long-term customer relationships (Tax *et al.*, 1998:64). Service recovery is said to present a vital moment of truth for the organisation in terms of satisfying customers, as well as in terms of strengthening relationships with them (del Rio-Lanza, Vazquez-Casielles & Diaz-Martin, 2009:775; Smith & Bolton, 2002:5). Kim *et al.* (2009:61) highlight that the ultimate goal of service recovery is therefore not only to prevent customer defections, but rather to uphold a long-term cooperative relationship with customers.

It is therefore reasonable to suggest that the manner in which an organisation recovers from service failures could develop into a sustainable competitive advantage for the organisation in the marketplace (Maxham, 2001:12). Lewis and Spyropoulos

(2001:38) add that by meeting service recovery expectations, organisations can create an element of differentiation and competitiveness. Cranage (2004:211) highlights the importance of the organisation's employees in meeting recovery expectations. This author suggests that good selection, training and support are crucial for the success of the service encounter and service recovery effort. The customer-facing employees need to be trained to recognise a service failure, identify an appropriate recovery strategy and they must also understand how to deliver the service recovery. This last mentioned issue also requires that they should have the necessary empowerment in order to implement the strategy, along with empathy and an accommodating communication style in order to be agreeable and responsive to the customer's needs and expectations. Boshoff and Staude (2003:15) emphasise the fact that satisfaction with the service recovery process is primarily influenced by communication; consequently, the organisation must communicate clearly and ensure that all issues are clarified, while employees must at the same time demonstrate their understanding and reliability. According to these authors, communication has been proven to be important not only with regard to short-term transaction-specific satisfaction, but also in terms of ensuring long-term loyalty. Boshoff and Leong (1998:43) conclude that service recovery as part of a service quality programme should be incorporated in order to ensure customer loyalty, customer satisfaction, repeat purchases, positive word-of-mouth communication, enhanced perceptions of the organisation's competence and a positive image in terms of perceived quality and value.

This section highlighted the importance of developing service recovery strategies in order to restore customer satisfaction and uphold long-term relationships with customers. The following section focuses on the significance of long-term relationships in the banking industry, which can be achieved by means of the implementation of relationship marketing. Furthermore, this section discusses service failures within this industry and places emphasis on appropriate service recovery in order to meet banking customers' expectations.

---

### **3.8 RELATIONSHIP MARKETING, SERVICE FAILURE AND SERVICE RECOVERY IN THE BANKING INDUSTRY**

Relationship marketing stresses the importance of continuous interaction between the seller and the buyer in order to cultivate a long-term, mutually beneficial relationship (Mukherjee & Nath, 2003:5). These authors highlight that in the banking industry, relationship marketing has been termed relationship banking – where it is in the interest of banks to establish and maintain long-term bonds with customers. Given that a large part of banks' revenues are received from interest margins, customers' volume of business has a major impact on profitability – if relationship revenue is maximised over time whilst relationship costs are minimised, long-term customers should generate greater profitability than short-term customers (Leverin & Liljander, 2006:235).

The purpose of relationship marketing within the banking industry is accordingly to improve long-term profitability by shifting from a transactional marketing approach to an emphasis on customer retention through the effective management of customer relationships (Ryals & Knox, 2001:535). Abratt and Russell (1999:7) highlight that the move from transactional to relationship marketing requires banks to understand the economics of customer retention in order to ensure the appropriate allocation of resources, which may entail targeting only certain profitable customers. Banks should therefore consider with whom they want to develop relationships by focusing on those customers who will be profitable and who have a desire to engage in a relationship with the bank (Abratt & Russel, 1999:18). Leverin and Liljander (2006:235) believe that, in order to be attractive to these customers, relationship marketing should enhance customers' perceived benefits of engaging with the bank in a long-term relationship. As a result of these relationships with customers, a bank can then get access to detailed and useful information about customers, which can be used to satisfy customers' needs more efficiently and thereby develop a group of core satisfied, committed customers. Customer satisfaction, as a result of this superior customer-orientation, enhances relationship development and is therefore related to one of the fundamentals of the relationship, namely commitment (Rexha, Kingshott & Aw, 2003:56).

Bloemer, De Ruyters and Peeters (1998:227) propose that customers become committed to a bank as a result of individuals binding with their bank choice. According

---

to these authors, bank commitment is a prerequisite for true bank loyalty; the latter refers to the repeat patronage behaviour of bank customers based on a maximum amount of commitment. Lewis and Sourelli (2006) elaborate that loyalty in banking includes long-term intentional repurchase of services, a high degree of customer preference, customers' recommendations and advocacy, customers' price indifference, a low likelihood of switching and a high potential of increasing volume of service use. Bick, Brown and Abratt (2004:300) further suggest that bank loyalty cannot exist without customer satisfaction; and, in order to achieve customer satisfaction, a superior level of service is essential. Li *et al.* (2001:570) therefore hold that by delivering high quality services, banks can satisfy their customers more successfully and thereby increase their own competitiveness.

In a global milieu which has become progressively more competitive as a result of significant changes caused by regulatory, structural and technological factors, the significance of superior service quality cannot be underestimated (Yavas *et al.*, 2004:144). This view is supported by Abratt and Russell (1999) who stress the importance of maintaining high service levels in view of the fact that the relationship between the bank and a customer is directly influenced by the quality of service delivered and as received by the customer. However, since service production and service consumption frequently occur simultaneously in the banking industry, the performance of service delivery is often dependent on the attitude of customer-facing employees, the capacity of the service system and the behaviour of the customer concerned (Michel, 2001:20). Boshoff and Allen (2000:63) add that the high degree of personal interaction between the bank and a customer makes the occasional service failure almost inevitable. However, service failures in banks may relate to both a process failure (how the banking services are delivered) and an outcome failure (the services offered by the bank). Nonetheless, a service failure that occurs in a bank will most likely cause a disconfirmation of service expectations – which leads to customer dissatisfaction (Ndbusisi & Ling, 2005:66).

Lewis and Spyropoulos (2001:39) believe that when customer expectations are not met as a consequence of a service failure, another set of customer expectations become active, namely service recovery expectations. These authors accordingly highlight that banks need to develop service recovery strategies that meet customer expectations of how the bank should handle problem situations. A successful service

---

recovery may then, in turn, enhance the customer's perception of the bank's responsiveness and willingness to solve problems (Colgate & Hedge, 2001:210). Lewis and Spyropoulos (2001:46) have established that the most successful way of recovering from a service failure in the banking industry is to make things right and thereby eliminating the cause of dissatisfaction with the initial service, even if this entails providing exceptional treatment. Gustafsson (2009:1220) emphasises that when a bank implements a successful service recovery strategy following a service failure, creating a positive situation and returning dissatisfied customers to a state of satisfaction, such customers are more likely to patronise the banks in the future and to share their positive experience with others, while also displaying a greater sense of trust and commitment to the relationship. Given the importance of maintaining existing relationships with customers in the banking industry, it is crucial that banks should not only recognise service failure points in order to offer dissatisfied customers a well-organised service recovery, but it is also important that banks need to implement strategies that will prevent service failures from happening in the first place. These strategies will enable banks to reduce customer defections, increase future purchase behaviour and uphold long-term relationships with their valuable customers.

### **3.9 CONCLUSION**

This chapter presented a discussion of certain salient elements in the field of relationship marketing. These elements included a definition of relationship marketing, a comparison between relationship marketing and transactional marketing, as well as the benefits of relationship marketing for organisations and customers. These benefits can only be obtained if all the essential constructs which constitute relationship marketing are in place. Customer relationships, customer satisfaction, customer loyalty and customer retention were therefore described as essential constructs that are necessary to ensure the successful implementation of relationship marketing. The focus then turned to service failures and the negative impact of these on relationship marketing constructs, in particular customer satisfaction. The subsequent section discussed service recovery as the means to manage service failures, by returning the customer to a state of satisfaction and consequently maintaining the customer relationship. The final section highlighted the significance of relationship marketing in the banking industry and stressed the importance for banks to successfully recover from a service failure.

---

## CHAPTER 4

### RESEARCH METHODOLOGY

#### 4.1 INTRODUCTION

The previous two chapters presented the literature review and theoretical framework of the study and provided a background to the concepts involved, including culture, customer complaint behaviour, relationship marketing, service failure and service recovery. The literature review is based on various scientific journals, articles, books and research documents. The current chapter builds on this theoretical basis by providing the research methodology, which is based on the principles of the scientific method of marketing research. The chapter accordingly starts with a definition of marketing research, which is followed by a discussion of the marketing research process. Each step in the marketing research process is thereafter discussed in detail and it will be shown how these steps have been applied to the current study.

#### 4.2 MARKETING RESEARCH DEFINED

Marketing research relates to the research on any problem in the sphere of marketing (Tustin *et al.*, 2005:7). The purpose of marketing research is to link the consumer, the customer and the public to the marketer through the medium of information, which in turn can be used to make marketing decisions (Shiu *et al.*, 2009:5; Burns & Bush, 2006:8; Proctor, 2005:4). Information is therefore used to distinguish and define marketing opportunities or problems, to create, improve and assess marketing actions, and also to monitor marketing performance (Proctor, 2005:4). Wiid and Diggins (2009:2) emphasise that marketing information is vital to any organisation attempting to keep in abreast of a progressively changing environment. These authors add that since marketing managers function in an environment associated with a large degree of risk, the amount of risk can be reduced by providing information to decision-makers through marketing research. In order to aid efficient decision-making, information must first be carefully collected and analysed by marketing researchers (Shao, 2002:4).

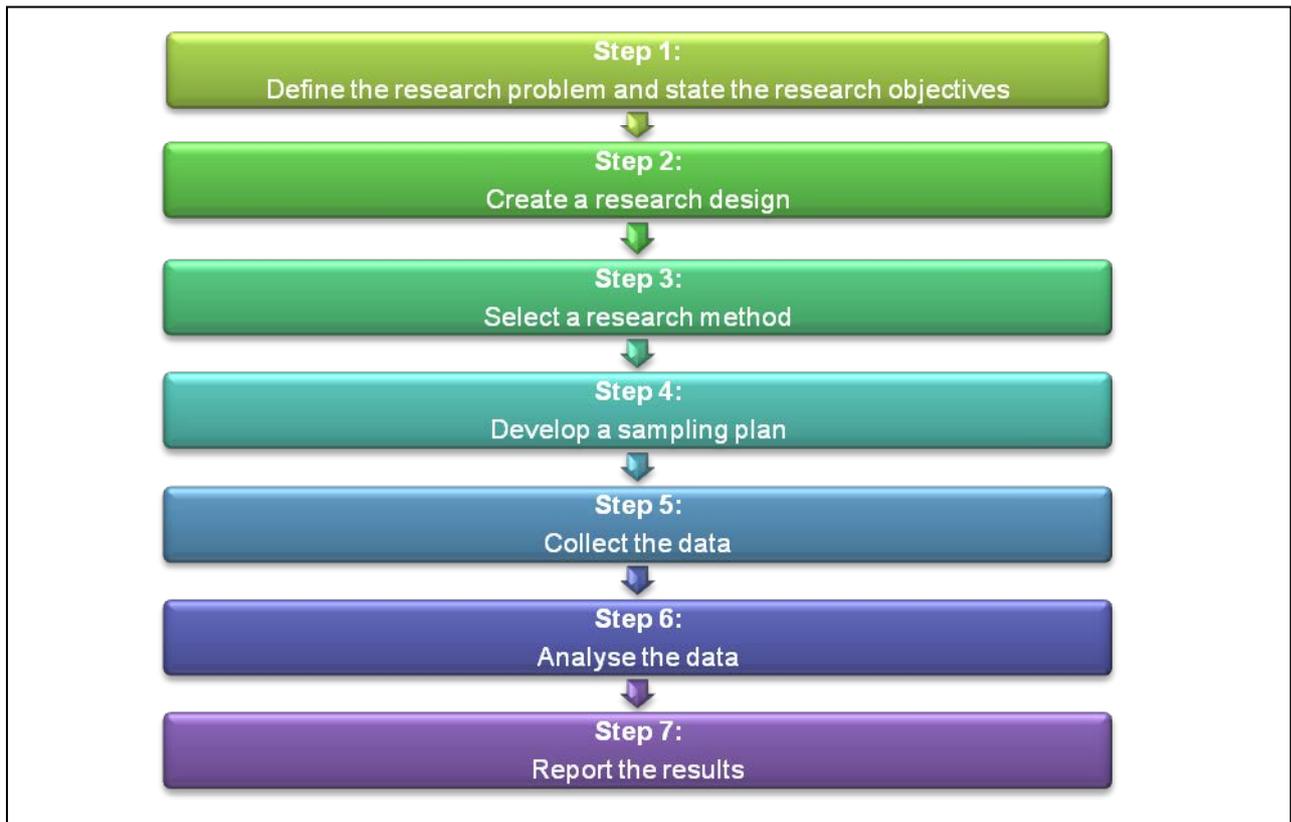
Marketing research is accordingly defined as the systematic and objective collection, analysis, interpretation and use of information for the purpose of improving decision-

---

making related to all marketing problems and opportunities (Wiid & Diggines, 2009:5; Malhotra, 2007:7). Tustin *et al.* (2005:8) highlight that marketing research adheres to the characteristics of a science by being systematic, empirical, ordered, analytical, communicable and cumulative. This view is supported by Malhotra and Peterson (2006:6) who state that marketing research has a scientific basis in that data are collected and analysed with a view to draw conclusions; as a result, marketing research follows a rather predictable path. Shiu *et al.* (2009:46) therefore underscore that marketing research is a systematic process, with this systematic approach referring to the marketing research process. Systematic planning is accordingly vital during all stages of the marketing research process in order to ensure that procedures at each stage are methodologically sound and well-documented (Malhotra, 2007:8). The research methodology of this study is based on the marketing research process, which is discussed in the following section.

### 4.3 THE MARKETING RESEARCH PROCESS

The marketing research process is described as the systematic task steps in the gathering, analysing, interpreting and transforming of data structures and results into decision-making information (Shiu *et al.*, 2009:46). Malhotra and Peterson (2006:9) explain that these steps define the tasks that need to be accomplished when conducting a marketing research study. The task steps are guided by the principles of the scientific method, which entails formalised procedures that can be characterised as logical, objective, systematic, reliable, valid, impersonal and ongoing (Hair, Bush & Ortinau, 2000:32). The steps of the marketing research process are interrelated; however, the complexity of the problem and the level of risk involved will determine how many of the steps one needs to take, and in what order (Hair *et al.*, 2000:32). **For the purpose of this study**, the marketing research process consists of seven steps which are illustrated in figure 4.1. These steps include: defining the target population and stating the research objectives; creating a research design; selecting a research method; developing a sampling plan; collecting the data; analysing the data, and reporting the results. Each one of these steps is discussed below.

**Figure 4.1 The marketing research process**

Adapted from: McDaniel and Gates (2005:61) and Wiid and Diggines (2009:32)

### 4.3.1 Step 1: Define the research problem and state the research objectives

The first step in the marketing research process is to specify the problem or opportunity and to develop clear, concise and meaningful research objectives (McDaniel & Gates, 2005:52). In this section, the problem is defined in the context of the study and the formulated research objectives are stated.

#### 4.3.1.1 Defining the problem

Defining the problem is not only the first, but also the most important step in the marketing research process as it sets the stage for the entire process (Malhotra & Peterson, 2006:33; Shao, 2002:36). Problem definition involves stating the general problem and identifying the specific components of the marketing research problem (Malhotra, 2010:68). The marketing research problem specifies what information is needed in order to solve the general problem, as well as how that information can be obtained efficiently and effectively (Tustin *et al.*, 2005:78). Wiid and Diggines (2009:47)

---

propound that the marketing research problem indicates the purpose of the research study and provides the necessary direction for conducting the research. Tustin *et al.* (2005:80) add that marketing research problems must be narrowly defined and must be research-specific. Only when the marketing research problem has been clearly specified, can research be properly designed and conducted (Malhotra, 2007:37). Shao (2002:38) emphasises that defining a problem is rarely a simple task and therefore researchers must be thorough in their efforts. If the problem is not properly defined, the research objectives will also be incorrect and the entire marketing research process will be a waste of effort, time and money (Malhotra, 2010:69; Burns & Bush, 2006:28; McDaniel & Gates, 2005:52). Considering the importance of defining the problem, the research problem of this study is consequently discussed.

An increasingly pervasive problem for banks is the considerable competitive issues regarding increasingly sophisticated customers, accelerating globalisation and continuous product differentiation (Atkinson & Brander Brown, 2001:128). In this highly competitive environment, the focus of banks should be to maintain their existing customers by means of forming relationships (Homburg & Giering, 2001:43). Athanassopoulou and Mylonakis (2009:355) highlight that only through the development of long-term and mutually beneficial relationships will customer loyalty and, consequently, customer retention be possible. However, this is only achievable if the organisation succeeds in satisfying its customers, since customer satisfaction can directly influence customer loyalty, which is in turn a fundamental determinant of customer retention (Gerpott *et al.*, 2001:253). The challenge for banks is to ensure customer satisfaction, since the delivery of consistent and flawless service is difficult to achieve in service industries – mainly because of the prominent role of human involvement in the production and consumption of services. For this reason, service failures are an inevitable occurrence for any service organisation (Michel, 2001:20; Boshoff & Allen, 2000:63). According to Reynold and Harris (2005:322), service failure research holds that customer dissatisfaction is the primary consequence of service failures, which provides the motivation for subsequent complaint behaviour.

Several factors influence customers' complaint behaviour as a response to their dissatisfaction with a service encounter, and culture has been shown to be one of the most influential factors regarding this behaviour (Heung & Lam, 2003:284). Chan and Wan highlight the importance of encouraging customers from cultures who tend not to

---

voice complaints, to rather complain directly to the organisation, in order for the organisation to improve recoveries from service failures. It is therefore imperative to understand how culture influences customers' perceptions of, as well as responses to, service failures in order to develop highly targeted and consequently effective service recovery strategies (Mattila & Patterson, 2004:204). Colgate and Hedge (2001:210) are of the opinion that effective service recoveries may enhance the customer's perception of the bank's responsiveness and willingness to solve problems. However, differences in perceptions of service recovery efforts would have a significant impact on customer satisfaction, repurchase intention and word-of-mouth in different cultural settings (Wong, 2004:958).

Banks, especially those functioning in a multicultural country such as South Africa, must be sensitive to the cultural diversity of their customers. According to Reichert and Gill (2004:203), customers and service providers are expected to act in ways specific to their respective cultures, which can often lead to miscommunications and conflicts. However, these miscommunications can be avoided by being attentive to diverse cultures and by comprehending cultural differences specifically in the context of South African customers' complaint behaviour, as well as customers' perceptions of service recovery efforts. Accordingly, banks can enhance the effectiveness of their service recovery strategies and thus retain their customers. This is, on the other hand, a problematic task for banks, since no information could be found on the differences regarding the complaint behaviour of various cultures within a South African context. To fill this void, **this study will attempt to gain information from respective black, coloured, Indian and white population groups while considering their complaint behaviour pertaining to service failures in the banking industry.**

#### **4.3.1.2 Research objectives**

The culmination of the problem definition phase is the statement of the research objectives (McDaniel & Gates, 2005:59). These objectives are stated in terms of precise information required to address the marketing research problem (Tustin *et al.*, 2005:81). Research objectives are accordingly exact statements of what the research project attempts to accomplish (Wiid & Diggines, 2009:33; Hair *et al.*, 2000:64). McDaniel and Gates (2005:59) highlight that research objectives must be as specific and

---

unambiguous as possible, since the entire research effort is directed at achieving these objectives. The assumption is that if the objectives are achieved, the decision-maker will have the information necessary to solve the research problem (Shiu *et al.*, 2009:60). Wiid and Diggines (2009:50) emphasise that an answer must be found to the question – “What is the purpose of the research study?” The purpose of the current study is stated in the primary objective, with secondary objectives formulated to support the primary objective.

### **A) Primary objective**

The primary objective of this research study is to determine the influence of culture on customers’ complaint behaviour pertaining to service failures in the banking industry.

### **B) Secondary objectives**

The following secondary objectives are formulated to support the primary objective:

- i) To determine the attitudes toward complaining of banking customers from different cultures;
- ii) To determine banking customers’ complaint behaviour following a service failure, in light of their cultural backgrounds;
- iii) To determine the influence of culture on banking customers’ expectations of service recovery efforts;
- iv) To establish banking customers’ perceptions of service recovery efforts;
- v) To determine whether there are differences between banking customers’ satisfaction, maintaining of their relationships and their loyalty following different service recovery efforts.

### **4.3.2 Step 2: Create a research design**

After the research problem has been defined and objectives have been formulated, the type of data required to realise the objectives, as well as the methods for collecting and analysing the data, must be determined (Wiid & Diggines, 2009:53). In essence, a

---

framework is developed to address a specific research problem (Tustin *et al.*, 2005:82). Malhotra (2007:78) accordingly describes a research design as the framework or blueprint for conducting the marketing research project – it specifies the details of the procedures necessary to obtain the information needed to structure or solve the research problem. The purpose of the research design is to plan and structure the research project in order to increase the ultimate validity of the research results and findings (Wiid & Diggines, 2009:33). McDaniel and Gates (2005:61) hold that there is no single best research design – different research designs offer an array of choices, each with a number of advantages and disadvantages. Shiu *et al.* (2009:61) propound that the most appropriate research design is a function of the research objectives and specific information requirements. The various types of research designs are described in the following section and thereafter the information sources on which these designs are based, are discussed.

#### **4.3.2.1 Type of research design**

The three major classifications of research designs are exploratory research, descriptive research and causal research (Malhotra, 2010:114). Aaker *et al.* (2007:79) highlight that these three categories differ significantly in terms of the purpose of the research and the data collection methods used. Each type of research design is subsequently discussed.

##### **A) Exploratory research**

Burns and Bush (2006:119) assert that with this type of research, there is no formal set of objectives, sample plan or questionnaire. This view is supported by Malhotra (2007:80) who adds that since formal research protocols and procedures are not applied, exploratory research is characterised by flexibility and versatility with regard to the research methods used. Moreover, researchers are alert to new ideas and insights as they proceed, which may cause the focus of the investigation to shift constantly as new insights are discovered. Wiid and Diggines (2009:55) consequently emphasise that this type of research has the ultimate objective of providing insight and understanding, rather than collecting accurate and replicable data. Exploratory research may be used for any of the following reasons: to formulate a problem or define a problem more precisely; to identify alternative courses of action; to develop hypotheses; to isolate key

---

variables and relationships for further analysis; to gain insights for developing an approach to the problem; or to establish priorities for further research (Malhotra, 2010:104; Aaker *et al.*, 2007:79; Burns & Bush, 2006:118). Shao (2002:43) concludes that the findings of exploratory research are preliminary and are usually followed by causal or descriptive research.

## **B) Causal research**

Causal research provides specific information which assists researchers in the evaluation of different courses of action (Shao, 2002:43). In causal research, the design is concerned with determining the cause-and-effect relationship among variables (Churchill & Iacobucci, 2005:74). Malhotra (2007:89) propounds that causal research is appropriate to establish which variables are the cause and which are the effect of a phenomenon, and also to determine the nature of the relationship between the causal variables and the effect to be predicted. Wiid and Diggines (2009:56) view the cause as the independent variable and the effect as the dependent variable. A dependent variable is described as a concept expected to be explained or affected by an independent variable, whereas an independent variable is a variable that can be manipulated or altered by the researcher (McDaniel & Gates, 2005:62). Burns and Bush (2006:126) add that statements in the form of “if x, then y” become a method of manipulating variables of interest in order to better understand a phenomenon. Malhotra (2010:113) mentions that variables are only manipulated in a reasonably controlled environment. Causal research is therefore generally conducted by means of laboratory or field experiments (Wiid & Diggines, 2009:56).

## **C) Descriptive research**

The purpose of descriptive research is fundamentally to describe a phenomenon – usually market characteristics or functions (Malhotra, 2010:106; Parasuraman *et al.*, 2007:64). According to Wiid and Diggines (2009:56), the objective of descriptive research is to describe the research domain accurately and thoroughly. Tustin *et al.* (2005:86) highlight that descriptive research studies are conducted to answer who, what, when, where and how questions. Shao (2002:44) adds that these questions can only be answered once information needs have been completely specified, the problem

---

has been well defined and tentative hypotheses have been formulated. As a result, descriptive research studies are pre-planned and structured and are in addition, based on a large representative sample (Malhotra, 2007:82). Cooper and Schindler (2008:151) indicate that such formalised studies serve research objectives that involve characteristics associated with a subject population, estimates of the proportions of a population that have these characteristics, and the discovery of associations amongst different variables. **For the purpose of this study**, a descriptive research design is appropriate to determine the association between culture and customers' complaint behaviour pertaining to service failures amongst different cultural groups within the South African banking industry.

#### 4.3.2.2 Type of information needed

In formulating a research design, the researcher must specify the information needed (Malhotra & Peterson, 2006:84). Parasuraman *et al.* (2007:34) mention that the relative ease or difficulty of locating data sources to provide the necessary information depends on the nature of the information required. Two types of data can be distinguished, namely secondary data and primary data (Malhotra, 2010:132).

##### A) Secondary data

Secondary data refers to data that have been collected for purposes other than the problem at hand (Kent, 2007:77; Bradley, 2006:86). Data have consequently been collected from other sources and are readily available from those sources (Parasuraman *et al.*, 2007:34). McDaniel and Gates (2005:82) suggest that secondary data may be a cost-effective and efficient way of obtaining information for marketing research, since it is possible that a similar problem has been investigated in the past. According to Malhotra (2010:133), secondary data is useful in identifying the problem, developing an approach to the problem, answering research questions and interpreting primary data more insightfully. This author adds that an examination of secondary data is a prerequisite for the collection of primary data. **For the purpose of this study**, secondary data were used to conduct the literature review and to create a theoretical background on the research problem. The research problem included the constructs of culture, consumer behaviour, customer complaint behaviour, service failure and service

---

recovery. Consequently, the theoretical basis of the study consisted of an examination of previous research within two areas: consumer behaviour and customer complaint behaviour (chapter 2) and relationship marketing (chapter 3). Secondary data collection from various sources initiated the collection of primary data in order to accomplish the purpose of this research study.

## **B) Primary data**

Primary data refer to firsthand, raw data and structures which have yet to receive any type of meaningful interpretation and have been specifically collected and assembled for a current information research problem (Hair *et al.*, 2000:39). Tustin *et al.* (2005:89) add that primary data are collected with the specific purpose of addressing the research problem and are collected should the value of secondary research present inadequate information in order to achieve the research objectives at hand. **For the purpose of this study**, the secondary research conducted provided inadequate information to describe the influence of culture on South African customers' complaint behaviour pertaining to service failures in the banking industry. In order to sufficiently address the research problem and its objectives, primary data were required and accordingly obtained by following the steps of the marketing research process.

Primary data may be qualitative or quantitative in nature (Malhotra, 2007:144). Qualitative research collects, analyses and interprets data that cannot be meaningfully quantified (Wiid & Diggines, 2009:85; Parasuraman *et al.*, 2007:178). Malhotra and Peterson (2006:150) explain that qualitative research is unstructured, exploratory in nature and based on small, unrepresentative samples from the population. One of the main objectives of qualitative research is to gain preliminary insights, ideas and understanding into decisions, problems and opportunities (Parasuraman *et al.*, 2007:178; Hair *et al.*, 2000:216). Wiid and Diggines (2009:86) add that a qualitative approach is useful when examining attitudes, motivations and perceptions and may include methods such as focus groups and in-depth interviews.

Quantitative research, on the other hand, relies on numbers, measurements and calculations (Wiid & Diggines, 2009:86). Shao (2002:106) highlights that this type of research uses mathematical measures and statistical procedures to determine

---

relationships and differences among a large sample of the target population. It therefore requires the use of structured questions in which the response options are predetermined, as well as a large number of respondents to be involved (Burns & Bush, 2006:202). According to Cameron and Price (2009:213), quantitative data present significant practical advantages as it allows the researcher to draw conclusions related to a wider group and data can also be statistically analysed. **For the purpose of this study**, quantitative research is employed, as it seeks conclusive evidence to recommend a final course of action (Malhotra & Peterson, 2006:151). Quantitative research is generally used in a descriptive research design, since the research methods associated with this type of research design are structured and quantitative in nature (Tustin *et al.*, 2005:86). The following step in the marketing research process discusses these research methods.

### 4.3.3 Step 3: Select a research method

After a suitable research design has been chosen, the next step in the marketing research process is to select the means of gathering data (McDaniel & Gates, 2005:63). There are two basic approaches to collecting quantitative, primary data in a descriptive research design, namely through surveys or observation (Malhotra, 2010:209; Shiu *et al.*, 2009:225). However, Shiu *et al.* (2009:226) hold that descriptive research designs more frequently use data collection procedures that heavily emphasise asking respondents structured questions about what they think, feel and do, rather than observing what they do. **For the purpose of this study**, a survey research method was used in order to collect quantitative data from large groups of people. The survey method along with the measuring instrument is described in this section.

#### 4.3.3.1 The survey method for collecting data

The survey method involves a structured questionnaire given to a sample of a population and is designed to elicit specific information from respondents (Malhotra, 2010:211). Wiid and Diggines (2009:108) highlight that the main characteristic of the survey method is its interaction with the respondent that enables all types of required information to be obtained. The survey method has several advantages which include the following: the questionnaire is easy to administer; the data is reliable since response

---

options are limited; the use of fixed-response questions reduces the variability in results caused by different interviewers; and finally, coding, analysis and interpretation of data are easier (Malhotra, 2007:183). Burns and Bush (2006:236) are of the opinion that in addition to these advantages, the ability to divide respondents into segments for comparisons in the search of meaningful differences is another major advantage of the survey method. According to McDaniel and Gates (2005:173), a number of factors affect the choice of the most appropriate survey method in a given situation. These includes: sampling precision; budget; requirements for respondent reactions; quality of the data; length of the questionnaire; incidence rate; structure of the questionnaire; and time available to complete the questionnaire.

Survey methods may be divided into four distinct categories, based on the mode used to administer the questionnaire, namely personal interviews, telephone interviews, mail surveys and Internet surveys (Malhotra, 2010:212; Wiid & Diggines, 2009:112; Parasuraman *et al.*, 2007:153). Personal interviewing involves face-to-face contact between the interviewer and the respondents; telephone interviewing involves phoning a sample of respondents and asking them a series of questions (with only voice contact available between interviewers and respondents); mail surveys entail no interviewer – the questionnaire is sent to respondents who meet the specific demographic profile through the mail; and with Internet surveys, the questionnaire is posted on a website and administered on the design site's server. No interviewers are consequently involved in this last category (Parasuraman *et al.*, 2007:153; Malhotra & Peterson, 2006:191).

**For the purpose of this study**, a personal interviewing method was used to collect data from respondents. Zikmund and Babin (2010:155) highlight that since face-to-face contact between the interviewer and respondent exists in this method, interactivity is enhanced. An interview survey that involves personal, face-to-face contact was chosen specifically because of the following major advantages: the interviewer can check and ensure respondent eligibility before the interview is started; the interviewer can verify that the question is clearly understood; interviewers can ensure that the target number of quotas assigned to them is achieved; interviewers can persuade respondents to complete the questionnaire; and finally, response rates are consistently higher than with other methods (Kent, 2007:184). Together these advantages ensure superior quality data, which makes a personal interview the most appropriate survey method for the

---

current study. Moreover, the survey method used in this study can be described as an interviewer-administered personal interview. Tustin *et al.* (2005:145) explain that a personal interview in this form requires from the interviewer to contact the respondent personally, ask the question and record the answer. Fieldworkers were employed as the interviewers responsible to complete the questionnaire (see section 4.3.5 for a detailed discussion on the fieldworkers used in the study). Since the situation where the interview took place was controlled by means of a structured questionnaire, the fieldworker could provide the exact same wording to numerous respondents, who could then only give one of the answers listed on the questionnaire (Crouch & Housden, 2003:124). Even though this interviewing method is time-consuming and expensive (considering the time it took the fieldworkers to complete the questionnaires and the payment due to each fieldworker) this method was found to be the most appropriate for the purpose of this study.

Malhotra and Peterson (2006:290) indicate that this type of interviewing method has a significant effect on the design of the measuring instrument, which is used to collect the required data from respondents. The measuring instrument is subsequently discussed.

#### **4.3.3.2 Measuring instrument**

The measuring instrument is crucial in the data-collection phase of the marketing research process and has the most significant bearing on the reliability and validity of the data (Wiid & Diggines, 2009:158). Since a survey method requires some or other procedure for standardising data-collection so that data obtained are internally consistent and can be coherently analysed, a standardised questionnaire ensures comparability of the data, increased speed and accuracy of recording, and in this way facilitates data processing (Kent, 2007:152; Malhotra, 2007:299). **For the purpose of this study**, a questionnaire was accordingly used as a measuring instrument.

A questionnaire is defined as a formalised framework consisting of a set of questions and scales designed to generate the primary raw data necessary to accomplish the objectives of the research project (Shiu *et al.*, 2009:329; McDaniel & Gates, 2005:318). According to Malhotra and Peterson (2006:288), the purpose of a questionnaire is to translate the researcher's information requirements into specific questions that the

respondent is willing and able to answer, and also to encourage respondents to participate without biasing their responses. Considerable thought is accordingly required in the process of designing a questionnaire (Proctor, 2005:193). Shiu *et al.* (2009:440) posit that questionnaire design entails taking established sets of scale measurements and formatting them into a complete instrument for communicating with and collecting raw data from respondents. Aaker *et al.* (2007:86) emphasise that the researcher must clearly plan what is to be measured, formulate well thought-through questions to obtain the needed information, decide on the order and wording of questions as well as the layout of the questionnaire, test the questionnaire for ambiguities or omissions, and correct any identified problems. This section will accordingly describe the primary scales of measurement used in this study, followed by the type of response format with regard to formulated questions, the layout of the questionnaire and, lastly, the pre-test of the final questionnaire.

## **A) Scales of measurement**

Before an actual scale can be developed, the level of measurement needs to be determined which will be required to produce the desired information (Wiid & Diggins, 2009:159). The level of measurement is important, because it not only determines what can or cannot be said about an object, but also determines which statistical analysis methods may be used (Burns & Bush, 2006:279). According to Malhotra and Peterson (2006:240), the four primary scales of measurement are nominal, ordinal, interval and ratio scales.

### **i) Nominal scale**

A nominal scale uses numbers as labels for identifying and classifying objects (Malhotra & Peterson, 2006:240). Wiid and Diggins (2009:160) mention that each number is only selected once and each identified object has only one number. Burns and Bush (2006:275) emphasise that since nominal scales simply label objects, they only possess the characteristic of description, for example designations as to population group, religion, type of dwelling, gender, answers that involve yes or no, or any other answers in which the depicted cannot be differentiated.

**ii) Ordinal scale**

Shao (2002:221) asserts that an ordinal scale is a scale with an implicit rank order such as greater or smaller, higher or lower. Numbers are assigned to objects to determine whether an object has more or less characteristic than some other object (Malhotra & Peterson, 2006:242). Wiid and Diggines (2009:161) highlight that this scale does not indicate the degree of preference, but only shows whether the specific item performs less, more or the same with regard to the attribute being measured. Consequently, this scale does not enable the researcher to determine the absolute difference in any of the ordinal relationships (Shiu *et al.*, 2009:392).

**iii) Interval scale**

The interval scale distinguishes ranking order as well as the distances between ranking positions (Wiid & Diggines, 2009:161). Malhotra (2010:286) explains that in an interval scale, the numbers are assigned to rank objects in such a manner that numerically equal distances on the scale represent equal values in the characteristic being measured. Proctor (2005:168) indicates that a whole range of statistical analysis can be applied to interval scales; however, scales do not allow for comparisons of the absolute magnitude of the measurements to be made across objects, since there is no absolute zero point.

**iv) Ratio scale**

The ratio scale contains all the attributes of the previous three scales and also contains an absolute zero point (Wiid & Diggines, 2009:162). Malhotra (2010:288) asserts that this scale accordingly enables the researcher to identify or classify objects, to providing a ranking order of objects and to compare intervals or differences. Moreover, since there is an agreement as to the location of the zero point, comparisons among the magnitude of ratio scaled responses are acceptable (McDaniel & Gates, 2005:262). Hair *et al.* (2000:386) highlight that ratio scale questions provide the most specific data. These authors add that the manner in which questions that are included on a complete scale are phrased, as well as the response format, will influence the amount of raw data collected. Types of response formats will subsequently be discussed.

---

## B) Type of response format

The type of response format is an important consideration in questionnaire design. When designing a questionnaire, the researcher must translate the information needed into appropriate questions using the identified scales as described above (Malhotra & Peterson, 2006:251). Questions may be open-ended or closed-ended (Proctor, 2005:199). Open-ended questions are those questions to which respondents reply in their own words (McDaniel & Gates, 2005:324). According to Tustin *et al.* (2005:396), open-ended questions are very versatile; however, the response variations may be vast, resulting in a time-consuming process to code responses. Closed-ended questions, in contrast, require from the respondent to make a selection from a list of responses that are pre-determined (McDaniel & Gates, 2005:327). These structured questions are presented in exactly the same wording and order to all respondents and responses are therefore standardised (Churchill & Iacobucci, 2005:25). Aaker *et al.* (2007:322) stress the importance of overcoming the limitations associated with closed-ended questions by formulating first-rate questions and ensuring that all possible response alternatives are included in the question. Three forms of closed-ended questions can be identified: dichotomous questions, multiple-choice questions and scaled-responses (Malhotra, 2010:344).

A dichotomous question has only two response categories and is used to collect demographical and behavioural data when there are only two logical responses (Aaker *et al.*, 2007:322). Proctor (2005:199) propounds that these types of questions are excellent for use where the views of the respondents are likely to be clear-cut. With multiple-choice responses, respondents are asked to give one alternative that expresses their opinion correctly or in some cases, all the applicable alternatives (Tustin *et al.*, 2005:398). Malhotra (2007:309) indicates that multiple-choice responses have the advantage of overcoming interviewer bias and are quick to administer, with the additional advantage of being less costly and time-consuming to code and process. Scaled-response questions have response choices which are designed to capture the intensity of a respondent's feeling (McDaniel & Gates, 2005:329). A scaled-response form most frequently used by marketing researchers is the Likert scale, in which respondents are asked to indicate their degree of agreement or disagreement with each of a number of statements on a symmetric agree-disagree scale (Burns & Bush, 2006:281).

---

**For the purpose of this study**, only closed-ended questions were used to obtain the required information from respondents and all three forms of closed-ended questions (dichotomous, multiple-choice and Likert scale) were used in the questionnaire. Closed-ended questions were specifically chosen due to the fact that they are easy to use, reduce interviewer bias, reduce the bias exhibited by respondents in answering questions and facilitate coding and tabulation (Proctor, 2005:199).

### **C) Questionnaire layout**

After the questions have been properly formulated, the subsequent step is to sequence these questions and to develop a clear layout for the questionnaire (McDaniel & Gates, 2005:333). This requires careful wording of each question and a thoughtful choice of the sequence used. Proctor (2005:201) indicates that initial questions should be used to engage interest, to reassure and to give an indication of what is to follow, with a logical flow from question to question. This author furthermore states that a questionnaire must be easy to use and encourage participation. Parasuraman *et al.* (2007:302) support this view by stating that the way a questionnaire looks and the way its questions are laid out, can affect the degree of respondent cooperation, as well as the quality of the collected data. Consequently, a questionnaire must appear attractive, neat and uncluttered. Malhotra (2010:352) therefore advises that attention must be paid to the format, spacing and positioning of questions. McDaniel and Gates (2005:333) add that there must be logic to the positioning of each section. Malhotra (2007:316) suggests dividing the questions into several sections and then numbering the questions in each section.

**For the purpose of this study**, the questionnaire was divided into five sections. In general, the questionnaire aimed to obtain information from banking customers regarding their complaint behaviour and perceptions of the bank's service recovery efforts after a service failure had occurred. The questionnaire used in this study is available in Appendix A. Each of the sections is discussed below and a table summarising the questions, type of response formats and scales used in each section, is also provided.

### i) Section A

The purpose of section A of the questionnaire was to obtain classification information from customers in Gauteng with regard to the banks with which they are currently banking. Responses to questions such as the bank at which the respondent holds a personal account; how long the respondent has held a personal account with the particular bank; whether the respondent will stay with the bank in the future; which banking method the respondent most often uses, and how often the respondent visits the bank's branch, were included in this section.

In addition, questions in section A aimed to determine whether respondents have formed a long-term relationship with the bank, the respondent's perception of other banks, whether the respondent is loyal to the bank, whether the respondent will use more services offered by the bank, whether the respondent wants to form a relationship with the bank and the respondent's perception of the hassle of switching banks. These questions concerning relationship-related variables, were developed into statements to which respondents had to respond on a five-point Likert scale, with anchors 1 = strongly disagree and 5 = strongly agree. Table 4.1 summarises the questions, response formats and scales used in section A.

**Table 4.1 Measurement of classification information**

| No. | Questions/Statements  | Response format | Scale type   |
|-----|---|-----------------|--------------|
| 1   | With which bank do you hold your personal account?          | Multiple-choice | Nominal      |
| 2   | How long have you had your personal account with this bank? | Multiple-choice | Ordinal      |
| 3   | Do you think you will stay with this bank in the future?    | Dichotomous     | Nominal      |
| 4   | Which one of the banking methods do you most often use?     | Multiple-choice | Nominal      |
| 5   | How often do you visit the bank's branch?                   | Multiple-choice | Ordinal      |
| 6   | Relationship-related variables                              | Scaled          | Likert-scale |

### ii) Section B

The purpose of section B was to determine banking customers' perceptions of services. Three statements were created to determine the respondents' perceptions of services

within three areas – service in general in South Africa, banking services in general in South Africa and the service offered by the bank the respondent uses. Statements were developed on a five-point Likert-scale with anchors 1 = very poor and 5 = very good. Table 4.2 summarises the statements used in section B of the questionnaire.

**Table 4.2 Measurement of perception of services**

| No. | Statements                                  | Response format | Scale type   |
|-----|---|-----------------|--------------|
| 7.1 | Service in general in South Africa          | Scaled          | Likert-scale |
| 7.2 | Banking services in general in South Africa | Scaled          | Likert-scale |
| 7.3 | Service offered by the bank you use         | Scaled          | Likert-scale |

### iii) Section C

The purpose of section C was to determine respondents' attitudes toward complaining. According to Blodgett and Granbois (1992:99), attitude towards complaining is valuable in describing which type of complaining behaviour will be followed - those customers with a positive attitude are more likely to seek redress by voicing complaints. Attitude towards complaining was measured by means of two factors as identified by Yuksel *et al.* (2006:17). The first factor pertains to propensity to complain and was measured by statements such as "complaining is a customer's right", "I always complain when I am dissatisfied", "complaining is not easy but should be done when something is not right" and "I always feel better when I have voiced my dissatisfaction by complaining". The second factor pertains to negative attitude to complaining and was measured by statements such as "complaining about anything is distasteful", "people who have little else to do are the ones who complain", "I am embarrassed to complain no matter how poor the service was" and "complaining usually makes me more frustrated" (Yuksel *et al.*, 2006:17; Phau & Sari, 2004:417).

For this section, the questionnaire used a five-point Likert scale, with anchors where 1 = strongly disagree and 5 = strongly agree. Table 4.3 summarises the statements measuring attitude towards complaining used in section C.

**Table 4.3 Measurement of attitude towards complaining**

| No. | Statements  | Response format | Scale type   |
|-----|---|-----------------|--------------|
| 8.1 | Complaining is a customer's right   | Scaled          | Likert-scale |
| 8.2 | I always complain when dissatisfied                                       | Scaled          | Likert-scale |
| 8.3 | Complaining is not easy, but should be done when something is not right   | Scaled          | Likert-scale |
| 8.4 | I always feel better when I have voiced my dissatisfaction by complaining | Scaled          | Likert-scale |
| 8.5 | Complaining about anything is distasteful to me                           | Scaled          | Likert-scale |
| 8.6 | Complaining usually makes me feel more frustrated                         | Scaled          | Likert-scale |
| 8.7 | People who complain are the one who have little else to do                | Scaled          | Likert-scale |
| 8.8 | I am embarrassed to complain, no matter how poor the service              | Scaled          | Likert-scale |

#### iv) Section D

Section D was based on a hypothetical scenario of a service failure, which was created to determine respondents' perceptions of the severity of the described problem (service failure) and what their complaint behaviour would have been should they experience such a situation. A hypothetical scenario was used due to its ability to eliminate difficulties associated with observing or enacting service failure situations, and because it represents a situation that the respondents could relate to. In addition, such a scenario reduces biases from memory lapse, rationalisation tendencies and consistency factors, which often occur in retrospective self-reports of service failures (Mattila & Patterson, 2004:198; Smith *et al.*, 1999:362). The following hypothetical scenario pertaining to a service failure was provided in the questionnaire:

*When drawing money/using your debit or credit card/doing telephone or Internet banking, you learn that your account has been suspended. You therefore have to go to the branch where you hold your account. The information desk refers you to a waiting area where an advisor will call you. After a few minutes of waiting, the advisor motions you to come to his cubicle, greets you abruptly and mumbles "what is the problem?" (you assume that's what he said), without making eye contact or appearing interested to help you. Before you can begin to explain your problem, the advisor rudely demands to see your identification and then views your account details on his computer. After a*

---

*couple of silent minutes he declares that the problem has been rectified without providing any further explanation or appearing particularly interested in helping you.*

After the hypothetical scenario has been described to respondents, they had to specify how problematic they perceived the problem described in the scenario to be. The three options available to respondents were “major problem”, “moderate problem” and “minor problem”, which indicate the degree of problem severity. According to Richins (1983:76) problem severity is a central influence on customers’ effort of response to dissatisfaction in the form of complaint behaviour. Velázquez *et al.* (2006:510) support this view by stating that considering customers in terms of the intensity of dissatisfaction with regards to a service problem may provide an enhanced understanding of how subsequent responses to dissatisfaction are formed.

Customers’ complaint behaviour, in response to their dissatisfaction with the service problem described in the hypothetical scenario, was tested while also considering the responses to dissatisfaction following a service failure as described by Day and Landon (1977:246). These include public actions, private actions, or no action. Kitapci and Dortoyl (2009) and Ndubisi and Ling (2005:68) added defection to these actions to describe customer complaint behaviour in the banking industry. The research conducted by Kitapci and Dortoyl (2009), Yuksel *et al.* (2006) and Liu and McClure (2001) was considered when compiling the items that measured customers’ responses to dissatisfaction. The public action construct was measured by four items: “I would complain to the staff member”, “I would demand involvement from a manager”, “I would write a complaint letter to the bank’s head office” and “I would complain to an external agency”. The private action construct was measured by one item: “I would talk to my friends or family about the problem”. The no action construct was measured by one item: “I would not complain” and the defection construct by “I would never use this bank again”.

A service failure and the resultant complaint behaviour mean that the bank has failed the customer once already and should therefore attempt to provide an effective service recovery (Boshoff, 2009:336). Service recovery strategies available to banks include apology, assistance and compensation (Levesque & McDougall, 2000:21). Customers base their evaluation of the effectiveness of a service recovery strategy on their service

recovery expectations after a service failure has occurred. Banking customers' expectations for service recovery, based on the hypothetical scenario, were tested on a five-point Likert scale and included: "it is not necessary for the bank to do anything", "apologise to me for the poor service I received", "acknowledge that I was not properly treated", "correct the problem", "a manager should intervene in the situation" and "no bank charges should be levied on my account for a year". Items measuring respondents' expectations for service recovery were compiled by considering the work of Duffy *et al.* (2006), Boshoff and Staude (2003) and Andreassen (2001).

Since effective service recovery strategies can enhance customers' perceptions of satisfaction, maintain customers' loyalty and strengthen long-term customer relationships (Maxham, 2001:20), the outcome of service recovery was measured by means of two hypothetical responses by the bank, after which respondents had to indicate the extent to which they would be satisfied with the manner in which the bank has resolved problems, would maintain their relationship and would stay loyal to the bank, for each hypothetical response option. The question pertaining to the first response option stated: "Please rate the following statements based on your response *if the bank acknowledged the problem, but did nothing more in response to the above described scenario*", while the question pertaining to the second response option stated: "Please rate the following statements based on your response *if the bank apologised for the problem, provided an explanation and corrected the problem*".

Table 4.4 – 4.8 summarises the questions used in section D. As previously mentioned, all scaled-response questions in this section made use of a five-point Likert scale. The statements used to measure respondents' complaint behaviour, their expectations of service recovery and the outcomes of service recovery are illustrated in table 4.5 – 4.8, while the first question of this section is portrayed in table 4.4.

**Table 4.4 Measurement of perception of problem severity**

| No. | Question   | Response format | Scale   |
|-----|--|-----------------|---------|
| 9   | How problematic would you describe the service you received from your bank in the above situation? | Multiple-choice | Ordinal |

**Table 4.5 Measurement of complaint behaviour**

| No.  | Statements   | Response format | Scale        |
|------|--|-----------------|--------------|
| 10.1 | I would not complain                                       | Scaled          | Likert-scale |
| 10.2 | I would complain to the staff member                       | Scaled          | Likert-scale |
| 10.3 | I would demand the involvement of a manager                | Scaled          | Likert-scale |
| 10.4 | I would talk to my friends or family about the problem     | Scaled          | Likert-scale |
| 10.5 | I would write a complaint letter to the bank's head office | Scaled          | Likert-scale |
| 10.6 | I would complain to an external agency                     | Scaled          | Likert-scale |
| 10.7 | I would never use this bank again                          | Scaled          | Likert-scale |

**Table 4.6 Measurement of expectations of service recovery**

| No.  | Statements   | Response format | Scale        |
|------|--|-----------------|--------------|
| 11.1 | It is not necessary for the bank to do anything            | Scaled          | Likert-scale |
| 11.2 | Apologise to me for the poor service I received            | Scaled          | Likert-scale |
| 11.3 | Apologise to me in writing for the poor service I received | Scaled          | Likert-scale |
| 11.4 | Acknowledge that I was not properly treated                | Scaled          | Likert-scale |
| 11.5 | Provide an explanation of the problem                      | Scaled          | Likert-scale |
| 11.6 | Correct the problem as soon as possible                    | Scaled          | Likert-scale |
| 11.7 | A supervisor should intervene in the situation             | Scaled          | Likert-scale |
| 11.8 | A manager should intervene in the situation                | Scaled          | Likert-scale |
| 11.9 | No bank charges should be levied on my account for a year  | Scaled          | Likert-scale |

**Table 4.7 Measurement of outcome of service recovery 1**

| No.  | Statements  | Response format | Scale        |
|------|---|-----------------|--------------|
| 12.1 | I would be satisfied with the manner in which the bank resolves my problems | Scaled          | Likert-scale |
| 12.2 | I would maintain my relationship with the bank                              | Scaled          | Likert-scale |
| 12.3 | I would stay loyal to the bank  | Scaled          | Likert-scale |

**Table 4.8 Measurement of outcome of service recovery 1**

| No.  | Statements  | Response format | Scale        |
|------|---|-----------------|--------------|
| 13.1 | I would be satisfied with the manner in which the bank resolves my problems | Scaled          | Likert-scale |
| 13.2 | I would maintain my relationship with the bank                              | Scaled          | Likert-scale |
| 13.3 | I would stay loyal to the bank  | Scaled          | Likert-scale |

#### v) Section E

Section E of the questionnaire was designed to obtain respondents' demographic information. The demographic variable that established respondents' population group is the most important one since it implies the concept of culture. Other variables included in this section were gender, age, marital status, language and gross monthly income, with some of these variables established to be influential factors on customer complaint behaviour (see section 3.6.2). Table 4.9 provides a summary of the questions, response formats and scales used in section E.

**Table 4.9 Measurement of demographic information**

| No. | Questions                                    | Response format | Scale   |
|-----|--|-----------------|---------|
| 14  | What is your population group?               | Multiple-choice | Nominal |
| 15  | What is your gender?                         | Multiple-choice | Nominal |
| 16  | What is your age?                            | Multiple-choice | Ordinal |
| 17  | What is your marital status?                 | Multiple-choice | Nominal |
| 18  | What is your highest level of qualification? | Multiple-choice | Ordinal |
| 19  | What is your home language?                  | Multiple-choice | Nominal |
| 20  | What is your gross monthly income?           | Multiple-choice | Ordinal |

It is important that the questions in the questionnaire are linked to the objectives of the study. Table 4.10 presents a summary of the links that exist between secondary objectives and the questions posed in the questionnaire.

**Table 4.10 Links between objectives and the questions in the questionnaire**

| Objective no. | Secondary objective  | Question                            |
|---------------|--|-------------------------------------|
| 1             | To determine the attitudes toward complaining of banking customers from different cultures;  | Section C: 8<br>Section E: 14       |
| 2             | To determine banking customers' complaint behaviour following a service failure, in light of their cultural backgrounds;   | Section D:10<br>Section E: 14       |
| 3             | To determine the influence of culture on banking customers' expectations of service recovery efforts;  | Section D:11<br>Section E: 14       |
| 4             | To establish banking customers' perceptions of service recovery efforts;   | Section D:12 & 13<br>Section E: 14  |
| 5             | To determine whether there are differences between banking customers' satisfaction, maintaining of their relationships and their loyalty following different service recovery efforts. | Section D: 12 & 13.<br>Section E:14 |

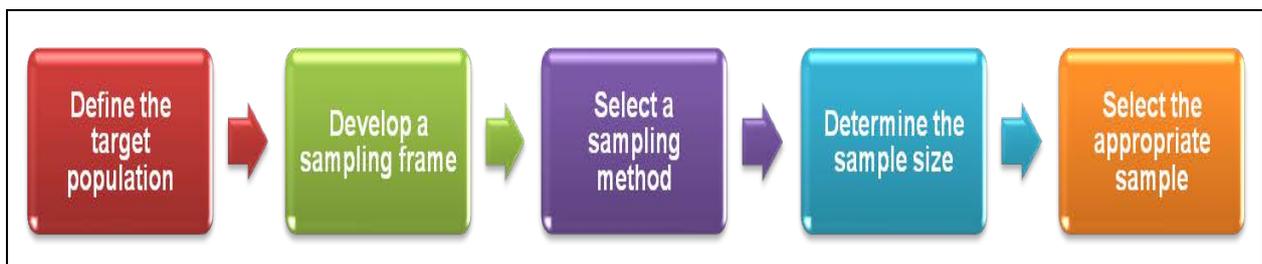
#### **D) Pre-test and revision of final questionnaire**

Once completed, it is essential that the draft questionnaire is tested and refined (Wiid & Diggines, 2009:181). Pre-testing accordingly refers to testing the questionnaire on a small sample of respondents that represent the group under investigation in order to identify and eliminate potential problems (Malhotra & Peterson, 2006:307). Parasuraman *et al.* (2007:303) emphasise that pre-testing is indispensable, since even the most conscientious questionnaire designer may make mistakes that can be detected only through external inspection. In a pre-test, researchers look for misinterpretations by respondents, lack of continuity and general respondent reaction to the questionnaire. Wiid and Diggines (2009:181) add that pre-testing enables the researcher to determine how long the respondent will take to complete the questionnaire; whether there are any problems in completing the questionnaire; whether the instructions on the questionnaire are clear and understandable; whether the interviewer is able to follow the question format; and whether the flow of the questionnaire is natural. **For the purpose of this study**, the questionnaire was pre-tested amongst 20 respondents of the target population. Questions that presented problems were corrected, additional alternatives for certain close-ended questions were added and questions that provided irrelevant information were removed. After the pre-test, the questionnaire was finalised and could therefore be used as the measuring instrument for the collection of primary data.

#### 4.3.4 Step 4: Develop a sampling plan

After the research method used to collect data has been identified and the measuring instrument has been designed, the subsequent step in the marketing research process is the development of a plan to draw the sample that will be used for the study (Parasuraman *et al.*, 2007:37). The idea behind sampling is that by selecting only certain elements of that population, a researcher may draw general conclusions about the entire population (Cooper & Schindler, 2003:179). A sample is defined as a subset of all the members of a population (McDaniel & Gates, 2005:357). A sampling plan is accordingly the blueprint used to ensure that the data collected are representative of the target population. The process of developing a sampling plan consists of several steps (illustrated in figure 4.3), including defining the target population, develop a sampling frame, select a sampling method, determine the sample size and select the appropriate sample.

**Figure 4.2** Developing a sampling plan



Adapted from: McDaniel and Gates (2005:358) and Proctor (2005:108)

The first step that needs to be considered in the development of a sampling plan requires a definition of the target population under investigation (Burns & Bush, 2006:327). The target population is that collection of elements or objects that possess the information sought by the researcher (Malhotra & Peterson, 2006:326). McDaniel and Gates (2005:358) believe that the basic issue in the development of a sampling plan is specifying the characteristics of those from whom or about whom information is required in order to meet the research objectives. Proctor (2005:109) emphasises that a sample should reflect the characteristics of the population of interest – the target population. It is imperative that the target population is defined properly and accurately in order to answer the correct research question and obtain adequate results (Aaker *et al.*, 2007:380). According to McDaniel and Gates (2005:358), the target population is

---

often specified in terms of geographical area, demographic characteristics, product or service usage characteristics and/or awareness levels. **For the purpose of this study**, the target population consists of banking customers from diverse cultural backgrounds, living in Gauteng, who hold a personal bank account, and who are older than 18 years of age.

#### **4.3.4.2 Determining the sampling frame**

After defining the population, a list of all eligible sampling units must be developed – a sampling frame (Shiu *et al.*, 2009:451). Proctor (2005:110) describes a sampling frame as a list that identifies the target population. It is this listing of the target population from which the sample is chosen (Parasuraman *et al.*, 2007:333; McDaniel & Gates, 2005:359). Malhotra and Peterson (2007:327) assert that, in some cases, the discrepancy between the population and the sampling frame is small enough to ignore. However, in most cases it is important to recognise and treat the sampling frame error. The sampling frame error is the degree to which the sampling frame fails to account for the entire population (Tustin *et al.*, 2005). One way to account for the sampling frame error is to screen respondents in the data-collection phase, thereby eliminating the inappropriate elements contained in the sampling frame (Malhotra, 2010:373). Since a full list of banking customers in Gauteng could not be obtained, a sampling frame could not be developed. The fieldworkers of this study (see section 4.3.5) therefore had to screen respondents before interviewing them by determining whether they had a personal bank account in their own capacity, in order to ensure that all respondents interviewed satisfy the criteria of the target population.

#### **4.3.4.3 Selecting the sampling method**

The subsequent step in developing a sampling plan is the selection of a sampling method. The sampling method used depends on the objectives of the study, the financial resources available and the nature of the research problem (McDaniel & Gates, 2005:362). Sampling methods can be divided into two major categories: probability sampling and non-probability sampling (Wiid & Diggines, 2009:199; Parasuraman *et al.*, 2007:338; Proctor, 2005:111). Moreover, a researcher conducting

a sampling study has a variety of probability and non-probability sampling methods to choose from. Each one of these methods is discussed below.

### **A) Probability sampling**

Probability sampling is an objective procedure in which the probability of selection of each population element is known (Parasuraman *et al.*, 2007:338). Burns and Bush (2006:332) note that probability sampling methods make use of a random process to select the sample in order to provide each population element with a known chance of being included in the sample. Malhotra (2007:341) is therefore of the opinion that with probability sampling it is possible to determine the precision of the sample estimates of the characteristics of interest. However, Aaker *et al.* (2007:386) highlight that in most probability sampling methods, a sampling frame is required and information on the sampling units is necessary before starting the sampling process. Probability sampling methods include simple random sampling, systematic sampling, stratified sampling and cluster sampling.

#### **i) Simple random sampling**

Simple random sampling is the most basic type of probability sampling (Parasuraman *et al.*, 2007:339). According to Malhotra and Peterson (2006:335), in simple random sampling each element of the population has a known and equal probability of being selected for the sample. Simple random sampling commences by assigning each element of the sampling frame a number, and then a series of random numbers is generated – the sample becomes the elements whose numbers appear on the list (Shao, 2002:365).

#### **ii) Systematic sampling**

Systematic random sampling is similar to simple random sampling, but requires that the target population must be ordered in some way (Shiu *et al.*, 2009:472). In systematic sampling, a starting point is selected at random and then elements of the sampling frame are taken at equal predetermined intervals (Bradley, 2007:173). The sampling interval,  $i$ , is determined by dividing the population size  $N$  by the sample size  $n$  and

---

rounding to the nearest integer (Malhotra, 2010:383). Wiid and Diggines (2009:205) note that the selection of the first element automatically determines the entire sample.

### **iii) Stratified sampling**

Stratified sampling first requires dividing the heterogeneous population into homogeneous strata that are mutually exclusive and comprehensive, and thereafter a sample of elements is drawn independently from each stratum (Wiid & Diggines, 2009:205). Malhotra (2010:384) cautions that the elements within a stratum should be as homogeneous as possible, with the elements of each stratum as heterogeneous as possible. This author adds that the stratification variables should be closely related to the characteristic of interest. Parasuraman *et al.* (2007:339) note that this sampling technique compels the sample to contain elements of each of the strata of the population.

### **iv) Cluster sampling**

In cluster sampling, a two-step probability technique is used: the target population is first divided into mutually exclusive and collectively exhaustive subpopulations or 'clusters', after which a random sample of clusters is selected (Bradley, 2007:175). According to Shiu *et al.* (2009:477), each cluster is assumed to be representative of the heterogeneity of the target population. Once the cluster has been identified, the prospective sampling units are drawn into the sample – either by using a simple random sampling method, or by investigating all the elements in the identified cluster (Hair *et al.*, 2000:351).

## **B) Non-probability sampling**

In non-probability sampling, the probability of selection of each sampling element is not known; accordingly, the selection of sampling elements is based on some type of intuitive judgement or knowledge (Hair *et al.*, 2000:345). Non-probability sampling consequently relies to a large degree on the discretion of the researcher (Tustin *et al.*, 2005:344). Aaker *et al.* (2007:393) assert that non-probability sampling methods eliminate the cost and trouble of developing a sampling frame and this ensures

operational ease. These authors postulate that a non-probability sampling method, even though it is biased and lacks the precise estimates of sampling variation, can be appropriate when used in the correct context. Non-probability sampling methods which are available to researchers include judgemental sampling, quota sampling, snowball sampling and convenience sampling (Wiid & Diggines, 2009:200; McDaniel & Gates, 2005:392).

### **i) Judgemental sampling**

Hair *et al.* (2000:355) explain that in judgemental sampling, respondents are selected according to an experienced individual's belief that they will meet the requirements of the research study. As a result, the researcher believes that the sample selected is representative of the target population or has the greatest knowledge and experience of the research subject. According to Proctor (2005:120), judgemental sampling is more frequently used in industrial market research than in consumer research.

### **ii) Snowball sampling**

Snowball sampling is a sampling method in which a set of respondents is chosen, who in turn helps the researcher identify additional people to be included in the study. This process is continued, resulting in a snowball effect as one referral is obtained from another (Malhotra & Peterson, 2006:333). Kent (2007:235) stresses that all additional respondents suggested must fit the specification of the target population. According to Malhotra (2010:381), the snowball sampling method is generally used when studying characteristics that are relatively rare or when it is difficult to identify the population. McDaniel and Gates (2005:375) note that snowball sampling dramatically reduces search costs; however this cost reduction may be at the expense of sample quality.

### **iii) Quota sampling**

The quota sampling method entails the selection of prospective respondents according to prior specified quotas regarding demographic characteristics, specific attitudes or specific behaviours (Hair *et al.*, 2000:355). Wiid and Diggines (2009:201) suggest that the quota of sample elements with certain characteristics must be more or less the same as that of the elements in the target population. According to Parasuraman *et al.*

---

(2007:345), quota sampling requires the following: dividing the population into segments based on control characteristics, determining the quota of units for each population cell, and instructing the interviewers to fill the quotas assigned to cells.

#### **iv) Convenience sampling**

In convenience sampling, the sample is drawn from a section of the population that is readily accessible or available to the researcher (Wiid & Diggines, 2009:200). The sample is accordingly drawn at the convenience of the researcher, often as the study is conducted. According to Malhotra (2007:341), this method allows for obtaining a sample in a quick and inexpensive manner. This author further states that with convenience sampling, the sampling elements are easy to measure and are also cooperative.

**For the purpose of this study**, a non-probability sampling method was used to draw the sample from the target population. This method was chosen due to the absence of a formal sampling frame comprising of all banking customers in Gauteng, South Africa which implied that probability sampling methods could not be used. The sampling method for this study set out by dividing the population into four segments based on a demographic control characteristic. A quota of 150 respondents each from the respective black, coloured, Indian and white population groups was chosen for statistical purposes in order to determine the influence of culture on customers' complaint behaviour. Respondents who complied with the criteria of the quota were chosen using a convenience sampling method. Therefore, only those respondents who were in the same time and place as the researcher stood a chance of being selected for the interview (Wiid & Diggines, 2009:200). Moreover, time constraints and a limited budget made the use of a convenience sampling method suitable for the purpose of this study.

#### **4.3.4.4 Determining the sampling size**

Sample size refers to the number of elements that will be included in the study (Malhotra, 2010:374; Tustin *et al.*, 2005:97). Crouch and Housden (2003:163) claim that there must be a relationship between the size of the sample and the size of the population of interest. The sample must consequently be large enough to yield relatively

---

precise estimates of population values (Wiid & Diggines, 2009:210). Parasuraman *et al.* (2007:353) support this view by stating that the basic purpose of sampling is to estimate population parameter values as accurately as possible. According to these authors, the estimate takes the form of a confidence level; for a given confidence level, the tighter the confidence interval, the more precise the interval estimate will be. Wiid and Diggines (2009:210) affirm that the required level of confidence, as well as the required precision the sample results and the standard deviation of the population, constitutes the criteria used to determine the sample size using statistical formulae. Churchill and Iacobucci (2005:360) also note that sampling distribution of the statistics indicates how the sample estimates vary as a function of the particular sample selected. However, statistical calculation of sample sizes can only be used when a probability sampling method has been followed (Tustin *et al.*, 2005:361). Shiu *et al.* (2009:462) assert that determining the sample size for non-probability samples is based on a relatively subjective judgement made by the researcher, which is in turn based on factors such as intuition, experience, industry standards, the amount of resources available and past studies. This view is supported by Malhotra (2007:338) who states that sample size is influenced by the average sizes of samples in previous studies and these sample sizes have been determined based on experience; they can serve as rough guidelines when non-probability techniques are used. A method of determining the sample size based on the judgement of the researcher refers to the blind guess method (Wiid & Diggines, 2009:210; Shao, 2002:374).

**For the purpose of this study**, the blind guess method was used to determine the sample size, while considering the resource constraints and the sample sizes of similar studies. Studies on customer complaint behaviour, service failure and service recovery by authors such as Duffy *et al.* (2006:116) and Yuksel *et al.* (2006:16) used a sample of 700 and 390 respondents respectively. Consequently, a sample size of 600 was envisaged and identified as sufficiently large, economical and practical to yield accurate estimates of the population values (Wiid & Diggines, 2009:210). These 600 respondents were equally drawn from the four major population groups in South Africa and 150 respondents each from the respective black, coloured, Indian and white population groups, which represents cultural groups for the purpose of this study, were included in the sample (Statistics South Africa, 2009:5).

#### 4.3.4.5 Select the appropriate sample

The final step of the sampling plan process involves the selection of appropriate respondents to participate in the study (Wiid & Diggines, 2009:214). In this step, the researcher must also determine how to contact prospective respondents (Shiu *et al.*, 2009:486). According to Shiu *et al.* (2009:486), the sample plan is executed by actually collecting the data from the sample respondents and it is important at this stage to maintain consistency and control. The following section will describe the data-collection step of the marketing research process.

#### 4.3.5 Step 5: Collect the data

Once the questionnaire and the sampling plan are ready, the subsequent step in the marketing research process is to collect the data (Parasuraman *et al.*, 2007:37). According to Malhotra and Peterson (2006:380), data collection entails using some kind of field force – called fieldworkers. These fieldworkers perform the interviewing necessary to collect the primary data by administering the questionnaire (Tustin *et al.*, 2005:425). Since fieldworkers who collect the data typically have little research background, it is essential that the data collection process is streamlined and well-controlled. Fieldwork accordingly involves the selection, training and supervision of those who collect the data (Malhotra, 2007:412). Tustin *et al.* (2005:438) highlight that the fieldworker's general appearance and the way in which questions are asked and recorded are of particular importance.

**For the purpose of this study**, 15 fieldworkers were selected to interview-administer the questionnaire. These 15 fieldworkers each had a specific number of sample quotas assigned to them and were personally responsible to identify accessible and available respondents to participate in this study. Tustin *et al.* (2005:428) suggest that especially in terms of personal interviews, respondents will be more comfortable communicating with someone of a similar culture, therefore correspondence between a fieldworker and the sample quotas of respondents in terms of population group was emphasised, for example a black fieldworker had to interview black respondents, an Indian fieldworker, Indian respondents and so forth. The sample quotas assigned to each fieldworker varied between 25 and 35. Before the fieldworkers received the questionnaires to be

---

completed, the researcher met with each fieldworker individually and provided a brief of the questionnaire – verbally as well as in written form. The brief discussed the purpose of the research study, as well as the purpose of each section of the questionnaire. In addition, the researcher explained the hypothetical scenario along with the questions based on this scenario.

The fieldworkers were then trained on how to make initial contact with possible respondents, how to ask the questions and how to record the answers. The importance of ensuring that all responses in the questionnaire are completed was also emphasised during the training. The fieldworkers were allowed a period of 6 weeks to identify respondents who had a personal bank account in their own capacity and to interview these respondents. During the interview, the fieldworkers personally recorded the respondents' answers on a questionnaire and 600 completed questionnaires were returned to the researcher for subsequent data preparation and analysis.

#### **4.3.6 Step 6: Prepare and analyse the data**

After the primary data have been collected, the subsequent step in the marketing research process is data analysis (McDaniel & Gates, 2005). Tustin *et al.* (2005:451) emphasise that data obtained from the completed questionnaires must be analysed in order to make the data manageable and interpretable. The first step to data analyses is data preparation; this involves three operations, namely editing, coding and data capturing (Tustin *et al.*, 2005:451). Aaker *et al.* (2007:432) describe data editing as a process aimed at identifying any omissions, ambiguities and errors in the responses.

After the editing process, data coding takes place. This is the assignment of numerical values to each individual response for each question on the questionnaire (Shiu *et al.*, 2009:502; Churchill & Iacobucci, 2005:42). The questionnaire was pre-coded prior to data collection in order to ensure that the questionnaire is well-constructed and to facilitate the data analysis process. Data capturing or data entry can then commence, which entails transferring the data from acceptable questionnaires to a computer for data analysis (Tustin *et al.*, 2005:469). Shiu *et al.* (2009:505) explain that data capturing includes the tasks involved with the direct input of the coded data into a software package that enables the research analyst to manipulate and transform the raw data

---

into useful information. **For the purpose of this study**, the researcher captured data using the SPSS statistical program. (SPSS Inc, 2007). However, in order to ensure that accurate results are obtained from the data, the measuring instrument's reliability and validity must first be determined.

#### 4.3.6.1 Reliability and validity

It is imperative to assess the reliability and validity of multi-item scales in the measuring instrument (Malhotra, 2010:317). Burns and Bush (2006:290) assert that a reliable measure will obtain identical or similar responses from the same respondent. Reliability therefore refers to the degree to which measures are free from random error, thereby providing consistent data (McDaniel & Gates, 2005:265). Zikmund and Babin (2010:248) emphasise that consistency is the key underlying reliability. **For the purpose of this study**, the reliability of the questionnaire was tested by means of internal consistency. According to Malhotra (2010:319), internal consistency reliability assesses the internal consistency of a set of items when several items are summated in order to form a total score for the scale. Two techniques used to assess internal consistency include split half tests and coefficient alpha ( $\alpha$ ) or Cronbach's alpha (Shiu *et al.*, 2009:403). In a split-half test, the items in the scale is divided into two halves, which are then compared against each other. These halves should produce similar scores. On the other hand, Cronbach's alpha represents the average of all possible split-half reliabilities for a construct (Zikmund & Babin, 2010:249; Shiu *et al.*, 2009:403). Scales with a Cronbach alpha  $\alpha$  of between 0.70 and 0.80 are considered to have good reliability. For example, the two factors measuring attitude towards complaining (propensity to complain and negative attitude to complaining) in the study of Yuksel *et al.* (2006:18) have Cronbach's alpha values of 0.71 and 0.72 respectively.

However, it is imperative that the measuring instrument is not only reliable, but also valid (Shiu *et al.*, 2009:403). Malhotra (2007:285) highlights that reliability is a necessary condition for validity. Validity refers to the accuracy and truthfulness of the measurement (Burns & Bush, 2006:290). It addresses the question of whether the researcher was trying to measure what was actually measured (McDaniel & Gates, 2005:268). These authors add that a measuring instrument is valid only if differences in scores reflect true differences on the characteristic being measured rather than as a

---

result of systematic or random error. Three types of validity can be distinguished, namely content validity, criterion validity and construct validity (Zikmund & Babin, 2010:251; Kent, 2007:144). Content or face validity is a subjective but systematic evaluation of how well the content of the scale represents the measurement task at hand (Malhotra, 2010:320). Criterion validity refers to the ability of a measurement to perform as predicted in relation to a specified criterion (McDaniel & Gates, 2005:271; Shao, 2002:246). Criterion variables may include demographic and psychographic variables, attitudinal or behavioural measures, or scores obtained from other scales (Malhotra, 2007:286). Construct validity refers to the degree to which a measuring instrument represents and logically connects the observed phenomena to the construct through the underlying theory (McDaniel & Gates, 2005:272). Malhotra (2010:321) consequently states that construct validity requires a sound theory of the nature of the construct to be measured, as well as how it relates to other constructs.

The reliability and validity of the measuring instrument used in this study were determined by means of a confirmatory factor analysis. This is discussed in greater detail in chapter 5. The statistical analysis of the data is discussed next.

#### **4.3.6.2 Statistical analysis**

The following step in data analysis subsequent to data preparation, entails analysing every question or measure by itself by tabulating the data (Aaker *et al.*, 2007:436). According to Wiid and Diggins (2009:240), tabulation combines the mass of raw data into a number of categories, which are then represented in tables or graphs that allow meaningful analyses and deductions to be drawn. These authors assert that the purpose of tabulation is to determine how data are distributed, what is typical in the data, how much the data vary and whether there are any significant relations between different sets of data. Two common forms of data tabulation are one-way tabulation and cross tabulation. One-way tabulation is the categorisation of a single variable at a time, whereas cross tabulation treats two or more variables simultaneously and accordingly categorises the number of respondents who have responded to two or more variables in a questionnaire (Shiu *et al.*, 2009:510). McDaniel and Gates (2005:429) emphasise that cross tabulations represent a simple-to-understand, yet powerful analytical tool.

---

Once the data have been tabulated, statistical analyses can consequently be performed (Shiu *et al.*, 2009:523). Descriptive analysis and inferential analysis are two types of statistical analyses (Burns & Bush, 2006:424). According to Burns and Bush (2006:424), descriptive analysis measures are used early in the analysis process and become the foundation for subsequent inferential analysis. Parasuraman *et al.* (2007:382) assert that the purpose of this preliminary data analysis is to reveal the characteristics of the basic composition of the data collected. The starting point in descriptive analysis is the construction of a frequency distribution (Tustin *et al.*, 2005:523). Frequency distribution refers to a distribution of data that summarises the number of times a certain value of a variable occurs, and is generally expressed in terms of percentages (Shao, 2002:424). Malhotra and Peterson (2006:429) highlight that in a frequency distribution, only one variable is considered at a time and it consequently provides basic information in the form of frequencies and percentages. However sometimes this information may require summarisation through the use of descriptive statistics.

Descriptive statistics are seen as the most efficient way of summarising the characteristics of large sets of data (McDaniel & Gates, 2005:436). There are two measures in descriptive statistics – measures of central tendencies and measures of dispersion (Shiu *et al.*, 2009:513). Three typical central tendency measures are the mean, the median and the mode. These measures locate the centre of distribution, while measures of dispersion describe how close to the mean or other measure of central tendency the rest of the values in the distribution fall, and include the range and standard deviation (Shiu *et al.*, 2009:513). Shao (2002:427) highlights that subsequent to descriptive statistics, thorough statistical tests might follow with a view to make inferences about the data. Inferential statistics are consequently statistics that allow researchers to draw inferences from sample data and include methods of generalising, estimating or predicting the characteristics of a population based on a sample (Shao, 2002:417). **For the purpose of this study**, the following statistical techniques were employed:

- **Frequency:** this is the simplest kind of statistical description and gives a direct frequency count of the number of responses in each category (Crouch & Housden, 2003:230).

- 
- **Percentage:** Aaker *et al.* (2007:438) describe percentages as the proportion of those who answered a question in a specific way, multiplied by 100. Percentages are a simple and useful way to demonstrate the relative relationship between two variables (Wiid & Diggins, 2009:242).
  - **Mean:** the mean as a measure of central tendency for metric values, is calculated by totalling all the scale values in a distribution and dividing it by the number of observations made (Kent, 2007:310). Parasuraman *et al.* (2007:384) accordingly assert that the mean is the simple average of the various responses pertaining to a variable.
  - **Standard deviation:** the standard deviation is described as the square root of the variance (the mean squared deviation of all the values of the mean). This element attempts to determine how much the responses vary from the mean of the entire population (Malhotra, 2010:487).
  - **Cross tabulation:** cross tabulation is a statistical technique that simultaneously describes two or more variables designated to tables that reflect the combined distribution of these variables (Malhotra, 2007:468). The author states that the merger of the variables' frequency distribution assists in understanding how one variable is associated to another variable. Cross tabulation only provides significant information when a logical relationship exists between the variables.
  - **Paired sample t-tests for dependent groups:** a paired sample t-test is a test for differences in the means of paired samples (Malhotra & Birks, 2007:530). These authors explain that the samples are paired when the data for the two samples relate to the same group of respondents. This test accordingly determines whether the two means of different questions using the same scale format and answered by the same respondent, is significantly different (Bush & Bush, 2006:503).
  - **Analysis of variance:** : Analysis of variance (ANOVA) is used to determine the statistical difference between three or more means (Shiu *et al.*, 2009:593). The word variance signifies differences between the means of three or more groups – and answers the question: do they vary from each other significantly? (Burns & Bush,

---

2006). According to Shiu *et al.* (2009:593), the ANOVA technique accordingly focuses on the behaviour of the variance within a data set. These authors indicate that if the variance between the groups is calculated and compared to the variance within groups, a rational determination can be made as to whether the means are significantly different.

- **Correlation analysis:** Correlation analysis is an analysis of the degree to which changes in one variable are associated with changes in another (McDaniel & Gates, 2005:509). It consequently involves measuring the strength of the relationship between these two variables (Aaker *et al.*, 2007:509). Churchill and Iacobucci (2002:274) highlight that when one is concerned with the strength of the linear relationship between two variables, the notion of the correlation coefficient becomes important. Pearson's correlation coefficient is the most appropriate for metric data (McDaniel & Gates, 2005:509) and accordingly measures the degree to which there is a linear association between two metric scaled variables (Aaker *et al.*, 2007:509). The Pearson correlation coefficient may vary from -1 to +1. A positive correlation, where an increase in one variable determines an increase in the second variable, yields a coefficient of +1, whilst a negative correlation yields a coefficient of -1 (Churchill & Iacobucci, 2002:274).
- **Multivariate analysis techniques:** Multivariate techniques are statistical techniques suitable for analysing data when there are multiple measurements on each element and the variables are analysed simultaneously (Malhotra & Birks, 2007:493). McDaniel and Gates (2005:523) propound that factor analysis is one such technique, and this will be described in the following section.

#### 4.3.6.3 Factor analysis

Factor analysis is a general name denoting a class of procedures primarily used for data reduction and summarisation, where relationships among sets of many interrelated variables are examined and represented in terms of a few underlying factors (Malhotra, 2010:636). In other words, if the data contain many variables, factor analysis could reduce the number of variables to a manageable level (Malhotra & Birks, 2007:647; Tustin *et al.*, 2005:668). Kent (2007:420) explains that factor analysis recognises that

---

when numerous variables are being measured, some of them will be measuring different aspects of the same phenomena and will therefore be interrelated. Factor analysis groups together those variables which are highly correlated, by systematically reviewing the correlation between each variable and all other variables in the analysis (Kent, 2007:420). The groups consequently identify factors, which are a weighted composite of all the variables that are seen to be intercorrelated.

There are three stages in factor analysis: 1) a correlation matrix is generated for all the variables – a rectangular collection of the correlation coefficients of the variables with each other; 2) factors based on the correlation coefficients of the variables are extracted from the correlation matrix; and 3) the factors are rotated in order to maximise the relationship between the variables and some of the factors (Tustin *et al.*, 2005:670).

Malhotra (2010:638) highlights that once it has been established that factor analysis is a suitable technique for analysing the correlation matrix, the method of factor analysis must be selected. According to Kent (2007:420), this refers to the method for extracting the factors, with principle components analysis and common factor analysis being two basic approaches in this regard. Principle component analysis is, however, considered the default method, in which the total variance of the data is considered. With this procedure, both the amount of variance to be accounted for and the number of factors to be extracted equal the number of variables (Kent, 2007:420). The first factor will always explain the largest proportion of the total variance, the second factor the subsequent largest, and so forth; while each variable is correlated with (loads on) each factor. Churchill and Iacobucci (2002:800) note that the correlations between the variables and the factors are called factor loadings. Accordingly, each correlation coefficient represents the loadings of the associated variable on the particular factor (McDaniel & Gates, 2005:539). In order to calculate the proportion of the total variance explained by each factor, the loadings of the variables on a factor can be squared and the result summed to give the eigenvalue (Kent, 2007:420). Cooper and Schindler (2003:636) consequently emphasise that eigenvalues estimate the total variance that can be explained by the particular factor.

Malhotra (2010:644) propounds that the interpretation of the factors provided by an initial factor matrix is often enhanced by rotating the factors. Tustin *et al.* (2005:671)

---

explain that after rotation, each extracted factor reflects a different percentage of variance explained, even though the total variance remains the same as before rotation. Different methods of rotation may be used, resulting in the identification of different factors (Malhotra & Birks, 2007:649). The most commonly used method for rotation is the varimax procedure (Malhotra, 2010:645; Kent, 2007:420). The varimax procedure is an orthogonal method of factor rotation that minimises the number of variables with high loadings on a factor, thereby enhancing the interpretability of the factors (Malhotra, 2010:645; Aaker *et al.*, 2007:569; Churchill & Iacobucci, 2002:809).

Kent (2007: 421) emphasises that factor analysis always produces a solution, whether or not it is a good or helpful one in a particular matter. This author adds that the use of factor analysis can broadly be classified into exploratory factor analysis or confirmatory factor analysis. Exploratory factor analysis is used for exploratory purposes to replace a large set of variables with a smaller number of factors, whereas confirmatory factor analysis is used to test the extent to which a hypothesised factor structure is supported by the data. **For the purpose of this study**, confirmatory factor analysis is used in order to define the structure in a large set of metric variables associated with respondents' attitude towards complaining. The extracted factors were then used in further statistical analysis. The following section provides a guideline for the interpretation of statistics obtained through statistical analyses

#### **4.3.6.4 Guidelines for interpreting statistics**

Statistical tests described in section 4.3.6.2, such as chi-square analysis and analysis of variance were utilised in order to determine the statistical significance, as well as practical significance of the data (Wiid & Diggins, 2009:246). Statistical significance and practical significance are each discussed below.

##### **A) Statistical significance**

Statistical significance refers to differences in findings that cannot be caused by chance or sampling error alone (McDaniel & Gates, 2005:455). According to Proctor (2005), the first step in tests of significance is to make a claim which one has to find evidence against. This statement is called the null hypothesis and the test is intended to

---

determine the strength of evidence against the null hypothesis ( $H_0$ ). The null hypothesis is generally a statement of no difference or no effect. The alternative hypothesis ( $H_A$ ) is the statement hoped or suspected to be true instead of  $H_0$ . According to Aaker *et al.* (2007:480), the largest significant level at which the hypothesis ( $H_0$ ) would be accepted is defined as the probability value or the p-value. Typical values or accepted significance levels include 0.10, 0.05, 0.01 and 0.001 (Zikmund & Babin, 2010:366). **For the purpose of this study**, a significance level of  $p \leq 0.05$  were used in t-tests and ANOVAs to determine statistical significance. In cross tabulations, a chi-square statistic was used. A chi-square statistic tests the statistical significance of the association between two categorical variables in the cross tabulated data (Malhotra, 2010:499; Crouch & Housden, 2003:234). Field (2005:689) states that the chi-square test performs the basic Pearson Chi-square test. The Pearson Chi-square test is described as an elegant statistic that compares the frequencies observed in the categories to the frequencies expected to occur by chance (Field, 2005:682). A Pearson's Chi-square statistic with an exceedence probability of  $p \leq 0.05$  is determined as being statistically significant for the purpose of this study.

## **B) Practical significance**

In addition to statistical significance, practical significance was tested in order to determine whether the variation is of any real importance (Cooper & Schindler, 2008:468; Bagozzi, 1994:248). Practical significance measures the strength of the significance of values which cannot be measured by statistical significance; it consequently provides the ability to judge the practical importance of an effect (Steyn, 2005; Bagozzi, 1994:248). Practical significance is measured by means of effect size. Effect sizes for associations ( $w$ -values) and the effect sizes of differences in mean ( $d$ -values) were tested in order to determine the practical significance of the data. According to Steyn (2005), effect size indices can be useful since these indices are directly proportional to the importance of the differences of means between variables; therefore, if an index is large enough, the result is practically significant.

### **i) Effect sizes for associations**

Effect sizes for associations or the measure  $w$ , can be used to determine whether a practically significant effect can be identified between variables (Ellis & Steyn, 2003:52).

According to Steyn (2005), the measure  $w$  then serves as an effect size index for measuring the relationship between two nominal variables in a two-way frequency table where  $w = 0.1$  indicates a small effect,  $w = 0.3$  a medium effect, and  $w = 0.5$  a large effect. A large effect is practically significant and signifies an association between the variables (Ellis & Steyn, 2003:53). Steyn (2005) highlights that this effect size index is based on the Chi-square statistic and a special case of this effect size is called the  $\phi$ -coefficient, which is used for dichotomous variables.

## ii) Effect sizes for differences between means

Ellis and Steyn (2003:51) emphasise that researchers can determine whether an effect is practically significant by using standardised differences between means for two given populations. Cohen's  $d$ -value represents the effect sizes for differences in means and is calculated by the following formula (Steyn, 2005):

$$d = \delta = \frac{\mu_1 - \mu_2}{\sigma^*}$$

- where  $\delta$  is the effect size;
- $\mu_1 - \mu_2$  is the difference between means of two compared populations;
- $\sigma^*$  is the maximum of the two standard deviations of the two compared populations.

The effect size expressed in  $d$ , is small when  $d = 0.20$ , medium when  $d = 0.50$  and large when  $d = 0.80$  (Cohen, 1988:25). This author underlines that the terms small, medium and large are relative not only to each other, but to the area of behavioural science and particularly to the specific content or research method employed.

### 4.3.7 Step 7: Report the results

The final step in the marketing research process is to report on the results obtained. According to Burns and Bush (2006:608), the results section should logically present the findings of the research and should be organised around the objectives of the research study. The findings must then be interpreted to formulate conclusions which are, in turn, applied to generate recommendations for marketing strategies. Tustin *et al.* (2005:695) are of the opinion that the results will have little impact on decision-making unless interpretation and reporting are of a superior standard. **For the purpose of this**

**study**, the reporting of the results step is presented in the subsequent two chapters. In chapter 5, results obtained from statistical analyses are discussed and interpreted, while the conclusions and recommendations pertaining to these results are presented in chapter 6.

#### **4.4 CONCLUSION**

This chapter provided the empirical research methodology of the study, based on the principles of the scientific method of the marketing research process. The chapter commenced by presenting a definition of marketing research and the marketing research process which included a number of systematic steps. Each step of the marketing research process was discussed, as well as the methods that were used for the purpose of this research study. This chapter accordingly described the study's research problem and objectives, the creation of a research design and the selection of a research method appropriate for the context of the study, the development of the sample plan, the collection of the data, as well as the statistical techniques applied to the collected data. The following chapter presents the results obtained from the data analysis.

---

## **CHAPTER 5**

### **DISCUSSION AND INTERPRETATION OF RESULTS**

#### **5.1 INTRODUCTION**

The current chapter builds on the research methodology provided in the previous chapter by reporting the results obtained from the empirical research. This chapter commences by describing the sample profile of the respondents who participated in the study in terms of the demographic information obtained. Subsequently, the empirical research results obtained from the research are presented by discussing the frequencies and statistical results obtained from each section of the questionnaire, as well as the main findings related to the objectives of the study.

#### **5.2 SAMPLE PROFILE**

The study was conducted among Gauteng banking customers who are older than 18 years and who hold a personal bank account. A total of 600 respondents participated in the study. These 600 respondents consisted of 150 respondents from each of the four population groups in South Africa, namely black, coloured, Indian and white. The sample profile presents the demographic information of the sample population who participated in the study. Demographic information was gathered in Section E of the questionnaire, by means of a multiple choice question format. In addition to respondents' population group, information regarding their gender, age, marital status, highest qualification, home language and gross monthly income was collected. The frequencies (F) and percentages (%) related to these demographical variables are presented in table 5.1 as a sample profile.

**Table 5.1** Frequency table representing the sample profile of respondents

| Demographic variables        | Total |      | Black<br>n = 150 |      | Coloured<br>n = 150 |      | Indian<br>n = 150 |      | White<br>n = 150 |      |
|------------------------------|-------|------|------------------|------|---------------------|------|-------------------|------|------------------|------|
|                              | F     | %    | F                | %    | F                   | %    | F                 | %    | F                | %    |
| <b>Gender</b>                |       |      |                  |      |                     |      |                   |      |                  |      |
| Female                       | 329   | 55.0 | 81               | 54.0 | 80                  | 53.3 | 80                | 53.3 | 88               | 58.7 |
| Male                         | 271   | 45.0 | 68               | 45.3 | 70                  | 46.7 | 70                | 46.7 | 62               | 41.3 |
| <b>Age</b>                   |       |      |                  |      |                     |      |                   |      |                  |      |
| 18 – 24                      | 161   | 26.8 | 54               | 36.0 | 33                  | 22.0 | 52                | 34.7 | 22               | 14.7 |
| 25 – 30                      | 155   | 25.8 | 42               | 28.0 | 43                  | 28.7 | 27                | 18.0 | 43               | 28.7 |
| 31 – 40                      | 109   | 18.2 | 26               | 17.3 | 35                  | 23.3 | 25                | 16.7 | 23               | 15.3 |
| 41 – 50                      | 93    | 15.5 | 16               | 10.7 | 25                  | 16.7 | 28                | 18.7 | 24               | 16.0 |
| 51 – 60                      | 65    | 10.8 | 9                | 6.0  | 11                  | 7.3  | 15                | 10.0 | 30               | 20.0 |
| 61 and older                 | 17    | 2.8  | 3                | 2.0  | 3                   | 2.0  | 3                 | 2.0  | 8                | 5.3  |
| <b>Marital status</b>        |       |      |                  |      |                     |      |                   |      |                  |      |
| Single                       | 228   | 38.0 | 83               | 55.3 | 40                  | 26.7 | 59                | 39.3 | 46               | 30.7 |
| Living with someone          | 90    | 15.0 | 19               | 12.7 | 44                  | 29.3 | 17                | 11.3 | 10               | 6.7  |
| Married                      | 218   | 36.3 | 33               | 22.0 | 45                  | 30.0 | 60                | 40.0 | 80               | 53.3 |
| Divorced                     | 36    | 6.0  | 7                | 4.7  | 12                  | 8.0  | 10                | 6.7  | 7                | 4.7  |
| Widowed                      | 28    | 4.7  | 8                | 5.3  | 9                   | 6.0  | 4                 | 2.7  | 7                | 4.7  |
| <b>Highest qualification</b> |       |      |                  |      |                     |      |                   |      |                  |      |
| Primary completed            | 7     | 1.2  | 2                | 1.3  | 2                   | 1.3  | 2                 | 1.3  | 1                | 0.7  |
| Some high school             | 34    | 5.7  | 14               | 9.3  | 10                  | 6.7  | 7                 | 4.7  | 3                | 2.0  |
| Matric                       | 166   | 27.7 | 44               | 29.3 | 36                  | 24.0 | 57                | 38.0 | 29               | 19.3 |
| Certificate/ Diploma         | 163   | 27.2 | 56               | 37.3 | 47                  | 31.3 | 40                | 26.7 | 25               | 16.7 |
| Degree                       | 143   | 23.8 | 24               | 16.0 | 40                  | 26.7 | 35                | 23.3 | 43               | 28.7 |
| Post-graduate degree         | 87    | 14.5 | 10               | 6.7  | 15                  | 10.0 | 9                 | 6.0  | 48               | 32.0 |
| <b>Home language</b>         |       |      |                  |      |                     |      |                   |      |                  |      |
| Afrikaans                    | 194   | 32.3 | 4                | 2.7  | 65                  | 43.3 | 3                 | 2.0  | 122              | 81.3 |
| English                      | 260   | 43.3 | 7                | 4.7  | 83                  | 55.3 | 144               | 96.0 | 26               | 17.3 |
| Nguni                        | 51    | 8.5  | 49               | 32.7 | 2                   | 1.3  | 0                 | 0.0  | 0                | 0.0  |
| Sotho                        | 66    | 11.0 | 66               | 44.0 | 0                   | 0.0  | 0                 | 0.0  | 0                | 0.0  |
| Other                        | 29    | 4.8  | 24               | 16.0 | 0                   | 0.0  | 3                 | 2.0  | 2                | 1.4  |
| <b>Gross monthly income</b>  |       |      |                  |      |                     |      |                   |      |                  |      |
| Less than R5 000             | 136   | 22.7 | 60               | 40.0 | 26                  | 17.3 | 31                | 20.7 | 19               | 12.7 |
| R5 000 – R9 999              | 129   | 21.5 | 39               | 26.0 | 34                  | 22.7 | 30                | 20.0 | 26               | 17.3 |
| R10 000 – R14 999            | 123   | 20.5 | 24               | 16.0 | 40                  | 26.7 | 28                | 18.7 | 31               | 20.7 |
| R15 000 – R29 999            | 121   | 20.2 | 14               | 9.3  | 27                  | 18.0 | 44                | 29.3 | 36               | 24.0 |
| More than R30 000            | 47    | 7.8  | 7                | 4.7  | 13                  | 8.7  | 3                 | 2.0  | 24               | 16.0 |
| Not specified                | 44    | 7.3  | 6                | 4.0  | 10                  | 6.7  | 14                | 9.3  | 19               | 9.3  |

---

Table 5.1 illustrates that more female respondents (55%) than male respondents (45%) participated in the study. The table further indicates that 70.1% of the respondents who participated in this study were between the ages of 18 and 40 years (26.8% + 25.8% + 18.2%). The largest number of respondents were also single (38%) or married (36.3%). Furthermore, it can be noted that the majority of the respondents have received tertiary qualification in the form of a certificate/diploma, degree or post-graduate degree (64.5% = 27.2% + 23.8% + 14.5%), with only 6.9% (1.2% + 5.7%) of respondents not having completed their secondary education. The table also indicates that the largest number of respondents' home language is English (43.3%), followed by Afrikaans (32.3%). Finally, more than 62% of respondents indicated that their gross monthly income is between R5 000 and R30 000 (21.5% + 20.25 + 20.2%), whilst 22.6% of respondents earn less than R5 000, while 7.3% of respondents declined to provide their gross monthly income.

When studying the sample profile according to population group, the table indicates that more females participated in the study than males – across all population groups. The largest number of black respondents (36%), as well as Indian respondents (34.7%) was between the ages of 18 and 24, whilst the largest number of coloured (28.7%) and white (28.7%) respondents fell in the age group of 25 to 30. The table furthermore shows that the majority of black respondents (55.3%) were single, whereas the majority of coloured (30%), Indian (40%) and white (53.3%) respondents were married. In terms of the highest qualification obtained, the majority of black (37.3%) and coloured (31.3%) respondents indicated that they have obtained a certificate/diploma; Indian respondents (38%) that they completed Matric; and white respondents (32%) that they have obtained a post-graduate degree. The table indicates that the majority of black respondents (40%) have a gross monthly income of less than R5 000 a month, while the largest percentage of respondents who indicated that their gross monthly income is more than R30 000 a month, was white (16%). Both Indian and white respondents (9.3%) constituted the largest percentage of respondents who did not specify their monthly income.

The following main finding concerning the sample profile can accordingly be reported:

**Main finding SP1:** Most respondents who participated in this study were female, between the ages of 18 and 30 years, were single or married, have received a tertiary qualification, speak English as a home language, and have a gross monthly income of between R5 000 and R30 000.

### 5.2.1 Associations between demographic variables and respondents' population groups

Although basic frequencies and percentages were obtained according to population group as illustrated in the sample profile, further statistical analyses were performed by specifically considering demographical variables and respondents' population groups. These analyses were conducted by means of cross tabulations and a chi-square statistic was used to test the statistical significance of the association between the two categorical variables in the cross tabulated data. Moreover, effect sizes were obtained in order to determine practical significant associations. **Effect sizes will only be reported for statistically significant findings.**

Table 5.2 portrays the results obtained from a cross tabulation between respondents' gender and their population groups (see table 5.2a and table 5.2b in Appendix C for a detailed exposition of statistical values).

**Table 5.2 A cross tabulation of respondents' gender and population groups**

|        |        | Population group |             |             |             | Total        |
|--------|--------|------------------|-------------|-------------|-------------|--------------|
|        |        | Black            | Coloured    | Indian      | White       |              |
| Gender | Female | 81<br>54.0%      | 80<br>53.3% | 80<br>53.3% | 88<br>58.7% | 329<br>54.8% |
|        | Male   | 69<br>46.0%      | 70<br>46.7% | 70<br>46.7% | 62<br>41.3% | 271<br>45.2% |
| Total  |        | 150<br>100%      | 150<br>100% | 150<br>100% | 150<br>100% | 600<br>100%  |

Table 5.2 indicates that even though there were more female than male respondents participating in this study across all population groups, the white population group had the greatest number of female respondents (58.7%). The chi-square test realised an

---

exceedence probability of  $p=0.752$ , indicating that there is not a statistically significant association between respondents' gender and their population group.

Additional cross tabulations were performed on demographic variables as specified in the questionnaire in order to determine whether statistically significant associations exist between these variables and respondents' population groups. Only results that were found to be statistically significant are discussed below:

- Respondents' age and population group: The majority of black respondents (36%) and Indian respondents (34.7%) were between the ages of 18 and 24, while the majority of coloured (28.7%) and white (28.7%) respondents fell in the age group of 25 to 30. The chi-square test realised an exceedence probability of  $p=0.000$ , indicating that there is a statistically significant association between the variables. From the realised small effect size ( $w = 0.17$ ) it can be concluded that no practically significant association exists between respondents' age and population group.
- Respondents' marital status and population group: The majority of black respondents (55.3%) were single, whereas the majority of coloured (30.8%), Indian (40%) and white (53.3%) respondents were married. Moreover, the largest number of respondents who were divorced (6%) or married (8%) were coloured. The chi-square test realised an exceedence probability of  $p = 0.000$ , indicating that there is a statistically significant association between the variables. The realised effect size ( $w = 0.20$ ) indicates that a small association exists between the variables, showing no practical significance between respondents' marital status and their population group.
- Respondents' highest qualification and population group: The majority of black respondents (37.3%), as well as coloured respondents (31.3%) have obtained a certificate/diploma, while the largest number of Indian respondents (38%) has obtained Matric. On the other hand, the majority of white respondents (32%) indicated that they have obtained a post-graduate degree. The chi-square test realised an exceedence probability of  $p=0.000$ , indicating that there is a statistically significant association between the variables. From the realised small effect size ( $w$

---

= 0.17) it can be concluded that no practically significant association exists between respondents' qualification and population group.

- Respondents' gross monthly income and population group: The majority of black respondents (40%) have a gross monthly income of less than R5000 a month, while the majority of Indian (29.3%) and white (24%) respondents earn between R15 000 and R29 999 and the majority of coloured respondents between R10 000 and R14 999. The chi-square test realised an exceedence probability of  $p = 0.000$ , indicating that there exists a statistically significant association between the variables. However, the small effect size ( $w = 0.21$ ) indicates that no practical significance exists between these variables.

From the above results pertaining to the cross tabulations of demographic variables and respondents' population groups, the following main finding can be reported:

**Main finding SP2:** Although statistically significant associations could be found between demographic variables and respondents' population groups, no practically significant associations exist between these variables.

### 5.3 EMPIRICAL RESULTS OBTAINED FROM THE STUDY

This section presents a discussion of results obtained from the empirical research. In addition to section E, four other sections were designed to obtain information from respondents. The purpose of each section was described in detail in chapter 4, section 4.3.3.2. The results of each of the sections of the questionnaire are discussed below according to the respective population groups.

#### 5.3.1 Results obtained from section A of the questionnaire

The purpose of section A of the questionnaire was to obtain classification information from respondents with regards to the banks which they are currently banking with. Section A consequently gathered information with regard to the bank with which respondents hold their personal accounts; the period of time they have had their personal accounts with the bank; whether respondents will stay with the bank in the

future; which banking method respondents most often use; how often respondents visit a branch of the bank; and information related to their relationship with the bank. Cross tabulations were performed on the first five questions in order to determine whether an association exists between these questions and respondents' population groups. Results from the first five questions will therefore be discussed according to the results obtained from the cross tabulations.

### 5.3.1.1 Results obtained from question 1

The first question in the questionnaire determined with which bank respondents hold their personal bank accounts. The question provided the names of the four major banks in South Africa, as well as an "other" option. A cross tabulation was performed on the bank with which respondents' personal accounts are held and their population groups in order to not only obtain basic frequencies and percentages, but also to determine whether there is a statistically significant association between these two variables. Table 5.3 shows the results obtained from the cross tabulation performed on question 1 (see table 5.3a and table 5.3b in Appendix C for a detailed exposition of statistical values).

**Table 5.3 A cross tabulation of the bank with which respondents' personal accounts are held and population groups**

|              |               | Population group |             |             |             | Total        |
|--------------|---------------|------------------|-------------|-------------|-------------|--------------|
|              |               | Black            | Coloured    | Indian      | White       |              |
| <b>Bank</b>  | ABSA          | 49<br>32.7%      | 43<br>28.7% | 39<br>26.0% | 67<br>44.7% | 198<br>33.0% |
|              | FNB           | 33<br>22.0%      | 28<br>18.7% | 33<br>22.0% | 30<br>20.0% | 124<br>20.7% |
|              | Nedbank       | 19<br>12.7%      | 27<br>18.0% | 23<br>15.3% | 22<br>14.7% | 91<br>15.2%  |
|              | Standard Bank | 43<br>28.7%      | 46<br>30.7% | 54<br>36.0% | 25<br>16.7% | 168<br>28.0% |
|              | Other         | 6<br>4.0%        | 6<br>4.0%   | 1<br>0.7%   | 6<br>4.0%   | 19<br>3.2%   |
| <b>Total</b> |               | 150<br>100%      | 150<br>100% | 150<br>100% | 150<br>100% | 600<br>100%  |

---

Table 5.3 illustrates that the majority of respondents who participated in this study hold their personal account with ABSA (33%), followed by Standard Bank (28%) and First National Bank (20.7%). Slightly more than 15% of respondents hold their personal bank account with Nedbank and only 3.2% of respondents hold their personal bank account with other banks.

Moreover, it can be seen from the table that most white (44.7%), and black respondents (32.7%) hold their personal accounts with ABSA. On the other hand, most Indian (36.0%) and coloured respondents (30.7%) hold their accounts with Standard Bank. The smallest number of respondents from the different population groups banked with Nedbank (black = 12.7%, coloured = 18%, Indian = 15.3% and white = 14.7%).

The chi-square test realised an exceedence probability of  $p = 0.011$ , indicating that a statistically significant association exists between the bank with which respondents' personal accounts are held and their population groups. However, a small effect size ( $w = 0.12$ ) was found, indicating that no practically significant association exists between these two variables.

**Main finding A1:** Although a statistically significant association exists between the banks with which respondents' personal accounts are held and their population groups, this association is of no practical significance.

### 5.3.1.3 Results obtained from question 2

The purpose of question 2 was to obtain information regarding the period with which respondents have had a personal account with their banks. The results obtained from a cross tabulation considering this variable and respondents' population group are presented in table 5.4 (see table 5.4a and table 5.4b in Appendix C for a detailed exposition of statistical values).

**Table 5.4 A cross tabulation of the period that respondents have had personal accounts with their banks and population groups**

|               |  | Population group |             |             |             | Total        |
|---------------|--|------------------|-------------|-------------|-------------|--------------|
|               |  | Black            | Coloured    | Indian      | White       |              |
| <b>Period</b> | Less than a year                               | 16<br>10.7%      | 8<br>5.3%   | 2<br>1.3%   | 3<br>2.0%   | 29<br>4.8%   |
|               | 1 year or longer<br>but less than 3<br>years   | 34<br>22.7%      | 25<br>16.7% | 20<br>13.3% | 9<br>6.0%   | 88<br>14.7%  |
|               | 3 years or longer<br>but less than 5<br>years  | 33<br>22.0%      | 34<br>22.7% | 40<br>26.7% | 20<br>13.3% | 127<br>21.2% |
|               | 5 years or longer<br>but less than 10<br>years | 40<br>26.7%      | 41<br>27.3% | 38<br>25.3% | 28<br>18.7% | 147<br>24.5% |
|               | Longer than 10<br>years                        | 27<br>18.0%      | 42<br>28.0% | 50<br>33.3% | 90<br>60.0% | 209<br>34.8% |
| <b>Total</b>  |  | 150<br>100%      | 150<br>100% | 150<br>100% | 150<br>100% | 600<br>100%  |

From table 5.4 it can be seen that the majority of respondents have had their personal accounts for longer than 10 years (34.8%) at their respective banks, followed by a period of between five and 10 years (24.5%). Only 4.8% of respondents had their accounts for less than one year.

The table furthermore shows that 78.7% (18.7% + 60%) of white respondents have had their personal accounts for longer than 5 years, with 58.6% of Indian (25.3% + 33.3%) and 55.3% of coloured respondents (27.3% + 28.0%) having had their personal accounts for the same time period. In contrast, the majority of black respondents (10.7% + 22.7% + 22% = 55.4%) have had their personal accounts for less than five years.

The chi-square test realised an exceedence probability of  $p = 0.000$ , indicating that there is a statistically significant association between the variables. However, the small effect size ( $w = 0.22$ ) indicates that no practically significant association exists between the period that respondents have had personal accounts and their population groups.

**Main finding A2:** Although there is a statistically significant association between the period that respondents have had personal accounts with their banks and their population groups, this association is of no practical significance.

### 5.3.1.3 Results obtained from question 3

The aim of question 3 was to determine whether or not respondents intended to stay with their banks in the future. Respondents were asked to answer either “yes” or “no” with regard to their intention to remain with their banks. Table 5.5 shows the results obtained from the cross tabulation performed on question 3 (see Table 5.5a and table 5.5b in Appendix C for a detailed exposition of statistical values).

**Table 5.5 A cross tabulation of respondents’ intention to stay with their banks and population groups**

|                             |     | Population group |              |             |              | Total        |
|-----------------------------|-----|------------------|--------------|-------------|--------------|--------------|
|                             |     | Black            | Coloured     | Indian      | White        |              |
| Intention to stay with bank | Yes | 126<br>84.0%     | 140<br>93.3% | 8<br>89.3%  | 130<br>86.7% | 530<br>88.3% |
|                             | No  | 34<br>16.0%      | 20<br>6.7%   | 25<br>10.7% | 9<br>13.3%   | 70<br>11.7%  |
| <b>Total</b>                |     | 150<br>100%      | 150<br>100%  | 150<br>100% | 150<br>100%  | 600<br>100%  |

As table 5.5 indicates, the majority of respondents (88.3%), and also the majority of the respondents from each population group (84%, 93.3%, 89.3% and 86.7% respectively), intend to stay with their current banks. The largest number of respondents who indicated they would not stay with their banks in the future was black (16%).

The chi-square test realised an exceedence probability of  $p = 0.074$ , indicating that there is not a statistically significant association between the variables.

**Main finding A3:** There exists no statistically significant association between respondents’ intention to stay with their banks and their population groups.

### 5.3.1.4 Results obtained from question 4

Question 4 determined which of five banking methods listed in the questionnaire respondents most often use. A cross tabulation was performed on the banking methods

respondents most often use and their population group in order to determine whether a statistically significant association exists between these two variables. Table 5.6 illustrates the results obtained from the cross tabulation pertaining to question 4 (see table 5.6a and table 5.6b in Appendix C for a detailed exposition of statistical values).

**Table 5.6 A cross tabulation of banking methods most often used and population groups**

|                        |                       | Population group |             |             |             | Total        |
|------------------------|-----------------------|------------------|-------------|-------------|-------------|--------------|
|                        |                       | Black            | Coloured    | Indian      | White       |              |
| <b>Banking methods</b> | ATM                   | 81<br>54.0%      | 69<br>46.0% | 52<br>34.7% | 48<br>32.0% | 250<br>41.7% |
|                        | Debit or credit card  | 30<br>20.0%      | 41<br>27.3% | 46<br>30.7% | 43<br>28.7% | 160<br>26.7% |
|                        | Internet banking      | 10<br>6.7%       | 26<br>17.3% | 36<br>24.0% | 57<br>38.0% | 129<br>21.5% |
|                        | Telephone banking     | 2<br>1.3%        | 5<br>3.3%   | 0<br>0.0%   | 0<br>0.0%   | 7<br>1.2%    |
|                        | Physically visit bank | 27<br>18.0%      | 9<br>6.0%   | 16<br>10.7% | 2<br>1.3%   | 54<br>9.0%   |
| <b>Total</b>           |                       | 150<br>100%      | 150<br>100% | 150<br>100% | 150<br>100% | 600<br>100%  |

Table 5.6 illustrates that the majority of respondents (41.7%) most often use an ATM as banking method, followed by debit or credit card (26.7%) and Internet banking (21.5%). Only 9% of respondents physically visit the bank and a mere 1.2% make use of telephone banking.

Table 5.6 furthermore indicates that black (54%), coloured (46%) and Indian (34.7%) respondents most often use an ATM as a banking method, followed by the use of a debit/credit card (20%, 27.3% and 30.7% respectively). However, white respondents (38%) most often use Internet banking, followed by the use of an ATM (32%) and a debit/credit card (28.7%). Only seven respondents (black = 2 and coloured = 5) most often use telephone banking, while the largest number of respondents who physically visit the bank was black (18%).

The chi-square test realised an exceedence probability of  $p = 0.000$ , indicating that there is a statistically significant association between the variables. However, the realised

effect size ( $w = 0.22$ ) indicates that no practically significant association exists between the banking methods respondents most often use and their population group.

**Main finding A4:** Despite a statistically significant association between the banking methods most often used and respondents' population groups, the association is not practically significant.

### 5.3.1.5 Results obtained from question 5

This question determined how often respondents physically visit a branch of their bank. A cross tabulation was performed on how often respondents physically visit a branch of their banks together with their population groups, in order to determine frequencies. Also, it needed to be established whether there is a statistically significant association between these two variables. Table 5.7 shows the results obtained from the cross tabulation performed on question 5 (see table 5.7a and table 5.7b in Appendix C for a detailed exposition of statistical values).

**Table 5.7 A cross tabulation of how often respondents physically visit a branch of their bank and population groups**

|  |                       | Population group |             |             |             | Total        |
|--|-----------------------|------------------|-------------|-------------|-------------|--------------|
|  |                       | Black            | Coloured    | Indian      | White       |              |
| <b>How often physically visit bank</b> | Daily                 | 0<br>0%          | 2<br>1.3%   | 2<br>1.3%   | 0<br>0%     | 4<br>0.7%    |
|  | Weekly                | 19<br>12.7%      | 10<br>6.7%  | 9<br>6.0%   | 10<br>6.7%  | 48<br>8.0%   |
|  | Monthly               | 88<br>58.7%      | 66<br>44.0% | 45<br>30.0% | 46<br>30.7% | 245<br>40.8% |
|  | Twice a year          | 22<br>14.7%      | 38<br>25.3% | 37<br>24.7% | 50<br>33.3% | 147<br>24.5% |
|  | Once a year           | 14<br>9.3%       | 15<br>10.0% | 25<br>16.7% | 27<br>18.0% | 81<br>13.5%  |
|  | Less than once a year | 7<br>4.7%        | 19<br>12.7% | 32<br>21.3% | 17<br>11.3% | 75<br>12.5%  |
| <b>Total</b>                           |                       | 150<br>100%      | 150<br>100% | 150<br>100% | 150<br>100% | 600<br>100%  |

From table 5.7, it can be seen that the majority of respondents (40.8%) physically visit their banks on a monthly basis, which is also the case across population groups.

Slightly more white respondents (33.3%) visit their bank twice a year rather than monthly (30.7%). The largest percentage of respondents who visit a branch of their bank least often (less than once a year) was Indian (21.3%). Only 4 respondents (0.7%) physically visit a branch of the bank on a daily basis (coloured = 2 and Indian = 2).

The chi-square test realised an exceedence probability of  $p = 0.000$ , indicating a statistically significant association between the variables. However, the realised effect size ( $w = 0.19$ ), indicates that no practically association exists between how often respondents physically visit a branch of their bank and population groups.

**Main finding A5:** Although a statistical significant association exists between how often respondents physically visit the banks' branch and population groups, this association is of no practical significance.

### 5.3.1.6 Results obtained from question 6

The purpose of question 6 was to obtain information from respondents related to their relationship with their bank. A five-point Likert scale (with anchors 1 = strongly disagree and 5 = strongly agree) was used to determine the extent to which respondents agree with the given statements. Table 5.8 presents the mean and standard deviation data related to question 6.

**Table 5.8 Descriptive statistics concerning relationship-related variables**

| Relationship variables   | Total |          | Black |          | Coloured |          | Indian |          | White |          |
|--|-------|----------|-------|----------|----------|----------|--------|----------|-------|----------|
|  | Mean  | Std dev. | Mean  | Std dev. | Mean     | Std dev. | Mean   | Std dev. | Mean  | Std dev. |
| I have formed a long-term relationship with this bank                | 3.62  | 1.12     | 3.61  | 1.19     | 3.83     | 1.07     | 3.62   | 1.10     | 3.41  | 1.10     |
| If I need to change banks, there are other good banks to choose from | 3.35  | 1.23     | 3.06  | 1.29     | 3.33     | 1.24     | 3.53   | 1.21     | 3.47  | 1.14     |

**Table 5.8 (continues)**

|  |      |      |      |      |      |      |      |      |      |      |
|--|------|------|------|------|------|------|------|------|------|------|
| I am loyal to this bank  | 3.76 | 1.11 | 3.71 | 1.11 | 3.89 | 1.11 | 3.87 | 1.02 | 3.60 | 1.17 |
| I will use more of the services offered by this bank in the future | 3.86 | 1.05 | 3.89 | 1.13 | 4.03 | 1.08 | 3.89 | 0.93 | 3.63 | 1.00 |
| I want to form a long-term relationship with this bank             | 3.86 | 1.11 | 3.92 | 1.10 | 4.00 | 1.14 | 3.91 | 1.04 | 3.60 | 1.13 |
| In general it would be a hassle to change banks                    | 3.72 | 1.30 | 3.35 | 1.45 | 3.59 | 1.27 | 3.73 | 1.25 | 4.21 | 1.05 |

Table 5.8 indicates that the respondents of the study agreed that they would use more services offered by the bank in the future and that they wanted to form a relationship with the bank (means = 3.86). Moreover, the table shows that, with means of 4.03, 4.0 and 3.83, coloured respondents agreed the most that they would use more services offered by the bank in the future, that they wanted to form a long-term relationship with the bank and that they have formed a long-term relationship with their banks. Indian respondents, with a mean of 3.53, agreed most that if they needed to change banks, there are other good banks from which they could choose. Coloured respondents and Indian respondents, with means of 3.89 and 3.87 respectively, agreed most that they were loyal to their bank. White respondents, with a mean of 4.21, agreed most that it would be a hassle to change banks.

**Main finding A6:** The majority of respondents agreed that they would use more services offered by the bank in the future, and that they wanted to form a relationship with the bank.

### 5.3.2 Results obtained from section B of the questionnaire

Section B of the questionnaire was designed to obtain information from respondents pertaining to their perception of services in South Africa. This section consisted of only one question, namely question 7. A five-point Likert scale (with anchors 1 = very poor and 5 = very good) was used to determine the extent to which respondents agree with the given statements. Table 5.9 presents the mean and standard deviation data related to question 7.

**Table 5.9 Respondents' perception of services in South Africa**

| Perception of services                      | Total |          | Black |          | Coloured |          | Indian |          | White |          |
|---|-------|----------|-------|----------|----------|----------|--------|----------|-------|----------|
|   | Mean  | Std dev. | Mean  | Std dev. | Mean     | Std dev. | Mean   | Std dev. | Mean  | Std dev. |
| Service in general in South Africa          | 3.00  | 1.01     | 3.26  | 1.07     | 3.15     | 1.06     | 3.01   | 0.93     | 2.59  | 0.84     |
| Banking services in general in South Africa | 3.28  | 0.97     | 3.36  | 1.04     | 3.44     | 1.01     | 3.26   | 0.95     | 3.05  | 0.83     |
| The service offered by the bank you use     | 3.65  | 0.98     | 3.75  | 0.98     | 3.71     | 1.19     | 3.63   | 0.89     | 3.51  | 0.80     |

Table 5.9 suggests that in general, respondents were undecided with regard to service in South Africa, with a mean of 3.0. However, respondents perceived the service offered by the bank they use (mean = 3.65), better than banking services in general in South Africa (mean = 3.28).

Black and coloured respondents appeared to be more optimistic with the service in general in South Africa (means = 3.26 and 3.15), banking services in general in South Africa (means = 3.36 and 3.44) and the service offered by the bank they used (means = 3.75 and 3.71). In contrast, white respondents appeared the most pessimistic in terms of all three statements, with means of 2.59, 3.05, and 3.51.

**Main finding B1:** Black, coloured and Indian respondents appeared more optimistic and white respondents more pessimistic in their perception of the service in general in South Africa, banking services in general in South Africa and the service offered by the bank they used.

### 5.3.3 Results obtained from section C of the questionnaire

The purpose of section C of the questionnaire was to determine respondents' attitude towards complaining. This section had only one question, namely question 8, which consisted of nine statements in a scale format. Both descriptive and inferential analyses were performed on question 8. Descriptive statistics related to question 8 are subsequently presented, followed by the results obtained from a factor analysis. Further statistical analyses were consequently performed considering the factors extracted from the factor analysis. These results are presented in section 5.3.4.

### 5.3.3.1 Results obtained from question 8 of the questionnaire

A five-point Likert scale (with anchors 1 = strongly disagree and 5 = strongly agree) was used in question 8 to determine the extent to which respondents agreed with the given statements pertaining to their attitude towards complaining. Descriptive statistics associated with this question include the mean and the standard deviation in order to summarise characteristics in this metric data. The means and standard deviations for each of the statements used in question 8, are accordingly presented in table 5.10.

**Table 5.10 Respondents' attitude towards complaining**

| Attitude towards complaining  | Total |          | Black |          | Coloured |          | Indian |          | White |          |
|---|-------|----------|-------|----------|----------|----------|--------|----------|-------|----------|
|   | Mean  | Std dev. | Mean  | Std dev. | Mean     | Std dev. | Mean   | Std dev. | Mean  | Std dev. |
| Complaining is a customer's right   | 4.45  | 0.80     | 4.44  | 0.88     | 4.56     | 0.70     | 4.44   | 0.77     | 4.37  | 0.83     |
| I always complain when I am dissatisfied                                  | 3.70  | 1.10     | 3.63  | 1.23     | 3.89     | 1.03     | 3.82   | 1.06     | 3.46  | 1.01     |
| Complaining is not easy, but should be done when something is not right   | 4.31  | 0.85     | 4.26  | 0.89     | 4.36     | 0.85     | 4.33   | 0.90     | 4.30  | 0.78     |
| I always feel better when I have voiced my dissatisfaction by complaining | 3.84  | 1.06     | 3.90  | 1.09     | 3.95     | 1.08     | 3.88   | 1.12     | 3.63  | 0.92     |
| Complaining about anything is distasteful to me                           | 2.60  | 1.32     | 2.77  | 1.40     | 2.31     | 1.37     | 2.62   | 1.30     | 2.70  | 1.19     |
| Complaining usually makes me feel more frustrated                         | 2.62  | 1.30     | 2.73  | 1.39     | 2.23     | 1.36     | 2.73   | 1.26     | 2.79  | 1.11     |
| People who have little else to do are the ones who complain               | 2.27  | 1.29     | 2.37  | 1.31     | 1.99     | 1.32     | 2.25   | 1.25     | 2.46  | 1.24     |
| I am embarrassed to complain, no matter how poor the service was          | 2.22  | 1.25     | 2.24  | 1.32     | 2.03     | 1.24     | 2.31   | 1.24     | 2.31  | 1.18     |

From table 5.10 it can be seen that with means of 2.22 and 2.27 respondents disagree that they are embarrassed to complain no matter how poor the service was and that people who have little else to do are the ones who complain. Also, with means of 4.45

---

and 4.31, respondents agree that complaining is a customer's right and that complaining is not easy, but should be done when something is not right.

**Main finding C1:** Respondents across all population groups agreed most with the statements that complaining is a customer's right and that complaining is not easy, but should be done when something is not right.

**Main finding C2:** Respondents across all population groups disagreed most with the statements that they are embarrassed to complain no matter how poor the service was and that people who have little else to do are the ones who complain.

### 5.3.3.2 Validity of question 8: Confirmatory factor analysis

The validity of question 8 was determined through a confirmatory factor analysis as discussed in chapter 4 (see section 4.3.6.2). A confirmatory factor analysis was conducted in order to determine whether the scale items in question 8 of the measuring instrument can be grouped according to the factors as identified by Yuksel *et al.* (2006:17).

According to Yuksel *et al.* (2006:17), factor 1 pertains to propensity to complain and consists of the following items (8.1 – 8.4): complaining is a customer's right; I always complain when I am dissatisfied; complaining is not easy but should be done when something is not right; and I always feel better when I have voiced my dissatisfaction by complaining. When a confirmatory factor analysis was performed using these items, it was reconfirmed that these four items form one factor which explained 55.51% of the total variance. The measure of sampling adequacy (hereon called MSA) was 0.69 and the communalities varied between 0.63 and 0.48. This factor was labelled factor 1 (propensity to complain). Accordingly, the construct validity of this factor was confirmed.

Factor 2 pertains to negative attitude to complaining and consists of the following items (8.5 – 8.8): complaining about anything is distasteful to me; people who have little else to do are the ones who complain; I am embarrassed to complain, no matter how poor the service was; and complaining usually makes me more frustrated (Yuksel *et al.*, 2006:17). When a confirmatory factor analysis was performed using these items, it was

reconfirmed that these four items form one factor which explained 55.27% of the total variance. The MSA was 0.71 and the communalities varied between 0.62 and 0.49. This factor was labelled factor 2 (negative attitude to complaining) and the construct validity of this factor was confirmed.

The factors obtained from the confirmatory factor analysis were consequently the same as those factors obtained from the factor analysis by Yuksel *et al.* (2006). The items and statements grouped according to the two factors extracted by the confirmatory factor analysis are presented in table 5.11.

**Table 5.11 Factors obtained from the confirmatory factor analysis in terms of respondents' attitudes toward complaining**

| Item | Statements  | Factors  |
|------|---|--|
| 8.1  | Complaining is a customer's right   | <b>Factor 1:</b><br>Propensity to complain           |
| 8.2  | I always complain when dissatisfied                                       |  |
| 8.3  | Complaining is not easy, but should be done when something is not right   |  |
| 8.4  | I always feel better when I have voiced my dissatisfaction by complaining |  |
| 8.5  | Complaining about anything is distasteful to me                           | <b>Factor 2:</b><br>Negative attitude to complaining |
| 8.6  | Complaining usually makes me feel more frustrated                         |  |
| 8.7  | People who complain are the ones who have little else to do               |  |
| 8.8  | I am embarrassed to complain, no matter how poor the service              |  |

**Main finding C3:** The confirmatory factor analysis extracted two factors, namely propensity to complain and negative attitude to complaining, as initially identified by Yuksel *et al.* (2006:17), confirming that these factors are valid to measure respondents' attitudes toward complaining.

### 5.3.3.3 Reliability of question 8: Cronbach alpha values

As discussed in chapter 4 (see section 4.3.6.1), the reliability of question 8 of the questionnaire was tested by means of internal consistency, using Cronbach's alpha values to determine the correlation of items in the scale. Table 5.12 indicates the Cronbach alpha values of the factors extracted by the confirmatory factor analysis of the scale items of question 8 of the questionnaire.

**Table 5.12 Cronbach alpha values of the factors related to respondents' attitudes toward complaining**

| Factor | Factor label                     | Cronbach alpha |
|--------|----------------------------------|----------------|
| 1      | Propensity to complain           | 0.73           |
| 2      | Negative attitude to complaining | 0.73           |

From table 5.12 it can be seen that the Cronbach alpha value of each factor is  $> 0.7$ , which indicates that a high level of reliability exists between the items in the questionnaire for attitude toward complaining.

**Main finding C4:** The two factors used to measure respondents' attitude towards complaining that have been identified by means of the confirmatory factor analysis are reliable to measure the attitude towards complaining of respondents in this study.

#### 5.3.3.4 Respondents' attitudes toward complaining

Respondents were subsequently categorised according to the two factors identified through the confirmatory factor analysis, namely propensity to complain and negative attitude to complaining. Respondents were categorised based on their overall mean scores for their responses to the statements on the five-point Likert scale. Respondents with mean scores of 3.00 on both factors were removed from the analysis, since these respondents could not be categorised into one specific group. Consequently, a total of 517 respondents were categorised into either the propensity to complain group or the negative attitude to complaining group. Table 5.13 displays the frequencies related to respondents' attitudes toward complaining.

**Table 5.13 Categorisation of respondents' attitudes toward complaining**

| Attitude toward complaining      | Total n=517 |      | Black n=131 |      | Coloured n=120 |      | Indian n=129 |      | White n=137 |      |
|----------------------------------|-------------|------|-------------|------|----------------|------|--------------|------|-------------|------|
|                                  | F           | %    | F           | %    | F              | %    | F            | %    | F           | %    |
| Propensity to complain           | 373         | 72.2 | 99          | 75.6 | 78             | 65.0 | 96           | 74.4 | 100         | 73.0 |
| Negative attitude to complaining | 144         | 27.8 | 32          | 24.4 | 42             | 35.0 | 33           | 25.6 | 37          | 27.0 |

---

From table 5.13 it can be seen that the majority of black, coloured, Indian and white respondents belong in the propensity to complain group, which suggests that respondents who participated in this study had a high propensity to complain.

**Main finding C5:** The majority of respondents' across all population groups have a propensity to complain.

Further analysis was performed in order to determine whether a statistically significant association exists between respondents' attitudes toward complaining and their population groups. (See table 5.13a and table 5.13b in Appendix C for a detailed exposition of statistical values). Following this analysis, the chi-square test realised an exceedence probability of  $p=0.241$ , indicating that there is not a statistically significant association between the variables.

**Main finding C6:** There exists no statistically significant association between respondents' attitudes toward complaining and their population groups.

#### 5.3.4 Results obtained from section D of the questionnaire

Section D of the questionnaire was based on a hypothetical scenario of a service failure that respondents could encounter with their bank. The scenario provided to respondents (see Appendix A) involved a customer who was required to physically visit the branch of the bank where his/her personal account is held, due to an account being suspended for no particular reason. During the visit to the bank, the customer experienced poor service delivery from the advisor assisting the customer, even though the advisor rectified the suspended account. This section accordingly determined respondents' perception of severity with regard to the problem associated with service delivery, their complaint behaviour following such a hypothetical scenario, their subsequent expectations of service recovery, as well as their satisfaction, relationship status and loyalty subsequent to service recovery for two hypothetical response options. Both descriptive analyses and additional inferential analyses were performed while considering the four questions pertaining to the hypothetical scenario. The results of section D are presented and discussed below.

### 5.3.4.1 Results obtained from question 9

The purpose of question 9 was to determine how problematic respondents viewed the service illustrated in the hypothetical scenario. A cross tabulation was performed on respondents' perceptions of the severity together with their population groups; not only to obtain basic frequencies and percentages, but also to determine whether there is a statistically significant association between these two variables. Table 5.14 shows the results obtained from the cross tabulation performed for question 9 (see table 5.14a and table 5.14b in Appendix C for a detailed exposition of statistical values).

**Table 5.14 A cross tabulation of respondents' perception of problem severity and population groups**

|                                |          | Population group |              |              |             | Total        |
|--------------------------------|----------|------------------|--------------|--------------|-------------|--------------|
|                                |          | Black            | Coloured     | Indian       | White       |              |
| Perception of problem severity | Minor    | 17<br>11.3%      | 16<br>10.7%  | 7<br>4.7%    | 13<br>8.7%  | 53<br>8.8%   |
|                                | Moderate | 46<br>30.7%      | 27<br>18.0%  | 28<br>18.7%  | 44<br>29.3% | 145<br>24.2% |
|                                | Major    | 87<br>58.0%      | 107<br>71.3% | 115<br>76.7% | 93<br>62.0% | 402<br>67.0% |
| Total                          |          | 150<br>100%      | 150<br>100%  | 150<br>100%  | 150<br>100% | 600<br>100%  |

Table 5.14 indicates that only 8.8% of respondents perceived the problem described in the hypothetical scenario as a minor problem, while the majority of respondents (67%) perceived the problem as a major problem. The largest percentages of respondents who perceived the problem as a major problem were Indian (76.7%) and coloured (71.3%) respondents.

The chi-square test realised an exceedence probability of  $p = 0.006$ , indicating that there is a statistically significant association between the variables. However, the realised effect size ( $w = 0.12$ ), indicates that a small association exists and consequently no practically significant association was found between respondents' perception of problem severity and their population group.

**Main finding D1:** Although a statistically significant association exists between respondents' perception of problem severity and population groups, no practically significant association for these two variables could be established.

### 5.3.4.2 Results obtained from question 10

Question 10 determined what the nature of respondents' complaint behaviour would be following a service failure such as the one described in the hypothetical scenario. A five-point Likert scale (with anchors 1 = strongly disagree and 5 = strongly agree) was used to determine the extent to which respondents agreed with the given statements regarding their complaint behaviour. Table 5.15 presents the means and standard deviations related to question 10.

**Table 5.15 Respondents' complaint behaviour following a service failure**

| Complaint response   | Total |          | Black |          | Coloured |          | Indian |          | White |          |
|--|-------|----------|-------|----------|----------|----------|--------|----------|-------|----------|
|  | Mean  | Std dev. | Mean  | Std dev. | Mean     | Std dev. | Mean   | Std dev. | Mean  | Std dev. |
| I would not complain (CCB 1)                                       | 2.01  | 1.26     | 1.91  | 1.20     | 2.19     | 1.36     | 1.91   | 1.32     | 2.02  | 1.11     |
| I would complain to the staff member (CCB 2)                       | 3.61  | 1.26     | 3.47  | 1.36     | 3.65     | 1.15     | 3.70   | 1.34     | 3.62  | 1.17     |
| I would demand the involvement of a manager (CCB 3)                | 3.78  | 1.21     | 3.63  | 1.33     | 3.81     | 1.14     | 3.91   | 1.24     | 3.77  | 1.11     |
| I would talk to my friends or family about the problem (CCB 4)     | 3.79  | 1.25     | 3.37  | 1.44     | 3.88     | 1.26     | 3.96   | 1.18     | 3.95  | 1.00     |
| I would write a complaint letter to the bank's head office (CCB 5) | 2.90  | 1.36     | 2.95  | 1.40     | 2.72     | 1.44     | 2.95   | 1.31     | 2.99  | 1.27     |
| I would complain to an external agency (CCB 6)                     | 2.07  | 1.14     | 1.94  | 1.07     | 1.91     | 1.18     | 2.29   | 1.18     | 2.15  | 1.10     |
| I would never use this bank again (CCB 7)                          | 2.69  | 1.22     | 2.75  | 1.36     | 2.55     | 1.15     | 2.78   | 1.20     | 2.69  | 1.18     |

Table 5.15 indicates that respondents agreed that following a service failure such as the one in the hypothetical scenario, they would talk to their friends and family about the problem, demand involvement of a manager and complain to the staff member (means

of 3.79, 3.78 and 3.61 respectively). Respondents also indicated that they disagreed with the statements that they would not complain or that they would complain to an external agency, which had means of 2.01 and 2.07 respectively.

**Main finding D2:** Respondents across all population groups disagreed that they would not complain following a service failure. Respondents would most probably talk to their friends and family about the problem, demand involvement of a manager and complain to the staff member.

### 5.3.4.3 Correlation between attitude toward complaining and complaint behaviour

A correlation analysis was performed on the factors identified to measure respondents' attitude toward complaining and the items measuring their complaint behaviour, in order to summarise the strength of the relationship between these two variables. Propensity to complain (ptc) and negative attitude to complaining (nac) were accordingly correlated with each of the complaint behaviour responses (CCB 1 – CCB 7; see table 5.15) in order to determine Pearson's correlation coefficients. Table 5.16 displays the p-values and correlation coefficients obtained from the correlation analysis of attitudes toward complaining and complaint behaviour for the entire sample, as well as for black, coloured, Indian and white respondents. Only those results that were statistically significant ( $p < 0.05$ ) and which had a large effect size (correlation coefficient  $< 0.5$ ) are discussed.

**Table 5.16 Pearson correlation coefficients between respondents' attitudes toward complaining and complaint behaviour**

| Group  | n   | Items | p-value:<br>ptc | p-value:<br>nac | Correlation<br>coefficient:<br>ptc | Correlation<br>coefficient:<br>nac |
|--------|-----|-------|-----------------|-----------------|------------------------------------|------------------------------------|
| Sample | 600 | CCB 1 | <.000           | <.0001          | -0.3                               | 0.3                                |
|        |     | CCB 2 | <.000           | 0.013           | 0.2                                | -0.1                               |
|        |     | CCB 3 | <.000           | <.000           | 0.4                                | -0.2                               |
|        |     | CCB 4 | 0.001           | 0.394           | 0.1                                | -0.0                               |
|        |     | CCB 5 | <.000           | <.000           | 0.2                                | -0.2                               |
|        |     | CCB 6 | 0.994           | 0.202           | 0.0                                | 0.1                                |
|        |     | CCB 7 | 0.816           | 0.035           | -0.0                               | 0.1                                |

Table 5.16 (continues)

| Group    | n   | Items | p-value:<br>ptc | p-value:<br>nac | Correlation<br>coefficient:<br>ptc | Correlation<br>coefficient:<br>nac |
|----------|-----|-------|-----------------|-----------------|------------------------------------|------------------------------------|
| Black    | 150 | CCB 1 | <0.000          | 0.003           | -0.3 <sup>Δ</sup>                  | 0.2                                |
|          |     | CCB 2 | 0.052           | 0.414           | 0.2                                | -0.1                               |
|          |     | CCB 3 | <0.000          | 0.001           | 0.4 <sup>Δ</sup>                   | 0.3 <sup>Δ</sup>                   |
|          |     | CCB 4 | 0.078           | 0.602           | 0.1                                | -0.0                               |
|          |     | CCB 5 | 0.000           | 0.010           | 0.3                                | -0.2                               |
|          |     | CCB 6 | 0.011           | 0.183           | -0.2                               | 0.1                                |
|          |     | CCB 7 | 0.052           | 0.813           | -0.2                               | 0.0                                |
| Coloured | 150 | CCB 1 | <0.000          | <0.000          | -0.3 <sup>Δ</sup>                  | 0.5 <sup>ΔΔ</sup>                  |
|          |     | CCB 2 | 0.000           | 0.143           | 0.3 <sup>Δ</sup>                   | -0.1                               |
|          |     | CCB 3 | <0.000          | 0.001           | 0.4 <sup>Δ</sup>                   | -0.3 <sup>Δ</sup>                  |
|          |     | CCB 4 | 0.252           | 0.310           | 0.1                                | -0.1                               |
|          |     | CCB 5 | 0.002           | 0.081           | 0.3 <sup>Δ</sup>                   | -0.1                               |
|          |     | CCB 6 | 0.168           | 0.390           | 0.1                                | -0.1                               |
|          |     | CCB 7 | 0.849           | 0.014           | 0.0                                | 0.2                                |
| Indian   | 150 | CCB 1 | 0.020           | <0.000          | -0.2                               | 0.4 <sup>Δ</sup>                   |
|          |     | CCB 2 | 0.012           | 0.135           | 0.2                                | -0.1                               |
|          |     | CCB 3 | 0.001           | 0.124           | 0.3 <sup>Δ</sup>                   | -0.1                               |
|          |     | CCB 4 | 0.190           | 0.828           | 0.1                                | 0.0                                |
|          |     | CCB 5 | 0.051           | 0.012           | 0.2                                | -0.2                               |
|          |     | CCB 6 | 0.204           | 0.089           | 0.1                                | -0.1                               |
|          |     | CCB 7 | 0.169           | 0.735           | 0.1                                | 0.0                                |

<sup>Δ</sup> Medium effect size in practice

<sup>ΔΔ</sup> Large effect size in practice

From table 5.16 it can be seen that correlation coefficients smaller than 0.5 could be found, which indicates only small and medium effect sizes to determine the strength of the relationship between attitude towards complaining and complaint behaviour for the entire sample. Consequently, no practically significant correlation exists between respondents' attitudes toward complaining and their complaint behaviour.

However, small, medium and large effect sizes were found to determine the strength of the relationship between attitude toward complaining and complaint behaviour for population groups. For the coloured population group, "I would not complain" (CCB 1) correlates positively with the factor "Negative attitude to complaining", with a correlation coefficient of 0.5. Consequently, coloured respondents who have a negative attitude toward complaining will therefore not complain following a service failure, since a linear relationship exists between these two variables. Moreover, for the white population group, "I would demand involvement of a manager" (CCB 3), correlates positively with

the factor “propensity to complain”, with a correlation coefficient of 0.5. White respondents who have a propensity to complain will therefore demand the involvement of a manager following a service failure, as a linear relationship exists between these two variables.

**Main finding D3:** Coloured respondents with a negative attitude to complaining would not complain following a service, whereas white respondents with a propensity to complain would demand involvement of a manager.

**Main finding D4:** With the exception of the finding mentioned above, no statistically significant correlations were found between respondents’ attitudes toward complaining and their complaint behaviour.

#### 5.3.4.7 Differences between complaint behaviour across population groups

In order to determine whether statistically significant differences exist between respondents from different population groups and their complaint behaviour following a service failure, one-way ANOVAs were performed. Table 5.17 indicates the means, standard deviations and d-values when comparing black, coloured, Indian and white respondents by examining each of the items measuring complaint behaviour.

**Table 5.17 Complaint behaviour for population groups**

| Items | n   | Mean | Std. dev. | Comparisons significant at the 0.05 level* | Population group | d-value   |            |            |           |
|-------|-----|------|-----------|--|------------------|-----------|------------|------------|-----------|
|       |     |      |           |  |                  | (1) Black | (2) Colour | (3) Indian | (4) White |
| CCB 1 | 150 | 1.91 | 1.20      |  | (1) Black        | -         | 0.00       | 0.20       | 0.09      |
|       | 150 | 2.19 | 1.36      |  | (2) Colour       | 0.00      | -          | 0.20       | 0.08      |
|       | 150 | 1.91 | 1.32      |  | (3) Indian       | 0.20      | 0.20       | -          | 0.12      |
|       | 150 | 2.02 | 1.11      |  | (4) White        | 0.09      | 0.08       | 0.12       | -         |
| CCB 2 | 150 | 3.47 | 1.36      |  | (1) Black        | -         | 0.17       | 0.13       | 0.11      |
|       | 150 | 3.65 | 1.15      |  | (2) Colour       | 0.17      | -          | 0.04       | 0.06      |
|       | 150 | 3.70 | 1.33      |  | (3) Indian       | 0.13      | 0.04       | -          | 0.02      |
|       | 150 | 3.62 | 1.17      |  | (4) White        | 0.11      | 0.06       | 0.02       | -         |
| CCB 3 | 150 | 3.63 | 1.33      |  | (1) Black        | -         | 0.22       | 0.14       | 0.11      |
|       | 150 | 3.81 | 1.14      |  | (2) Colour       | 0.22      | -          | 0.08       | 0.12      |
|       | 150 | 3.91 | 1.24      |  | (3) Indian       | 0.14      | 0.08       | -          | 0.04      |
|       | 150 | 3.77 | 1.11      |  | (4) White        | 0.11      | 0.12       | 0.04       | -         |

**Table 5.17 (continues)**

| Items | n   | Mean | Std. dev. | Comparisons significant at the 0.05 level* | Population group | d-value   |            |            |           |
|-------|-----|------|-----------|--|------------------|-----------|------------|------------|-----------|
|       |     |      |           |  |                  | (1) Black | (2) Colour | (3) Indian | (4) White |
| CCB 4 | 149 | 3.37 | 1.44      | 1-2<br>1-3<br>1-4                          | (1) Black        | -         | 0.41       | 0.35       | 0.40      |
|       | 150 | 3.88 | 1.26      |  | (2) Colour       | 0.41      | -          | 0.06       | 0.01      |
|       | 150 | 3.96 | 1.18      |  | (3) Indian       | 0.35      | 0.06       | -          | 0.05      |
|       | 150 | 3.95 | 1.00      |  | (4) White        | 0.40      | 0.01       | 0.05       | -         |
| CCB 5 | 150 | 2.95 | 1.40      |  | (1) Black        | -         | 0.00       | 0.16       | 0.03      |
|       | 150 | 2.72 | 1.44      |  | (2) Colour       | 0.00      | -          | 0.16       | 0.03      |
|       | 150 | 2.95 | 1.31      |  | (3) Indian       | 0.16      | 0.16       | -          | 0.19      |
|       | 150 | 2.99 | 1.27      |  | (4) White        | 0.03      | 0.03       | 0.19       | -         |
| CCB 6 | 150 | 1.94 | 1.07      | 1-2<br>2-3                                 | (1) Black        | -         | 0.29       | 0.02       | 0.19      |
|       | 150 | 1.91 | 1.18      |  | (2) Colour       | 0.29      | -          | 0.32       | 0.11      |
|       | 150 | 2.29 | 1.18      |  | (3) Indian       | 0.02      | 0.32       | -          | 0.20      |
|       | 150 | 1.15 | 1.10      |  | (4) White        | 0.19      | 0.11       | 0.20       | -         |
| CCB 7 | 150 | 2.75 | 1.36      |  | (1) Black        | -         | 0.02       | 0.15       | 0.05      |
|       | 150 | 2.55 | 1.15      |  | (2) Colour       | 0.02      | -          | 0.19       | 0.08      |
|       | 150 | 2.78 | 1.20      |  | (3) Indian       | 0.15      | 0.19       | -          | 0.12      |
|       | 150 | 2.69 | 1.18      |  | (4) White        | 0.05      | 0.08       | 0.12       | -         |

\* Tukey's comparison significant at the 0.05 level

Table 5.17 indicates that statistically significant differences were found for CCB 4 (I would talk to my friends or family about the problem) between black respondents and those of other population groups and for CCB 6 (I would complain to an external agency) between blacks and Indians, as well as between Indians and coloureds. However, the table indicates that only small effect sizes (<0.20) could be found between the various population groups and the items measuring complaint behaviour. For this reason, respondents from different population groups do not differ in terms of their complaint behaviour.

**Main finding D5:** Black, coloured, Indian and white respondents do not differ practically significantly in terms of their complaint behaviour following a service failure.

#### 5.3.4.10 Results obtained from question 11

This question was designed to determine respondents' expectations following a service failure and their resultant complaint behaviour. The question consisted of nine statements measured on a five-point Likert scale (with anchors 1 = strongly disagree

and 5 = strongly agree) and respondents had to indicate the extent to which they agreed with each statement regarding their expectations of the bank's recovery efforts. The means and standard deviations of each of the statements used in question 11 to measure respondents' expectations for service recovery pertaining to the hypothetical scenario, are presented in table 5.18. Subsequently, results from inferential analyses concerning expectations for service recovery are provided.

**Table 5.18 Respondents' expectations of service recovery**

| Expectations for service recovery                                 | Total |          | Black |          | Coloured |          | Indian |          | White |          |
|---|-------|----------|-------|----------|----------|----------|--------|----------|-------|----------|
|   | Mean  | Std dev. | Mean  | Std dev. | Mean     | Std dev. | Mean   | Std dev. | Mean  | Std dev. |
| It is not necessary for the bank to do anything (SR 1)            | 1.60  | 1.00     | 1.68  | 1.10     | 1.66     | 1.04     | 1.45   | 0.93     | 1.61  | 0.90     |
| Apologise to me for the poor service I received (SR 2)            | 4.18  | 1.05     | 4.10  | 1.13     | 4.28     | 1.02     | 4.15   | 1.16     | 4.18  | 0.86     |
| Apologise to me in writing for the poor service I received (SR 3) | 3.41  | 1.31     | 3.46  | 1.42     | 3.37     | 1.34     | 3.38   | 1.35     | 3.45  | 1.13     |
| Acknowledge that I was not properly treated (SR 4)                | 4.28  | 0.84     | 4.24  | 0.94     | 4.33     | 0.85     | 4.39   | 0.77     | 4.16  | 0.80     |
| Provide an explanation of the problem (SR 5)                      | 4.35  | 0.89     | 4.28  | 0.99     | 4.39     | 0.81     | 4.47   | 0.86     | 4.27  | 0.87     |
| Correct the problem as soon as possible (SR 6)                    | 4.51  | 0.80     | 4.45  | 0.95     | 4.47     | 0.76     | 4.61   | 0.72     | 4.52  | 0.76     |
| A supervisor should intervene in the situation (SR 7)             | 4.05  | 1.06     | 4.14  | 1.07     | 3.75     | 1.23     | 4.25   | 0.95     | 4.07  | 0.97     |
| A manager should intervene in the situation (SR 8)                | 3.89  | 1.14     | 3.82  | 1.24     | 3.85     | 1.16     | 3.95   | 1.16     | 3.94  | 0.78     |
| No bank charges should be levied on my account for a year (SR 9)  | 3.01  | 1.45     | 3.21  | 1.43     | 2.75     | 1.43     | 3.07   | 1.53     | 2.99  | 1.57     |

Table 5.18 illustrates that following a service failure as the one described in the hypothetical scenario, respondents agreed to the highest degree (with a mean of 4.51), that the problem should be corrected as soon as possible. Respondents also agreed that an explanation should be provided for the problem; that they should be acknowledged for not being treated properly; and that the bank should apologise for the

poor service they have received (with respective means of 4.35, 4.28 and 4.18). Respondents disagreed most that it is not necessary for the bank to do anything following the service failure (mean = 1.60).

**Main finding D6:** Respondents agreed most that the bank should, as service recovery, correct the problem as soon as possible; that an explanation should be provided for the problem; that respondents should be acknowledged for not being treated properly; and that the bank should apologise for the poor service that respondents have received.

**Main finding D7:** Respondents disagreed that they feel that it is not necessary for the bank to do anything following a service failure.

#### 5.3.4.11 Differences between expectations of service recovery across population groups

Further statistical analysis was performed in order to determine whether differences exist between black, coloured, Indian and white respondents for the items measuring expectations of service recovery. Table 5.19 illustrates the means, standard deviations and d-values when comparing respondents' expectations of service recovery according to their population groups.

**Table 5.19 Expectations of service recovery for population groups**

| Items | n   | Mean | Std. dev. | Comparisons significant at the 0.05 level* | Population group | d-value   |            |            |           |
|-------|-----|------|-----------|--|------------------|-----------|------------|------------|-----------|
|       |     |      |           |  |                  | (1) Black | (2) Colour | (3) Indian | (4) White |
| SR 1  | 144 | 4.10 | 1.14      |  | (1) Black        | -         | 0.00       | 0.22       | 0.07      |
|       | 140 | 4.24 | 1.04      |  | (2) Colour       | 0.00      | -          | 0.22       | 0.07      |
|       | 136 | 4.13 | 1.15      |  | (3) Indian       | 0.22      | 0.22       | -          | 0.02      |
|       | 136 | 4.15 | 0.89      |  | (4) White        | 0.07      | 0.07       | 0.17       | -         |
| SR 2  | 144 | 4.10 | 1.14      |  | (1) Black        | -         | 0.13       | 0.03       | 0.05      |
|       | 140 | 4.24 | 1.04      |  | (2) Colour       | 0.13      | -          | 0.10       | 0.09      |
|       | 136 | 4.13 | 1.15      |  | (3) Indian       | 0.03      | 0.10       | -          | 0.02      |
|       | 136 | 4.15 | 0.89      |  | (4) White        | 0.05      | 0.09       | 0.02       | -         |

**Table 5.19 (continues)**

| Items | n   | Mean | Std. dev. | Comparisons significant at the 0.05 level* | Population group | d-value   |            |            |           |
|-------|-----|------|-----------|--|------------------|-----------|------------|------------|-----------|
|       |     |      |           |  |                  | (1) Black | (2) Colour | (3) Indian | (4) White |
| SR 3  | 144 | 3.45 | 1.42      |  | (1) Black        | -         | 0.10       | 0.04       | 0.02      |
|       | 140 | 3.31 | 1.33      |  | (2) Colour       | 0.10      | -          | 0.06       | 0.08      |
|       | 136 | 3.39 | 1.35      |  | (3) Indian       | 0.04      | 0.06       | -          | 0.03      |
|       | 136 | 3.43 | 1.16      |  | (4) White        | 0.02      | 0.08       | 0.03       | -         |
| SR 4  | 144 | 4.24 | 0.95      |  | (1) Black        | -         | 0.06       | 0.19       | 0.06      |
|       | 140 | 4.29 | 0.86      |  | (2) Colour       | 0.06      | -          | 0.14       | 0.13      |
|       | 136 | 4.41 | 0.76      |  | (3) Indian       | 0.19      | 0.14       | -          | 0.28      |
|       | 136 | 4.18 | 0.80      |  | (4) White        | 0.06      | 0.13       | 0.28       | -         |
| SR 5  | 144 | 4.28 | 0.99      |  | (1) Black        | -         | 0.09       | 0.20       | 0.02      |
|       | 140 | 4.37 | 0.80      |  | (2) Colour       | 0.09      | -          | 0.13       | 0.12      |
|       | 136 | 4.48 | 0.85      |  | (3) Indian       | 0.20      | 0.13       | -          | 0.24      |
|       | 136 | 4.26 | 0.88      |  | (4) White        | 0.02      | 0.12       | 0.24       | -         |
| SR 6  | 144 | 4.47 | 0.91      |  | (1) Black        | -         | 0.02       | 0.18       | 0.07      |
|       | 140 | 4.45 | 0.77      |  | (2) Colour       | 0.02      | -          | 0.24       | 0.11      |
|       | 136 | 4.63 | 0.65      |  | (3) Indian       | 0.18      | 0.24       | -          | 0.13      |
|       | 136 | 4.54 | 0.76      |  | (4) White        | 0.07      | 0.11       | 0.13       | -         |
| SR 7  | 144 | 4.15 | 1.02      | 1-2<br>2-3<br>2-4                          | (1) Black        | -         | 0.35       | 0.05       | 0.06      |
|       | 140 | 3.73 | 1.19      |  | (2) Colour       | 0.35      | -          | 0.39       | 0.30      |
|       | 136 | 4.20 | 0.97      |  | (3) Indian       | 0.05      | 0.39       | -          | 0.11      |
|       | 136 | 4.09 | 0.98      |  | (4) White        | 0.06      | 0.30       | 0.11       | -         |
| SR 8  | 144 | 3.80 | 1.25      |  | (1) Black        | -         | 0.02       | 0.10       | 0.13      |
|       | 140 | 3.82 | 1.15      |  | (2) Colour       | 0.02      | -          | 0.09       | 0.12      |
|       | 136 | 3.93 | 1.17      |  | (3) Indian       | 0.10      | 0.09       | -          | 0.03      |
|       | 136 | 3.96 | 1.00      |  | (4) White        | 0.13      | 0.12       | 0.03       | -         |
| SR 9  | 144 | 3.19 | 1.43      |  | (1) Black        | -         | 0.29       | 0.14       | 0.13      |
|       | 140 | 2.77 | 1.43      |  | (2) Colour       | 0.29      | -          | 0.14       | 0.14      |
|       | 136 | 2.98 | 1.52      |  | (3) Indian       | 0.14      | 0.14       | -          | 0.00      |
|       | 136 | 2.99 | 1.58      |  | (4) White        | 0.13      | 0.14       | 0.00       | -         |

\* Tukey's comparison significant at the 0.05 level

Table 5.19 indicates that statistically significant differences only exist for SR 7 (A supervisor should intervene in the situation) between coloureds and other population groups. From the table it can also be seen that only small and medium effect sizes were found, signifying that no practically significant differences exist between black, coloured, Indian and white respondents for those items measuring their expectations for service recovery.

**Main finding D8:** Black, coloured, Indian and white respondents do not differ practically significantly in terms of their expectations of service recovery.

#### 5.3.4.12 Results obtained from question 12 (outcome of service recovery 1)

Question 12 of the questionnaire obtained information with regard to the outcome of a hypothetical service recovery effort by the bank, while also considering respondents' satisfaction with which problems are resolved, their intention to maintain their relationship with the bank, as well as their loyalty to the bank. A hypothetical service recovery response was developed which stated that the bank acknowledged the problem, but did nothing more in response to the service failure (hereafter called response option 1). Respondents accordingly had to indicate the extent to which they agreed with the statements related to this response option. The question used a five-point Likert scale (with anchors 1 = strongly disagree and 5 = strongly agree). The results obtained from question 12 are displayed in table 5.20.

**Table 5.20 Outcome of service recovery – response option 1**

| Outcome of service recovery 1   | Total |          | Black |          | Coloured |          | Indian |          | White |          |
|---|-------|----------|-------|----------|----------|----------|--------|----------|-------|----------|
|   | Mean  | Std dev. | Mean  | Std dev. | Mean     | Std dev. | Mean   | Std dev. | Mean  | Std dev. |
| I would be satisfied with the manner in which the bank resolves my problems | 2.16  | 1.26     | 2.09  | 1.39     | 1.96     | 1.12     | 2.22   | 1.22     | 2.37  | 1.28     |
| I would maintain my relationship with the bank                              | 2.78  | 1.25     | 2.51  | 1.39     | 3.13     | 1.19     | 2.59   | 1.19     | 2.89  | 1.11     |
| I would stay loyal to the bank  | 2.70  | 1.27     | 2.49  | 1.45     | 2.98     | 1.24     | 2.53   | 1.21     | 2.79  | 1.09     |

From table 5.20 it can be seen that with a mean of 2.16, respondents indicated that following a service recovery as the one described in response option 1, they disagreed with the statement that they would be satisfied with the manner with which the bank resolved their problems. Respondents also disagreed (but to a lesser extent with means of 2.70 and 2.78), that they would stay loyal to the bank and maintain their relationship with the bank. Coloured respondents, conversely with a mean of 3.13, agreed most that they would maintain their relationship with the bank following such a service recovery.

**Main finding D9:** Respondents disagreed that they would be satisfied with the response by which problems are resolved, that they would maintain their relationship with the bank and that they would stay loyal to the bank if the bank acknowledged the problem, but did nothing more in response to the service failure.

### 5.3.4.13 Differences between outcome of response option 1 across population groups

One-way ANOVAs were performed in order to determine whether statistically significant differences exist between the first hypothetical response option by the bank (where the bank acknowledged the problem, but did nothing more in response to the service failure) while considering respondents' population groups. Table 5.21 indicates the means, standard deviations and d-values when comparing black, coloured, Indian and white respondents by examining their satisfaction, relationship and loyalty following this service recovery option.

**Table 5.21 Outcome of response option 1 for population groups**

| Items        | n   | Mean | Std. dev. | Comparisons significant at the 0.05 level* | Population group | d-value   |            |            |           |
|--------------|-----|------|-----------|--|------------------|-----------|------------|------------|-----------|
|              |     |      |           |  |                  | (1) Black | (2) Colour | (3) Indian | (4) White |
| Satisfaction | 144 | 4.33 | 1.08      | 2-4  | (1) Black        | -         | 0.16       | 0.13       | 0.25      |
|              | 140 | 4.34 | 1.03      |  | (2) Colour       | 0.16      | -          | 0.21       | 0.33      |
|              | 136 | 4.57 | 0.91      |  | (3) Indian       | 0.13      | 0.21       | -          | 0.13      |
|              | 136 | 4.41 | 0.87      |  | (4) White        | 0.25      | 0.33       | 0.13       | -         |
| Relationship | 144 | 4.10 | 1.14      | 1-2<br>1-4<br>2-3                          | (1) Black        | -         | 0.52       | 0.09       | 0.31      |
|              | 140 | 4.24 | 1.04      |  | (2) Colour       | 0.31      | -          | 0.49       | 0.25      |
|              | 136 | 4.13 | 1.15      |  | (3) Indian       | 0.52      | 0.49       | -          | 0.25      |
|              | 136 | 4.15 | 0.89      |  | (4) White        | 0.31      | 0.25       | 0.25       | -         |
| Loyalty      | 144 | 3.45 | 1.42      | 1-2<br>2-3                                 | (1) Black        | -         | 0.39       | 0.06       | 0.24      |
|              | 140 | 3.31 | 1.33      |  | (2) Colour       | 0.39      | -          | 0.38       | 0.17      |
|              | 136 | 3.39 | 1.35      |  | (3) Indian       | 0.06      | 0.38       | -          | 0.21      |
|              | 136 | 3.43 | 1.16      |  | (4) White        | 0.24      | 0.17       | 0.21       | -         |

\* Tukey's comparison significant at the 0.05 level

From table 5.21 it can be seen that statistically significant differences exist between coloureds and whites for the outcome of response option 1 in terms of their satisfaction

regarding the way in which problems are resolved. Statistically significant differences between blacks and coloureds, blacks and whites, as well as between coloureds and Indians, were also found in terms of intention to maintain the relationship. For their intentions to stay loyal, statistically significant differences were found between blacks and coloureds and between coloureds and Indians. However, table 5.21 indicates that only small and medium effect sizes could be found for the outcome of response option 1 between the various population groups. For this reason, respondents do not differ in terms of these variables relative to their population groups.

**Main finding D10:** Respondents do not differ practically significantly in terms of their satisfaction with the way which problems are resolved, their intention to maintain their relationship and their loyalty, relative to their population group if the bank acknowledged the problem, but did nothing more in response to the service failure.

#### 5.3.4.14 Results obtained from question 13 (Outcome of service recovery 2)

The final question of section D was similar to the previous question, but indicated a different hypothetical service recovery effort by the bank. This response option included the bank apologising, providing an explanation, as well as correcting the problem (hereafter called response option 2). This question also used a five-point Likert scale (with anchors where 1 = strongly disagree and 5 = strongly agree) to determine the extent to which respondents agreed with the statements related to this second response option. Table 5.22 displays the results obtained from question 13.

**Table 5.22 Outcome of service recovery – response option 2**

| Outcome of service recovery 2   | Total |          | Black |          | Coloured |          | Indian |          | White |          |
|---|-------|----------|-------|----------|----------|----------|--------|----------|-------|----------|
|   | Mean  | Std dev. | Mean  | Std dev. | Mean     | Std dev. | Mean   | Std dev. | Mean  | Std dev. |
| I would be satisfied with the manner in which the bank resolves my problems | 4.33  | 0.87     | 4.15  | 1.09     | 4.46     | 0.74     | 4.36   | 0.84     | 4.36  | 0.74     |
| I would maintain my relationship with the bank                              | 4.23  | 0.91     | 4.13  | 0.93     | 4.20     | 0.93     | 4.30   | 0.87     | 4.31  | 0.81     |
| I would stay loyal to the bank  | 4.17  | 0.99     | 4.03  | 1.04     | 4.20     | 1.03     | 4.27   | 0.95     | 4.20  | 0.94     |

Table 5.22 shows that with means of 4.33, 4.23 and 4.17, respondents would be satisfied with the manner in which the bank resolves their problems, would maintain their relationship with the bank and would stay loyal to the bank following a service recovery as the one described in response option 2 (where the bank apologised, provided an explanation and corrected the problem). However, black respondents agreed to a lesser extent that they would stay loyal to the bank, with a mean of 4.03, while coloured respondents agreed the most that they would be satisfied with the bank's response, with a mean of 4.46.

**Main finding D11:** Following a service recovery where the bank apologised, provided an explanation and corrected the problem, respondents of all population groups agreed that they would be satisfied with manner in which their problems are resolved, that they would maintain their relationship and that they would stay loyal to the bank.

#### 5.3.4.15 Differences between outcome of response option 2 across population groups

In order to determine whether statistically significant differences exist between respondents' population groups and the second response option by the bank (where the bank apologised, provided an explanation and corrected the problem) – outcome of response option 2 – another set of one-way ANOVAs were performed. Table 5.23 accordingly portrays the means, standard deviations and d-values when comparing black, coloured, Indian and white respondents by examining their satisfaction, relationship and loyalty following the second service recovery option.

**Table 5.23 Outcome of response option 2 for population groups**

| Outcome      | n   | Mean | Std. dev. | Comparisons significant at the 0.05 level* | Population group | d-value   |            |            |           |
|--------------|-----|------|-----------|--|------------------|-----------|------------|------------|-----------|
|              |     |      |           |  |                  | (1) Black | (2) Colour | (3) Indian | (4) White |
| Satisfaction | 144 | 4.18 | 1.09      |  | (1) Black        | -         | 0.24       | 0.12       | 0.18      |
|              | 140 | 4.44 | 0.75      |  | (2) Colour       | 0.24      | -          | 0.15       | 0.09      |
|              | 136 | 4.32 | 0.86      |  | (3) Indian       | 0.12      | 0.15       | -          | 0.07      |
|              | 136 | 4.38 | 0.72      |  | (4) White        | 0.18      | 0.09       | 0.07       | -         |

**Table 5.23 (continues)**

| Outcome      | N   | Mean | Std. dev. | Comparisons significant at the 0.05 level* | Population group | d-value   |            |            |           |
|--------------|-----|------|-----------|--|------------------|-----------|------------|------------|-----------|
|              |     |      |           |  |                  | (1) Black | (2) Colour | (3) Indian | (4) White |
| Relationship | 144 | 4.13 | 1.00      |  | (1) Black        | -         | 0.08       | 0.13       | 0.18      |
|              | 140 | 4.21 | 0.91      |  | (2) Colour       | 0.08      | -          | 0.06       | 0.11      |
|              | 136 | 4.26 | 0.90      |  | (3) Indian       | 0.13      | 0.06       | -          | 0.06      |
|              | 136 | 4.32 | 0.81      |  | (4) White        | 0.18      | 0.11       | 0.06       | -         |
| Loyalty      | 144 | 4.02 | 1.05      |  | (1) Black        | -         | 0.18       | 0.23       | 0.22      |
|              | 140 | 4.21 | 1.01      |  | (2) Colour       | 0.18      | -          | 0.04       | 0.04      |
|              | 136 | 4.26 | 0.93      |  | (3) Indian       | 0.23      | 0.04       | -          | 0.01      |
|              | 136 | 4.25 | 0.91      |  | (4) White        | 0.22      | 0.04       | 0.01       | -         |

\* Tukey's comparison significant at the 0.05 level

From table 5.23 it can be seen that no statistically significant differences could be found for the outcome of response option 2 in terms of satisfaction, relationships and loyalty between the population groups. Moreover, only small effect sizes could be found for their satisfaction with which problems are resolved, their intention to maintain their relationships with the bank, as well as their loyalty to the bank if the bank apologised, provided an explanation and corrected the problem. For this reason, respondents do not differ in terms of these variables relative to their population groups.

**Main finding D12:** Respondents do not differ practically significantly, relative to their population group, in terms of their satisfaction with the way in which problems are resolved, their intention to maintain their relationship and their intention to stay loyal to the bank, in the case of a service recovery effort where the bank apologised, provided an explanation and corrected the problem.

#### 4.3.4.16 Outcome of service recovery 1 versus outcome of service recovery 2

An important consideration of this study is to determine whether differences exist between the bank's service recovery efforts and respondents' post-recovery satisfaction, relationship and loyalty. A paired t-test for dependant groups was accordingly performed on the two service recovery response options of the bank in order to determine whether differences existed between the means for each of the two response options and the items measuring respondents' satisfaction with which

problems are resolved, their intention to maintain their relationship with the bank, as well as their loyalty to the banks. Table 5.24 presents the results obtained from the paired t-tests and displays the means, standard deviations for the three items, as well as the mean of difference, standard deviation of difference and effect sizes between the means obtained.

**Table 5.24 Paired t-tests for comparing outcome of response option 1 and outcome of response option 2**

| Items        | Outcome 1 |           | Outcome 2 |           | Mean of difference | Std. dev. of difference | d-value |
|--------------|-----------|-----------|-----------|-----------|--------------------|-------------------------|---------|
|              | Mean      | Std. dev. | Mean      | Std. dev. |                    |                         |         |
| Satisfaction | 2.16      | 1.26      | 4.33      | 0.87      | 2.17               | 1.53                    | 1.72    |
| Relationship | 2.78      | 1.25      | 4.23      | 0.91      | 1.45               | 1.38                    | 1.16    |
| Loyalty      | 2.70      | 1.27      | 4.17      | 0.99      | 1.48               | 1.43                    | 1.16    |

From table 5.24 it can be seen that large effect sizes ( $d = 1.72, 1.16$  and  $1.16$ ) were obtained from all the items measuring the outcomes of the two hypothetical service recovery efforts. This indicates practically significant differences between the means of outcome of response option 1 and outcome of response option 2. This finding implies that a higher service recovery effort such as response option 2 (where the bank apologised, provided an explanation and corrected the problem), compared to a lower service recovery effort such as the one in response option 1 (where the bank acknowledged the problem, but did nothing more in response to the service failure), has a profound effect on respondents' post-recovery satisfaction, intention to maintain the relationship and their loyalty.

**Main finding D13:** A practically significant difference could be observed between outcome of response option 1 (indicating a lower service recovery effort) and outcome of response option 2 (indicating a higher service recovery effort), with regard to respondents' satisfaction with the manner in which the bank would resolve the problem. This indicates that respondents are more satisfied following a higher service recovery effort compared to a lower service recovery effort.

**Main finding D14:** In terms of respondents' intention to maintain their relationships with the banks, a practically significant difference exist between outcome of response option 1 (low service recovery effort) and outcome of response option 2 (higher service

recovery effort). This indicates that respondents are more likely to maintain their relationship following a higher service recovery effort compared to a low service recovery effort.

**Main finding D15:** With regard to respondents' intentions to stay loyal to the banks, a practically significant difference was found between outcome of response option 1 (a lower service recovery effort) and outcome of response option 2 (a higher service recovery effort) This indicates that respondents are more likely to stay loyal to the bank following a higher service recovery effort compared to a lower service recovery effort.

#### 4.3.4.18 Comparing the outcome of response option 1 to the outcome of response option 2 (per population group)

In order to determine whether differences existed among specific population groups in terms of the two hypothetical response options (related to service recovery by the bank) with reference to respondents' satisfaction with the manner which problems are resolved, their intentions to maintain their relationships with the banks and their loyalty to the banks, paired t-tests were performed. Table 5.25 presents the results obtained from the paired t-tests considering population group and displays the means, standard deviations for the three items, as well as the mean of difference, standard deviation of difference and effect sizes between the means obtained.

**Table 5.25 Outcome of response option 1 versus outcome of response option 2 for population groups**

| Population | Items        | Outcome 1 |      | Outcome 2 |      | Mean of difference | SD of difference | d-value |
|------------|--------------|-----------|------|-----------|------|--------------------|------------------|---------|
|            |              | Mean      | SD   | Mean      | SD   |                    |                  |         |
| Black      | Satisfaction | 2.09      | 1.39 | 4.15      | 1.09 | 2.07               | 1.69             | 1.49    |
|            | Relationship | 2.51      | 1.39 | 4.13      | 0.93 | 1.62               | 1.53             | 1.65    |
|            | Loyalty      | 2.49      | 1.45 | 4.03      | 1.04 | 1.53               | 1.58             | 1.10    |
| Coloured   | Satisfaction | 1.96      | 1.12 | 4.46      | 0.74 | 2.50               | 1.40             | 2.03    |
|            | Relationship | 3.13      | 1.19 | 4.20      | 0.93 | 1.07               | 1.25             | 0.90    |
|            | Loyalty      | 2.98      | 1.24 | 4.20      | 1.03 | 1.22               | 1.31             | 0.98    |
| Indian     | Satisfaction | 2.22      | 1.22 | 4.36      | 0.84 | 2.14               | 1.46             | 1.75    |
|            | Relationship | 2.59      | 1.19 | 4.30      | 0.87 | 1.71               | 1.32             | 1.43    |
|            | Loyalty      | 2.53      | 1.21 | 4.27      | 0.95 | 1.74               | 1.42             | 1.68    |

**Table 5.25 (continues)**

| Population | Items        | Outcome 1 |      | Outcome 2 |      | Mean of difference | SD of difference | d-value |
|------------|--------------|-----------|------|-----------|------|--------------------|------------------|---------|
| White      | Satisfaction | 2.37      | 1.28 | 4.36      | 0.74 | 1.99               | 1.52             | 1.55    |
|            | Relationship | 2.89      | 1.11 | 4.31      | 0.81 | 1.41               | 1.36             | 1.27    |
|            | Loyalty      | 2.79      | 1.09 | 4.20      | 0.94 | 1.41               | 1.35             | 1.29    |

Table 5.25 indicates that large effect sizes were obtained for all population groups from the items measuring the outcomes of service recovery efforts in terms of respondents' satisfaction with the manner in which problems are resolved, their intentions to maintain their relationships with the banks and their loyalty to the banks. This indicates practically significant differences between the means of outcome of response option 1 and outcome of response option 2. This finding implies that, relative to respondents' population group, a higher service recovery effort (if the bank apologised, provided an explanation and corrected the problem), compared to a lower service recovery effort (if the bank acknowledged the problem, but did nothing more in response to the service failure), has a superior effect on respondents' post-recovery satisfaction, their intention to maintain the relationship and their loyalty.

**Main finding D16:** A practically significant difference could be observed between outcome of response option 1 (indicating a lower service recovery effort) and outcome of response option 2 (indicating a higher service recovery effort), with regard to respondents of different population groups' satisfaction with the manner in which the bank resolves problems. This indicates that respondents are more satisfied following a higher service recovery effort compared to a lower service recovery effort, relative to their population group.

**Main finding D17:** In terms of respondents of different population groups' intention to maintain their relationship with the bank, a practically significant difference exists between the outcome of response option 1 and the outcome of response option 2. This indicates that respondents are more likely to maintain their relationship following a higher service recovery effort compared to a lower service recovery effort, relative to their population group.

---

**Main finding D18:** With regard to intention of respondents of different population groups to stay loyal to the bank, a practically significant difference was found between outcome of response option 1 and outcome of response option 2. This indicates that respondents are more likely to stay loyal to the bank following a higher service recovery effort compared to a lower service recovery effort, relative to their population group.

#### 5.4 SUMMARY OF MAIN EMPIRICAL RESEARCH FINDINGS

Section 5.2 and section 5.3 presented the empirical results obtained from each section in the questionnaire. The main findings observed and discussed in section 5.2 and section 5.3 are summarised in this section.

Section E of the questionnaire contained questions pertaining to the demographical information of respondents, which was presented in the form of a sample profile (see section 5.1). Specifically, these questions were intended to obtain information regarding variables such as respondents' population group, gender, age, marital status, highest qualification, home language and gross monthly income. The results were presented according to population group, with the intention of obtaining demographical information for each of the four population groups and determining whether statistically and practically significant associations exist between respondents' demographical variables and their respective population group.

- **Main finding SP1:** Most respondents who participated in this study were female, between the ages of 18 and 30 years, were single or married, have received a tertiary qualification, speak English as a home language, and have a gross monthly income of between R5 000 and R30 000.
- **Main finding SP2:** Although statistically significant associations could be found between demographic variables and respondents' population groups, no practically significant associations exist between these variables.

Section A of the questionnaire obtained classification information from respondents with regards to the banks with which they are currently banking, while considering the bank respondents hold their personal accounts; the period of time they have had their

---

personal accounts with the bank; whether respondents will stay with the bank in the future; which banking method they most often use; how often respondents visit a branch of the bank; and information related to their relationships with the banks. The following main findings were observed in this section:

- **Main finding A1:** Although a statistical significant association exists between the banks with which respondents' personal accounts are held and their population group, this association is of no practical significance.
- **Main finding A2:** Although there is a statistically significant association between the period that respondents have had personal accounts with their banks and their population groups, this association is of no practical significance.
- **Main finding A3:** There exists no statistically significant association between respondents' intention to stay with their banks and their population groups.
- **Main finding A4:** Despite a statistically significant association between the banking methods most often used and respondents' population groups, the association is not practically significant.
- **Main finding A5:** Although a statistical significant association exists between how often respondents physically visit the banks' branch and population groups, this association is of no practical significance.
- **Main finding A6:** The majority of respondents agreed that they would use more services offered by the bank in the future, and that they wanted to form a relationship with the bank.

Section B of the questionnaire aimed to obtain information from respondents regarding their perception of services in South Africa. The following main finding from this section can be reported:

- 
- **Main finding B1:** Black, coloured and Indian respondents appeared more optimistic and white respondents more pessimistic in their perception of the service in general in South Africa, banking services in general in South Africa and the service offered by the bank they use.

The purpose of section C of the questionnaire was to determine respondents' attitude toward complaining. In addition to descriptive analysis, a confirmatory factor analysis was performed in order to determine whether the two factors identified by Yuksel *et al.* (2006:17) to measure respondents' attitude toward complaining are valid and reliable for this study. The following main findings were observed from the descriptive analysis and factor analysis:

- **Main finding C1:** Respondents across all population groups agreed most with the statements that complaining is a customer's right and that complaining is not easy, but should be done when something is not right.
- **Main finding C2:** Respondents across population groups disagreed most with the statements that they are embarrassed to complain no matter how poor the service was and that people who have little else to do are the ones who complain.
- **Main finding C3:** The confirmatory factor analysis extracted two factors, namely propensity to complain and negative attitude to complaining, as initially identified by Yuksel *et al.* (2006:17), confirming that these factors are valid to measure respondents' attitudes toward complaining..
- **Main finding C4:** The two factors used to measure respondents' attitude towards complaining that have been identified by means of the confirmatory factor analysis are reliable to measure the attitude of complaining of respondents in this study.
- **Main finding C5:** The majority of respondents' across all population groups have a propensity to complain.

- 
- **Main finding C6:** There exists no statistically significant association between respondents' attitudes toward complaining and population groups.

Section D of the questionnaire was based on a hypothetical scenario of a service failure that respondents could encounter with their banks and determined respondents' perception of severity with regards to the problem associated with the service delivery, their complaint behaviour following such a hypothetical scenario, their subsequent expectations for service recovery, as well as their satisfaction, their intention to maintain the relationship with the bank and their loyalty to the bank subsequent to service recovery for two hypothetical service recovery response options. Both descriptive and inferential analyses were performed on the questions in section D. The following main findings were observed:

- **Main finding D1:** Although a statistically significant association exists between respondents' perception of problem severity and population groups, no practically significant association for these two variables could be established.
- **Main finding D2:** Respondents across all population groups disagreed that they would not complain following a service failure. Respondents would most probably talk to their friends and family about the problem, demand involvement of a manager and complain to the staff member.
- **Main finding D3:** Coloured respondents with a negative attitude to complaining would not complain following a service, whereas white respondents with a propensity to complain would demand involvement of a manager.
- **Main finding D4:** With the exception of the finding mentioned above, no statistically significant correlations were found between respondents' attitudes toward complaining and their complaint behaviour.
- **Main finding D5:** Black, coloured, Indian and white respondents do not practically significantly differ in terms of their complaint behaviour following a service failure.

- 
- **Main finding D6:** Respondents agreed most that the banks should, as service recovery, correct the problem as soon as possible, that an explanation should be provided for the problem, that respondents should be acknowledged for not being treated properly and that the bank should apologise for the poor service respondents received.
  - **Main finding D7:** Respondents disagreed that they feel that it is not necessary for the bank to do anything following a service failure.
  - **Main finding D8:** Black, coloured, Indian and white respondents do not differ practically significantly in terms of their expectations of service recovery.
  - **Main finding D9:** Respondents disagreed that they would be satisfied with the response by which problems are resolved, that they would maintain their relationships with the bank and that they would stay loyal to the bank, if the bank acknowledged the problem, but did nothing more in response to the service failure.
  - **Main finding D10:** Respondents do not differ practically significantly in terms of their satisfaction with the which problems are resolved, their intention to maintain their relationship and their loyalty, relative to their population group, if the bank acknowledged the problem, but did nothing more in response to the service failure.
  - **Main finding D11:** Following a service recovery where the bank apologised, provided an explanation and corrected the problem, respondents of all population groups agreed that they would be satisfied with manner in which their problems are resolved, that they would maintain their relationship and that they would stay loyal to the bank.
  - **Main finding D12:** Respondents do not differ practically significantly, relative to their population group, in terms of their satisfaction with the way in which problems are resolved, their intention to maintain their relationship and their intention to stay loyal to the bank, in the case of a service recovery effort where the bank apologised, provided an explanation and corrected the problem.

- **Main finding D13:** A practically significant difference could be observed between outcome of response option 1 (indicating a lower service recovery effort) and outcome of response option 2 (indicating a higher service recovery effort), with regard to respondents' satisfaction with the manner in which the bank would resolve the problem. This indicates that respondents are more satisfied following a higher service recovery effort compared to a lower service recovery effort.
- **Main finding D14:** In terms of respondents' intention to maintain their relationships with the banks, a practically significant difference exist between outcome of response option 1 (low service recovery effort) and outcome of response option 2 (higher service recovery effort). This indicates that respondents are more likely to maintain their relationship following a higher service recovery effort compared to a low service recovery effort.
- **Main finding D15:** With regard to respondents' intentions to stay loyal to the banks, a practically significant difference was found between outcome of response option 1 (a lower service recovery effort) and outcome of response option 2 (a higher service recovery effort) This indicates that respondents are more likely to stay loyal to the bank following a higher service recovery effort compared to a lower service recovery effort.
- **Main finding D16:** A practically significant difference could be observed between outcome of response option 1 and outcome of response option 2, with regard to respondents of different population groups' satisfaction with the manner in which the bank resolves problems. This indicates that respondents are more satisfied following a higher service recovery effort compared to a lower service recovery effort, relative to their population group.
- **Main finding D17:** In terms of respondents of different population groups' intention to maintain their relationship with the bank, a practically significant difference exists between the outcome of response option 1 and the outcome of response option 2. This indicates that respondents are more likely to maintain their relationship following a higher service recovery effort compared to a lower service recovery effort, relative to their population group.

- **Main finding D18:** With regard to intention of respondents of different population groups to stay loyal to the bank, a practically significant difference was found between outcome of response option 1 and outcome of response option 2. This indicates that respondents are more likely to stay loyal to the bank following a higher service recovery effort compared to a lower service recovery effort, relative to their population group.

## 5.5 CONCLUSION

This chapter provided the empirical research results from the study, as well as the main findings arising from these results. This chapter started out by presenting the sample profile of the study, followed by the empirical results obtained from sections A, B, C and D in the questionnaire. Statistical analyses performed in this chapter included frequency analyses, cross tabulations, descriptive analyses through measures of central tendency (means) and measures of dispersion (standard deviation), confirmatory factor analysis, correlation analyses, effect sizes for differences in means and effect sizes for associations (which were used to determine practical significance). In conclusion, a summary of the main findings of the study was presented. The subsequent chapter concludes the study by presenting the conclusions, implications and recommendations pertaining to this study.

---

## CHAPTER 6

### CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS

#### 6.1 INTRODUCTION

This chapter presents the conclusions drawn from the main findings of the empirical research, as well as the recommendations concerning the influence of culture on customers' complaint behaviour pertaining to service failures. The chapter commences with an overview of the research study, followed by conclusions based on the study's secondary objectives. Subsequently, recommendations based on these conclusions are presented, followed by reflection on the limitations of the study and an indication of directions for future research.

#### 6.2 OVERVIEW OF THE STUDY

This research study was undertaken to enrich the limited information available on differences in the complaint behaviour of customers of diverse cultures pertaining to service failures in the South African banking industry. In order to address this research problem, the constructs of culture, customer complaint behaviour, service failure and service recovery were accordingly included in the study.

Craig and Douglas (2006:338) indicate that the escalating trends of globalisation and multiculturalism make it imperative for organisations to develop a deeper understanding of culture and its various manifestations (discussed in chapter 2). This is especially relevant in the South African context where customers, as part of a multicultural society, interpret certain concepts differently as a result of differences regarding their cultural backgrounds (Du Plessis & Rousseau, 2007:49). Shavitt *et al.* (2008:1103) emphasise that culture serves as the lens through which consumers view products and services, which makes culture a salient aspect necessary to understand consumer behaviour. Consumer behaviour was accordingly addressed, as well as the stages in the consumer decision-making process, since consumer behaviour fundamentally describes the manner in which consumers make decisions. It was accentuated that organisations should understand the consumer decision-making process and consumers' ultimate evaluation of a purchase decision. One such evaluation of a purchase decision is

---

negative disconfirmation, which occurs when performance of a product or service falls below customers' expectations, resulting in customer dissatisfaction. Day and Landon (1977:427) propound that once negative disconfirmation exceeds the customer's zone of tolerance (scope of acceptance), strong feelings and some kind of complaint behaviour will likely follow. Customer complaint behaviour (see section 2.6) was conceptualised as a set of multiple responses prompted by perceived dissatisfaction with a purchase episode (Singh, 1988:93). Since culture has been identified as a major impact on customer complaint behaviour in response to purchase dissatisfaction (see section 2.6.4), it is important to consider this effect in order to design enhanced strategies for managing customer complaints, with the intention of strengthening customer trust and maintaining long-term relationships (Velázquez *et al.*, 2006:510).

Given the importance of building and maintaining long-term customer relationships – something which has become essential in order to survive in a highly competitive environment – relationship marketing must be at the centre of every organisation's business activities. Relationship marketing (discussed in chapter 3) entails satisfying existing customers in order to achieve long-term profitability (Flambard-Ruad, 2005:53). Reid and Bojanic (2009:60) accordingly suggest that profitability can be enhanced through the implementation of relationship marketing. However, this is only achievable if the relationship constructs are in place. These include customer relationships, customer satisfaction, customer loyalty and customer retention. Customer satisfaction directly influences customer loyalty, which is itself a fundamental determinant of customer retention (Gerpott *et al.*, 2001:253). This interlinked nature of concepts consequently highlights the significance of satisfying customers in order to enhance customer loyalty and ensure customer retention, thereby maintaining relationships in the long-term.

The challenge for banks would be to ensure customer satisfaction, since the delivery of consistent and flawless service is difficult to achieve in service industries, mainly because of the prominent role of human involvement in the production and consumption of services. Service failures (see section 3.6) were consequently highlighted as an important consideration in terms of maintaining long-term relationships with customers. Organisations have a large stake in not only understanding the consequences of service failures, but also instituting systems to provide an effective service recovery, so that they can minimise customer dissatisfaction following a failure and thereby retain the customer's business (Hess *et al.*, 2003:127). Service recovery (discussed in section

---

3.7) has the ultimate purpose of restoring the customer to a state of satisfaction by attempting to rectify and recover those elements of the service delivery system which have failed (Lorenzoni & Lewis, 2004:12). As a result of the social exchange between the customer and the customer-facing employee in the case of a service recovery, it is important to recognise that customers' cultural orientation may also influence perception's of service recovery efforts (Patterson *et al.*, 2006:264), thereby impacting the effectiveness of the organisation's service recovery effort in terms of increased customer satisfaction, loyalty and retention (Maxham, 2001:20).

The purpose of this study was to examine the influence of culture on customers' complaint behaviour pertaining to service failures in the banking industry by means of an empirical study. The study accordingly made use of a structured questionnaire in order to obtain information from the target population (see section 4.3.3.2 and Appendix A). The target population of this study comprised of black, coloured, Indian and white banking customers in Gauteng who are older than 18 years and who hold a personal bank account. A total of 600 respondents participated in this study. The study utilised non-probability sampling – by first using quota sampling to establish a quota of 150 respondents each from the respective population groups and thereafter using convenience sampling to find suitable respondents to participate in this study (see section 4.3.4.3). Only available respondents who complied with the criteria of the quota were included in the sample and accordingly interviewed by the fieldworkers. The data obtained from the interviewer-administered questionnaire was analysed using the SAS and SPSS statistical programs and the results obtained were presented in chapter 5.

### **6.3 CONCLUSIONS AND RECOMMENDATIONS**

The primary objective of this study was to determine the influence of culture on customers' complaint behaviour pertaining to service failures, with secondary objectives formulated in order to achieve this primary objective (see section 1.3). By means of these secondary objectives, the conclusions derived from the literature review and the results obtained from the empirical research are accordingly discussed. These results serve to measure the achievement of the primary objective. Recommendations to South African banks in light of the conclusions made are also presented in this section.

---

### 6.3.1 Conclusion from secondary objective 1

The **first secondary objective** of this study was to determine the attitudes toward complaining of banking customers from different cultures. In a cross-cultural study, Yuksel *et al.* (2006:17) extracted two factors from eight statements to measure customers' attitude towards complaining, namely propensity to complain and negative attitude to complaining. Through a confirmatory factor analysis, these two factors were identified as valid and reliable to measure respondents' attitudes toward complaining (**main finding C3, p. 163 and main finding C4, p. 164**). Adhering to these two factors, respondents from each population group were divided into either the propensity to complain group or the negative attitude to complaining group, based on their overall mean scores. The results indicated that across all population groups, respondents had a propensity to complain (**main finding C5, p.165**). The fact that respondents across all population groups have a higher propensity to complain is also evident by their agreement with the statements that complaining is a customer's right and that complaining is not easy, but should be done when something is not right and their disagreement with the statements that they are embarrassed to complain no matter how poor the service was and that people who have little else to do are the ones who complain (**main finding C1, p. 162 and main finding C2, p. 162**). Although this study established the attitude towards complaining among black, coloured, Indian and white respondents, no association was found to exist between attitude towards complaining and population group (**main finding C6, p.165**). This finding is similar to results by Yuksel *et al.* (2006:18), who found more similarities than differences in attitudes toward complaining amongst various cultural groups.

It can therefore be **concluded** that black, coloured, Indian and white respondents have a propensity to complain. It can furthermore be concluded that there is no association between respondents' cultural group and their attitudes toward complaining. It is **recommended** that banks should recognise that customers' positive attitude toward complaining can heighten their intention to complain to the bank. Banks should accordingly ensure that appropriate complaint channels are in place and that customers are aware of these channels and are willing to make use of them. This will make it possible for customers with a positive attitude towards complaining to express their complaint directly to the organisation, rather than somewhere else. Banks should, in addition, constantly focus on improving customers' attitudes toward complaining by

---

creating an organisational culture where employees are motivated to facilitate customers' complaints and have a willingness to solve customers' problems.

### 6.3.2 Conclusion from secondary objective 2

The **second secondary objective** of this study was to determine banking customers' complaint behaviour following a service failure, in light of their cultural backgrounds. Since culture has been identified as a factor affecting customer complaint behaviour in response to dissatisfaction caused by a service failure (Chan & Wan, 2008:90; Watkins & Liu, 1996:7), this objective set out to determine whether banking customers of different cultural backgrounds will exhibit diverse complaint behaviour subsequent to a service failure, such as the one described in the hypothetical scenario included in the questionnaire (see Appendix A). Respondents' complaint behaviour was measured by responses such as not complaining, complaining to the staff member, demanding manager intervention, writing a complaint letter to the bank's head office, complaining to an external agency, telling friends and family about the problem and never using the bank again, which Kitapci and Dortoyl (2009:935) identified as frequent complaint behaviour responses in the banking industry.

This study found that across all population groups, respondents are not likely to *not* complain following a service failure. They would, on the other hand, most probably talk to their friends and family about the problem, demand the involvement of a manager and complain to the staff member (**main finding D2, p. 168**). This finding is similar to what was found by Ndubisi and Ling (2005:73), in that banking customers are most likely to complain privately to their friends and family.

However, this study found that respondents – irrespective of their cultural backgrounds – do not differ in terms of their complaint behaviour following a service failure (**main finding D5, p. 171**). This is inconsistent with previous studies such as those by Chan and Wan (2008) and Liu and McClure (2001) which have shown significant differences in terms of the impact of culture on customer complaint behaviour.

For this reason, it can be **concluded** that respondents' cultural backgrounds do not influence their complaint behaviour following a service failure. It is **recommended** that

---

banks should not assume that certain population groups will exhibit different complaint behaviour than others, and banks should, furthermore, rather encourage customers from all population groups to voice their complaints directly to the bank. This is especially important if one considers that respondents across the cultural groups were most likely to tell their friends and family about the problem, thereby engaging in private complaint action. Private actions such as negative word-of-mouth do not offer the bank the opportunity to rectify the problem that gave rise to dissatisfaction. In addition, such private actions can have devastating consequences for the bank's image and reputation in the long run, since other customers may be discouraged from using the bank's services in the future. Banks should, however, not only encourage customers to voice their dissatisfaction, but also manage complaints that are offered effectively. Since customers are also likely to demand the involvement of a manager and complain to the staff member, banks need to ensure that their managers are able to respond to complaints as quickly and efficiently as possible, while empowering customer-facing employees to handle complaint situations with competence, as well as with courtesy, empathy and respect – and do so when dealing with customers of all population groups.

### 6.3.3 Conclusion from secondary objective 3

The **third secondary objective** of this study was to determine the influence of culture on banking customers' expectations of service recovery efforts. Donthu and Yoo (1998:178) highlight that different cultures vary in terms of their patterns of behaviour and attitude, and will consequently have diverse service expectations. Lewis and Spyropoulos (2001:46) propose that research in different cultural contexts may not only reveal variations in initial service expectations, but also expectations of service recovery in the banking industry. This objective therefore aimed to establish whether banking customers from different population groups in South Africa have diverse service recovery expectations.

This study found that across all population groups, respondents' expectations of service recovery include that the bank should correct the problem as soon as possible, that an explanation should be provided for the problem, that respondents should be acknowledged for not being treated properly, and that the bank should apologise for the poor service they received (**main finding D6, p. 173**). Furthermore, it was apparent that

---

respondents do not expect the bank to do nothing following a service failure (**main finding D7, p. 173**). This finding is consistent with a previous study by Yi and Lee (2005:14), who found that a significant difference exists in the minds of customers between an effort towards service recovery – even if this only entails an apology – compared to when the organisation does not attempt to recover from the service failure. On the other hand, Duffy *et al.* (2006:127) found differences between banking customers' expectations in terms of apology as a service recovery effort; the authors suggest that these discrepancies may be attributed to cultural differences.

However, this study found that the black, coloured, Indian and white respondents do not differ in terms of their expectations of service recovery (**main finding D8, p. 175**). This finding is not consistent with other studies concerning the influence of culture on service recovery expectations. Kanousi (2005:64) is one such author who has established that culture has an impact on service recovery expectations, although this author believes that this impact is significantly smaller compared to the impact of culture on overall service expectations.

For this reason, it can be **concluded** that culture does not influence respondents' expectations of service recovery efforts. Despite this finding, it is **recommended** that banks recognise the importance of meeting customers' expectations, both in terms of service expectations and expectations of recovery in service failure situations. The fact that a service failure has occurred, means that customers' initial expectations in terms of service performance were not met; failing to provide a recovery performance that meets service recovery expectations may therefore exacerbate the situation. Banks should not only meet customers' expectations of service recovery, but should attempt to exceed these by providing the customer with outstanding service – also following a service failure. This requires of the bank to ensure that a high level of quality interaction takes place between the dissatisfied customer and the employee following a service failure. This is of particular importance if one considers that respondents in this study expect the bank to explain the problem, acknowledge customers' dissatisfaction and apologise. If employees are not competent to interact efficiently with the customer in order to provide an explanation or apology, the bank may face the risk of losing the customer to a competitor.

---

#### 6.3.4 Conclusion from secondary objective 4

The **fourth secondary objective** of this study was to establish the influence of culture on banking customers' perception of service recovery efforts. A previous study by Patterson *et al.* (2006:264) found that as a result of the social exchange between the customer and the employee during a service recovery, customers' cultural background will have a bearing on their perceptions of the organisation's service recovery efforts following a service failure. Previous studies by Mattila and Patterson (2004:203) and Wong (2004:958) also confirmed that culture influences the customer's perception of service recovery efforts, which is in turn linked to post-recovery satisfaction. The results of this study were not consistent with these previous studies in that culture did not influence respondents' perception of service recovery efforts. In this study, no differences were found between the two hypothetical service recovery response options in relation to customers' population groups (**main finding D10, p. 177 and main finding D12, p. 179**).

This study did, however, establish respondents' perceptions of service recovery efforts for the two hypothetical service recovery response options in terms of respondents' post-recovery satisfaction, their intention to maintain their relationship with the bank and their intention to stay loyal to the bank. The first response option (where the bank acknowledged the problem, but did nothing more in response to the problem), was not perceived as a sufficient service recovery effort by respondents; they were not satisfied with the manner in which the bank resolves problems and indicated that they would not maintain their relationship with the bank or stay loyal to the bank (**main finding D9, p. 176**). Conversely, the second response option (where the bank apologised, provided an explanation and corrected the problem), was perceived as an effective service recovery, since respondents were satisfied with the manner in which the bank resolves problems and would maintain their relationship with the bank, and would also stay loyal to the bank (**main finding D11, p. 178**).

It can be **concluded** that although culture does not influence respondents' perceptions of service recovery efforts, the manner in which a customer perceives a service recovery effort has a significant impact on their post-recovery satisfaction, as well as relationship and loyalty intentions. It is **recommended** that banks should aim for the

---

best possible service recovery efforts, since a lack of effort to resolve customers' problems has harmful effects on customer satisfaction as well as negative consequences for the customer relationship. In order for banks to maintain long-term relationships with their existing customers and reap the benefits associated with customer loyalty and customer retention, banks must realise the importance of providing a service recovery that establishes positive perceptions in the minds of customers. Positive perceptions concerning service recovery efforts increase customers' perceived likelihood that their problems will be resolved, and their perception that the bank cares about their customers – which may in turn enhance complaints in the occurrence of a service failure and enable banks the opportunity to identify areas of improvement in their service delivery.

### 6.3.5 Conclusion from secondary objective 5

The **fifth secondary objective** of this study was to determine whether there are differences between banking customers' satisfaction, maintaining of their relationships and their loyalty following different service recovery efforts. Service recovery following a service failure presents a vital moment of truth for the organisation in terms of satisfying customers, as well as strengthening relationships with them (del Rio-Lanza *et al.*, 2009:775; Smith & Bolton, 2002:5).

Previous studies have established that moderate to high service recovery efforts can enhance customers' perceptions of satisfaction and consequently maintain customer retention and loyalty (Maxham, 2001:20). The current study is consistent with these studies by providing empirical support that respondents' satisfaction is higher following a higher service recovery effort (if the bank apologised, provided an explanation and corrected the problem) compared to a lower service recovery effort (if the bank acknowledged the problem, but did nothing more in response to the service failure) (**main finding D13, p. 180**). In addition, customers were found to have an increased intention to maintain their relationships with the bank (**main finding D14, p. 180**) and to stay loyal to the bank (**main finding D15, p. 181**). It is important to note that a high service recovery effort in the context of this study did not involve compensation, but still resulted in significant higher levels of customer satisfaction. This is supported by Duffy *et al.* (2006:16) who found that compensation for a service failure did not add to the

---

satisfaction if the problem is corrected. Consistent with results by Lewis and Spyropoulos (2001:46), the results from this study suggest that the most effective way to recover from a service failure is consequently to make things right, thereby eliminating the cause of dissatisfaction associated with the service failure. It was also established that a higher service recovery effort involving an apology, explanation and correction compared to a low service recovery effort only involving acknowledgement, has a superior effect on respondents' post-recovery satisfaction, their intention to maintain the relationship and their loyalty, relative to their respective population group (**main findings D16 and D17, p. 182 and main finding D18, p. 183**).

Consequently, it can be **concluded** that there are differences between service recovery efforts and customers' satisfaction, maintaining of their relationship and their loyalty among respondents of different cultures, since clear differences exist between a higher and a lower service recovery effort in terms of these aspects. It can therefore be **recommended** that banks recognise the importance of developing effective service recovery strategies in order to restore customer satisfaction and loyalty and uphold long-term relationships with customers. Banks should also recognise the value of apologising, explaining and correcting the problem that led to a service failure in order to enhance customer satisfaction and loyalty. Banks should therefore invest resources in employee selection, training, development and support in order to ensure that customer-facing employees are competent, have a cooperative communication style and can provide a suitable service recovery. This may be more important than spending financial resources on an expensive compensation system, when banking customers simply want their problems resolved in a willing and responsive manner. However, banks need to recognise that generic service recovery strategies may be ineffective for satisfying all customers and maintaining their loyalty and relationships, due to the fact that differences in terms of higher service recovery efforts compared to lower service recovery efforts existed among different population groups. Banks may therefore need to customise methods of providing service recovery in order to enhance and maintain different cultures' post-recovery customer satisfaction, relationships and loyalty.

---

### 6.3.6 Summary of recommendations for the banking industry

Throughout the previous sections, several recommendations were made to banks in light of the conclusions drawn. This section provides a summary of the recommendations offered to banks with regard to customer complaint behaviour pertaining to service failures. The following are accordingly recommended:

- Banks should ensure that appropriate complaint channels are in place; that customers are aware of these channels, and are willing to make use of them. This will make it possible for customers with a propensity to complain to express their complaint directly to the organisation, which will provide a feedback mechanism that can be used to improve the bank's service delivery system.
- Banks should continuously focus on improving customers' attitudes toward complaining in order to facilitate this feedback mechanism. Banks should therefore create and promote an organisational culture with motivated employees who are willing to solve customers' problems.
- Banks should recognise that customers are most likely to tell their friends and family about problems they have encountered at the bank. This highlights the importance of consistently encouraging customers to voice their dissatisfaction directly to the bank rather than somewhere else, and of empowering customer-facing employees to handle services failures and complaint situations efficiently and as soon as they occur, thereby managing customers' dissatisfaction.
- It is accordingly of particular importance that banks should encourage customer-facing employees, as well as managers, to respond to customer complaints as quickly and efficiently as possible and that they are competent to handle complaint situations in the occurrence of a service failure with courtesy, empathy and respect.
- By ensuring that employees are competent to interact efficiently with the customer, banks will be able to meet customers' expectations for service recovery, which include that the problem must be corrected and explained, and that customers' dissatisfaction needs to be acknowledged and apologised for. It is vital for banks to

---

enhance the quality of interaction between employees and customers so as to meet customers' service recovery expectations and successfully recover from failures.

- Banks should recognise the value of achieving a higher service recovery effort by means of an apology, an explanation and a correction of the problem. These strategies not only restore customers to a state of satisfaction, but establish positive perceptions in the minds of customers. If customers are positive concerning the banks effort toward recovery, this may increase their future complaints by enhancing their perceived likelihood that problems will be resolved.
- Banks may, however, need to customise methods for providing service recovery in order to enhance and maintain different customers' post-recovery customer satisfaction, relationships and loyalty. This stresses the need for banks to develop a variety of service recovery strategies and to be sensitive to customers' needs in the provision of a suitable recovery strategy.
- Finally and most importantly, banks should invest resources in employee selection, training, development, empowerment, discretionary decision-making power and support in order to enhance customer-facing employees' competence and skills so that they are able to implement the most appropriate service recovery strategy successfully.

#### **6.4 LINKING SECONDARY OBJECTIVES TO MAIN FINDINGS**

This section links the secondary objectives to the main findings of the study in order to determine whether the primary objective of the study has been accomplished. The link between the secondary objectives, the questions in the questionnaire and the main findings from chapter 5, are illustrated in table 6.1. This table builds on table 4.6, which was presented in chapter 4.

**Table 6.1 Linking objectives, questions in the questionnaire and main findings**

|      | Secondary objective  | Question                              | Main finding                               |
|------|--|---------------------------------------|--|
| i)   | To determine the attitudes toward complaining of banking customers from different cultures;  | Section C: 8<br>Section E: 14         | Main finding C1, C2, C3, C4, C5 & C6       |
| ii)  | To determine banking customers' complaint behaviour following a service failure, in light of their cultural backgrounds;   | Section D:10<br>Section E: 14         | Main finding D2 & D5                       |
| iii) | To determine the influence of culture on banking customers' expectations of service recovery efforts;  | Section D:11<br>Section E: 14         | Main finding D6, D7 & D8                   |
| iv)  | To establish banking customers' perceptions of service recovery efforts;   | Section D:12<br>& 13                  | Main finding D9, D10, D11, D12             |
| v)   | To determine whether there are differences between banking customers' satisfaction, maintaining of their relationships and their loyalty following different service recovery efforts. | Section D: 12<br>& 13<br>Section E:14 | Main finding D13, D14, D15, D16, D17 & D18 |

Table 6.1 provides evident information that the secondary objectives set for this study have been met. **The primary objective, namely to determine the influence of culture on customers' complaint behaviour pertaining to service failures, has consequently been achieved by means of the realised secondary objectives.**

## 6.5 LIMITATIONS OF THE STUDY

Every research study has certain inherent limitations. The limitations that were observed in this study are discussed below.

- Given that a non-probability sampling method was used to draw the sample from the target population, conclusions could only be drawn in terms of those respondents who participated in the study and not from the population at large. Generalising the findings to all banking customers should therefore be avoided as the study is not representative of the total population. This particular sampling method had to be used since banks were not prepared to provide access to their customer databases, which would have made probability sampling possible.
- A second limitation of this study involves the distribution of respondents' demographics. Since a non-probability sampling method was used to draw the sample, respondents were chosen on the basis of convenience to the fieldworkers. As a result, demographics were not equally distributed across the different

---

population groups. This was specifically the case in terms of respondents' age, marital status, qualification and income distribution. This unequal distribution could have affected results in that factors other than culture could also have influenced respondents' complaint behaviour.

- The interviewer-administered questionnaire is a limitation of the study in the sense that it presents the potential of interviewer bias. Interviewers may bias the results of the study in the manner in which they select respondents, ask the questions or record the answers.
- Hypothetical scenarios were used to simulate a service failure situation and subsequent service recovery options, rather than relying on the actual experiences of respondents to recall these incidents. Although this method maximises internal validity and has been widely used in similar studies, it lacks the richness of an actual service encounter and may not accurately reflect the behaviours that follows.
- In addition, the study provided a single service failure situation and only two service recovery options. Different results may have been obtained in different service failure situations with other forms of service recovery options.
- The population groups used in this study constitute an additional imitation. Although the population groups were shown to have diverse backgrounds and inherent cultural differences, the variety of different ethnic groups found in some of these population groups, particularly in the black population group, may have influenced the results obtained.
- A final limitation of this study refers to the manner in which culture was defined. Since population groups served as cultural groups to determine the influence of culture on customers' complaint behaviour pertaining to service failures in a South African context, all results obtained are subjective to the four population groups used and cannot be generalised to other cultural groups in South Africa.

---

## 6.6 DIRECTIONS FOR FUTURE RESEARCH

Further research is needed to investigate the influence of culture on customer's complaint behaviour pertaining to service failures. The following recommendations are accordingly made for future research:

- This study can be extended to other service settings in order to determine whether there are similarities or differences with regard to the influence of culture on customers' complaint behaviour pertaining to service failures for these service settings.
- Future research can be conducted in collaboration with a specific bank. By working with a specific bank, it would be possible to distribute questionnaires to the customers of one bank and determine more specific information with regard to service failures within the bank, as well as customers' perceptions of the bank's existing service recovery systems. This may also provide the opportunity to draw a probability sample and ensure that the sample is representative of the target population in order to investigate cultural influences.
- Research is also needed on to the influence of culture on South African banking customers' initial service expectations. This will enable banks to design enhanced strategies aimed at meeting customers' expectations and preventing service failures from happening in the first place.
- Since different population groups were found to be relatively coherent in their attitude towards complaining, complaint behaviour, expectations for service recovery and perceptions of service recovery efforts, this study can be replicated in order to determine whether differences exist between South African customers and those of another country, in order to determine the influence of national culture on customer's complaint behaviour pertaining to service failures.

## **6.7 CONCLUSION**

This chapter provided a conclusion to the study by presenting an overview of the study, as well as the major findings, conclusions and recommendations in terms of the results that were obtained. In addition, the chapter presented the link between the secondary objectives set for the study, the questions in the questionnaire and the main findings of the study. The limitations associated with this study were subsequently summarised and recommendations for future research concluded this chapter.

---

**REFERENCES**

- AAKER, D.A., KUMAR, V. & DAY, G.S. 2007. Marketing research. 9<sup>th</sup> ed. Hoboken, New Jersey: Wiley. 774 p.
- ABRATT, R. & PENMAN, N. 2002. Understanding factors affecting salespeople's perceptions of ethical behavior in South Africa. *Journal of business ethics*, 35(4):269–80.
- ABRATT, R. & RUSSELL, J. 1999. Relationship marketing in private banking in South Africa. *International journal of bank marketing*, 17(1):5–19.
- ALJZEN, I. 2008. Consumer attitudes and behaviour (In Hugtvedt, C.P., Herr, P.M. & Kardes, F.R, eds. Handbook of consumer psychology. New York: Lawrence Erlbaum Associates. p. 525–585.)
- ALLEN, N.J. & MEYER, J.P. 1990. The measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of occupational psychology*, 63:1–18.
- AMERICAN MARKETING ASSOCIATION. 2004. Definition of marketing. The American Marketing Association. <http://www.marketingpower.com/AboutAMA/Pages/DefinitionofMarketing.aspx> Date of access: 15 May 2010.
- AMERICAN MARKETING ASSOCIATION. 2007. Definition of marketing. The American Marketing Association. <http://www.marketingpower.com/AboutAMA/Pages/DefinitionofMarketing.aspx> Date of access: 15 May 2010.
- ANDALEEB, S.S. 1996. An experimental investigation of satisfaction and commitment in marketing channels: the role of trust and dependence. *Journal of retailing*, 72(1):77–93.
- ANDALEEB, S.S. & CONWAY, C. 2006. Customer satisfaction in the restaurant industry: an examination of the transaction-specific model. *Journal of services marketing*, 20(1):3–11.

- 
- ANDERSEN, P.H. 2001. Relationship development and marketing communication: an integrative model. *Journal of business and industrial marketing*, 16(3):167–182.
- ANDERSEN, P.H. 2005. Relationship marketing and brand involvement of professionals through web-enhanced brand communities: The case of Coloplast. *Industrial marketing management*, 34(3):39–51.
- ANDERSON, E.W. & FORNELL, C. 2000. Foundations of the American customer satisfaction index. *Total quality management*, 11(7):S869–S882.
- ANDERSON, E.W., FORNELL, C. & LEHMANN, D.R. 1994. Customer satisfaction, market share and profitability: findings from Sweden. *Journal of marketing*, 58(3):53–66, Jul.
- ANDERSON, E.W. & SULLIVAN, M.W. 1993. The antecedents and consequences of customer satisfaction for firms. *Marketing science*, 12(2):125–143, Spring.
- ANDREASSEN, T.W. 2000. Antecedents to satisfaction with service recovery. *The European journal of marketing*, 34(1-2):1-50.
- ATHANASSOPOULOU, P. & MYLONAKIS, J. 2009. The quality of the relationships between fitness centres and their customers. *International journal of sport management and marketing*, 5(3):355-366, Feb.
- ATKINSON, H. & BRANDER BROWN, J. 2001. Rethinking performance measures: assessing progress in UK hotels. *International journal of contemporary hospitality management*, 13(3):128–135.
- BAGOZZI, R.P. 1994. Principles of marketing research. Oxford: Basil Blackwell. 430 p.
- BALAGLU, S. 2002. Dimensions of customer loyalty: Separating friends from well wishers. *Cornell hotel and restaurant administration quarterly*; 43(1):47–59, Feb.
- BEARDEN, W.O. & ETZEL, M.J. 1982. Reference group influence on product and brand purchase decisions. *The journal of consumer research*, 9(2):183–194, Sept.

- 
- BEARDEN, W.O. & MASON, J.B. 1984. An investigation of influences on consumer complaint reports. *Advances in consumer research*, 11(1):490–495.
- BEARDEN, W.O. & TEEL, J.E. 1983. Selected determinants of consumer satisfaction and complaint reports. *Journal of marketing research*, 20(1):21–28, Feb.
- BENDAPUDI, N. & BERRY, L.L. 1997. Customers' motivations for maintaining relationships with service providers. *Journal of retailing*, 73(1):15–37.
- BERMAN, B. & EVANS, J.R. 2007. Retail management: a strategic approach. 10<sup>th</sup> ed. Upper Saddle River, New Jersey: Pearson Prentice Hall. 682 p.
- BERNDT, A. 2009. Building customer relationships and loyalty. (In Boshoff, C. & Du Plessis, P.J., eds. *Services marketing: a contemporary approach*. Cape Town: Juta. p.313–330.)
- BERRY, L. L. 1983. Relationship Marketing. (In Berry, L.L., Shostack, G.L. & Upah, G.D., eds. *Emerging perspectives on services marketing*. Chicago, Illinois: American Marketing Association, p. 25–28.)
- BERRY, L. L. 2000. Relationship marketing of services. (In Sheth, J.N. & Parvatiyar, A., eds. *Handbook of relationship marketing*. Thousand Oaks: Sage Publications. p. 149–170.)
- BERRY, L. L. 2002. Relationship marketing of services - perspectives from 1983 and 2000. *Journal of relationship marketing*, 1(1):59–77.
- BICK, G. BROWN, A.B. & ABRATT, R. 2004. Customer perceptions of the value delivered by retail banks in South Africa. *The international journal of bank marketing*, 22(5):300–318.
- BITNER, M.J., BOOMS, B.H. & MOHR, L.A. 1994. Critical service encounters: the employee's viewpoint. *The journal of marketing*, 58(4):95–106, Oct.
- BLACKWELL, R.D. MINIARD, P.W. & ENGEL, J.F. 2006. Consumer behaviour. 10<sup>th</sup> ed. Mason, Ohio: Thomson South-Western. 790 p.

- 
- BLODGETT, J. G. & GRANBOIS, D.H. 1992. Toward an integrated conceptual model of consumer complaint behaviour. *Journal of customer satisfaction, dissatisfaction and complaining behavior*, 5:93–103.
- BLODGETT, J.G., HILL, D.J. & TAX, S.S. 1997. The effects of distributive, procedural, and interactional justice on postcomplaint behavior. *Journal of retailing*, 73(2):185–210.
- BLOEMER, J., DE RUYTER, K. & PEETERS, P. 1998. Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction. *International journal of bank marketing*. 16(7):276–286.
- BLYTHE, J. 2006. Principles and practice of marketing. Mason, Ohio: Thomson. 744 p.
- BLYTHE, J. 2008. Consumer behaviour. Mason Ohio: Thomson Learning. 455 p.
- BOCHNER, S. 1982. Cultures in contrast: studies in cross-cultural interaction. Oxford: Pergamon Press: 231 p.
- BODY, K. & GRACE, D. 2006. Segmenting service “complainers” and “non-complainers” on the basis of consumer characteristics. *Journal of services marketing*, 20(3):178–187.
- BOLTON, R.N. 1998. The dynamic model of the duration of the customer’s relationship with a continuous service provider: the role of satisfaction. *Marketing science*, 17(1):45–65.
- BOLTON, R.N., KANNAN, P.K. & BRAMLETT, M.D. 2000. Implications of loyalty program membership and service experiences for customer retention and value. *Journal of the academy of marketing science*, 28(1):95–108.
- BOOTE, J. 1998. Towards a comprehensive taxonomy and model of consumer complaining behaviour. *Journal of consumer satisfaction, dissatisfaction and complaining behavior*, 11:140–151.
- BORNMAN, E. 2006. National symbols and nation-building in the post-apartheid South Africa. *International journal of intercultural relations*, 30(3):383–399.

- 
- BORNMAN, E. 2010. Emerging patterns of social identification in Postapartheid South Africa. *Journal of social issues*, 66(2):237–254.
- BOSHOFF, C. 1997. An experimental study of service recovery options. *International journal of service industry management*, 8(2):110–130.
- BOSHOFF, C. 2007. Services decision process. (In Du Plessis, P.J. & ROUSSEAU, G.G, eds. Buyer behaviour: understanding consumer psychology and marketing. Cape Town: Oxford University Press. p.309–335.)
- BOSHOFF, C. 2009. Service recovery. (In Boshoff, C. & Du Plessis, F., eds. Services marketing: a contemporary approach. Cape Town: Juta. p.331 - 360.)
- BOSHOFF, C. & ALLEN, J. 2000. The influence of selected antecedents on frontline staff's perceptions of service recovery performance. *International journal of service industry management*, 11(1):63–90.
- BOSHOFF, C. & GRAY, B. 2004. The relationships between service quality, customer satisfaction and buying intentions in the private hospital industry, *South African journal of business management*, 35(4):27–38.
- BOSHOFF, C. & LEONG, J. 1998. Empowerment, attribution and apologizing as dimensions of service recovery an experimental study. *International journal of service industry management*, 9(1):24–47.
- BOSHOFF, C. & STAUDE, G. 2003. Satisfaction with service recovery: its measurement and its outcomes. *South African journal of business management*, 34(3):9–16.
- BOVE, L.L. & JOHNSON, L.W. 2000. BOVEA customer-service worker relationship model. *International journal of service industry management*, 5(11):491–511.
- BOWEN, J.T. & CHEN, S. 2001. The relationship between customer loyalty and customer satisfaction. *International journal of contemporary hospitality management*, 13(5):213–217.

- 
- BRADLEY, N. 2007. Marketing research: tools and techniques. New York: Oxford University Press. 531 p.
- BROADBRIDGE, A. & MARSHALL, J. 1995. Consumer complaint behaviour: the case of electrical goods. *International journal of retail and distribution management*, 23(9):8–18.
- BURGESS, S.M. & BOTHMA, C.H. 2007. International marketing. Cape Town: Oxford University Press. 512 p.
- BURNS, A.C. & BUSH, R.F. 2006. Marketing research. 5<sup>th</sup> ed. Upper Saddle River, New Jersey: Pearson Education. 665 p.
- BUTTLE, F. & BURTON, J. 2002. Does service failure influence customer loyalty? *Journal of consumer behaviour*, 1(3):217–227.
- CAMERON, S. & PRICE, D. 2009. Business research methods: a practical approach. London: Chartered Institute of Personnel and Development. 610 p.
- CANT, M.C., BRINK, A. & BRIJBALL, S. 2006. Consumer behaviour. Cape Town: Juta. 320 p.
- CARUANA, A., EWING, M.T. & RAMASESHAN, B. 2000. Assessment of the three-column format SERVQUAL: an experimental approach. *Journal of business research*, 49(1):57–65, July.
- CHAN, H. & WAN, L.C. 2008. Consumer responses to service failures: a resource preference model of cultural influences. *Journal of international marketing*, 16(1):72–97.
- CHANG, Y. & CHEN, F. 2007. Relational benefits, switching barriers and loyalty: a study of airline customers in Taiwan. *Journal of air transport management*, 13(2):104–109.
- CHANG, H. & HSIAO, H. 2008. Examining the casual relationship among service recovery, perceived justice, perceived risk, and customer value in the hotel industry. *The service industries journal*, 28(4):513–528.
-

- 
- CHAUDHURI, A. 2006. Emotions and reason in consumer behavior. Amsterdam: Butterworth-Heinemann. 165 p.
- CHENG, S., LAM, T. & HSU, C.H.C. 2005. Testing the sufficiency of the theory of planned behavior: a case of customer dissatisfaction responses in restaurants. *International journal of hospitality management*, 24(4):475–492, Dec.
- CHOI, S. & MATTILA, A.S. 2008. Perceived controllability and service expectations: influences on customer reactions following service failure. *Journal of business research*, 61(1):24–30.
- CHRISTOPHER, A.J. 2002. To define the indefinable: population classification and the census in South Africa. *Area*, 34(4):401-408.
- CHRISTOPHER, M., PAYNE, A. & BALLANTYNE, D. 1991. Relationship marketing. (*In* Christopher, M., Payne, A. & Ballantyne, D., eds. Relationship marketing. Oxford: Butterworth-Heinemann. p. 3–33.)
- CHURCHILL, G.A. & IACOBUCCI, D. 2002. Marketing research: methodological foundations. 8<sup>th</sup> ed. Mason, Ohio: Thomson South-Western. 1006 p.
- CHURCHILL, G.A. & IACOBUCCI, D. 2005. Marketing research: methodological foundations. 9<sup>th</sup> ed. Mason, Ohio: Thomson South-Western. 697 p.
- CHURCHILL, G.A. & SUPRENANT, C. 1982. An investigation into the determinants of customer satisfaction. *Journal of marketing research*, 19(4):491–504.
- COHEN, J. 1988. Statistical power analysis for behavioural sciences. 2<sup>nd</sup> ed. Hillsdale, New Jersey: Lawrence Erlbaum Associates. 553 p.
- COLGATE, M. & HEDGE, R. 2001. An investigation into the switching process in retail banking services. *International journal of bank services*, 19(5):201–212.
- CONTRÍ, G.B., MOLINA, M.R. & SAURA, I.G. 2009. Relationship benefits and costs in retailing: a cross-industry comparison. *Journal of retail and leisure property*, 8(1):57–66.

- 
- COOPER, D.R. & SCHINDLER, P.S. 2003. Business research methods. 8<sup>th</sup> ed. New York: McGraw-Hill. 857p.
- COOPER, D.R. & SCHINDLER, P.S. 2008. Business research methods. International ed. Boston, Massachusetts: McGraw-Hill. 746 p.
- COTTE, J. & WOOD, S.L. 2004. Families and innovative consumer behavior: a triadic analysis of sibling and parental influence. *Journal of consumer research*, 31(1):78–86, Jun.
- CRAIG, C.S. & DOUGLAS, S.P. 2006. Beyond national culture: implications of cultural dynamics for consumer research. *International marketing review*, 23(3):322–342.
- CRANAGE, D. 2004. Plan to do it right and plan for recovery. *International journal of contemporary hospitality management*, 16(4):210–219.
- CRIE, D. 2003. Consumers' complaint behaviour. Taxonomy, typology and determinants: towards a unified ontology. *Database marketing and customer strategy management*, 11(1):60-79.
- CRONIN, J.J. & TAYLOR, S.A. 1992. Measuring service quality: a reexamination and extension. *The journal of marketing*, 56(3):55–68.
- CRONIN, J.J., BRADY, M.K. & HULT, G.T.M. 2000. Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. *Journal of retailing*, 76(2):193–218.
- CROUCH, S. & HOUSDEN, M. Marketing research for managers. 3<sup>rd</sup> ed. Amsterdam: Butterworth-Heinemann. 372 p.
- DAVIDOW, M. 2003. Organizational responses to customer complaints: what works and what doesn't. *Journal of service research*, 5(3):225–250, Feb.
- DAWSON, S. 1989. Health care consumption and consumer social class: a different look at the patient. *Journal of health care marketing*, 9(3):15–25, Sept.

- 
- DAY, R.L. & LANDON, E.L. 1977. Toward a theory of consumer complaining behavior. (In Woodside, A.G., Sheth, J.N. & Bennett, P.D., eds. Consumer and industrial buying behavior. p. 425–427.)
- DEL RIO-LANZA, A.B., VÁZQUEZ-CASIELLES, R. & DÍAZ-MARTÍN, A.M. 2009. Satisfaction with service recovery: perceived justice and emotional responses. *Journal of business research*, 62(8):775–781.
- DE MOOIJ, M.K. 2004. Consumer behaviour and culture: consequences for global marketing and advertising. Thousand Oaks, California: Sage Publications. 345 p.
- DEVLIN, J.F. 2001. Consumer evaluation and competitive advantage in retail financial services - a research agenda. *European journal of marketing*, 35(5/6):639–660.
- DOLBY, N. 2001. Constructing race: youth, identity, and popular culture in South Africa. Albany, New York: State University of New York Press. 156 p.
- DONALDSON, B. & O'TOOLE, T. 2000. Classifying relationship structures: relationship strength in industrial markets. *Journal of business and industrial marketing*. 15(7):491–506.
- DONOGHUE, S. & DE KLERK, H.M. 2006. Dissatisfied consumers' complaint behaviour concerning product failure of major electrical household appliances – a conceptual framework. *Journal of family ecology and consumer sciences*, 34:41–55.
- DONTHU, N. & YOO, B. 1998. Cultural influences on service quality expectations. *Journal of service research*, 1(2):178–186.
- DOUGLAS, S.P. & CRAIG, C.S. 1997. The changing dynamic of consumer behavior: implications for cross-cultural research. *International journal of research in marketing*, 14:379–395.
- DOWLING, G.R. & UNCLES, M. 1997. Do customer loyalty programmes really work? *Sloan management review*:71–82, Summer.

- 
- DUFFY, J.A.M., MILLER, J.M. & BEXLEY, J.B. 2006. Banking customers' varied reactions to service recovery strategies. *International journal of bank marketing*, 24(2):112–132.
- DU PLESSIS, F. 2009. Introduction to services marketing. (In Boshoff, C. & Du Plessis, F., eds. *Services marketing: a contemporary approach*. Cape Town: Juta. p.1–30.)
- DU PLESSIS, P.J. & ROUSSEAU, G.G. 2007. Buyer behaviour: understanding consumer psychology and marketing. Cape Town: Oxford University Press. 388 p.
- EGAN, J. 2004. Relationship marketing. 2<sup>nd</sup> ed. Harlow: Prentice Hall Financial Times. 268 p.
- ELLIOTT, R. & PERCY, L. 2007. Strategic brand management. New York: Oxford University Press. 265 p.
- ELLIS, S.M. & STEYN, H.S. 2003. Practical significance (effect sizes) versus or in combination with statistical significance (p-values). *Management dynamics*, 12(4):51–53.
- ENGEL, J.F., BLACKWELL, R.D. & MINIARD, P.W. 1995. Consumer behavior. 8<sup>th</sup> ed. London: Dryden Press. 951 p.
- ENNEW, C.T. & BINKS, M.R. 1996. Good and bad customers: the benefits of participating in the banking relationship. *International journal of bank marketing*, 14(2):15–13
- ESHGHI, A., HAUGHTON, D. & TOPI, H. 2007. Determinants of customer loyalty in the wireless telecommunications industry. *Telecommunications policy*, 31(2):93–106.
- EVANSCHITZKY, H., IYER, G.R., PLASSMANN, H., NIESSING, J. & MEFFERT, H. 2006. The relative strength of affective commitment in securing loyalty in service relationships. *Journal of business research*, 59(12):1207–1213.
- EVANS, M., JAMAL, A. & FOXALL, G. 2009. Consumer behaviour. 2<sup>nd</sup> ed. New York: Wiley. 579 p.

- 
- FIELD, A. 2005. *Discovering statistics using SPSS*. London: Sage publications. 779 p.
- FLAMBARD-RUAD, S. 2005. Relationship marketing in emerging economies: some lessons for the future. *Vikalpa*, 30(3):53–63, Jul-Sept.
- FOREMAN, S.K. 2003. Marketing. *Henley manager update*, 15(2):14–23, Winter.
- FORNELL, C. 1992. A national customer satisfaction barometer: the Swedish experience. *The journal of marketing*, 56(1):6-21, Jan.
- FORNELL, C., JOHNSON, M.D., ANDERSON, E.W., CHA, J. & BRYANT, E. 1996. The American customer satisfaction index: nature, purpose, and findings. *The journal of marketing*, 60(4):7–18.
- FORRESTER, W.R. & MAUTE, M.F. 2001. The impact of relationship satisfaction on attributions, emotions and behaviours following a service failure. *The journal of applied business research*, 17(1):1–14.
- FULLERTON, G. 2003. When does commitment lead to loyalty? *Journal of service research*, 5(4):333–344, May.
- FURRER, O., LIU, B.S. & SUDHARSHAN, D. 2000. The relationships between culture and service quality perceptions: basis for cross-cultural market segmentation and resource allocation. *Journal of service research*, 2(4):355–371, May.
- GABBOTT, M. & HOGG, G. 1998. *Consumers and services*. New York: Wiley. 271 p.
- GAN, C., CLEMES, M., LIMSOMBUNCHAI, V. & WENG, A. 2006. A logit analysis of electronic banking in New Zealand. *International journal of bank marketing*, 24(6):360–383.
- GERPOTT, T.J., RAMS, W. & SCHINDLER, A. 2001. Customer retention, loyalty, and satisfaction in the German mobile cellular telecommunications market. *Telecommunications policy*, 25(4):249–269.

- 
- GEYSKENS, I., STEENKAMP, J.E.M. SCHEER, L.K. & KUMAR, N. 1996. The effects of trust and interdependence on relationship commitment: a trans-Atlantic study. *International journal of research in marketing*, 13(4):303–317.
- GOOSSENS, C. 2000. Tourism information and pleasure motivation. *Annals of tourism research*, 27(2):301–321.
- GOUNARIS, S.P. 2005. Trust and commitment influences on customer retention: insights from business-to-business services. *Journal of business research*, 58(2):126-140.
- GREWAL, D., IYER, G.R., KRISHNAN, R. & SHARMA, A. 2003. The internet and the price-value-loyalty chain. *Journal of business research*, 56(5):391–398.
- GRØNBØJ, A. 2006. Communication about consumption: a family process perspective on 'green' consumer practices. *Journal of consumer behaviour*, 5:491–503.
- GRÖNFELDT, S. & STROTHER. 2006. Service leadership. Thousand Oaks, California: Sage Publications. 316 p.
- GRÖNROOS, C. 1994. From marketing mix to relationship marketing: towards a paradigm shift in marketing. *Management decision*, 32(2):20.
- GRÖNROOS, C. 1996. Relationship marketing: strategic and tactical implications. *Management Decision*, 34(3):5–14.
- GRÖNROOS, C. 1999. Relationship marketing: challenges for the organization. *Journal of business research*, 46(3):327–335.
- GRÖNROOS, C. 2000. The Nordic school perspective. (In Sheth, J.N. & Parvatiyar, A., eds. Handbook of relationship marketing. Thousand Oaks, California: Sage Publications. p. 95–117.)
- GRÖNROOS, C. 2009. Relationship marketing as promise management. (In Maclaren, P., Saren, M., Stern, B. & Tadajewski, M., eds. The SAGE handbook of marketing theory. Los Angeles, California: Sage Publications. p. 397–412.)

- 
- GUMMESSON, E. 1995. Relationship marketing: its role in the service economy. (*In* Glynn, W.J. & Branes, J.G., eds. *Understanding services management*. Chichester: Wiley. p. 244–268.)
- GUMMESSON, E. 2002. *Total relationship marketing: marketing management, relationship strategy and CRM approaches for the network economy*. 2<sup>nd</sup> ed. Oxford: Butterworth-Heinemann. 350 p.
- GUMMESSON, E. 2008. *Total relationship marketing: marketing management, relationship strategy, CRM, and a new dominant logic for the value-creating network economy*. 3<sup>rd</sup> ed. Oxford: Butterworth-Heinemann 376 p.
- GUNDLACH, G.T. 2007. The American Marketing Association's 2004 definition of marketing: perspectives on its implications for scholarship and the role and responsibility of marketing in society. *American marketing association*, 26 (2):243–250, Fall.
- GURSOY, D., MCCLEARY, K. & LEPSITO, L.R. 2007. Propensity to complain: effects of personality and behavioral factors. *Journal of hospitality and tourism research*, 31(3):358–386.
- GUSTAFSSON, A. 2009. Customer satisfaction with service recovery. *Journal of business research*, 62(11):1220–1222.
- GUSTAFSSON, A. JOHNSON, M.D. & ROOS, I. 2005. The effects of customer satisfaction, relationship commitment dimensions, and triggers on customer retention. *Journal of marketing*, 69:210–218.
- GWINNER, K.P., GREMLER, D.D. & BITNER, M.J. 1998. Relational benefits in services industries: the customer's perspective. *Journal of the academy of marketing science*, 26:101–114, Spring.
- HA, J. & JANG, S. 2009. Perceived justice in service recovery and behavioral intentions: the role of relationship quality. *International journal of hospitality management*, 28(3):319–327.

---

HAIR, J.F., BUSH, R.P., & ORTINAU, D.J. 2000. Marketing research: a practical approach for the new Millennium. Boston, Massachusetts: McGraw-Hill. 682 p.

HALLOWELL, R. 1996. The relationships of customer satisfaction, customer loyalty, and profitability: an empirical study. *International journal of service industry management*, 7(4):27–42.

HÁKANSSON, H. & SNEHOTA, I.J. 2000. The IMP perspective, assets and liabilities of relationships. (In Sheth, J.N. & Parvatiyar, A., eds. Handbook of relationship marketing. Thousand Oaks, California: Sage Publications. p. 69–93.)

HAMMEL, E.A. & HOWELL, N. 1987. Research in population and culture: an evolutionary framework. *Current anthropology*, 28(2):141-160, Apr.

HAMMOND-TOOKE, W.D. 2000. 'Ethnicity' and 'ethnic group' in Iron Age Southern Africa. *South African journal of science*, 96:421–422, Aug.

HARKER, M.J. & EGAN, J. 2006. The past, present and future of relationship marketing. *Journal of marketing management*, 22(1/2):215–242.

HARRISON-WALKER, L.J. 2001. E-complaining: a content analysis of an Internet complaint forum. *Journal of services*, 15(1):397–412.

HAWKINS, D.I. & MOTHERSBAUGH, D.L. 2010. Consumer behavior: building marketing strategy. 11<sup>th</sup> ed. Boston, Massachusetts: McGraw-Hill. 777 p.

HENNING-THURAU, T., GWINNER, K.P. & GREMLER, D.D. 2002. Understanding relationship marketing outcomes: an integration of relational benefits and relationship quality. *Journal of service research*, 4(3):230–247.

HERBST, F.J. & FORREST, C.L. 2008. The drivers influencing the relationship between sales representatives and customers and the impact this relationship has on sales volume within Coca-Cola's Western Cape region. *South African journal of business management*, 39(1):35–43.

- 
- HESS, R.L., GANESAN, S. & KLEIN, N. 2003. Service failure and recovery: the impact of relationship factors on customer satisfaction. *Journal of academy of marketing science*, 31(2):127–145.
- HEUNG, V.C.S. & LAM, T. 2003. Customer complaint behavior towards hotel restaurant services. *International journal of contemporary hospitality management*, 15(5):283–289.
- HIRSCHMAN, A.O. 1970. *Exit, voice and loyalty: responses to decline in firms, organizations and states*. Cambridge, Massachusetts: Harvard University Press. 162 p.
- HOFFMAN, K.D. & BATESON, J.E. 2001. *Essentials of services marketing: concepts, strategies & cases*. 2<sup>nd</sup> ed. Mason, Ohio: South-Western Thomson Learning. 569 p.
- HOFFMAN, K.D. & KELLEY, S.W. 2000. Perceived justice needs and recovery evaluation: a contingency approach. *European journal of marketing*, 34(3/4):418–433.
- HOFSTEDE, G. 1980. Motivation, leadership and organization: do American theories apply abroad? *Organization dynamics*, 9(1):42–63, Summer.
- HOFSTEDE, G. 1984. *Culture's consequences: international differences in work-related values*. Abridged ed. Beverly Hills, California: Sage Publications. 327 p.
- HOFSTEDE, G. 2001. *Culture's consequences: comparing values, behaviors, institutions, and organizations across nations*. 2<sup>nd</sup> ed. Thousand Oaks, California: Sage Publications. 596 p.
- HOMBURG, C. & GIERING, A. 2001. Personal characteristics as moderators of the relationship between customer satisfaction and loyalty: an empirical analysis. *Psychology and marketing*, 18(1):43–63.
- HOMBURG, C., KUESTER, S. & KROHMER, H. 2009. *Marketing management: a contemporary perspective*. London: McGraw-Hill. 642 p.
- HOROWITZ, D.L. 1991. *A democratic South Africa? Constitutional engineering in a divided society*. Berkley, California: University of California Press. 293 p.

- 
- HOYER, W.D. & MACINNES, D.J. 2010. Consumer behavior. 5<sup>th</sup> ed. Mason, Ohio: South-Western Cengage learning. 493 p.
- HUNT. 1997. Hunt, S.D. 1997. Competing through relationships: grounding relationship marketing in resource-advantage theory. *Journal of marketing management*, 13(5):431–445.
- HUPPERTZ, J.W. 2007. Firms' complaint handling policies and consumer complaint voicing. *Journal of consumer marketing*, 24(7):428.437.
- JACOBY, J., SZYBILLO, G.J. & BUSATO-SCHACH, J. 1977. Information acquisition behavior in brand choice situations. *The journal of consumer research*, 3(4):209–216.
- JOBBER, D. & FAHY, J. 2006. Foundations of marketing. 2<sup>nd</sup> ed. London: McGraw-Hill. 376 p.
- JOHANSSON, J.K. 2006. Global marketing: foreign entry, local marketing, and global management. International ed. Boston, Massachusetts: McGraw-Hill. 647 p.
- JOHNSTON, R. 2001. Linking complaint management to profit. *International journal of service industry management*, 12(1):60–69.
- JONES, C.R.M. & FAZIO, R.H. 2008. Associative strength and consumer choice behavior. (In Hugtvedt, C.P., Herr, P.M. & Kardes, F.R, eds. Handbook of consumer psychology. New York: Lawrence Erlbaum Associates. p. 437–459.)
- JOOSTE, C. 2009. Customer decision-making. (In Boshoff, C. & Du Plessis, F., eds. Services marketing: a contemporary approach. Capte Town: Juta. p.59–87.)
- KANOUSI, A. 2005. An empirical investigation of the role of culture on service recovery expectations. *Managing service quality*, 15(1):57–69.
- KENG, K.A. & LIU, S. 1997. Personal values and complaint behaviour: the case of Singapore customers. *Journal of retailing and consumer services*, 4(2):89–97.

- 
- KENT, R. 2007. Marketing research: approaches, methods and applications in Europe. London: Thomson Learning. 592 p.
- KIM, W.G. & CHA, Y. 2002. Antecedents and consequences of relationship quality in hotel industry. *International journal of hospitality management*, 21(4):321–338.
- KIM, W.G., HAN, J.S. & LEE, E. 2001. Effects of relationship marketing on repeat purchase and word of mouth. *Journal of hospitality and tourism research*, 25(3):272–288.
- KIM, C., KIM, S., IM, S. & SHIM, C. 2003. The effect of attitude and perception on consumer complaint intentions. *Journal of consumer marketing*, 20(4):352–371
- KIM, T., KIM, W.G. & KIM, H. 2009. The effects of perceived justice on recovery satisfaction, trust, word-of-mouth, and revisit intention in upscale hotels. *Tourism management*, 30(1):51–62.
- KITAPCI, O. & DORTYOL, I.T. 2009. The differences in customer complaint behaviour between loyal customers and first comers in the retail banking industry: the case of Turkish customers. *Management research news*, 23(10):932–941.
- KOLODINSKY, J. 1995. Usefulness of economics in explaining consumer complaints. *Journal of consumer affairs*, 29(1):29–54.
- KOLODINSKY, J., & ALEONG, J. 1990. An integrated model of consumer complaint action applied to services: a pilot study. *Journal of consumer satisfaction, dissatisfaction and complaining behavior*, 3:61–70.
- KOTABE, M. & HELSEN, K. 2004. Global marketing management. 3<sup>rd</sup> ed. Hoboken, New Jersey: Wiley. 704 p.
- KOTLER, P. & KELLER, K.L. 2006. Marketing management. 12<sup>th</sup> ed. Upper Saddle River, New Jersey: Pearson Prentice Hall. 729 p.
- KUEH, K. & VOON, B.H. 2007. Culture and service quality expectations: evidence from generation y consumers in Malaysia. *Managing service quality*, 17(6):656–680.

- 
- LAMB, C.W., HAIR, J.F., MCDANIEL, C., BOSHOF, C. & TERBLANCHE, N.S. 2008. Marketing. 3<sup>rd</sup> South African ed. Cape Town: Oxford University Press. 460 p.
- LANCASTER, G. & REYNOLDS, P. 2005. Management of marketing. Amsterdam: Butterworth-Heinemann. 410 p.
- LASSER, W.M., MANOLIS, C. & WINSOR, R.D. 2000. Service quality perspectives and satisfaction in private banking. *Journal of services marketing*, 14(3):244–271.
- LEVERIN, A. & LILJANDER, V. 2006. Does relationship marketing improve customer relationship satisfaction and loyalty? *International journal of bank marketing*, 24(4):232–251.
- LEVESQUE, T. J., & MCDOUGALL, G. H. G. 2000. Service problems and recovery strategies: an experiment. *Canadian journal of administrative sciences*, 17(1):20–37.
- LEWIS, M. 2004. The influence of loyalty programs and short-term promotions on customer retention. *Journal of marketing research*, XLI:281–292, Aug.
- LEWIS, R. & SOURELI, M. 2006. The antecedents of consumer loyalty in retail banking. *Journal of consumer behaviour*, 5(1):15–31, Jan/Feb.
- LEWIS, B.R. & SPYRAKOPOULOS, S. 2001. Service failures and recovery in retail banking: the customers' perspective. *International journal of banking marketing*, 19(1):37–48.
- LI, E.I., ZHAO, X. & LEE, T. 2001. Quality management initiatives in the banking industry: a meta analysis of Hong Kong and the UK. *International journal of quality and reliability management*, 18(6):570–583.
- LI, F. & NICHOLLS, J.A.F. 2000. Transactional or relationship marketing: determinants of strategic choices. *Journal of marketing management*, 16(5):449–464.
- LITTLE, E & MARANDI, E. 2003. Relationship marketing management. Mason, Ohio: Thomson. 236 p.

- 
- LIU, R.R. & MCCLURE, P. 2001. Recognizing cross-cultural differences in consumer complaint behavior and intentions: an empirical examination. *Journal of consumer marketing*, 18(1):54–74.
- LORENZONI, N. & LEWIS, B.R. 2004. Service recovery in the airline industry: a cross-cultural comparison of the attitudes and behaviours of British and Italian front-line personnel. *Managing service quality*, 14(1):11–25.
- LOVELOCK, C. & WIRTZ, J. 2007. Services marketing: people, technology, strategy. 6<sup>th</sup> ed. Upper Saddle River, New Jersey: Pearson Prentice Hall. 642 p.
- LUNA, D. & GUPTA, S.F. 2001. An integrative framework for cross-cultural consumer behavior. *International marketing review*, 18(1):45–69.
- LUSTIG, M.W. & KOESTER, J. 2006. Intercultural competence: interpersonal communication across cultures. 5<sup>th</sup> ed. Boston, Massachusetts: Pearson. 386 p.
- MALHOTRA, N.K. 2007. Marketing research: an applied orientation. 5<sup>th</sup> ed. Upper Saddle River, New Jersey: Pearson Education. 812 p.
- MALHOTRA, N.K. 2010. Marketing research: an applied orientation. 6<sup>th</sup> ed. Upper Saddle River, New Jersey: Pearson Education. 929 p.
- MALHOTRA, N.K. & BIRKS, D.F. 2007. Marketing research: an applied approach. 3<sup>rd</sup> ed. Harlow, Prentice Hall. 835 p.
- MALHOTRA, N.K. & PETERSON, M. 2006. Basic marketing research: a decision-making approach. 2<sup>nd</sup> ed. Upper Saddle River, New Jersey: Pearson Education. 615 p.
- MANGALISO, M.P. 2001. Building competitive advantage from ubuntu: management lessons from South Africa. *Academy of management executive*, 15(3):23–34.
- MANDEL, N. 2003. Shifting selves and decision making: The effects of self-construal priming on consumer risk-taking. *Journal of consumer research*, 30(1):30–40.

- 
- MANNING, G.L., REECE, B.L. & AHEARNE, M. 2009. Selling today: creating customer value. 11<sup>th</sup> ed. Upper Saddle River, New Jersey: Pearson Prentice Hall. 505 p.
- MARZO-NAVARRO, M., PEDRAJA-IGLESIAS, M. & RIVERA-TORRES, M.P. 2004. The benefits of relationship marketing for the consumer and for the fashion retailers. *Journal of fashion marketing and management*, 8(4):425–436.
- MATEWA, S.A. & ALMOSSAWI, M. 1998. Banking behavior of Islamic bank customers: perspectives and implications. *International journal of bank marketing*, 16(7):299–313.
- MATTILA, A.S. 2001. The effectiveness of service recovery in a multi-industry setting. *Journal of services marketing*, 15(7):583–596.
- MATTILA, A.S. 2004. The impact of service failures on customer loyalty: the moderating role of affective commitment. *International journal of service industry management*, 15(2):134–149.
- MATTILA, A.S. 2006. How affective commitment boosts guest loyalty (and promotes frequent-guest programs). *Cornell hotel and restaurant administration quarterly*, 47(2):174–181.
- MATTILA, A.S. & HEEJUNG, R. 2008. Discrete negative emotions and customer dissatisfaction responses in a casual restaurant setting. *Journal of hospitality and tourism research*, 32(1):89–107, Feb.
- MATTILA, A.S. & PATTERSON, P.G. 2004. The impact of culture on consumers' perceptions of service recovery efforts. *Journal of retailing*, 80(3):196–206.
- MATTILA, A.S. & WIRTZ, J. 2004. Consumer complaining to firms: the determinants of channel choice. *Journal of service marketing*, 18(2):147–155.
- MAUTE, M.F. & DUBÉ, L. 1999. Patterns of emotional responses and behavioural consequences of dissatisfaction. *Applied psychology: an international review*, 48(3):349–366.

- 
- MAUTE, MF & FORRESTER, WR. 1993. The structure and determinants of consumer complaint intentions and behavior. *Journal of economic psychology*, 14(2):219–247.
- MAXHAM, J.G. 2001. Service recovery's influence on consumer satisfaction, positive word-of-mouth, and purchase intentions. *Journal of business research*, 54(1):11–24.
- MAXHAM, J.G. & NETEMEYER, R.G. 2002a. A longitudinal study of complaining customers' evaluations of multiple service failures and recovery efforts. *Journal of marketing*, 66(4):57–71, Oct.
- MAXHAM, J.G. & NETEMEYER, R.G. 2002b. Modelling customer perceptions of complaint handling over time: the effects of perceived justice on satisfaction and intent. *Journal of retailing*, 78(4):239–252.
- MCALISTER, D.T. & ERFFMEYER, R.C. 2003. A content analysis of outcomes and responsibilities for consumer complaints to third-party organizations. *Journal of business research*, 56(4):341–351.
- MCCOLE, P. 2004. Dealing with complaints in services. *International journal of contemporary hospitality management*, 16(6):345–354.
- MCCOLLOUGH, M.A., BERRY, L.L. & YADAV, M.S. 2000. An empirical investigation of customer satisfaction after service failure and recovery. *Journal of service research*, 3(2):121-137, Nov.
- MCDANIEL, C. & GATES, R. 2005. Marketing research. 6<sup>th</sup> ed. Hoboken, New Jersey: Wiley. 617 p.
- MCDANIEL, C., LAMB, C.W., HAIR, J.F. 2008. Introduction to marketing. 9<sup>th</sup> ed. Mason, Ohio: Thomson South-Western. 669 p.
- MCDOUGALL, G.H.G. & LEVESQUE, T. 2000. Customer satisfaction with services: putting perceived value into the equation. *Journal of services marketing*, 14(5):392–410.
- MCDONALD, M. 2007. Marketing plans: how to prepare them, how to use them. 6<sup>th</sup> ed. Oxford: Butterworth-Heinemann. 675 p.

- 
- MCILROY, A. & BARNETT, S. 2000. Building customer relationships: do discount cards work? *Managing service quality*, 10(6):347–355.
- MCLAUGHLIN, K., OSBORNE, S.P. & CHEW, C. 2009. Relationship marketing, relational capital and the future of marketing in public service organizations. *Public money and management*, 29(1):35–42, Jan.
- MICHEL, S. 2001. Analyzing service failures and recoveries: a process approach. *International journal of service industry management*, 12(1):20–33.
- MONTGOMERY, J. 2008. The role that personality and motivation play in consumer behaviour: a case study on HSBC. *Business intelligence journal*, 67(7):128–134.
- MOORMAN, C., ZALTHMAN, G. & DESHPANDE & R. 1992. Relationships between providers and users of market research: the dynamics of trust within and between organisations. *Journal of market research*, 29:314–328.
- MORGAN & HUNT. 1994. The commitment-trust theory of relationship marketing. *The journal of marketing*, 58(3):20–38, July.
- MORRIS, M.H., BRUNYEE, J. & PAGE, M. 1998. Relationship marketing in practice: myths and realities. *Industrial marketing management*, 27(4):359-371.
- MOSTERT, P.G. & DU PLESSIS, P.J. 2007. Introduction to marketing management: a South African perspective. Mustard House Marketing. 298 p.
- MOSTERT, P.G., DE MEYER, C.F. & VAN RENSBURG, L.R.J. 2009. The influence of service failure and service recovery on airline passengers' relationships with domestic airlines: an exploratory study. *Southern African business review*, 13(2):118–140.
- MOWEN, J.C. & MINOR, M.S. 2001. Consumer behaviour: a framework. Upper Saddle River, New Jersey: Prentice Hall. 353 p.
- MUKERJEE, A. & NATH, P. 2003. A model of trust in online relationship marketing. *International journal of bank marketing*, 21(1):5–15.

- 
- MULLINS, J.W. & WALKER, O.C. 2010. *Marketing management: a strategic decision-making approach*. 7<sup>th</sup> ed. Boston, Massachusetts: McGraw-Hill. 551 p.
- MURPHY, J.A. 2001. *The lifebelt: the definitive guide to managing customer retention*. Chichester: Wiley. 292 p.
- NDUBISI, N.O. & LING, T.Y. 2005. Complaint behaviour of Malaysian consumers. *Management research news*, 29(1/2):65–76.
- NGAI, E.W.T., HEUNG, V.C.S., WONG, Y.H. & CHAN, F.K.Y. 2007. Consumer complaint behaviour of Asians and non-Asians about hotel services: an empirical analysis. *European journal of marketing*, 41(11/12):1375–1391.
- NGUYEN, N. & LEBLANC, G. 2001. Corporate image and corporate reputation in customers' retention decisions in services. *Journal of retailing and consumer services*, 8(4):227–236.
- OCHOLLA, D.N. 2002. Diversity in the library and information workplace: a South African perspective. *Library management*, 23(1/2):59–67.
- ODEKERKEN-SCHRÖDER, G., DE WULF, K. & SCHUMACHER, P. 2003. Strengthening outcomes of retailer-consumer relationships: the dual impact of relationship marketing tactics and consumer personality. *Journal of business research*, 56(3):177–190.
- OH, D. 2003. Complaining behavior of public library users in South Korea. *Library and information science research*, 25(1):43–62.
- OLSEN, J.C. & REYNOLDS, T.J. 2001. The means-end approach to understanding consumer decision making. (In Reynolds, T.J. & Olsen, J.C., eds. *Understanding consumer decision making: the means-end approach to marketing and advertising*. Mahwah, New Jersey: Lawrence Erlbaum Associates. p. 3–20.)
- PALMATIER, R.W., DANT, R.P., GREWAL, D. & EVANS, K.R. 2006. Factors influencing the effectiveness of relationship marketing: a meta-analysis. *Journal of marketing*, 70(4):136–153, Oct.

- 
- PALMATIER, R.W., SCHEER, L.K. & STEENKAMP, J.B.E.M. 2007. Customer loyalty to whom? Managing the benefits and risks of salesperson-owned loyalty. *Journal of marketing research*, XLIV:185–199, May.
- PALMER, A. 2002. The evolution of an idea: an environmental explanation of relationship marketing. *Journal of marketing*, 1(1):79–94.
- PALMER, A. 2008. Principles of services marketing. 5<sup>th</sup> ed. London: McGraw-Hill. 605 p.
- PANTHER, T. & FARQUHAR, J.D. 2004. Consumer responses to dissatisfaction with financial service providers: an exploration of why some stay while others switch. *Journal of financial services marketing*, 8(4):343–353.
- PARASURAMAN, A., GREWAL, D. & KRISHNAN, R. 2007. Marketing research. 2<sup>nd</sup> ed. Boston, Massachusetts: Houghton Mifflin Company. 637 p.
- PARASURAMAN, A., ZEITHAML, V.A. & BERRY, L.L. 1985. A conceptual model of service quality and its implications for future research. *The journal of marketing*, 49(4):41–50.
- PARASURAMAN, A., ZEITHAML, V.A. & BERRY, L.L. 1988. SERVQUAL: a multiple-item scale for measuring consumer perceptions of service quality. *Journal of retailing*, 64(1):12–40, Spring.
- PATTERSON, P.G., COWLEY, E. & PRASONGSUKARN, K. 2006. Service failure recovery: the moderating impact of individual-level cultural value orientation on perceptions of justice. *International journal of research in marketing*, 23(3):263–277.
- PATTERSON, P.G. & SMITH, T. 2001. Relationship benefits in service industries: a replication in a Southeast Asian context. *Journal of services marketing*, 15(6):425–443.
- PATTERSON, P.G. & SMITH, T. 2003. A cross-cultural study of switching barriers and propensity to stay with service providers. *Journal of retailing*, 79(2):107–120.

- 
- PAYNE, A. 2006. Handbook of CRM: achieving excellence on customer management. Amsterdam: Elsevier. 438 p.
- PETER, J.P. & OLSON, J.C. 2008. Consumer behaviour and marketing strategy. 8<sup>th</sup> ed. Boston, Massachusetts: McGraw-Hill. 555 p.
- PELTON, L. 1995. Book review: relationship marketing: bringing quality, customer service and marketing together. *International business review*, 4(4):538–541.
- PEPPERS, D. & ROGERS, M. 2004. Managing customer relationships: a strategic framework. Hoboken, New Jersey: Wiley. 516 p.
- PETZER, D. & STEYN, T.F.J. 2006. Customer retention: a theoretical perspective of service failure and service recovery in the hotel industry. *Acta commercii*, 6:162–172.
- PHAU, I. & SARI, R.P. 2004. Engaging in complaint behaviour: an Indonesian perspective. *Marketing intelligence and planning*, 22(4):407–426.
- PROCTOR, T. 2005. Essentials of marketing research. 4<sup>th</sup> ed. Harlow: Prentice Hall Financial Times. 591 p.
- RANAWEERA, C. & PRABHU, J. 2003. On the relative importance of customer satisfaction and trust as determinants of customer retention and positive word of mouth. *Journal of targeting, measurement and analysis for marketing*, 12(1):82–90.
- RAUYRUEN, P. & MILLER, K.E. 2007. Relationship quality as a predictor of B2B customer loyalty. *Journal of business research*, 60(1):21–31.
- RAVALD, A. AND GRÖNROOS, C. 1996. The value concept and relationship marketing. *European journal of marketing*, 30(2):19–30.
- REICHERT, C.F. & GILL, T. 2004. Effect of cultural distance on customer service satisfaction: a theoretical framework and research agenda. *Advances in consumer research*, 31:202–207.

- 
- REICHHELD, F.F. 1996. Learning from customer defections. *Harvard business review*, 74:56–69.
- REID, D.R. & BOJANIC, D.C. 2009. Hospitality management. 5<sup>th</sup> ed. Hoboken, New Jersey: Wiley. 672 p.
- REINARTZ, W.J. & KUMAR, V. 2002. Mismanagement of customer loyalty. *Harvard business review*, 20:86–94, Jul.
- REYNOLDS, K.L. & HARRIS, L.C. 2005. When service failure is not service failure: an exploration of the forms and motives of “illegitimate” customer complaining. *Journal of services marketing*, 19(5):321–335.
- REXHA, N., KINGSHOTT, R.P.J. & AW, A.S.S. 2003. The impact of the relational plan on adoption of electronic banking. *Journal of services marketing*, 17(1):53–67.
- RICHINS, M. 1983. Negative word-of-mouth by dissatisfied consumers: a pilot study. *The journal of marketing*, 47(1):68–78.
- RIX, P. 2004. Marketing; a practical approach. Boston, Massachusetts: McGraw-Hill. 557 p.
- ROBERTS-LOMBARD, M. & STEYN T.F.J. 2008. The relationship marketing practices of travel agencies in the Western Cape Province. *South African journal of business management*, 39(4):15-19.
- ROMNEY, A.K. & MOORE, C.C. 1998. Toward a theory of culture as shared cognitive structures. *Ethos*, 26(3):314–337.
- RYALS, L. & KNOX, S. 2001. Cross-functional issues in the implementation of relationship marketing through customer relationship management. *European management journal*, 19(5):534–542, Oct.
- SCHIFFMAN, L.G. & KANUK, L.L. 2004. Consumer behavior. 8<sup>th</sup> ed. Upper Saddle River, New Jersey: Prentice Hall. 587 p.

- 
- SCHIFFMAN, L.G. & KANUK, L.L. 2007. Consumer behavior. 9<sup>th</sup> ed. Upper Saddle River, New Jersey: Prentice Hall. 561 p.
- SCHOEFER, K. & ENNEW, C. 2005. The impact of perceived justice on consumers' emotional responses to service complaint experiences. *Journal of services marketing*, 19(5):261–270.
- SCHWARTZ, S.H. 1999. A theory of cultural values and some implications for work. *Applied psychology: an international review*, 48(1):23–47.
- SESHADRI, S. & MISHRA, R. 2004. Relationship marketing and contract theory. *Industrial marketing management*, 33(6):513–526.
- SHANKAR, V., SMITH, A.K. & RANGASWAMY, A. 2003. Customer satisfaction and loyalty in online and offline environments. *International journal of research in marketing*, 20(2):153–157.
- SHAO, A.T. 2002. Marketing research: an aid to decision making. 2<sup>nd</sup> ed. Mason, Ohio: South-Western Thomson learning. 610 p.
- SHAVITT, S., LEE, A.Y. & JOHNSON, T.P. 2008. Cross-cultural consumer psychology. (In Hugtvedt, C.P., Herr, P.M. & Kardes, F.R, eds. Handbook of consumer psychology. New York: Lawrence Erlbaum Associates. p. 1103–1133.)
- SHETH, J. & PARVATIYAR, A. 1995. Relationship marketing in consumer markets: antecedents and consequences. *Journal of academy of marketing science*, 23(4):255–271.
- SHETH, J.N. & PARVATIYAR, A. 2002. Evolving Relationship Marketing into a Discipline. *Journal of relationship marketing*, 1(1):3–16.
- SHETH, J.N. & MITTAL, B. 2004. Customer behavior: a managerial perspective. Mason, Ohio: Thomson South-Western.
- SHETH, J.N., MITTAL, B. & NEWMAN, B.I. 1999. Customer behaviour: consumer behaviour and beyond. New York: Dryden Press. 799 p.

- 
- SHIU, E., HAIR, J., BUSH, R. & ORTINAU, D. 2009. Marketing research. London: McGraw-Hill. 774 p.
- SHOEMAKER, S. & BAKER, R.C. 1999. Customer loyalty: the future of hospitality marketing. *Hospitality management*, 18:345–370.
- SIERRA, J.J., HEISER, R.S. & MCQUITTY, S. 2009. Exploring determinants and effects of shared responsibility in service exchanges. *Journal of marketing theory and practice*, 17(2):111–128.
- SINGH, J. 1988. Consumer complaint intentions and behavior: definitional and taxonomical issues. *The journal of marketing*, 52(1):93–107.
- SINGH, J. 1990. Identifying consumer dissatisfaction response styles: an agenda for future research. *European journal of marketing*, 26(6):55–72.
- SINGH, J. & WILKES, R.E. 1996. When consumers complain: a path analysis of the key antecedents of consumer complaint response estimates. *Journal of the academy of marketing science*, 24(4):350-366.
- SIRDESHMUKH, D., SINGH, J. & SABOL, B. 2002. Consumer trust, value, and loyalty in relational exchanges. *The journal of marketing*, 66(1):15–37, Jan.
- SLAMA, M.E. & WILLIAMS, T.G. 1991. Consumer interaction styles and purchase complaint intention. *Journal of consumer satisfaction, dissatisfaction and complaining behaviour*, 4:167–174.
- SMITH, A.K. & BOLTON, R.N. 2002. The effect of customers' emotional responses to service failures on their recovery effort evaluations and satisfaction judgments. *Journal of the academy of marketing science*, 30(1):5–23.
- SMITH, A.K., BOLTON, R.N. & WAGNER, J. 1999. A model of customer satisfaction with service encounters involving failure and recovery. *Journal of marketing research*, 36(3):356–372, Aug.

- 
- SOLOMON, M.R. 1994. Consumer behavior. 2<sup>nd</sup> ed. Boston, Massachusetts: Paramount Publishing. 660 p.
- SOLOMON, M.R. 2004. Consumer behaviour: buying, having, and being. 6<sup>th</sup> ed. Upper Saddle River, New Jersey: Pearson Prentice Hall.
- SOLOMON, MR., BAMOSSY, G.J., ASKEGAARD, S. & HOGG, M.K. 2006. Consumer behaviour: a European perspective. 3<sup>rd</sup> ed. Harlow: Pearson Prentice Hall. 701 p.
- SOLOMON, M.R., ZAICHKOWSKY, J.L. & POLEGATO, R. 2008. Consumer behaviour: buying, having, and being. 4<sup>th</sup> ed. Toronto: Pearson Education Canada. 589 p.
- SOWELL, T. 1994. Race and culture: a world view. New York, BasicBooks. 331 p.
- SPSS INC. 2007. SPSS® 16.0 for Window, release 16.0.0, Copyright© by SPSS Inc., Chicago, Illinois. Available at: [www.spss.com](http://www.spss.com).
- STATISTICS SOUTH AFRICA. 2009. Mid-year population estimates. Statistics South Africa: preferred supplier of quality statistics. 17 p.
- STATSOFT, INC. 2006. STATISTICA (data analysis software system), version 7.1. Available at: [www.statsoft.com](http://www.statsoft.com).
- STAUSS, B. & SEIDEL, W. 2004. Complaint Management : the heart of CRM. Mason, Ohio: Thomson South-Western.
- STEFANOU, C.J., SARMANIOTIS, C. & STAFYLA, A. 2003. CRM and customer-centric knowledge management: an empirical research. *Business process management journal*, 9(5):617–634
- STEWART, K. 1998. An exploration of customer exit in retail banking. *International journal of bank marketing*, 16(1):6–14.

- 
- STEYN, H.S. 2005. Manual for the determination of effect size indices and practical significance (chapter 1, 2, 4, 5). Available at: [www.puk.ac.za/fakulteite/skd/index.html](http://www.puk.ac.za/fakulteite/skd/index.html)  
Date of access: 3 August 2010.
- STEYN, T.F.J. 2006. Inleiding to ondernemingsbestuur (Introduction to business management). 5<sup>th</sup> ed. Potchefstroom: Platinum Press. 172 p.
- STRYDOM, J. 2004. Introduction to marketing. 3<sup>rd</sup> ed. Cape Town: Juta. 330 p.
- SWARBROOKE J. & HORNER, S. 2007. Consumer behaviour in tourism. 2<sup>nd</sup> ed. Oxford: Butterworth-Heinemann. 428 p.
- SWARTZ, S.H. 1999. A theory of cultural values and some implications for work. *Applied psychology: an international review*, 48(1):23–47.
- TAX, S.S., BROWN, S.W. & CHANDRASHEKARAN, M. 1998. Customer evaluations of service complaint experiences: implications for relationship marketing. *The journal of marketing*, 62(2):60–76, Apr.
- TAX, S.S. & CHANDRASHEKARAN, M. 1992. Consumer decision-making following a failed service encounter: a pilot study. *Journal of consumer satisfaction, dissatisfaction and complaining behavior*, 5:56–68.
- TENG, C.HUANG, K. & TSAI, I. 2007. Effects of personality on service quality in business transactions. *The service industries journal*, 27(7): 849–863, Oct.
- TERBLANCHE, N.S. 2006. The relationship between customer satisfaction and loyalty: an application of the American customer satisfaction index in South African fast food industry. *Management dynamics*, 15(2):31–46.
- THOMAS, A. & BENDIXEN, M. 2000. The management implications of ethnicity in South Africa. *Journal of international business studies*, 31(3):507–519, Third quarter.
- TRONVOLL, B. 2007. Complainer characteristics when exit is closed. *International journal of service industry management*, 18(1):25–51.

- 
- TRUBIK, E. & SMITH, M. 2000. Developing a model of customer defection in the Australian banking industry. *Managerial auditing journal*, 15(5):199–208.
- TSOSA, P.J. 2002. Customers evaluation of service. *Acta commercii*, 2:45-53
- TUSTIN, D.H., LIGTHELM, A.A., MARTINS, J.H. & VAN WYK, J. 2005. Marketing research in practice. Pretoria: University of South Africa Press. 749 p.
- URBAN, B. 2006. Entrepreneurship in the rainbow nation: effect of cultural values and ESE on intentions. *Journal of developmental entrepreneurship*, 11(3):171–186.
- URBAN, G.L., SULTAN, F. & QUALLS, W.J. 2000. Placing trust at the center of your internet strategy. *Sloan management review*, 42(1):39–48, Fall.
- USUNIER, J.C. & LEE, J.A. 2005. Marketing across cultures. Harlow: Prentice Hall. 528 p.
- VARELA-NEIRA, C., VÁZQUEZ-CASIELLES, R. & IGLESIAS-ARGUELLES, V. 2008. The influence of emotions on customer's cognitive evaluations and satisfaction in a service failure and recovery context. *The service industries journal*, 28(4):497–512, May.
- VAREY, J.V. 2002. Relationship marketing: dialogue and networks in the e-commerce era. Chichester: Wiley. 217 p.
- VÁZQUEZ-CARRASCO, R. & FOXALL, G.R. 2006. Influence of personality traits on satisfaction, perception of relational benefits, and loyalty in a personal service context. *Journal of retailing and consumer services*, 13(3):205–219.
- VELÁZQUEZ, B.M., CONTRI, G.B., SAURA, I.G. & BLASCO, M.F. 2006. Antecedents to complaint behaviour by restaurant goers. *The international review of retail, distribution and consumer research*, 16(5):493–517, Dec.
- VENETIS, K. A. & GHOURI, P.N. 2004. Service quality and customer retention: building long-term relationships. *European journal of marketing*, 389(11/12):1577–1598.

- 
- VENTER, A. 1999. Nasionale identiteitsvraagstukke in postapartheid-Suid-Afrika (National identity issues in postapartheid South Africa). *Tydskrif vir Geesteswetenskappe*, 39(1), 22–38.
- VOLKOV, M., HARKER, D. & HARKER, M. 2005. Who's complaining? Using MOSAIC to identify the profile of complainants. *Marketing intelligence and planning*, 23(3):296-312.
- VOORHEES, C.M. & BRADY, M.K. 2005. A service perspective on the drivers of complaint intentions. *Journal of service research*, 8(2):192–204, Nov.
- WALTERS, C.G. 1978. Consumer behavior: theory and practice. Homewood, Illinois: Irwin. 449 p.
- WATKINS, H.S. & LIU, R. 1996. Collectivism, individualism and in-group membership: implications for consumer complaining behaviors in multicultural contexts. (In Manrai, L & Manrai, A., eds. *Global perspectives in cross-cultural and cross-national consumer research*. New York: International Business Press. p. 69–96.)
- WEUN, S., BEATTY, S.E. & JONES, M.A. 2004. The impact of service failure severity on service recovery evaluations and post-recovery relationships. *Journal of services marketing*, 18(2):133–146.
- WIESE, M., VAN HEERDEN, N., JORDAAN, Y. & NORTH, E. 2009. Marketing perspective of choice factors by South African first-year students in selecting a higher education institution. *Southern African business review*, 13(1):39–60.
- WIID, J. & DIGGINES, J. 2009. Marketing research. Cape Town: Juta. 277 p.
- WILKIE, W.L. & MOORE, E.S. 2006. Macromarketing as a pillar of marketing thought. *Journal of macromarketing*, 26(2):224–232, Dec.
- WIRTZ, J. & MATTILA, A.S. 2004. Consumer responses to compensation, speed of recovery and apology after a service failure. *International journal of services management*, 15(2):150–166.

- 
- WONG, N.Y. 2004. The role of culture in the perception of service recovery. *Journal of business research*, 57(9):957–963.
- WRIGHT, R. 2006. Consumer behaviour. Mason, Ohio: Thomson learning. 512 p.
- YAVAS, U., BEKENSTEIN, M. & STUHLREIER, U. 2004. Relationships between service quality and behavioral outcomes: a study of private bank customers in Germany. *International journal of bank marketing*, 22(2):144-157.
- YAVAS, U., BILGIN, Z. & SHEMWEEL, D.J. 1997. Service quality in the banking sector in an emerging economy: a consumer survey. *International journal of bank marketing*, 15(6):217–223.
- YEN, H.J.R. & GWINNER, K.P. 2003. Internet retail customer loyalty: the mediating role of relational benefits. *International journal of service industry management*, 14(5):483–500.
- YI, Y. & LEE, J. 2005. An empirical study on the customer responses to service recovery in the context of service failure. *Seoul journal of business*, 11(1):1–17.
- YU, S. 2007. An empirical investigation on the economic consequences of customer satisfaction. *Total quality management*, 18(5):555–569, Jul.
- YUKSEL, A., KILINIC, U.K. & YUKSEL, F. 2006. Cross-national analysis of hotel customers' attitudes toward complaining and their complaining behaviours. *Tourism management*, 27(1):11–24.
- ZANOLI, R. & NASPETTI, S. 2002. Consumer motivations in the purchase of organic food: a means-end approach. *British food journal*, 104(8):643–653.
- ZIKMUND, W.G. & BABIN, B.J. 2010. Essentials of marketing research. 4<sup>th</sup> ed. Mason, Ohio: South-Western Cengage learning. 436 p.
- ZIKMUND, W.G. & D'AMICO, M. 2001. Marketing: creating and keeping customers in an e-commerce world. 7<sup>th</sup> ed. Mason, Ohio: South-Western College Publishing. 689 p.

**APPENDIX A:**  
**FINAL QUESTIONNAIRE**

---

**QUESTIONNAIRE**  
**CUSTOMER COMPLAINT BEHAVIOUR**

---

This questionnaire serves as part of an M.Com Marketing study and has been designed to obtain feedback from you on your complaint behaviour concerning banking services. The results from this survey will be used to predict behaviour of South African consumers toward this topic. Participating in this survey is completely voluntary and anonymous. The questionnaire consists of 20 questions and should take no more than 15 minutes to complete. Please answer the questions from your own perspective.

Thank you for taking the time to complete this questionnaire. Should you have any enquiries, please feel free to contact:

Mariëtte Walters: 082 558 1734

or Prof Pierre Mostert: 018 299 1384

---

## SECTION A

1. With which bank do you hold your personal account or most of your personal accounts?

|     |                         |   |
|-----|-------------------------|---|
| 1.1 | ABSA                    | 1 |
| 1.2 | First National Bank     | 2 |
| 1.3 | Nedbank                 | 3 |
| 1.4 | Standard Bank           | 4 |
| 1.5 | Other (please specify): | 5 |

2. How long have you had your personal account with the bank mentioned above?

|     |  |   |
|-----|--|---|
| 2.1 | Less than a year                         | 1 |
| 2.2 | 1 year or longer but less than 3 years   | 2 |
| 2.3 | 3 years or longer but less than 5 years  | 3 |
| 2.4 | 5 years or longer but less than 10 years | 4 |
| 2.5 | Longer than 10 years                     | 5 |

3. Do you think you will stay with this bank in the future?

|     |     |   |
|-----|-----|---|
| 3.1 | Yes | 1 |
| 3.2 | No  | 2 |

4. Which **one** of the following banking methods do you **most often** use?

|     |                             |   |
|-----|-----------------------------|---|
| 4.1 | ATM                         | 1 |
| 4.2 | Debit or credit card        | 2 |
| 4.3 | Internet banking            | 3 |
| 4.4 | Telephone banking           | 4 |
| 4.5 | I physically visit the bank | 5 |

5. How often do you visit the bank's branch where you hold your personal account/s?

|     |                       |   |
|-----|-----------------------|---|
| 5.1 | Daily                 | 1 |
| 5.2 | Weekly                | 2 |
| 5.3 | Monthly               | 3 |
| 5.4 | Twice a year          | 4 |
| 5.5 | Once a year           | 5 |
| 5.6 | Less than once a year | 6 |

6. On a scale of 1 to 5 (where 1 is *strongly disagree* and 5 is *strongly agree*), please indicate to what extent you agree with each statement considering the bank mentioned above.

| Statement |  | Strongly Disagree |   |   | Strongly agree |   |
|-----------|--|-------------------|---|---|----------------|---|
|           |  | 1                 | 2 | 3 | 4              | 5 |
| 6.1       | I have formed a long-term relationship with this bank                  | 1                 | 2 | 3 | 4              | 5 |
| 6.2       | If I needed to change banks, there are other good banks to choose from | 1                 | 2 | 3 | 4              | 5 |
| 6.3       | I am loyal to this bank  | 1                 | 2 | 3 | 4              | 5 |
| 6.4       | I will use more of the services offered by this bank in the future     | 1                 | 2 | 3 | 4              | 5 |
| 6.5       | I want to form a long-term relationship with this bank                 | 1                 | 2 | 3 | 4              | 5 |
| 6.6       | In general it would be a hassle to change banks                        | 1                 | 2 | 3 | 4              | 5 |

**SECTION B**

7. On a scale of 1 to 5 (where 1 is *very poor* and 5 is *very good*), please indicate how you would rate the following services.

|     | Statement                                   | Very poor |   |   | Very good |   |
|-----|---|-----------|---|---|-----------|---|
| 7.1 | Service in general in South Africa          | 1         | 2 | 3 | 4         | 5 |
| 7.2 | Banking services in general in South Africa | 1         | 2 | 3 | 4         | 5 |
| 7.3 | The service offered by the bank you use     | 1         | 2 | 3 | 4         | 5 |

**SECTION C**

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

|     | Statement   | Strongly disagree |   |   | Strongly agree |   |
|-----|---|-------------------|---|---|----------------|---|
| 8.1 | Complaining is a customer's right   | 1                 | 2 | 3 | 4              | 5 |
| 8.2 | I always complain when I am dissatisfied                                  | 1                 | 2 | 3 | 4              | 5 |
| 8.3 | Complaining is not easy, but should be done when something is wrong       | 1                 | 2 | 3 | 4              | 5 |
| 8.4 | I always feel better when I have voiced my dissatisfaction by complaining | 1                 | 2 | 3 | 4              | 5 |
| 8.5 | Complaining about anything is distasteful to me                           | 1                 | 2 | 3 | 4              | 5 |
| 8.6 | Complaining usually makes me feel more frustrated                         | 1                 | 2 | 3 | 4              | 5 |
| 8.7 | People who have little else to do are the ones who complain               | 1                 | 2 | 3 | 4              | 5 |
| 8.8 | I am embarrassed to complain, no matter how poor the service was          | 1                 | 2 | 3 | 4              | 5 |

**SECTION D**

We are interested in determining how people would **generally react** in a service environment. Please read the following scenario and imagine you are experiencing the situation:

*When drawing money/using your debit or credit card/doing telephone or Internet banking, you learn that your account has been suspended. You therefore have to go to the branch where you hold your account. The information desk refers you to a waiting area where an advisor will call you. After a few minutes of waiting, the advisor motions you to come to his cubicle, greets you abruptly and mumbles "what is the problem?" (you assume that's what he said), without making eye contact or appearing interested to help you. Before you can begin to explain your problem, the advisor rudely demands to see your identification and then views your account details on his computer. After a couple of silent minutes he declares that the problem has been rectified without providing any further explanation or appearing particularly interested in helping you.*

9. In your opinion, how problematic would you describe the **service** you received from your bank in the above situation?

|     |          |   |
|-----|----------|---|
| 9.1 | Minor    | 1 |
| 9.2 | Moderate | 2 |
| 9.3 | Major    | 3 |

10. Please answer the following questions based on the manner in which you would respond after experiencing such a situation, where 1 is *strongly disagree* and 5 is *strongly agree*.

|      | Statement  | Strongly disagree |   |   | Strongly agree |   |
|------|--|-------------------|---|---|----------------|---|
| 10.1 | I would not complain                                       | 1                 | 2 | 3 | 4              | 5 |
| 10.2 | I would complain to the staff member (advisor)             | 1                 | 2 | 3 | 4              | 5 |
| 10.3 | I would demand the involvement from a manager              | 1                 | 2 | 3 | 4              | 5 |
| 10.4 | I would talk to my friends or family about the problem     | 1                 | 2 | 3 | 4              | 5 |
| 10.5 | I would write a complaint letter to the bank's head office | 1                 | 2 | 3 | 4              | 5 |
| 10.6 | I would complain to an external agency (e.g. news paper)   | 1                 | 2 | 3 | 4              | 5 |
| 10.7 | I would never use this bank again                          | 1                 | 2 | 3 | 4              | 5 |

11. Please indicate to what extent you think the following responses from the bank will be appropriate following your experience to the situation in the above described scenario.

|      | Statement  | Strongly disagree |   |   | Strongly agree |   |
|------|--|-------------------|---|---|----------------|---|
| 11.1 | It is not necessary for the bank to do anything            | 1                 | 2 | 3 | 4              | 5 |
| 11.2 | Apologise to me for the poor service I received            | 1                 | 2 | 3 | 4              | 5 |
| 11.3 | Apologise to me in writing for the poor service I received | 1                 | 2 | 3 | 4              | 5 |
| 11.4 | Acknowledge that I was not properly treated                | 1                 | 2 | 3 | 4              | 5 |
| 11.5 | Provide an explanation of the problem                      | 1                 | 2 | 3 | 4              | 5 |
| 11.6 | Correct the problem as soon as possible                    | 1                 | 2 | 3 | 4              | 5 |
| 11.7 | A supervisor should intervene in the situation             | 1                 | 2 | 3 | 4              | 5 |
| 11.8 | A manager should intervene in the situation                | 1                 | 2 | 3 | 4              | 5 |
| 11.9 | No bank charges should be levied on my account for a year  | 1                 | 2 | 3 | 4              | 5 |

12. Please rate the following statements based on your response if **the bank acknowledged the problem, but did nothing more** in response to the above described scenario, where 1 is *strongly disagree* and 5 is *strongly agree*.

|      | Statement   | Strongly disagree |   |   | Strongly agree |   |
|------|---|-------------------|---|---|----------------|---|
| 12.1 | I would be satisfied with the manner in which the bank resolved my problems | 1                 | 2 | 3 | 4              | 5 |
| 12.2 | I would maintain my relationship with the bank                              | 1                 | 2 | 3 | 4              | 5 |
| 12.3 | I would stay loyal to the bank  | 1                 | 2 | 3 | 4              | 5 |

13. Please rate the following statements based on your response if the bank **apologised for the problem, provided an explanation and corrected the problem**, where 1 is *strongly disagree* and 5 is *strongly agree*.

|      | Statement   | Strongly disagree |   |   | Strongly agree |   |
|------|---|-------------------|---|---|----------------|---|
|      |   | 1                 | 2 | 3 | 4              | 5 |
| 13.1 | I would be satisfied with the manner in which the bank resolves my problems | 1                 | 2 | 3 | 4              | 5 |
| 13.2 | I would maintain my relationship with the bank                              | 1                 | 2 | 3 | 4              | 5 |
| 13.3 | I would stay loyal to the bank  | 1                 | 2 | 3 | 4              | 5 |

## SECTION E

Please complete each of the following questions by selecting only one option from each question.

14. Population group

|      |              |   |
|------|--------------|---|
| 14.1 | Black        | 1 |
| 14.2 | Coloured     | 2 |
| 14.3 | Indian/Asian | 3 |
| 14.4 | White        | 4 |

15. Gender

|      |        |   |
|------|--------|---|
| 15.1 | Male   | 1 |
| 15.2 | Female | 2 |

16. What is your age?

|      |              |   |
|------|--------------|---|
| 16.1 | 18 – 24      | 1 |
| 16.2 | 25 – 30      | 2 |
| 16.3 | 31 – 40      | 3 |
| 16.4 | 41 – 50      | 4 |
| 16.5 | 51 – 60      | 5 |
| 16.6 | 61 and older | 6 |

19. What is your home language?

|      |                                     |   |
|------|-------------------------------------|---|
| 19.1 | Afrikaans                           | 1 |
| 19.2 | English                             | 2 |
| 19.3 | Nguni (Zulu, Xhosa, Swati, Ndebele) | 3 |
| 19.4 | Sotho (Sepedi, Sesotho, Tswana)     | 4 |
| 19.5 | Other (specify)                     | 5 |

17. Marital status

|      |                     |   |
|------|---------------------|---|
| 17.1 | Single              | 1 |
| 17.2 | Living with someone | 2 |
| 17.3 | Married             | 3 |
| 17.4 | Divorced            | 4 |
| 17.5 | Widowed             | 5 |

18. What is your highest qualification?

|      |                      |   |
|------|----------------------|---|
| 18.1 | Primary completed    | 1 |
| 18.2 | Some high school     | 2 |
| 18.3 | Matric               | 3 |
| 18.4 | Certificate/ Diploma | 4 |
| 18.5 | Degree               | 5 |
| 18.6 | Post-graduate degree | 6 |

20. What is your gross monthly income?

|      |                   |   |
|------|-------------------|---|
| 20.1 | Less than R5 000  | 1 |
| 20.2 | R5 000 – R10 000  | 2 |
| 20.3 | R10 000 – R15 000 | 3 |
| 20.4 | R15 000 – R30 000 | 4 |
| 20.5 | More than R30 000 | 5 |
| 20.6 | Not specified     | 6 |

**Thank you for completing this questionnaire!**

**APPENDIX B:**  
**ASSISTANCE IN STATISTICAL ANALYSIS**



NORTH-WEST UNIVERSITY  
YUNIBESITI YA BOKONE-BOPHIRIMA  
NOORDWES-UNIVERSITEIT  
POTCHEFSTROOMKAMPUS

Privatebag X6001 Potchefstroom 2520  
Tel (018) 299 1111 Fax (018) 299 2799  
<http://www.puk.ac.za>

**Statistical Consultation Service**

Tel: (018) 299 2018

Fax: (018) 299 2557

**To whom it may concern**

3 November 2010

**Re: Dissertation M Walters, student number: 20233698**

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

Kind regards

A handwritten signature in cursive script, appearing to read 'Mrs J W Breytenbach'.

**Mrs J W Breytenbach (MSc)**

**APPENDIX C:**  
**DETAILED EXPOSITION OF STATISTICAL VALUES**

**Table 5.2a Respondents' gender and population groups**

| Chi-Square Tests             |                    |    |                       |
|------------------------------|--------------------|----|-----------------------|
|                              | Value              | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square           | 1.205 <sup>a</sup> | 3  | 0.752                 |
| Likelihood Ratio             | 1.209              | 3  | 0.751                 |
| Linear-by-Linear Association | 0.593              | 1  | 0.441                 |
| N of Valid Cases             | 600                |    |                       |

<sup>a</sup>. 0 cells (0%) have expected count less than 5. The minimum expected count is 67.75.

**Table 5.2b Respondents' gender and population groups**

| Symmetric measures |       |                       |
|--------------------|-------|-----------------------|
|                    | Value | Asymp. Sig. (2-sided) |
| Phi                | 0.045 | 0.752                 |
| Cramer's V         | 0.045 | 0.752                 |
| N of Valid Cases   | 600   |                       |

**Table 5.3a Bank with which respondents' personal accounts are held and population groups**

| Chi-Square Tests             |                     |    |                       |
|------------------------------|---------------------|----|-----------------------|
|                              | Value               | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square           | 25.955 <sup>a</sup> | 12 | 0.011                 |
| Likelihood Ratio             | 27.773              | 12 | 0.006                 |
| Linear-by-Linear Association | 4.756               | 1  | 0.029                 |
| N of Valid Cases             | 600                 |    |                       |

<sup>a</sup>. 4 cells (20.0%) have expected count less than 5. The minimum expected count is 4.75.

**Table 5.3b Bank with which respondents' personal accounts are held and population groups**

| Symmetric measures |       |                       |
|--------------------|-------|-----------------------|
|                    | Value | Asymp. Sig. (2-sided) |
| Phi                | 0.208 | 0.11                  |
| Cramer's V         | 0.120 | 0.11                  |
| N of Valid Cases   | 600   |                       |

**Table 5.4a Period respondents have had personal accounts with their banks and population groups**

| Chi-Square Tests             |                     |    |                       |
|------------------------------|---------------------|----|-----------------------|
|                              | Value               | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square           | 82.938 <sup>a</sup> | 12 | 0.000                 |
| Likelihood Ratio             | 82.299              | 12 | 0.000                 |
| Linear-by-Linear Association | 48.270              | 1  | 0.000                 |
| N of Valid Cases             | 600                 |    |                       |

<sup>a</sup>. 0 cells (0%) have expected count less than 5. The minimum expected count is 7.25.

**Table 5.4b** Period respondents have had personal accounts with their banks and population groups

| Symmetric measures |       |                       |
|--------------------|-------|-----------------------|
|                    | Value | Asymp. Sig. (2-sided) |
| Phi                | 0.375 | 0.000                 |
| Cramer's V         | 0.215 | 0.000                 |
| N of Valid Cases   | 600   |                       |

**Table 5.5a** Respondents' intention to stay with their banks and population groups

| Chi-Square Tests             |                    |    |                       |
|------------------------------|--------------------|----|-----------------------|
|                              | Value              | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square           | 6.922 <sup>a</sup> | 3  | 0.074                 |
| Likelihood Ratio             | 7.248              | 3  | 0.064                 |
| Linear-by-Linear Association | 0.116              | 1  | 0.733                 |
| N of Valid Cases             | 600                |    |                       |

<sup>a</sup>. 0 cells (0%) have expected count less than 5. The minimum expected count is 17.50.

**Table 5.5b** Respondents' intention to stay with their bank and population groups

| Symmetric measures |       |                       |
|--------------------|-------|-----------------------|
|                    | Value | Asymp. Sig. (2-sided) |
| Phi                | 0.107 | 0.074                 |
| Cramer's V         | 0.107 | 0.074                 |
| N of Valid Cases   | 600   |                       |

**Table 5.6a** Banking methods most often used and population groups

| Chi-Square Tests             |                     |    |                       |
|------------------------------|---------------------|----|-----------------------|
|                              | Value               | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square           | 85.753 <sup>a</sup> | 12 | 0.000                 |
| Likelihood Ratio             | 92.219              | 12 | 0.000                 |
| Linear-by-Linear Association | 0.275               | 1  | 0.600                 |
| N of Valid Cases             | 600                 |    |                       |

<sup>a</sup>. 4 cells (20.0%) have expected count less than 5. The minimum expected count is 1.75.

**Table 5.6b** Banking methods most often used and population groups

| Symmetric measures |       |                       |
|--------------------|-------|-----------------------|
|                    | Value | Asymp. Sig. (2-sided) |
| Phi                | 0.378 | 0.000                 |
| Cramer's V         | 0.218 | 0.000                 |
| N of Valid Cases   | 600   |                       |

**Table 5.7a How often respondents physically visit a branch of their bank and population groups**

| Chi-Square Tests             |                     |    |                       |
|------------------------------|---------------------|----|-----------------------|
|                              | Value               | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square           | 63.948 <sup>a</sup> | 15 | 0.000                 |
| Likelihood Ratio             | 65.662              | 15 | 0.000                 |
| Linear-by-Linear Association | 11.655              | 1  | 0.001                 |
| N of Valid Cases             | 600                 |    |                       |

<sup>a</sup>. 4 cells (16.7%) have expected count less than 5. The minimum expected count is 1.00.

**Table 5.7b How often respondents physically visit a branch of their bank and population groups**

| Symmetric measures |       |                       |
|--------------------|-------|-----------------------|
|                    | Value | Asymp. Sig. (2-sided) |
| Phi                | 0.326 | 0.000                 |
| Cramer's V         | 0.188 | 0.000                 |
| N of Valid Cases   | 600   |                       |

**Table 5.13a Respondents' attitudes toward complaining and population groups**

| Chi-Square Tests             |                     |    |                       |
|------------------------------|---------------------|----|-----------------------|
|                              | Value               | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square           | 4.1952 <sup>a</sup> | 3  | 0.2411                |
| Likelihood Ratio             | 4.0845              | 3  | 0.252                 |
| Linear-by-Linear Association | 0.8623              | 1  | 0.3531                |
| N of Valid Cases             | 517                 |    |                       |

<sup>a</sup>. 0 cells (0%) have expected count less than 5. The minimum expected count is 13.25.

**Table 5.13b Respondents' attitudes toward complaining and population groups**

| Symmetric measures |       |                       |
|--------------------|-------|-----------------------|
|                    | Value | Asymp. Sig. (2-sided) |
| Phi                | 0.09  | 0.000                 |
| Cramer's V         | 0.09  | 0.000                 |
| N of Valid Cases   | 517   |                       |

**Table 5.14a Respondents' perception of problem severity and population groups**

| Chi-Square Tests             |                     |    |                       |
|------------------------------|---------------------|----|-----------------------|
|                              | Value               | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square           | 17.988 <sup>a</sup> | 6  | 0.006                 |
| Likelihood Ratio             | 18.559              | 6  | 0.005                 |
| Linear-by-Linear Association | 0.134               | 1  | 0.714                 |
| N of Valid Cases             | 600                 |    |                       |

<sup>a</sup>. 0 cells (0%) have expected count less than 5. The minimum expected count is 13.25.

**Table 5.14b Respondents' perception of problem severity and population groups**

| Symmetric measures |       |                       |
|--------------------|-------|-----------------------|
|                    | Value | Asymp. Sig. (2-sided) |
| Phi                | 0.173 | 0.006                 |
| Cramer's V         | 0.122 | 0.006                 |
| N of Valid Cases   | 600   |                       |